Ally Financial Inc.
Form 10-Q
November 04, 2011
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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, 2011, 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 ¨	Accelerated filer ¨	Non-accelerated filer þ (Do not check if a smaller reporting company)	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 3, 2011, the number of shares outstanding of the Registrant s common stock was 1,330,970 shares.

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Item 1. Financial Statements

ALLY FINANCIAL INC.

CONDENSED CONSOLIDATED STATEMENT OF INCOME (unaudited)

($ in millions)	Three months ended September 30, **2011**	2010	Nine months ended September 30, **2011**	2010
Financing revenue and other interest income				
Interest and fees on finance receivables and loans	**$ 1,682**	$ 1,656	**$ 4,981**	$ 4,891
Interest on loans held-for-sale	**113**	153	**319**	524
Interest on trading securities	**4**	5	**10**	12
Interest and dividends on available-for-sale investment securities	**103**	86	**315**	275
Interest-bearing cash	**14**	22	**41**	54
Operating leases	**549**	855	**1,849**	3,029
Total financing revenue and other interest income	**2,465**	2,777	**7,515**	8,785
Interest expense				
Interest on deposits	**184**	172	**531**	485
Interest on short-term borrowings	**98**	110	**332**	320
Interest on long-term debt	**1,297**	1,451	**4,041**	4,293
Total interest expense	**1,579**	1,733	**4,904**	5,098
Depreciation expense on operating lease assets	**296**	454	**773**	1,636
Net financing revenue	**590**	590	**1,838**	2,051
Other revenue				
Servicing fees	**351**	404	**1,075**	1,173
Servicing asset valuation and hedge activities, net	**(471)**	(27)	**(663)**	(181)
Total servicing income, net	**(120)**	377	**412**	992
Insurance premiums and service revenue earned	**422**	470	**1,288**	1,415
Gain on mortgage and automotive loans, net	**83**	326	**290**	863
Loss on extinguishment of debt		(2)	**(64)**	(123)
Other gain on investments, net	**75**	100	**251**	355
Other income, net of losses	**141**	186	**610**	441
Total other revenue	**601**	1,457	**2,787**	3,943
Total net revenue	**1,191**	2,047	**4,625**	5,994
Provision for loan losses	**49**	9	**213**	371
Noninterest expense				
Compensation and benefits expense	**303**	392	**1,161**	1,206
Insurance losses and loss adjustment expenses	**190**	229	**620**	664
Other operating expenses	**772**	1,092	**2,460**	2,806
Total noninterest expense	**1,265**	1,713	**4,241**	4,676
(Loss) income from continuing operations before income tax expense	**(123)**	325	**171**	947
Income tax expense from continuing operations	**87**	48	**101**	117
Net (loss) income from continuing operations	**(210)**	277	**70**	830
(Loss) income from discontinued operations, net of tax		(8)	**(21)**	166

Net (loss) income	**$ (210)**	$ 269	**$ 49**	$ 996

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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ALLY FINANCIAL INC.

CONDENSED CONSOLIDATED STATEMENT OF INCOME (unaudited)

($ in millions except per share data)	Three months ended September 30, 2011	2010	Nine months ended September 30, 2011	2010
Net (loss) income attributable to common shareholders				
Net (loss) income from continuing operations	**$ (210)**	$ 277	**$ 70**	$ 830
Preferred stock dividends U.S. Department of Treasury	**(133)**	(257)	**(400)**	(643)
Preferred stock dividends	**(67)**	(70)	**(194)**	(212)
Impact of preferred stock amendment			**32**	
Net loss from continuing operations attributable to common shareholders (a)	**(410)**	(50)	**(492)**	(25)
(Loss) income from discontinued operations, net of tax		(8)	**(21)**	166
Net (loss) income attributable to common shareholders	**$ (410)**	$ (58)	**$ (513)**	$ 141
Basic weighted-average common shares outstanding	**1,330,970**	799,120	**1,330,970**	799,120
Diluted weighted-average common shares outstanding (a)	**1,330,970**	799,120	**1,330,970**	799,120
Basic earnings per common share				
Net loss from continuing operations	**$ (308)**	$ (63)	**$ (370)**	$ (31)
(Loss) income from discontinued operations, net of tax		(10)	**(16)**	208
Net (loss) income	**$ (308)**	$ (73)	**$ (386)**	$ 177
Diluted earnings per common share (a)				
Net loss from continuing operations	**$ (308)**	$ (63)	**$ (370)**	$ (31)
(Loss) income from discontinued operations, net of tax		(10)	**(16)**	208
Net (loss) income	**$ (308)**	$ (73)	**$ (386)**	$ 177

(a) 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 three and nine months ended September 30, 2011 and and the three months ended September 30, 2010, income 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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ALLY FINANCIAL INC.

CONDENSED CONSOLIDATED BALANCE SHEET (unaudited)

($ in millions)	**September 30, 2011**	December 31, 2010
Assets		
Cash and cash equivalents		
Noninterest-bearing	**$ 1,517**	$ 1,714
Interest-bearing	**14,885**	9,956
Total cash and cash equivalents	**16,402**	11,670
Trading securities	**503**	240
Investment securities	**13,981**	14,846
Loans held-for-sale, net ($3,204 and $6,424 fair value-elected)	**8,745**	11,411
Finance receivables and loans, net		
Finance receivables and loans, net ($841 and $1,015 fair value-elected)	**108,712**	102,413
Allowance for loan losses	**(1,621)**	(1,873)
Total finance receivables and loans, net	**107,091**	100,540
Investment in operating leases, net	**9,052**	9,128
Mortgage servicing rights	**2,663**	3,738
Premiums receivable and other insurance assets	**2,026**	2,181
Other assets	**21,493**	18,254
Total assets	**$ 181,956**	$ 172,008
Liabilities		
Deposit liabilities		
Noninterest-bearing	**$ 2,704**	$ 2,131
Interest-bearing	**41,622**	36,917
Total deposit liabilities	**44,326**	39,048
Short-term borrowings	**5,933**	7,508
Long-term debt ($831 and $972 fair value-elected)	**90,546**	86,612
Interest payable	**1,712**	1,829
Unearned insurance premiums and service revenue	**2,757**	2,854
Reserves for insurance losses and loss adjustment expenses	**690**	862
Accrued expenses and other liabilities ($28 and $ fair value-elected)	**16,260**	12,806
Total liabilities	**162,224**	151,519
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**	1,287
Accumulated deficit	**(6,918)**	(6,410)
Accumulated other comprehensive income	**42**	259
Total equity	**19,732**	20,489
Total liabilities and equity	**$ 181,956**	$ 172,008

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

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ALLY FINANCIAL INC.

CONDENSED CONSOLIDATED BALANCE SHEET (unaudited)

The assets of consolidated variable interest entities 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, 2011**	December 31, 2010
Assets		
Loans held-for-sale, net	**$ 9**	$ 21
Finance receivables and loans, net		
Finance receivables and loans, net ($841 and $1,015 fair value-elected)	**38,152**	33,483
Allowance for loan losses	**(245)**	(238)
Total finance receivables and loans, net	**37,907**	33,245
Investment in operating leases, net	**4,356**	1,065
Other assets	**3,207**	3,279
Total assets	**$ 45,479**	$ 37,610
Liabilities		
Short-term borrowings	**$ 811**	$ 964
Long-term debt ($831 and $972 fair value-elected)	**31,864**	24,466
Interest payable	**14**	15
Accrued expenses and other liabilities	**291**	397
Total liabilities	**$ 32,980**	$ 25,842

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

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ALLY FINANCIAL INC.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (unaudited)

Nine months Ended September 30, 2011 and 2010

($ 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	Comprehensive income (loss)
Balance at January 1, 2010, before cumulative effect of adjustments	$ 13,829	$ 10,893	$ 1,287	$ (5,630)	$ 460	$ 20,839	
Cumulative effect of a change in accounting principle, net of tax (a)				(57)	4	(53)	
Balance at January 1, 2010, after cumulative effect of adjustments	$ 13,829	$ 10,893	$ 1,287	$ (5,687)	$ 464	$ 20,786	
Capital contributions	9					9	
Net income				996		996	$ 996
Preferred stock dividends paid to the U.S. Department of Treasury				(643)		(643)	
Preferred stock dividends				(212)		(212)	
Dividends to shareholders				(8)		(8)	
Other comprehensive loss					(25)	(25)	(25)
Other (b)				74		74	
Balance at September 30, 2010	$ 13,838	$ 10,893	$ 1,287	$ (5,480)	$ 439	$ 20,977	$ 971
Balance at January 1, 2011	**$ 19,668**	**$ 5,685**	**$ 1,287**	**$ (6,410)**	**$ 259**	**$ 20,489**	
Net income				**49**		**49**	**$ 49**
Preferred stock dividends paid to the U.S. Department of Treasury				**(400)**		**(400)**	
Preferred stock dividends				**(194)**		**(194)**	
Series A preferred stock amendment (c)			**(32)**	**32**			
Other comprehensive loss					**(217)**	**(217)**	**(217)**
Other (b)				**5**		**5**	
Balance at September 30, 2011	**$ 19,668**	**$ 5,685**	**$ 1,255**	**$ (6,918)**	**$ 42**	**$ 19,732**	**$ (168)**

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

(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.

(c) Refer to Note 16 to the Condensed Consolidated Financial Statements for further details.

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

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ALLY FINANCIAL INC.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (unaudited)

Nine months ended September 30, *($ in millions)*	**2011**	2010
Operating activities		
Net income	**$ 49**	$ 996
Reconciliation of net income to net cash provided by operating activities		
Depreciation and amortization	**2,100**	3,246
Other impairment	**8**	58
Changes in fair value of mortgage servicing rights	**1,327**	1,466
Provision for loan losses	**211**	397
Gain on sale of loans, net	**(299)**	(861)
Net gain on investment securities	**(275)**	(357)
Loss on extinguishment of debt	**64**	123
Originations and purchases of loans held-for-sale	**(42,467)**	(48,828)
Proceeds from sales and repayments of loans held-for-sale	**44,417**	55,046
Net change in:		
Trading securities	**(339)**	(22)
Deferred income taxes	**(99)**	(186)
Interest payable	**(99)**	176
Other assets	**(324)**	976
Other liabilities	**1,374**	698
Other, net	**133**	(1,388)
Net cash provided by operating activities	**5,781**	11,540
Investing activities		
Purchases of available-for-sale securities	**(15,020)**	(15,902)
Proceeds from sales of available-for-sale securities	**12,093**	13,380
Proceeds from maturities of available-for-sale securities	**3,725**	3,646
Net increase in finance receivables and loans	**(10,705)**	(12,422)
Proceeds from sales of finance receivables and loans	**2,868**	2,554
Purchases of operating lease assets	**(5,332)**	(2,405)
Disposals of operating lease assets	**4,862**	6,719
Proceeds from sale of business units, net (a)	**50**	(331)
Other, net	**633**	1,158
Net cash used in investing activities	**(6,826)**	(3,603)

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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ALLY FINANCIAL INC.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (unaudited)

Nine months ended September 30, *($ in millions)*	**2011**	2010
Financing activities		
Net change in short-term borrowings	**(1,263)**	(4,856)
Net increase in bank deposits	**4,454**	4,776
Proceeds from issuance of long-term debt	**36,900**	32,235
Repayments of long-term debt	**(34,576)**	(43,827)
Dividends paid	**(619)**	(862)
Other, net	**962**	1,255
Net cash provided by (used in) financing activities	**5,858**	(11,279)
Effect of exchange-rate changes on cash and cash equivalents	**(45)**	501
Net increase (decrease) in cash and cash equivalents	**4,768**	(2,841)
Adjustment for change in cash and cash equivalents of operations held-for-sale (a) (b)	**(36)**	642
Cash and cash equivalents at beginning of year	**11,670**	14,788
Cash and cash equivalents at September 30,	**$ 16,402**	$ 12,589
Supplemental disclosures		
Cash paid for		
Interest	**$ 4,303**	$ 4,055
Income taxes	**454**	377
Noncash items		
Increase in finance receivables and loans due to a change in accounting principle (c)		17,990
Increase in long-term debt due to a change in accounting principle (c)		17,054
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	**179**	437

(a) The amounts are net of cash and cash equivalents of $88 million at September 30, 2011, and $1.1 billion at September 30, 2010, 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.

(c) Relates to the adoption of ASU 2009-17, *Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities*.

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

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ALLY FINANCIAL INC.

NOTES TO CONDENSED

CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

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 are also one of the largest residential mortgage companies in the United States. 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, 2011, and for the three months and nine months ended September 30, 2011, and 2010, 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, 2010, as filed on February 25, 2011, with the U.S. Securities and Exchange Commission (SEC).

Residential Capital, LLC

Residential Capital, LLC (ResCap), one of our mortgage subsidiaries, was negatively impacted by the events and conditions in the mortgage banking industry and the broader economy beginning in 2007. The market deterioration led to fewer sources of, and significantly reduced levels of, liquidity available to finance ResCap s operations. ResCap is highly leveraged relative to its cash flow and previously recognized credit and valuation losses resulting in a significant deterioration in capital. ResCap may also be negatively impacted by exposure to representation and warranty obligations, adverse outcomes with respect to current or future litigation, fines, penalties, or settlements related to our mortgage-related activities and additional expenses to address regulatory requirements. ResCap is required to maintain consolidated tangible net worth, as defined, of $250 million at the end of each month, under the terms of certain of its credit facilities. For this purpose, consolidated tangible net worth is defined as ResCap s consolidated equity excluding intangible assets. ResCap s consolidated tangible net worth, as defined, was $331 million at September 30, 2011, and ResCap remained in compliance with all of its consolidated tangible net worth covenants. There continues to be a risk that ResCap may not be able to meet its debt service obligations, may default on its financial debt covenants due to insufficient capital, and/or may be in a negative liquidity position in future periods.

ResCap seeks to manage its liquidity and capital positions and explores initiatives to address its debt covenant compliance and liquidity needs including debt maturing in the next twelve months and other risks and uncertainties. ResCap s initiatives could include, but are not limited to, the following: continuing to work with key credit providers to optimize all available liquidity options; possible further reductions in assets and other restructuring activities; focusing production on conforming and government-insured residential mortgage loans; and continued exploration of opportunities for funding and capital support from Ally and its affiliates. The outcomes of most of these initiatives are to a great extent outside of ResCap s control resulting in increased uncertainty as to their successful execution.

During 2009 and 2010, we performed a strategic review of our mortgage business. As a result of this, we effectively exited the European mortgage market through the sale of our U.K. and continental Europe operations. We also completed the sale of certain higher-risk legacy mortgage assets and settled representation and warranty claims with certain counterparties.

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ALLY FINANCIAL INC.

NOTES TO CONDENSED

CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

The ongoing focus of our Mortgage Origination and Servicing operations will be predominately the origination and sale of conforming and government-insured residential mortgages and mortgage servicing.

In the future, Ally and ResCap may take additional actions with respect to ResCap as each party deems appropriate. These actions may include Ally providing or declining to provide additional liquidity and capital support for ResCap; refinancing or restructuring some or all of ResCap s existing debt; the purchase or sale of ResCap debt securities in the public or private markets for cash or other consideration; entering into derivative or other hedging or similar transactions with respect to ResCap or its debt securities; Ally purchasing assets from ResCap; or undertaking corporate transactions such as a tender offer or exchange offer for some or all of ResCap s outstanding debt securities, asset sales, or other business reorganization or similar action with respect to all or part of ResCap and/or its affiliates. In this context, Ally and ResCap each typically consider a number of factors to the extent applicable and appropriate including, without limitation, its financial condition, results of operations, and prospects; ResCap s ability to obtain third-party financing; tax considerations; the current and anticipated future trading price levels of ResCap s debt instruments; conditions in the mortgage banking industry and general economic conditions; other investment and business opportunities available to Ally and/or ResCap; and any nonpublic information that ResCap may possess or that Ally receives from ResCap.

ResCap remains heavily dependent on Ally and its affiliates for funding and capital support, and there can be no assurance that Ally or its affiliates will continue such actions or that Ally will choose to execute any further strategic transactions with respect to ResCap or that any transactions undertaken will be successful.

Although our continued actions through various funding and capital initiatives demonstrate support for ResCap, there can be no assurances for future capital support. Consequently, there remains substantial doubt about ResCap s ability to continue as a going concern. Should we no longer continue to support the capital or liquidity needs of ResCap or should ResCap be unable to successfully execute other initiatives, it would have a material adverse effect on ResCap s business, results of operations, and financial position.

Ally has extensive financing and hedging arrangements with ResCap that could be at risk of nonpayment if ResCap were to file for bankruptcy. At September 30, 2011, we had $1.9 billion in secured financing arrangements with ResCap of which $1.2 billion in loans was utilized. At September 30, 2011, the hedging arrangements were fully collateralized. Amounts outstanding under the secured financing and hedging arrangements fluctuate. If ResCap were to file for bankruptcy, ResCap s repayments of its financing facilities, including those with us, could be slower. In addition, we could be an unsecured creditor of ResCap to the extent that the proceeds from the sale of our collateral are insufficient to repay ResCap s obligations to us. It is possible that other ResCap creditors would seek to recharacterize our loans to ResCap as equity contributions or to seek equitable subordination of our claims so that the claims of other creditors would have priority over our claims. In addition, should ResCap file for bankruptcy, our $331 million investment related to ResCap s equity position would likely be reduced to zero. If a ResCap bankruptcy were to occur and a substantial amount of our credit exposure is not repaid to us, it could have an adverse impact on our near-term net income and capital position, but we do not believe it would have a materially adverse impact on Ally s consolidated financial position over the longer term.

Relationship and Transactions with General Motors Company

General Motors Company (GM), GM dealers, and GM-related employees compose a significant portion of our customer base, and our Global Automotive Services operations are highly dependent on GM production and sales volume. As a result, a significant adverse change in GM s business, including significant adverse changes in GM s liquidity position and access to the capital markets, the production or sale of GM vehicles, the quality or resale value of GM vehicles, the use of GM marketing incentives, GM s relationships with its key suppliers, GM s relationship with the United Auto Workers and other labor unions, and other factors impacting GM or its employees could have a significant adverse effect on our profitability and financial condition.

GM is no longer considered a related party for purposes of applicable disclosure within the Notes to Condensed Consolidated Financial Statements, as it beneficially owns less than 10% of the voting interests in Ally and does not control or have the ability to significantly influence the management and policies of Ally. In addition, the Federal Reserve has determined that GM is no longer considered an affiliate of Ally Bank

for purposes of Sections 23A and 23B of the Federal Reserve Act, which impose limitations on transactions between banks and their affiliates.

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ALLY FINANCIAL INC.

NOTES TO CONDENSED

CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Refer to Note 26 to the Consolidated Financial Statements in our 2010 Annual Report on Form 10-K for a summary of related party transactions with GM during 2010.

Significant Accounting Policies

Earnings per Common Share

We compute earnings (loss) per common share by dividing net income (loss) (after deducting dividends on preferred stock) by the weighted-average number of common shares outstanding during the period. We compute diluted earnings (loss) per common share by dividing net income (loss) (after deducting dividends on preferred stock) by the weighted-average number of common shares outstanding during the period plus the dilution resulting from the conversion of convertible preferred stock, if applicable.

Refer to Note 1 to the Consolidated Financial Statements in our 2010 Annual Report on Form 10-K regarding additional significant accounting policies.

Recently Adopted Accounting Standards

Receivables A Creditor s Determination of Whether a Restructuring Is a Troubled Debt Restructuring (ASU 2011-02)

As of July 1, 2011, we adopted Accounting Standards Update (ASU) 2011-02, which amends Accounting Standards Codification (ASC) 310, *Receivables*. ASU 2011-02 clarifies which loan modifications constitute a troubled debt restructuring (TDR). It is intended to assist creditors in determining whether a modification of the terms of a receivable meets the criteria to be considered a troubled debt restructuring, both for purposes of recording an impairment loss and for disclosure of troubled debt restructurings. The ASU must be applied retrospectively to modifications made subsequent to the beginning of the annual period of adoption, which for us is January 1, 2011.

Effective September 30, 2011, ASU 2011-02 also required us to disclose the total amount of receivables and the allowance for credit losses related to those receivables that are newly considered impaired for which impairment was previously measured under ASC 450-20, *Contingencies Loss Contingencies.* Refer to Note 8 to the Condensed Consolidated Financial Statements for additional information regarding TDRs.

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

Receivables Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses (ASU 2010-20)

Beginning with the three months ended September 30, 2011 and in conjunction with the requirements of ASU 2011-02, ASU 2010-20 required us to expand disclosures related to TDRs. Beginning with the three months ended March 31, 2011, ASU 2010-20 required us to disclose a rollforward of the allowance for loan losses, additional activity-based disclosures for both financing receivables, and the allowance for each reporting period. Refer to Note 8 to the Condensed Consolidated Financial Statements for additional information regarding TDRs. We early adopted the rollforward requirement during the December 31, 2010, reporting period. Since the guidance relates only to disclosures, adoption did not have a material impact on our consolidated financial condition or results of operations.

Revenue Recognition Multiple-Deliverable Revenue Arrangements (ASU 2009-13)

As of January 1, 2011, we adopted ASU 2009-13, which amends ASC 605, *Revenue Recognition*. The guidance significantly changed the accounting for revenue recognition in arrangements with multiple deliverables and eliminated the residual method, which allocated the discount of a multiple deliverable arrangement among the delivered items. The guidance requires entities to allocate the total consideration to all

deliverables at inception using the relative selling price and to allocate any discount in the arrangement proportionally to each deliverable based on each deliverable s selling price. The adoption did not have a material impact to our consolidated financial condition or results of operations.

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Recently Issued Accounting Standards

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

In October 2010, the FASB issued 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. The ASU will be effective for us on January 1, 2012 and will be applied prospectively. Both retrospective application and early adoption are permitted. We do not expect the adoption to 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 International Financial Reporting Standards (IFRS) (ASU 2011-04)

In May 2011, the FASB issued ASU 2011-04, which amends ASC 820, *Fair Value Measurements*. The amendments in this ASU clarify how to measure fair value. It is intended to improve the comparability of fair value measurements presented and disclosed in financial statements prepared in accordance with GAAP and IFRS. The ASU will be effective for us on January 1, 2012, and must be applied prospectively. Early adoption is not permitted. We do not expect the adoption to have a material impact to our consolidated financial condition or results of operations.

Comprehensive Income Presentation of Comprehensive Income (ASU 2011-05)

In June 2011, the FASB issued ASU 2011-05, which amends ASC 220, *Comprehensive Income*. The amendments will increase the prominence of items reported in other comprehensive income and facilitate convergence between GAAP and IFRS. This ASU will require that nonowner changes in stockholders equity be presented either in a single continuous statement of comprehensive income or in two separate but consecutive statements. The ASU will be effective for us on January 1, 2012. Early adoption is permitted. Since the guidance relates only to disclosures, the adoption will have no impact to our consolidated financial condition or results of operations.

2. Discontinued Operations

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

Select Insurance Operations

During the second quarter of 2011, we completed the sale of our U.K. consumer property and casualty insurance business.

Select International Automotive Finance Operations

We completed the sale of our Ecuador operations during the first quarter of 2011. We expect to complete the sale of our Venezuela operations by December 31, 2011.

Select Financial Information

The pretax income or loss recognized for the discontinued operations, including the direct costs to transact a sale, 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.

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Selected financial information of discontinued operations is summarized below.

($ in millions)	Three months ended September 30, 2011	Three months ended September 30, 2010	Nine months ended September 30, 2011	Nine months ended September 30, 2010
Select Insurance operations				
Total net revenue	**$**	$ 57	**$ 96**	$ 357
Pretax income (loss) including direct costs to transact a sale (a)		3	**13**	(3)
Tax (benefit)				(1)
Select International operations				
Total net revenue	**$ 3**	$ 28	**$ 13**	$ 108
Pretax income (loss) including direct costs to transact a sale (a)		35	**(34)**	98
Tax (benefit)		(4)		(3)
Select Mortgage Legacy and Other operations				
Total net revenue	**$**	$ 25	**$**	$ 69
Pretax (loss) income including direct costs to transact a sale		(46)		56
Tax expense (benefit)		5		(3)
Select Commercial Finance operations				
Total net revenue	**$**	$	**$**	$ 11
Pretax income including direct costs to transact a sale (a)		1		8
Tax expense				

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

3. Other Income, Net of Losses

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

($ in millions)	Three months ended September 30, 2011	Three months ended September 30, 2010	Nine months ended September 30, 2011	Nine months ended September 30, 2010
Mortgage processing fees and other mortgage income	**$ 53**	$ 63	**$ 141**	$ 157
Late charges and other administrative fees	**30**	35	**87**	107
Remarketing fees	**24**	37	**92**	104
Income from equity-method investments	**21**	15	**64**	40
Securitization income (loss)	**19**	22	**168**	(25)
Real estate services, net	**15**		**15**	8
Full-service leasing fees	**7**	17	**32**	58
Change due to fair value option elections (a)	**(44)**	(52)	**(83)**	(181)
Fair value adjustment on derivatives (b)	**(55)**	(57)	**(134)**	(115)
Other, net	**71**	106	**228**	288

Total other income, net of losses	**$ 141**	$ 186	**$ 610**	$ 441

(a) Refer to Note 21 for a description of fair value option elections.
(b) Refer to Note 19 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)	**2011**	2010	**2011**	2010
Technology and communications	**$ 128**	$ 117	**$ 365**	$ 390
Insurance commissions	**119**	150	**368**	446
Professional services	**85**	82	**231**	201
Mortgage representation and warranty, net	**70**	344	**280**	490
Advertising and marketing	**47**	49	**142**	123
Lease and loan administration	**47**	40	**136**	106
Vehicle remarketing and repossession	**32**	42	**105**	144
Regulatory and licensing fees	**32**	32	**103**	87
State and local non-income taxes	**29**	31	**95**	91
Occupancy	**26**	22	**72**	73
Premises and equipment depreciation	**24**	24	**74**	62
Restructuring	**9**	4	**12**	60
Full-service leasing vehicle maintenance costs	**8**	14	**29**	50
Other	**116**	141	**448**	483
Total other operating expenses	**$ 772**	$ 1,092	**$ 2,460**	$ 2,806

5. Trading Securities

The composition of trading securities was as follows.

($ in millions)	**September 30, 2011**	December 31, 2010
U.S. Treasury	**$**	$ 77
Mortgage-backed residential	**503**	69
Asset-backed		94
Total trading securities	**$ 503**	$ 240

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6. 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, 2011				December 31, 2010			
		Gross unrealized		**Fair**		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	**$ 1,041**	**$ 6**	**$ (2)**	**$ 1,045**	$ 3,307	$ 22	$ (11)	$ 3,318
States and political subdivisions	**1**			**1**	3		(1)	2
Foreign government	**894**	**33**		**927**	1,231	19	(2)	1,248
Mortgage-backed residential (a)	**6,624**	**96**	**(36)**	**6,684**	5,844	60	(79)	5,825
Asset-backed	**2,423**	**36**	**(6)**	**2,453**	1,934	15	(1)	1,948
Corporate debt	**1,210**	**14**	**(29)**	**1,195**	1,537	34	(13)	1,558
Other	**564**	**1**		**565**	152		(1)	151
Total debt securities (b)	**12,757**	**186**	**(73)**	**12,870**	14,008	150	(108)	14,050
Equity securities	**1,334**	**39**	**(262)**	**1,111**	766	60	(30)	796
Total available-for-sale securities (c)	**$ 14,091**	**$ 225**	**$ (335)**	**$ 13,981**	$ 14,774	$ 210	$ (138)	$ 14,846

(a) Residential mortgage-backed securities include agency-backed bonds totaling $5,533 million and $4,503 million at September 30, 2011, and December 31, 2010, respectively.

(b) In connection with certain borrowings and letters of credit relating to certain assumed reinsurance contracts, $56 million and $153 million of primarily U.K. Treasury securities were pledged as collateral at September 30, 2011, and December 31, 2010, respectively.

(c) Certain entities related to our Insurance operations are required to deposit securities with state regulatory authorities. These deposited securities totaled $12 million at both September 30, 2011, and December 31, 2010, 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, 2011										
Fair value of available-for-sale debt securities (b)										
U.S. Treasury and federal agencies	**$ 1,045**	**1.4%**	**$ 219**	**1.1%**	**$ 824**	**2.3%**	**$ 2**	**3.2%**	**$**	**%**
States and political subdivisions	**1**	**5.5**							**1**	**5.5**
Foreign government	**927**	**4.1**	**49**	**5.2**	**633**	**4.4**	**234**	**3.2**	**11**	**3.7**
Mortgage-backed residential	**6,684**	**2.6**			**2**	**6.3**	**263**	**1.8**	**6,419**	**2.6**
Asset-backed	**2,453**	**2.1**			**1,553**	**2.1**	**461**	**1.3**	**439**	**3.0**
Corporate debt	**1,195**	**5.1**	**12**	**5.1**	**483**	**4.9**	**557**	**5.5**	**143**	**4.0**
Other	**565**	**1.6**	**554**	**1.5**			**11**	**4.9**		
Total available-for-sale debt securities	**$ 12,870**	**2.7**	**$ 834**	**1.6**	**$ 3,495**	**3.1**	**$ 1,528**	**2.6**	**$ 7,013**	**2.7**
Amortized cost of available-for-sale debt securities	**$ 12,757**		**$ 834**		**$ 3,461**		**$ 1,520**		**$ 6,942**	
December 31, 2010										
Fair value of available-for-sale debt securities (b)										
U.S. Treasury and federal agencies	$ 3,318	1.4%	$ 124	1.2%	$ 3,094	1.3%	$ 100	3.7%	$	%
States and political subdivisions	2	8.7							2	8.7
Foreign government	1,248	3.1	7	2.2	1,092	3.1	149	3.5		
Mortgage-backed residential	5,825	3.8			57	3.2	64	4.4	5,704	3.8
Asset-backed	1,948	2.5			1,146	2.2	500	2.4	302	4.0
Corporate debt	1,558	3.9	22	5.7	811	3.5	593	4.3	132	4.0
Other	151	1.5	151	1.5						
Total available-for-sale debt securities	$ 14,050	3.0	$ 304	1.7	$ 6,200	2.1	$ 1,406	3.5	$ 6,140	3.8
Amortized cost of available-for-sale debt securities	$ 14,008		$ 305		$ 6,152		$ 1,388		$ 6,163	

(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 $8.2 billion and $5.3 billion at September 30, 2011, and December 31, 2010, respectively, and were composed primarily of money market accounts and short-term securities, including U.S. Treasury bills.

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The following table presents gross gains and losses realized upon the sales of available-for-sale securities. During the three months and nine months ended September 30, 2011, we did not recognize other-than-temporary impairment on available-for-sale securities.

	Three months ended September 30,		Nine months ended September 30,	
($ in millions)	**2011**	2010	**2011**	2010
Gross realized gains	**$ 90**	$ 102	**$ 288**	$ 381
Gross realized losses	**(15)**	(2)	**(37)**	(25)
Other-than-temporary impairment				(1)
Net realized gains	**$ 75**	$ 100	**$ 251**	$ 355

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

	Three months ended September 30,		Nine months ended September 30,	
($ in millions)	**2011**	2010	**2011**	2010
Taxable interest	**$ 97**	$ 81	**$ 298**	$ 252
Taxable dividends	**6**	5	**17**	13
Interest and dividends exempt from U.S. federal income tax				10
Total interest and dividends on available-for-sale securities	**$ 103**	$ 86	**$ 315**	$ 275

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, 2011, 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, 2011, 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, 2011. Refer to Note 1 to the Consolidated Financial Statements in our 2010 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, 2011				December 31, 2010			
	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	**$ 288**	**$ (2)**	**$**	**$**	$ 702	$ (11)	$	$	
States and political subdivisions					2	(1)			
Foreign government	**58**				323	(2)			
Mortgage-backed residential	**2,005**	**(35)**	**6**	**(1)**	3,159	(77)	11		(2)
Asset-backed	**463**	**(6)**	**1**		238	(1)	2		
Corporate debt	**628**	**(29)**	**14**		653	(13)	5		
Other	**57**				80	(1)			
Total temporarily impaired debt securities	**3,499**	**(72)**	**21**	**(1)**	5,157	(106)	18		(2)
Temporarily impaired equity securities	**964**	**(262)**			250	(27)	26		(3)
Total temporarily impaired available-for-sale securities	**$ 4,463**	**$ (334)**	**$ 21**	**$ (1)**	$ 5,407	$ (133)	$ 44	$	(5)

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7. Loans Held-for-sale, Net

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

	September 30, 2011			December 31, 2010		
($ in millions)	**Domestic**	**Foreign**	**Total**	Domestic	Foreign	Total
Consumer automobile	**$ 464**	**$**	**$ 464**	$	$	$
Consumer mortgage						
1st Mortgage	**6,961**	**528**	**7,489**	10,191	364	10,555
Home equity	**765**		**765**	856		856
Total consumer mortgage (a)	**7,726**	**528**	**8,254**	11,047	364	11,411
Commercial and industrial						
Other	**27**		**27**			
Total loans held-for-sale (b)	**$ 8,217**	**$ 528**	**$ 8,745**	$ 11,047	$ 364	$ 11,411

(a) Fair value option-elected domestic consumer mortgages were $3.2 billion and $6.4 billion at September 30, 2011, and December 31, 2010, respectively. Refer to Note 21 for additional information.

(b) Totals are net of unamortized premiums and discounts and deferred fees and costs. Included in the totals are net unamortized discounts of $218 million and $161 million at September 30, 2011, and December 31, 2010, respectively.

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

($ in millions)	**September 30, 2011**	December 31, 2010
High original loan-to-value (greater than 100%) mortgage loans	**$ 295**	$ 331
Payment-option adjustable-rate mortgage loans	**9**	16
Interest-only mortgage loans	**410**	481
Below-market rate (teaser) mortgages	**145**	151
Total (a)	**$ 859**	$ 979

(a) The majority of these loans are held by our Mortgage Legacy Portfolio and Other operations at September 30, 2011, and December 31, 2010.

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, 2011			December 31, 2010		
($ in millions)	**Domestic**	**Foreign**	**Total**	Domestic	Foreign	Total
Consumer automobile	**$ 43,293**	**$ 16,412**	**$ 59,705**	$ 34,604	$ 16,650	$ 51,254
Consumer mortgage						

1st Mortgage	**6,833**	**257**	**7,090**	6,917	390	7,307
Home equity	**3,179**		**3,179**	3,441		3,441
Total consumer mortgage	**10,012**	**257**	**10,269**	10,358	390	10,748
Commercial						
Commercial and industrial						
Automobile	**24,227**	**8,163**	**32,390**	24,944	8,398	33,342
Mortgage	**1,592**	**24**	**1,616**	1,540	41	1,581
Other	**1,303**	**240**	**1,543**	1,795	312	2,107
Commercial real estate						
Automobile	**2,137**	**185**	**2,322**	2,071	216	2,287
Mortgage		**26**	**26**	1	78	79
Total commercial	**29,259**	**8,638**	**37,897**	30,351	9,045	39,396
Loans at fair value (a)	**593**	**248**	**841**	663	352	1,015
Total finance receivables and loans (b)	**$ 83,157**	**$ 25,555**	**$ 108,712**	$ 75,976	$ 26,437	$ 102,413

(a) Includes domestic consumer mortgages at fair value as a result of fair value option election. Refer to Note 21 for additional information.
(b) Totals are net of unearned income, unamortized premiums and discounts, and deferred fees and costs of $2.8 billion and $2.9 billion at September 30, 2011, and December 31, 2010, respectively.

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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, 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**	**25**	**(29)**	**49**
Other	**(42)**		**(2)**	**(44)**
Allowance at September 30, 2011	**$ 851**	**$ 532**	**$ 238**	**$ 1,621**

Three months ended September 30, 2010 *($ in millions)*	Consumer automobile	Consumer mortgage	Commercial	Total
Allowance at July 1, 2010	$ 1,120	$ 659	$ 598	$ 2,377
Charge-offs				
Domestic	(179)	(69)	(98)	(346)
Foreign	(45)	(1)	(38)	(84)
Total charge-offs	(224)	(70)	(136)	(430)
Recoveries				
Domestic	65	6	4	75
Foreign	19		2	21
Total recoveries	84	6	6	96
Net charge-offs	(140)	(64)	(130)	(334)

Provision for loan losses	58	28	(77)	9
Discontinued operations			(1)	(1)
Other	12	1	(10)	3
Allowance at September 30, 2010	$ 1,050	$ 624	$ 380	$ 2,054

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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**

Nine months ended September 30, 2010 *($ in millions)*	Consumer automobile	Consumer mortgage	Commercial	Total
Allowance at January 1, 2010	$ 1,024	$ 640	$ 781	$ 2,445
Cumulative effect of change in accounting principles (a)	222			222
Charge-offs				
Domestic	(616)	(179)	(250)	(1,045)
Foreign	(154)	(3)	(91)	(248)
Total charge-offs	(770)	(182)	(341)	(1,293)
Recoveries				
Domestic	242	15	12	269
Foreign	54		11	65
Total recoveries	296	15	23	334

Net charge-offs	(474)	(167)	(318)	(959)
Provision for loan losses	285	142	(56)	371
Discontinued operations	5		(3)	2
Other	(12)	9	(24)	(27)
Allowance at September 30, 2010	$ 1,050	$ 624	$ 380	$ 2,054
Allowance for loan losses				
Individually evaluated for impairment	$	$ 105	$ 175	$ 280
Collectively evaluated for impairment	1,023	519	205	1,747
Loans acquired with deteriorated credit quality	27			27
Finance receivables and loans at historical cost				
Ending balance	46,094	11,143	38,533	95,770
Individually evaluated for impairment		470	1,429	1,899
Collectively evaluated for impairment	45,898	10,673	37,104	93,675
Loans acquired with deteriorated credit quality	196			196

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

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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, 2011	Nine months ended September 30, 2011
Consumer automobile	$ 1,961	$ 3,279
Consumer mortgage	7	100
Commercial	27	33
Total sales and transfers	$ 1,995	$ 3,412

The following table presents an analysis of our past due finance receivables and loans 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, 2011						
Consumer automobile	$ 733	$ 148	$ 169	$ 1,050	$ 58,655	$ 59,705
Consumer mortgage						
1st Mortgage	102	39	168	309	6,781	7,090
Home equity	23	13	12	48	3,131	3,179
Total consumer mortgage	125	52	180	357	9,912	10,269
Commercial						
Commercial and industrial						
Automobile		12	127	139	32,251	32,390
Mortgage			1	1	1,615	1,616
Other			1	1	1,542	1,543
Commercial real estate						
Automobile	2	4	35	41	2,281	2,322
Mortgage			23	23	3	26
Total commercial	2	16	187	205	37,692	37,897
Total consumer and commercial	$ 860	$ 216	536	$ 1,612	$ 106,259	$ 107,871
December 31, 2010						
Consumer automobile	$ 828	$ 175	$ 197	$ 1,200	$ 50,054	$ 51,254

Consumer mortgage						
1st Mortgage	115	67	205	387	6,920	7,307
Home equity	20	12	13	45	3,396	3,441
Total consumer mortgage	135	79	218	432	10,316	10,748
Commercial						
Commercial and industrial						
Automobile	21	19	85	125	33,217	33,342
Mortgage		36	4	40	1,541	1,581
Other			20	20	2,087	2,107
Commercial real estate						
Automobile		4	78	82	2,205	2,287
Mortgage			71	71	8	79
Total commercial	21	59	258	338	39,058	39,396
Total consumer and commercial	$ 984	$ 313	$ 673	$ 1,970	$ 99,428	$ 101,398

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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, 2011**	December 31, 2010
Consumer automobile	**$ 210**	$ 207
Consumer mortgage		
1st Mortgage	**305**	500
Home equity	**60**	61
Total consumer mortgage	**365**	561
Commercial		
Commercial and industrial		
Automobile	**225**	296
Mortgage	**25**	40
Other	**49**	134
Commercial real estate		
Automobile	**80**	199
Mortgage	**23**	71
Total commercial	**402**	740
Total consumer and commercial	**$ 977**	$ 1,508

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, 2011			December 31, 2010		
($ in millions)	**Performing**	**Nonperforming**	**Total**	Performing	Nonperforming	Total
Consumer automobile	**$ 59,495**	**$ 210**	**$ 59,705**	$ 51,047	$ 207	$ 51,254
Consumer mortgage						
1st Mortgage	**6,785**	**305**	**7,090**	6,807	500	7,307
Home equity	**3,119**	**60**	**3,179**	3,380	61	3,441
Total consumer mortgage	**$ 9,904**	**$ 365**	**$ 10,269**	$ 10,187	$ 561	$ 10,748

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, 2011			December 31, 2010		
($ in millions)	**Pass**	**Criticized (a)**	**Total**	Pass	Criticized (a)	Total
Commercial						
Commercial and industrial						
Automobile	**$ 30,176**	**$ 2,214**	**$ 32,390**	$ 31,254	$ 2,088	$ 33,342
Mortgage	**1,549**	**67**	**1,616**	1,504	77	1,581
Other	**1,100**	**443**	**1,543**	1,041	1,066	2,107
Commercial real estate						
Automobile	**2,084**	**238**	**2,322**	2,013	274	2,287
Mortgage		**26**	**26**		79	79
Total commercial	**$ 34,909**	**$ 2,988**	**$ 37,897**	$ 35,812	$ 3,584	$ 39,396

(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.

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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 2010 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, 2011 (a)					
Consumer automobile	**$ 52**	**$ 52**	**$**	**$ 52**	**$ 2**
Consumer mortgage					
1st Mortgage	**513**	**507**	**81**	**426**	**91**
Home equity	**93**	**93**	**4**	**89**	**34**
Total consumer mortgage	**606**	**600**	**85**	**515**	**125**
Commercial					
Commercial and industrial					
Automobile	**224**	**225**	**78**	**147**	**15**
Mortgage	**25**	**25**	**1**	**24**	**5**
Other	**52**	**49**	**30**	**19**	**5**
Commercial real estate					
Automobile	**80**	**80**	**42**	**38**	**20**
Mortgage	**23**	**23**	**3**	**20**	**4**
Total commercial	**404**	**402**	**154**	**248**	**49**
Total consumer and commercial	**$ 1,062**	**$ 1,054**	**$ 239**	**$ 815**	**$ 176**
December 31, 2010 (a)					
Consumer automobile	$	$	$	$	$
Consumer mortgage					
1st Mortgage	410	404		404	59
Home equity	82	83		83	40
Total consumer mortgage	492	487		487	99
Commercial					

Commercial and industrial					
Automobile	340	356	33	323	23
Mortgage	44	40		40	14
Other	135	133	20	113	51
Commercial real estate					
Automobile	206	197	108	89	29
Mortgage	71	71	28	43	10
Total commercial	796	797	189	608	127
Total consumer and commercial	$ 1,288	$ 1,284	$ 189	$ 1,095	$ 226

(a) ASU 2011-02, *Receivables: A Creditor s Determination of Whether a Restructuring is a Troubled Debt Restructuring*, was effective July 1, 2011.

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

	2011 (a)		2010	
	Average	**Interest**	Average	Interest
Three months ended September 30, *($ in millions)*	**balance**	**income**	balance	income
Consumer automobile	**$ 56**	**$ 1**	$	$
Consumer mortgage				
1st Mortgage	**476**	**5**	362	5
Home equity	**93**	**1**	73	1
Total consumer mortgage	**569**	**6**	435	6
Commercial				
Commercial and industrial				
Automobile	**306**	**6**	313	6
Mortgage	**2**	**1**	48	
Other	**54**		590	
Commercial real estate				
Automobile	**104**	**4**	263	2
Mortgage	**31**		104	
Total commercial	**497**	**11**	1,318	8
Total consumer and commercial	**$ 1,122**	**$ 18**	$ 1,753	$ 14

(a) ASU 2011-02, *Receivables: A Creditor s Determination of Whether a Restructuring is a Troubled Debt Restructuring*, was effective July 1, 2011.

	2011 (a)		2010	
	Average	**Interest**	Average	Interest
Nine months ended September 30, *($ in millions)*	**balance**	**income**	balance	income
Consumer automobile	**$ 23**	**$ 1**	$	$
Consumer mortgage				
1st Mortgage	**449**	**13**	304	10
Home equity	**89**	**3**	59	3
Total consumer mortgage	**538**	**16**	363	13
Commercial				
Commercial and industrial				
Automobile	**321**	**7**	332	7
Mortgage	**26**	**6**	56	
Other	**95**	**1**	801	1
Commercial real estate				

Automobile	**141**	**4**	295	3
Mortgage	**47**	**1**	149	1
Total commercial	**630**	**19**	1,633	12
Total consumer and commercial	**$ 1,191**	**$ 36**	$ 1,996	$ 25

(a) ASU 2011-02, Receivables: *A Creditor s Determination of Whether a Restructuring is a Troubled Debt Restructuring*, was effective July 1, 2011.

Troubled Debt Restructurings

Troubled debt restructurings are loan modifications where economic concessions are granted to borrowers experiencing financial difficulties. Numerous initiatives are in place to provide support to customers in financial distress, including the Home Affordable Modification Program (HAMP). Additionally for automobile loans, we offer several types of assistance to aid our customers including changing the due date, extending payments, and rewriting the loan terms. Total TDRs recorded at historical cost and reported at carrying value before allowance for loan losses at September 30, 2011, increased $199 million to $709 million from December 31, 2010.

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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, 2011 *($ in millions)*	**Number of loans**	**Pre-modification carrying value before allowance**	**Post-modification carrying value before allowance**
Consumer automobile	**1,629**	**$ 21**	**$ 21**
Consumer mortgage			
1st Mortgage	**80**	**30**	**29**
Home equity	**213**	**12**	**11**
Total consumer mortgage	**293**	**42**	**40**
Commercial			
Commercial real estate			
Automobile	**1**	**2**	**2**
Mortgage	**1**	**3**	**2**
Total commercial	**2**	**5**	**4**
Total consumer and commercial	**1,924**	**$ 68**	**$ 65**

Nine months ended September 30, 2011 *($ in millions)*	**Number of loans**	**Pre-modification carrying value before allowance**	**Post-modification carrying value before allowance**
Consumer automobile	**4,407**	**$ 58**	**$ 58**
Consumer mortgage			
1st Mortgage	**309**	**111**	**110**
Home equity	**695**	**39**	**36**
Total consumer mortgage	**1,004**	**150**	**146**
Commercial			
Commercial and industrial			
Automobile	**1**	**3**	**3**
Mortgage	**1**	**38**	**28**
Other	**2**	**11**	**10**
Commercial real estate			
Automobile	**2**	**6**	**4**
Mortgage	**2**	**4**	**3**
Total commercial	**8**	**62**	**48**
Total consumer and commercial	**5,419**	**$ 270**	**$ 252**

The following tables present information about finance receivables and loans recorded at historical cost that have defaulted during the reporting period and were within 12 months or less of being modified as a troubled debt restructuring.

Three months ended September 30, 2011 *($ in millions)*	**Number of loans**	**Carrying value before allowance**	**Charge-off amount**
Consumer automobile	**88**	**$ 1**	**$**
Consumer mortgage			
1st Mortgage			
Home equity	**9**	**1**	**1**
Total consumer mortgage	**9**	**1**	**1**
Commercial			
Commercial and industrial			
Automobile			
Total commercial			
Total consumer and commercial	**97**	**$ 2**	**$ 1**

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Nine months ended September 30, 2011 *($ in millions)*	**Number of loans**	**Carrying value before allowance**	**Charge-off amount**
Consumer automobile	**176**	**$ 2**	**$ 1**
Consumer mortgage			
1st Mortgage	**5**	**1**	
Home equity	**18**	**1**	**1**
Total consumer mortgage	**23**	**2**	**1**
Commercial			
Commercial and industrial			
Automobile	**1**	**3**	
Total commercial	**1**	**3**	
Total consumer and commercial	**200**	**$ 7**	**$ 2**

At September 30, 2011, and December 31, 2010, commercial commitments to lend additional funds to debtors owing receivables whose terms had been modified in a troubled debt restructuring were $31 million and $15 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, 2011**	December 31, 2010
High original loan-to-value (greater than 100%) mortgage loans	**$ 4**	$ 5
Payment-option adjustable-rate mortgage loans	**4**	5
Interest-only mortgage loans (a)	**3,083**	3,681
Below-market rate (teaser) mortgages	**257**	284
Total (b)	**$ 3,348**	$ 3,975

(a) The majority of the interest-only mortgage loans are expected to start principal amortization in 2015 or beyond.
(b) The majority of these loans are held by our Mortgage Legacy Portfolio and Other operations at September 30, 2011, and December 31, 2010.

9. Investment in Operating Leases, Net

Investments in operating leases were as follows.

($ in millions)	**September 30, 2011**	December 31, 2010
Vehicles and other equipment	**$ 11,123**	$ 13,571
Accumulated depreciation	**(2,071)**	(4,443)

Investment in operating leases, net	**$ 9,052**	$ 9,128

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)	**2011**	2010	**2011**	2010
Depreciation expense on operating lease assets (excluding remarketing gains)	**$ 370**	$ 618	**$ 1,128**	$ 2,183
Gross remarketing gains	**(74)**	(164)	**(355)**	(547)
Depreciation expense on operating lease assets	**$ 296**	$ 454	**$ 773**	$ 1,636

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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.

Securitizations

We provide a wide range of consumer and commercial automobile loans, operating leases, 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 and operating leases through private-label securitizations. We securitize consumer mortgage loans through transactions involving the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac), and the Government National Mortgage Association (Ginnie Mae) (collectively the Government-Sponsored Enterprises or GSEs), or private-label mortgage securitizations. During the nine months ended September 30, 2011 and 2010, 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 the aggregate, these beneficial interests have the same average life as the transferred financial assets. In addition to providing a source of liquidity and cost-efficient funding, securitizing these financial assets also reduces our credit exposure to the borrowers beyond any economic interest we may retain. We securitize conforming residential mortgage loans through GSE securitizations and nonconforming mortgage loans through private-label securitizations.

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 (e.g., coverage by monoline bond insurers) 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/or 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

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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. Monoline insurance may also exist 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 allow 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 fund these loans; we are 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 mortgage- or asset-backed securities, interest-only strips, principal-only strips, and residuals. 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 have complete discretion regarding when or if we will exercise these options, but generally, 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 24 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, 2011 and 2010.

Other Variable Interest Entities

Servicer Advance Funding Entity

To assist in the financing of our servicer advance receivables, we formed an SPE that issues term notes to third-party investors that are collateralized by servicer advance receivables. These servicer advance receivables are transferred to the SPE and consist 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 SPE funds 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 SPE is consolidated on our balance sheet at September 30, 2011, and December 31, 2010. The beneficial interest holder of this SPE 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, 2011 and 2010.

Other

In 2010, we sold a portfolio of resort finance-backed receivables to a third party that financed the acquisition through an SPE. We provided seller financing for the purchase of these assets and also hold a contingent value right in the SPE, which were both recorded at fair value. We do

not consolidate the SPE because we have no control over the activities of the SPE.

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We have involvements with various other on-balance sheet, immaterial SPEs. Most of these SPEs are used for additional liquidity whereby we sell certain financial assets into the VIE and issue beneficial interests to third parties for cash.

We also provide long-term guarantee contracts and a line of credit to certain nonconsolidated affordable housing entities. 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. Subsequent to the adoption of ASU 2009-17, *Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities,* on January 1, 2010, 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.

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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, 2011			
On-balance sheet variable interest entities			
Consumer automobile	**$ 26,745**	**$**	**$**
Consumer mortgage private-label	**1,120**		
Commercial automobile	**16,673**		
Other	**941**		
Off-balance sheet variable interest entities			
Consumer mortgage Ginnie Mae	**2,763(b)**	**42,072**	**42,072(c)**
Consumer mortgage CMHC	**76(b)**	**3,432**	**76(d)**
Consumer mortgage private-label	**154(b)**	**4,736**	**4,736(c)**
Consumer mortgage other		**(e)**	**18(f)**
Commercial other	**276(g)**	**(h)**	**439**
Total	**$ 48,748**	**$ 50,240**	**$ 47,341**
December 31, 2010			
On-balance sheet variable interest entities			
Consumer automobile	$ 20,064	$	$
Consumer mortgage private-label	1,397		
Commercial automobile	15,114		
Other	1,035		
Off-balance sheet variable interest entities			
Consumer mortgage Ginnie Mae	2,909(b)	43,595	43,595(c)
Consumer mortgage CMHC	124(b)	4,222	124(d)
Consumer mortgage private-label	183(b)	5,371	5,371(c)
Commercial other	483(g)	(h)	698
Total	$ 41,309	$ 53,188	$ 49,788

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

(b) Includes $2.5 billion and $2.5 billion classified as mortgage loans held-for-sale, $104 million and $162 million classified as trading securities or other assets, and $395 million and $569 million classified as mortgage servicing rights at September 30, 2011, and December 31, 2010, respectively. CMHC is the Canada Mortgage and Housing Corporation.

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

(d) 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.

(e) 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.

(f)

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.

(g) Includes $293 million and $515 million classified as finance receivables and loans, net, and $20 million and $20 million classified as other assets, offset by $37 million and $52 million classified as accrued expenses and other liabilities at September 30, 2010, and December 31, 2010, respectively.

(h) Includes VIEs for which we have no management oversight and therefore we are not able to provide the total assets of the VIEs. However, in 2010 we sold loans with an unpaid principal balance of $1.5 billion into these VIEs.

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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. The interests held include, but are not limited to, senior or subordinate mortgage- or asset-backed securities, interest-only strips, principal-only strips, residuals, and servicing rights. 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.

Subsequent to adoption of ASU 2009-17 as of January 1, 2010, 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. Under ASC 810, *Consolidation*, as amended by ASU 2009-17, we are generally the primary beneficiary of automobile securitization entities, as well as certain mortgage private-label securitization entities for which we perform servicing activities and have retained a significant variable interest in the form of a beneficial interest. In cases where we did not meet sale accounting under previous guidance, unless we have made modifications to the overall transaction, we do not meet sale accounting under current guidance as we are not permitted to revisit sale accounting guidelines under the current guidance. In cases where substantive modifications are made, we then reassess the transaction under the amended guidance, based on the new circumstances.

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 21 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 24.

Subsequent to the adoption of ASU 2009-17 as of January 1, 2010, nonconsolidated VIEs include entities for which we either do not hold 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*. Our residential mortgage loan securitizations consist of GSEs and private-label securitizations. Under ASU 2009-17, 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. Additionally, under ASU 2009-17, we do not consolidate certain private-label mortgage securitizations because we do not have a variable interest that could potentially be significant or we do not have power to direct the activities that most significantly impact 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.

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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)		**2011**	2010	**2011**	2010
Consumer mortgage	GSEs	**$ 332**	$ 360	**$ 597**	$ 733
Consumer mortgage	private-label		7	**1**	12
Total pretax gain		**$ 332**	$ 367	**$ 598**	$ 745

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 nine months ended September 30, 2011 and 2010. 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 mortgage GSEs	Consumer mortgage private-label
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**
2010		
Cash proceeds from transfers completed during the period	$ 44,999	$ 807
Cash flows received on retained interests in securitization entities		60
Servicing fees	599	147
Purchases of previously transferred financial assets	(1,317)	(16)
Representations and warranties obligations	(319)	(13)
Other cash flows	85	(79)

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

	Total amount		Amount 60 days or more past due	
	September 30,	December 31,	**September 30,**	December 31,
($ in millions)	**2011**	2010	**2011**	2010
On-balance sheet loans				
Consumer automobile	**$ 60,169**	$ 51,254	**$ 317**	$ 373
Consumer mortgage (a)	**19,364**	23,174	**3,335**	3,437
Commercial automobile	**34,712**	35,629	**178**	186
Commercial mortgage	**1,642**	1,660	**24**	110
Commercial other	**1,570**	2,107	**1**	20
Total on-balance sheet loans	**117,457**	113,824	**3,855**	4,126
Off-balance sheet securitization entities				
Consumer mortgage GSEs	**263,115**	253,192	**6,772**	13,990
Consumer mortgage private-label	**66,719**	73,638	**11,397**	12,220
Total off-balance sheet securitization entities	**329,834**	326,830	**18,169**	26,210
Whole-loan transactions (b)	**35,601**	38,212	**2,757**	2,950
Total	**$ 482,892**	$ 478,866	**$ 24,781**	$ 33,286

(a) Includes loans subject to conditional repurchase options of $2.4 billion and $2.3 billion guaranteed by the GSEs, and $116 million and $146 million sold to certain private-label mortgage securitization entities at September 30, 2011, and December 31, 2010, 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		Nine months ended	
	September 30,	September 30,	**September 30,**	September 30,
($ in millions)	**2011**	2010	**2011**	2010
On-balance sheet loans				
Consumer automobile	**$ 71**	$ 146	**$ 243**	$ 505
Consumer mortgage	**47**	(11)	**130**	(58)
Commercial automobile		23	**11**	63
Commercial mortgage	**1**	8	**26**	56

Commercial other			99		**1**	199
Total on-balance sheet loans		**119**	265		**411**	765
Off-balance sheet securitization entities						
Consumer mortgage	GSEs (a)	**n/m**	n/m		**n/m**	n/m
Consumer mortgage	private-label	**910**	871		**3,209**	3,509
Total off-balance sheet securitization entities		**910**	871		**3,209**	3,509
Whole-loan transactions		**182**	314		**626**	1,004
Total		**$ 1,211**	$ 1,450		**$ 4,246**	$ 5,278

n/m = not meaningful

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

Changes in Accounting for Variable Interest Entities

For the nine months ended September 30, 2011 and 2010, there were no material changes in the accounting for variable interest entities except the initial adoption of ASU 2009-17 on January 1, 2010. Refer to Note 11 to the Consolidated Financial Statements in our 2010 Annual Report on Form 10-K regarding this initial adoption.

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11. Servicing Activities
Mortgage Servicing Rights

The following table summarizes activity related to MSRs, which are carried at fair value.

Three months ended September 30, *($ in millions)*	**2011**	2010
Estimated fair value at July 1,	**$ 3,701**	$ 2,983
Additions recognized on sale of mortgage loans	**159**	260
Additions from purchases of servicing rights	**15**	24
Changes in fair value		
Due to changes in valuation inputs or assumptions used in the valuation model	**(1,106)**	(278)
Other changes in fair value	**(106)**	(244)
Other changes that affect the balance		1
Estimated fair value at September 30,	**$ 2,663**	$ 2,746

Nine months ended September 30, *($ in millions)*	**2011**	2010
Estimated fair value at January 1,	**$ 3,738**	$ 3,554
Additions recognized on sale of mortgage loans	**487**	628
Additions from purchases of servicing rights	**31**	45
Subtractions from disposition of servicing assets	**(266)**	
Changes in fair value		
Due to changes in valuation inputs or assumptions used in the valuation model	**(943)**	(772)
Other changes in fair value	**(384)**	(694)
Decrease due to change in accounting principle		(19)
Other changes that affect the balance		4
Estimated fair value at September 30,	**$ 2,663**	$ 2,746

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. The decrease due to change in accounting principle reflects the effect of the initial adoption of ASU 2009-17.

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, 2011**	December 31, 2010
Weighted average life *(in years)*	**5.7**	7.0
Weighted average prepayment speed	**12.7%**	9.8%
Impact on fair value of 10% adverse change	**$ (118)**	$ (155)

Impact on fair value of 20% adverse change		**(225)**		(295)
Weighted average discount rate		**13.4%**		12.3%
Impact on fair value of 10% adverse change	**$**	**(85)**	$	(80)
Impact on fair value of 20% adverse change		**(164)**		(156)

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.

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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 19 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)	**2011**	2010	**2011**	2010
Change in estimated fair value of mortgage servicing rights	**$ (1,212)**	$ (522)	**$ (1,327)**	$ (1,466)
Change in fair value of derivative financial instruments	**741**	495	**664**	1,285
Servicing valuation and hedge activities, net	**$ (471)**	$ (27)	**$ (663)**	$ (181)

Mortgage Servicing Fees

The components of mortgage servicing fees were as follows.

	Three months ended September 30,		Nine months ended September 30,	
($ in millions)	**2011**	2010	**2011**	2010
Contractual servicing fees, net of guarantee fees and including subservicing	**$ 258**	$ 270	**$ 786**	$ 793
Late fees	**11**	17	**48**	56
Ancillary fees	**43**	56	**115**	146
Total mortgage servicing fees	**$ 312**	$ 343	**$ 949**	$ 995

Mortgage Servicing Advances

In connection with our primary servicing activities (i.e., servicing of mortgage loans), we make certain payments of 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 $1.8 billion and $1.9 billion at September 30, 2011, and December 31, 2010, respectively. We maintain an allowance for uncollected primary servicing advances of $21 million and $25 million at September 30, 2011, and December 31, 2010, respectively. Our potential obligation is influenced by the loan s performance and credit quality.

When we act as a subservicer of mortgage loans we perform the responsibilities of a primary servicer but do not own the corresponding primary servicing rights. We receive a fee from the primary servicer for such services. As the subservicer, we would have the same responsibilities of a primary servicer in that we would make 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, 2011, and December 31, 2010, outstanding servicer advances related to subserviced loans were $118 million and $140 million, respectively, and we had a reserve for uncollected subservicer advances of $2 million and $1 million, respectively.

In many cases, where we act as master servicer, we also act as primary servicer. In connection with our master-servicing activities, we service the mortgage-backed and mortgage-related asset-backed securities and whole-loan packages sold to investors. As the master servicer, we collect mortgage loan payments from primary servicers and distribute those funds to investors in the mortgage-backed and mortgage-related asset-backed securities and whole-loan packages. As the master servicer, we are 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 are responsible for advancing the payment to the trust or whole-loan

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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 are 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 $142 million and $90 million at September 30, 2011, and December 31, 2010, respectively. We had no reserve for uncollected master-servicing advances at September 30, 2011, or December 31, 2010.

Serviced Mortgage Assets

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

($ in millions)	**September 30, 2011**	December 31, 2010
On-balance sheet mortgage loans		
Held-for-sale and investment	**$ 18,968**	$ 20,224
Off-balance sheet mortgage loans		
Loans sold to third-party investors		
Private-label	**56,120**	63,685
GSEs	**265,370**	255,388
Whole-loan	**17,033**	17,524
Purchased servicing rights	**3,407**	3,946
Total primary serviced mortgage loans	**360,898**	360,767
Subserviced mortgage loans	**25,126**	24,173
Master-servicing-only mortgage loans	**8,931**	10,548
Total serviced mortgage loans	**$ 394,955**	$ 395,488

Our Mortgage operations that conduct primary and master-servicing activities are required to maintain certain servicer ratings in accordance with master agreements entered into with GSEs. At September 30, 2011, our Mortgage operations were in compliance with the servicer-rating requirements of the master agreements.

In certain domestic securitizations of our Mortgage operations, the surety or other provider of contractual credit support is entitled to declare a servicer default and terminate the servicer upon the failure of the loans to meet certain portfolio delinquency and/or cumulative-loss thresholds. Our Mortgage operations did not receive notice of termination from surety providers during the nine months ended September 30, 2011.

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 $39 million and $126 million for the three months and nine months ended September 30, 2011, respectively, compared to $61 million and $178 million for the three months and nine months ended September 30, 2010.

Automobile Serviced Assets

The total serviced automobile loans outstanding were as follows.

($ in millions)	**September 30, 2011**	December 31, 2010
On-balance sheet automobile loans		
Consumer automobile	**$ 60,169**	$ 51,254
Commercial automobile	**34,713**	35,629
Operating leases	**9,052**	9,128
Operations held-for-sale	**5**	242
Off-balance sheet automobile loans		
Loans sold to third-party investors		
Whole-loan	**14,735**	18,126
Other	**1,118**	979
Total serviced automobile loans	**$ 119,792**	$ 115,358

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12. Other Assets

The components of other assets were as follows.

($ in millions)	**September 30, 2011**	December 31, 2010
Property and equipment at cost	**$ 1,174**	$ 1,315
Accumulated depreciation	**(809)**	(939)
Net property and equipment	**365**	376
Derivative contracts in a receivable position	**8,362**	3,966
Servicer advances	**2,036**	2,137
Restricted cash collections for securitization trusts (a)	**1,780**	1,705
Restricted cash and cash equivalents	**1,525**	1,323
Collateral placed with counterparties	**1,250**	1,569
Other accounts receivable	**1,136**	641
Cash reserve deposits held for securitization trusts (b)	**843**	1,168
Debt issuance costs	**656**	704
Prepaid expenses and deposits	**611**	638
Goodwill	**523**	525
Nonmarketable equity securities	**436**	504
Real estate and other investments	**358**	280
Interests retained in financial asset sales	**297**	568
Accrued interest and rent receivable	**228**	238
Investment in used vehicles held-for-sale	**182**	386
Repossessed and foreclosed assets	**161**	211
Assets of operations held-for-sale (c)	**(47)**	690
Other assets	**791**	625
Total other assets	**$ 21,493**	$ 18,254

(a) Represents cash collection from customer payments on securitized receivables. These funds are distributed to investors as payments on the related secured debt.
(b) Represents credit enhancement in the form of cash reserves for various securitization transactions.
(c) Includes $94 million of unrecognized translation losses in the measurement of impairment at both September 30, 2011, and December 31, 2010 related to our International Automotive Finance operations in Venezuela.

13. Deposit Liabilities

Deposit liabilities consisted of the following.

($ in millions)	**September 30, 2011**	December 31, 2010
Domestic deposits		
Noninterest-bearing deposits	**$ 2,704**	$ 2,108
NOW and money market checking accounts	**8,643**	8,081

Certificates of deposit		**27,307**		23,728
Dealer deposits		**1,823**		1,459
Individual retirement account deposits		**215**		
Total domestic deposit liabilities		**40,692**		35,376
Foreign deposits				
Noninterest-bearing deposits				23
NOW and money market checking accounts		**1,218**		961
Certificates of deposit		**2,109**		2,390
Dealer deposits		**307**		298
Total foreign deposit liabilities		**3,634**		3,672
Total deposit liabilities	**$**	**44,326**	$	39,048

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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, 2011, and December 31, 2010, certificates of deposit included $9.3 billion and $7.0 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, 2011			December 31, 2010		
($ in millions)	**Unsecured**	**Secured**	**Total**	Unsecured	Secured	Total
Demand notes	**$ 2,648**	**$**	**$ 2,648**	$ 2,033	$	$ 2,033
Bank loans and overdrafts	**1,540**		**1,540**	1,970		1,970
Federal Home Loan Bank					1,300	1,300
Other (a)	**142**	**1,603**	**1,745**	224	1,981	2,205
Total short-term borrowings	**$ 4,330**	**$ 1,603**	**$ 5,933**	$ 4,227	$ 3,281	$ 7,508

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

15. Long-term Debt

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

	September 30, 2011			December 31, 2010		
($ in millions)	**Unsecured**	**Secured**	**Total**	Unsecured	Secured	Total
Long-term debt						
Due within one year	**$ 5,049**	**$ 14,079**	**$ 19,128**	$ 8,555	$ 13,603	$ 22,158
Due after one year (a)	**37,701**	**32,645**	**70,346**	38,499	25,508	64,007
Fair value adjustment	**1,072**		**1,072**	447		447
Total long-term debt (b)	**$ 43,822**	**$ 46,724**	**$ 90,546**	$ 47,501	$ 39,111	$ 86,612

(a) Includes $7.4 billion guaranteed by the Federal Deposit Insurance Corporation (FDIC) under the Temporary Liquidity Guarantee Program (TLGP) and $2.6 billion of trust preferred securities at both September 30, 2011, and December 31, 2010.

(b) Includes fair value option-elected secured long-term debt of $831 million and $972 million at September 30, 2011, and December 31, 2010, respectively. Refer to Note 21 for additional information.

The following table presents the scheduled remaining maturity of long-term debt at September 30, 2011, 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)*	2011	2012	2013	2014	2015	2016 and thereafter	Fair value adjustment	Total
Unsecured								
Long-term debt	$ 1,014	$ 12,202	$ 1,934	$ 5,758	$ 3,721	$ 20,455	$ 1,072	$ 46,156
Original issue discount	(141)	(350)	(264)	(190)	(56)	(1,333)		(2,334)
Total unsecured	873	11,852	1,670	5,568	3,665	19,122	1,072	43,822
Secured								
Long-term debt	4,010	11,858	12,988	9,870	4,181	3,545		46,452
Troubled debt restructuring concession (a)	26	105	82	46	13			272
Total secured	4,036	11,963	13,070	9,916	4,194	3,545		46,724
Total long-term debt	$ 4,909	$ 23,815	$ 14,740	$ 15,484	$ 7,859	$ 22,667	$ 1,072	$ 90,546

(a) In the second quarter of 2008, ResCap executed an exchange offer that resulted in a concession being recognized as an adjustment to the carrying value of certain secured notes. This concession is being amortized over the life of the notes through a reduction to interest expense using an effective yield methodology.

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The following table presents the scheduled remaining maturity of long-term debt held by ResCap at September 30, 2011, 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)*	2011	2012	2013	2014	2015	2016 and thereafter	Fair value adjustment	Total
ResCap								
Unsecured debt								
Long-term debt	$	$ 347	$ 472	$ 101	$ 171	$	$ 21	$ 1,112
Secured debt								
Long-term debt	2		777	707	707	1,656		3,849
Troubled debt restructuring concession	26	105	82	46	13			272
Total secured debt	28	105	859	753	720	1,656		4,121
ResCap Total long-term debt	$ 28	$ 452	$ 1,331	$ 854	$ 891	$ 1,656	$ 21	$ 5,233

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, 2011		December 31, 2010	
($ in millions)	**Total**	**Ally Bank (a)**	Total	Ally Bank (a)
Trading securities	**$ 28**	**$**	$ 36	$
Investment securities	**1,693**	**1,693**	2,191	2,190
Loans held-for-sale	**870**		1,035	
Mortgage assets held-for-investment and lending receivables	**11,929**	**10,907**	12,451	11,137
Consumer automobile finance receivables	**32,004**	**16,130**	27,164	14,927
Commercial automobile finance receivables	**17,758**	**12,281**	19,741	15,034
Investment in operating leases, net	**4,525**	**483**	3,199	
Mortgage servicing rights	**2,041**	**1,333**	2,801	1,746
Other assets	**3,990**	**1,857**	3,990	1,700
Total assets restricted as collateral (b)	**$ 74,838**	**$ 44,684**	$ 72,608	$ 46,734
Secured debt (c)	**$ 48,327**	**$ 23,280**	$ 42,392	$ 20,199

(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 $10.0 billion and $15.2 billion at September 30, 2011, and December 31, 2010, 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 $8.2 billion and $5.3 billion at September 30, 2011, and December 31, 2010, 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 $1,603 million and $3,281 million of short-term borrowings at September 30, 2011, and December 31, 2010, 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 2

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(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 legally 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, 2011, Ally Bank had exclusive access to $9.5 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 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, 2011, $34.7 billion of our $40.1 billion of committed capacity was revolving. Our revolving facilities generally have an original tenor ranging from 364 days to two years. At September 30, 2011, we had $16.8 billion of committed funding capacity with a remaining tenor greater than 364 days, which is an increase of $4.6 billion from June 30, 2011.

Committed Funding Facilities

	Outstanding		**Unused capacity (a)**		**Total capacity**	
	Sept. 30,	Dec. 31,	**Sept. 30,**	Dec. 31,	**Sept. 30,**	Dec. 31,
($ in billions)	**2011**	2010	**2011**	2010	**2011**	2010
Bank funding						
Secured	**$ 5.4**	$ 6.4	**$ 4.1**	$ 1.9	**$ 9.5**	$ 8.3
Nonbank funding						
Unsecured						
Automotive Finance operations	**0.3**	0.8	**0.5**		**0.8**	0.8
Secured						

Automotive Finance operations (b)	**11.1**	8.3	**13.2**	9.1	**24.3**	17.4
Mortgage operations	**0.8**	1.0	**0.6**	0.6	**1.4**	1.6
Total nonbank funding	**12.2**	10.1	**14.3**	9.7	**26.5**	19.8
Shared capacity (c)	**0.1**	0.2	**4.0**	3.9	**4.1**	4.1
Total committed facilities	**$ 17.7**	$ 16.7	**$ 22.4**	$ 15.5	**$ 40.1**	$ 32.2

(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) Unused capacity includes forward flow sale commitments to fund future asset originations in Brazil totaling $1.5 billion at September 30, 2011, and $1.2 billion at December 31, 2010. Also included at September 30, 2011, was unused capacity of $2.4 billion from two new Ally Credit Canada facilities completed in the third quarter that was substantially utilized in early October to refinance existing debt outstanding.

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

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Uncommitted Funding Facilities

	Outstanding		Unused capacity		Total capacity	
	Sept. 30,	Dec. 31,	**Sept. 30,**	Dec. 31,	**Sept. 30,**	Dec. 31,
($ in billions)	**2011**	2010	**2011**	2010	**2011**	2010
Bank funding						
Secured						
Federal Reserve funding programs	**$**	$	**$ 3.2**	$ 4.0	**$ 3.2**	$ 4.0
FHLB advances	**4.1**	5.3	**1.7**	0.2	**5.8**	5.5
Total bank funding	**4.1**	5.3	**4.9**	4.2	**9.0**	9.5
Nonbank funding						
Unsecured						
Automotive Finance operations	**1.7**	1.4	**0.5**	0.6	**2.2**	2.0
Secured						
Automotive Finance operations	**0.1**	0.1	**0.1**		**0.2**	0.1
Mortgage operations			**0.1**	0.1	**0.1**	0.1
Total nonbank funding	**1.8**	1.5	**0.7**	0.7	**2.5**	2.2
Total uncommitted facilities	**$ 5.9**	$ 6.8	**$ 5.6**	$ 4.9	**$ 11.5**	$ 11.7

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16. Equity

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

	September 30, 2011	December 31, 2010
Mandatorily convertible preferred stock held by U.S. Department of Treasury (a)		
Series F-2 preferred stock		
Carrying value *($ in millions)*	**$5,685**	$5,685
Par value *(per share)*	**$0.01**	$0.01
Liquidation preference *(per share)*	**$50**	$50
Number of shares authorized	**228,750,000**	228,750,000
Number of shares issued and outstanding	**118,750,000**	118,750,000
Dividend/coupon	**Fixed 9%**	
Redemption/call feature	**Perpetual(b)**	
Preferred stock		
Series A preferred stock (c)		
Carrying value *($ in millions)*	**$1,021**	$1,053
Par value *(per share)*	**$0.01**	$0.01
Liquidation preference *(per share)*	**$25**	$1,000
Number of shares authorized	**160,870,560**	4,021,764
Number of shares issued and outstanding	**40,870,560**	1,021,764
Dividend/coupon		
Prior to May 15, 2016	**8.5%**	
On and after May 15, 2016	**LIBOR + 6.243%**	
Redemption/call feature	**Perpetual(d)**	
Series G preferred stock		
Carrying value *($ 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	**Fixed 7%**	
Redemption/call feature	**Perpetual(e)**	

(a) Mandatorily convertible to common equity on December 30, 2016.
(b) Convertible prior to mandatory conversion date with consent of Treasury.
(c) Refer to next section of this note for a description of an amendment to the Series A preferred stock that occurred on March 25, 2011.
(d) Nonredeemable prior to May 15, 2016.
(e) Nonredeemable prior to December 31, 2011.

Series A Preferred Stock

On March 1, 2011, pursuant to a registration rights agreement between Ally and GM, GM notified Ally of its intent to sell shares of Ally s existing Fixed Rate Perpetual Preferred Stock, Series A (Existing Series A Preferred Stock), held by a subsidiary of GM. On March 25, 2011, Ally filed a Certificate of Amendment of Amended and Restated Certificate of Incorporation (the Amendment) with the Secretary of State of the State of Delaware. Pursuant to the Amendment, Ally s Certificate of Incorporation, which included the terms of the Existing Series A Preferred Stock, was amended to modify certain terms of the Existing Series A Preferred Stock. As part of the Amendment, the Existing Series A Preferred Stock was redesignated as Ally s Fixed Rate / Floating Rate Perpetual Preferred Stock, Series A (the Amended Series A Preferred

Stock) and the liquidation amount was reduced from $1,000 per share to $25 per share. The Amendment, and a corresponding amendment to Ally s bylaws, also increased the authorized number of shares of Amended Series A Preferred Stock to 160,870,560 shares, which was adjusted to account for the decreased liquidation amount per share. The total number of shares outstanding following the Amendment is 40,870,560 shares.

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Immediately following the Amendment, the subsidiary of GM that held all of the outstanding Amended Series A Preferred Stock sold 100% of such stock in an offering registered with the SEC. Ally did not receive any proceeds from the sale.

Holders of the Amended Series A Preferred Stock are entitled to receive, when, and if declared by Ally, noncumulative cash dividends. Beginning March 25, 2011, to but excluding May 15, 2016, dividends accrue at a fixed rate of 8.500% per annum. Beginning on May 15, 2016, dividends will accrue at a rate equal to three-month London interbank offer rate (LIBOR) plus 6.243%, commencing on August 15, 2016, in each case on the 15th day of February, May, August, and November. Dividends will be payable to holders of record at the close of business on the preceding February 1, May 1, August 1, or November 1, as the case may be, or on such other date, not more than seventy calendar days prior to the dividend payment date, as will be fixed by the Ally Board of Directors. In the event that dividends with respect to a dividend period have not been paid in full on the dividend payment date, we will be prohibited, subject to certain specified exceptions, from (i) redeeming, purchasing or otherwise acquiring, any stock that ranks on a parity basis with, or junior in interest to, the Amended Series A Preferred Stock; (ii) paying any dividends or making any distributions with respect to any stock that ranks junior in interest to the Amended Series A Preferred Stock, until such time as Ally has paid the dividends payable on shares of the Amended Series A Preferred Stock with respect to a subsequent dividend period; and (iii) declaring or paying any dividend on any stock ranking on a parity basis with the Amended Series A Preferred Stock, subject to certain exceptions.

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

The changes to the terms of the Existing Series A Preferred Stock pursuant to the terms of the Amendment were deemed substantive, and as a result, the transaction was accounted for as a redemption of the Existing Series A Preferred Stock and the issuance of the Amended Series A Preferred Stock. The Existing Series A Preferred Stock was removed at its carrying value, the Amended Series A Preferred Stock was recognized at its fair value, and the difference of $32 million was recorded as an increase to retained earnings, which impacted the income available to common stockholders used for the earnings per common share calculation. Refer to Note 20 to the Consolidated Financial Statements in our 2010 Annual Report on Form 10-K for terms of the Series A Preferred Stock prior to the Amendment.

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17. 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)	**2011**	2010	**2011**	2010
Net (loss) income from continuing operations	**$ (210)**	$ 277	**$ 70**	$ 830
Preferred stock dividends U.S. Department of Treasury	**(133)**	(257)	**(400)**	(643)
Preferred stock dividends	**(67)**	(70)	**(194)**	(212)
Impact of preferred stock amendment			**32**	
Net loss from continuing operations attributable to common shareholders (a)	**(410)**	(50)	**(492)**	(25)
(Loss) income from discontinued operations, net of tax		(8)	**(21)**	166
Net (loss) income attributable to common shareholders	**$ (410)**	$ (58)	**$ (513)**	$ 141
Basic weighted-average common shares outstanding	**1,330,970**	799,120	**1,330,970**	799,120
Diluted weighted-average common shares outstanding (a)	**1,330,970**	799,120	**1,330,970**	799,120
Basic earnings per common share				
Net loss from continuing operations	**$ (308)**	$ (63)	**$ (370)**	$ (31)
(Loss) income from discontinued operations, net of tax		(10)	**(16)**	208
Net (loss) income	**$ (308)**	$ (73)	**$ (386)**	$ 177
Diluted earnings per common share (a)				
Net loss from continuing operations	**$ (308)**	$ (63)	**$ (370)**	$ (31)
(Loss) income from discontinued operations, net of tax		(10)	**(16)**	208
Net (loss) income	**$ (308)**	$ (73)	**$ (386)**	$ 177

(a) 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 for the three and nine months ended September 30, 2011, and the three months ended September 30, 2010, income 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 and nine months ended September 30, 2011 and 2010, as the effects would be antidilutive for those periods. As such, 574,156 of potential common shares were excluded from the diluted earnings per share calculation for the three and nine months ended September 30, 2011, and 988,200 of potential common shares were excluded from the diluted earnings per share calculation for the three and nine months ended September 30, 2010.

18. 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 as calculated under regulatory accounting practices. Our capital amounts and classifications are also subject to qualitative judgments by the regulators about components, risk-weightings, and other factors.

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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, and qualifying noncumulative perpetual preferred stock (including senior preferred stock issued and sold to Treasury under 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 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 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.

In conjunction with the Supervisory Capital Assessment Program (S-CAP), the banking regulators have developed a new measure of capital called Tier 1 common defined as Tier 1 capital less noncommon elements including qualified perpetual preferred stock, qualifying minority interest in subsidiaries, and qualifying trust preferred securities.

On October 29, 2010, Ally, IB Finance Holding Company, LLC, Ally Bank, and the Federal Deposit Insurance Corporation (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, 2011		December 31, 2010		Required	Well-capitalized
($ in millions)	**Amount**	**Ratio**	Amount	Ratio	minimum	minimum
Risk-based capital						
Tier 1 (to risk-weighted assets)						
Ally Financial Inc.	**$ 21,475**	**14.34%**	$ 22,189	15.00%	4.00%	6.00%
Ally Bank	**12,545**	**18.45**	10,738	19.23	4.00	6.00
Total (to risk-weighted assets)						
Ally Financial Inc.	**$ 23,199**	**15.50%**	$ 24,213	16.36%	15.00%(a)	10.00%
Ally Bank	**13,333**	**19.61**	11,438	20.48	8.00	10.00
Tier 1 leverage (to adjusted average assets) (b)						
Ally Financial Inc.	**$ 21,475**	**11.61%**	$ 22,189	13.05%	3.00 4.00%	(c)
Ally Bank	**12,545**	**15.65**	10,738	15.81	15.00(d)	5.00%
Tier 1 common (to risk-weighted assets)						
Ally Financial Inc.	**$ 11,993**	**8.01%**	$ 12,677	8.57%	n/a	n/a
Ally Bank	**n/a**	**n/a**	n/a	n/a	n/a	n/a

n/a = not applicable

(a) Ally is subject to a directive from the Board of Governors of the Federal Reserve System (FRB) to maintain a Total risk-based capital ratio of 15% which expires no later than December 31, 2011.
(b) Federal regulatory reporting guidelines require the calculation of adjusted average assets using a daily average methodology. We currently calculate using a combination of monthly and daily average methodologies.
(c) There is no Tier 1 leverage component in the definition of a well-capitalized bank holding company.
(d) Ally Bank, in accordance with the CLMA, is required to maintain a Tier 1 leverage ratio of at least 15%.

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At September 30, 2011, Ally and Ally Bank were well-capitalized and met all capital requirements to which we were subject.

Basel Capital Accord

The minimum risk-based capital requirements adopted by the federal banking agencies follow the Capital Accord (Capital Accord or Basel I) of the Bank for International Settlements Basel Committee on Banking Supervision (Basel Committee). The Capital Accord was published in 1988 and generally applies to depository institutions and their holding companies in the United States. In 2004, the Basel Committee published a revision to the Capital Accord (Basel II). The goal of the Basel II capital rules is to provide more risk-sensitive regulatory capital calculations and promote enhanced risk management practices among large, internationally active banking organizations. U.S. banking regulators published final Basel II rules in December 2007. Ally is required to comply with the Basel II rules, as implemented by the U.S. banking regulators. Prior to full implementation of the Basel II rules, Ally is required to complete a qualification period that includes four consecutive quarters during which it needs to demonstrate that it meets the requirements of the rules to the satisfaction of its primary U.S. banking regulator. Pursuant to an extension that was granted to Ally, this qualification period, or parallel run, is required to begin no later than October 1, 2013. During this period, capital is calculated using both Basel I and Basel II methodologies. Upon completion of this parallel run and with the approval of the primary U.S. banking regulator, Ally will begin to use Basel II to calculate regulatory capital. Basel II contemplated a three-year transition period during which a bank holding company or bank gradually lower its capital level below the levels required by Basel I. However, under a recently finalized capital rule that implements a provision of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), Ally must continue to calculate its risk-based capital requirements under Basel I, with certain exceptions, and the capital requirements it computes under Basel I will serve as a floor for its risk-based capital requirement computed under Basel II.

In addition to Basel II, the Basel Committee adopted new capital, leverage, and liquidity guidelines under the Basel Accord (Basel III) in 2010, which, when implemented in the United States, may have the effect of raising capital requirements beyond those required by current law and the Dodd-Frank Act. Basel III increases the minimum Tier 1 common equity ratio to 4.5%, net of regulatory deductions, and introduces a capital conservation buffer of an additional 2.5% of common equity to risk-weighted assets, raising the target minimum common equity ratio to 7.0%. Basel III increases the minimum Tier 1 capital ratio to 8.5% inclusive of the capital conservation buffer, increases the minimum total capital ratio to 10.5% inclusive of the capital buffer, and introduces a countercyclical capital buffer of up to 2.5% of common equity or other fully loss absorbing capital for periods of excess credit growth. Basel III also introduces a non-risk-adjusted Tier 1 leverage ratio of 3%, based on a measure of the total exposure rather than total assets, and new liquidity standards. The Basel III capital, leverage, and liquidity standards will be phased in over a multiyear period. The Basel III rules, when implemented, will also impose a 15% cap on the amount of the common equity component of Tier 1 capital that can be met, in the aggregate, through significant investments in the common shares of unconsolidated financial subsidiaries, MSRs and deferred tax assets through timing differences, as well as a 10% cap on the amount of each of the three individual items that may be included in the common equity component of Tier 1 capital. In addition, under Basel III rules, after a ten-year phaseout period beginning on January 1, 2013, trust preferred and other hybrid securities will no longer qualify as Tier 1 capital. However, under the Dodd-Frank Act, subject to certain exceptions (e.g., for debt or equity issued to the U.S. government under the Emergency Economic Stabilization Act), trust preferred and other hybrid securities are phased out from Tier 1 capital in a three-year period starting January 1, 2013.

Pending final rules for Basel III and subsequent regulatory interpretation, there remains a degree of uncertainty on the full impact of Basel III. Additionally, it is anticipated that during 2011 the U.S. banking agencies will issue final rules based on the 2010 Notice of Proposed Rulemaking on the Risk-Based Capital Guidelines for Market Risk. We continue to monitor developments with respect to both Basel III and Market Risk rules.

In July 2011, the Financial Stability Board, which is an inter-governmental body coordinating the overall set of measures to reduce the moral hazard posed by global systemically important financial institutions, approved a consultative paper, which, if implemented in the United States, would require global systemically important banks in the United States to hold additional Tier 1 common equity of 1% to as much as 3.5% of risk-weighted assets. The additional capital requirement would

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be phased in between January 1, 2016 and January 1, 2019. We are not able to predict at this time whether Ally would meet the qualifications of a global systemically important bank and whether these additional capital requirements, when implemented in the United States, would apply to Ally.

Compliance with Basel regulation is a strategic priority for Ally. We expect to be in compliance with all relevant Basel rules within the established timelines.

19. 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 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. Our qualifying accounting hedges consist of hedges of fixed-rate debt obligations in which receive-fixed swaps are designated as hedges of specific fixed-rate debt obligations. In June 2011, we also executed qualifying accounting hedges 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 apply hedge accounting to certain relationships in which we utilize derivative instruments to hedge interest rate risk associated with our fixed- and variable-rate debt. 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, which 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 and their interrelated impact to prepayments.

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, mortgage-backed securities (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 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 mortgage-backed securities, 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 options and futures, to economically hedge certain portions of the mortgage portfolio.

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Nonderivative instruments may also be periodically used to economically hedge the mortgage portfolio, such as short positions on U.S. Treasuries. We monitor and actively manage our risk on a daily basis.

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 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 during the remainder of the quarter and prospectively. For the net investment hedges that were designated under the spot method for the first portion of the quarter, the hedges were recorded at fair value with changes recorded to other comprehensive income (loss) with the exception of the spot to forward difference that was recorded to earnings. For the new net investment hedges that were designated under the forward method, the hedges were recorded at fair value with the changes recorded to other comprehensive income (loss) including the spot to forward difference. The net derivative gain or loss remains in other comprehensive income (loss) until earnings are impacted by the sale or the liquidation of the associated foreign operation.

In addition, we 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.

Except for our net investment hedges, 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.

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

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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 at September 30, 2011, the amount of additional collateral required to be posted by us would have been insignificant.

We placed cash and securities collateral totaling $1.3 billion and $1.6 billion at September 30, 2011, and December 31, 2010, respectively, in accounts maintained by counterparties. We received cash collateral from counterparties totaling $1.5 billion and $916 million at September 30, 2011, and December 31, 2010, 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, 2011, and December 31, 2010, we received noncash collateral of $122 million and $29 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.

	September 30, 2011			December 31, 2010		
	Derivative contracts in a receivable	**payable**	**Notional**	Derivative contracts in a receivable	payable	Notional
($ in millions)	**position (a)**	**position (b)**	**amount**	position (a)	position (b)	amount
Qualifying accounting hedges						
Interest rate risk						
Fair value accounting hedges	**$ 178**	**$ 2**	**$ 8,623**	$ 443	$ 114	$ 11,895
Cash flow hedges		**9**	**3,000**			
Foreign exchange risk						
Net investment accounting hedges	**314**	**12**	**8,098**	12	72	4,407
Total qualifying accounting hedges	**492**	**23**	**19,721**	455	186	16,302
Economic hedges						
Interest rate risk						
MSRs and retained interests	**7,334**	**7,020**	**580,971**	2,896	3,118	325,768
Mortgage loan commitments and mortgage loans held-for-sale	**158**	**215**	**41,207**	232	80	38,788
Debt	**79**	**66**	**21,973**	160	107	21,269
Other	**185**	**112**	**44,045**	80	129	32,734
Total interest rate risk	**7,756**	**7,413**	**688,196**	3,368	3,434	418,559

Foreign exchange risk	**114**	**46**	**6,652**	143	240	14,359
Total economic hedges	**7,870**	**7,459**	**694,848**	3,511	3,674	432,918
Total derivatives	**$ 8,362**	**$ 7,482**	**$ 714,569**	$ 3,966	$ 3,860	$ 449,220

(a) Reported as other assets on the Condensed Consolidated Balance Sheet. Includes accrued interest of $475 million and $263 million at September 30, 2011, and December 31, 2010, respectively.

(b) Reported as accrued expenses and other liabilities on the Condensed Consolidated Balance Sheet. Includes accrued interest of $558 million and $23 million at September 30, 2011, and December 31, 2010, respectively.

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Statement of Income Presentation and Accumulated Other Comprehensive Income

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

	Three months ended September 30,		Nine months ended September 30,	
($ in millions)	**2011**	2010	**2011**	2010
Qualifying accounting hedges				
Gain recognized in earnings on derivatives (a)				
Interest rate contracts				
Interest on long-term debt	**$ 706**	$ 230	**$ 821**	$ 627
Loss recognized in earnings on hedged items (b)				
Interest rate contracts				
Interest on long-term debt	**(677)**	(215)	**(786)**	(562)
Total qualifying accounting hedges	**29**	15	**35**	65
Economic hedges				
Gain (loss) recognized in earnings on derivatives				
Interest rate contracts				
Interest on long-term debt			**(1)**	
Servicing asset valuation and hedge activities, net	**741**	495	**664**	1,285
Loss on mortgage and automotive loans, net	**(425)**	(169)	**(646)**	(570)
Other income, net of losses	**(41)**	(29)	**(74)**	(55)
Other operating expenses		(2)		(8)
Total interest rate contracts	**275**	295	**(57)**	652
Foreign exchange contracts (c)				
Interest on long-term debt	**41**	121	**103**	(113)
Other income, net of losses	**111**	(305)	**(11)**	205
Other operating expenses	**(6)**		**(16)**	
Total foreign exchange contracts	**146**	(184)	**76**	92
Gain recognized in earnings on derivatives	**$ 450**	$ 126	**$ 54**	$ 809

(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 $64 million and $62 million for the three months ended September 30, 2011 and 2010, respectively, and $231 million and $249 million for the nine months ended September 30, 2011 and 2010, respectively.

(b) Amounts exclude gains related to amortization of deferred basis adjustments on the hedged items. The gains were $49 million and $60 million for the three months ended September 30, 2011 and 2010, respectively, and $162 million and $139 million for the nine months ended September 30, 2011 and 2010, respectively.

(c)

Amounts exclude gains and losses related to the revaluation of the related foreign-denominated debt or receivable. Losses of $157 million and gains $178 million were recognized for the three months ended September 30, 2011 and 2010, respectively. Losses of $105 million and $119 million were recognized for the nine months ended September 30, 2011 and 2010, respectively.

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

	Three months ended September 30,		Nine months ended September 30,	
($ in millions)	**2011**	2010	**2011**	2010
Net investment hedges				
Foreign exchange contracts				
Loss recorded directly to other income, net of losses (a)	**$**	$ (7)	**$ (3)**	$ (8)
Gain (loss) recognized in other comprehensive income (b)	**432**	(118)	**206**	(97)
(Loss) gain reclassified from accumulated other comprehensive income to other income, net of losses	**(3)**		**(8)**	17

(a) The amounts represent the forward points which were 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 offsetting losses of $446 million and offsetting gains of $114 million for the three months ended September 30, 2011 and 2010, respectively. There were offsetting losses of $237 million and offsetting gains of $91 million for the nine months ended September 30, 2011 and 2010, respectively.

20. Income Taxes

We recognized total income tax expense from continuing operations of $87 million and $101 million during the three months and nine months ended September 30, 2011, respectively, compared to $48 million and $117 million for the same periods in 2010. A reconciliation of the statutory U.S. federal income tax rate to our effective income tax rate for continuing operations is shown in the following table.

	2011		2010	
Three months ended September 30, *($ in millions)*	**Amount**	**Percent**	Amount	Percent
Statutory U.S. federal tax (benefit) expense and rate	**$ (43)**	**35.0%**	$ 114	35.0%
Change in tax rate resulting from				
Effect of valuation allowance change	**175**	**(142.3)**	(54)	(16.6)
Foreign tax differential	**(34)**	**27.6**	1	0.3
State and local income taxes, net of federal income tax benefit	**(8)**	**6.5**	(3)	(0.9)
Taxes on unremitted foreign earnings	**4**	**(3.3)**	10	3.1
Tax-exempt income	**(2)**	**1.6**	(1)	(0.3)
Foreign capital loss			(25)	(7.7)
Other, net	**(5)**	**4.2**	6	1.9
Tax expense and effective tax rate	**$ 87**	**(70.7)%**	$ 48	14.8%

	2011		2010	
Nine months ended September 30, *($ in millions)*	**Amount**	**Percent**	Amount	Percent
Statutory U.S. federal tax expense and rate	**$ 60**	**35.0%**	$ 331	35.0%
Change in tax rate resulting from				

Effect of valuation allowance change	**126**	**73.7**	(247)	(26.1)
Foreign tax differential	**(79)**	**(46.2)**	(4)	(0.4)
Taxes on unremitted foreign earnings	**22**	**12.9**	15	1.6
State and local income taxes, net of federal income tax benefit	**(15)**	**(8.8)**	2	0.2
Tax-exempt income	**(4)**	**(2.3)**	(5)	(0.5)
Foreign capital loss			29	3.1
Other, net	**(9)**	**(5.2)**	(4)	(0.5)
Tax expense and effective tax rate	**$ 101**	**59.1%**	$ 117	12.4%

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During the nine months ended September 30, 2011, we recorded a $101 million reversal of valuation allowance on net deferred tax assets in one of our Canadian subsidiaries. The reversal related to modifications to the legal structure of our Canadian operations. Additionally, we recorded other net increases to our consolidated valuation allowance on deferred tax assets of $180 million, stemming primarily from net pre-tax losses within our U.S.-based operations during the period.

21. 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 significant transfers between any levels during the nine months ended September 30, 2011.

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

Available-for-sale securities Available-for-sale securities are carried at fair value primarily based on observable market prices. 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).

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 are 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

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GSE eligibility (domestic only), 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 agency-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 includes all conditional repurchase option loans carried at fair value due to the fair value option election and all nonagency-eligible residential mortgage loans that are accounted for at the lower of cost or fair value. The fair value of these residential mortgage loans are determined 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.

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 due to the adoption of ASU 2009-17. The elected mortgage loans represent a portion of the consumer finance receivable and loans consolidated upon adoption of ASU 2009-17. The balance that 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.

Securitized mortgage loans are legally isolated from us and are beyond the reach of our creditors. The loans are measured at fair value using a portfolio approach. The objective in fair valuing the loans and related securitization debt is 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 are expected to be volatile. Since this approach involves the use of significant unobservable inputs, we classified all the mortgage loans elected under the fair value option as Level 3, at September 30, 2011, and December 31, 2010. Refer to the section within this note titled *Fair Value Option of Financial Assets and Financial Liabilities* for additional information.

Commercial finance receivables and loans, net We evaluate our commercial finance receivables and loans, net, for impairment. We generally base the evaluation on the fair value of the underlying collateral supporting the loans when expected to be the sole source of repayment. When the carrying value exceeds the fair value of the collateral, an impairment loss is recognized and reflected as a nonrecurring fair value measurement.

MSRs We typically retain MSRs when we sell assets into the secondary market. 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 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 Interests retained in financial asset sales are carried at fair value. The interests retained are in securitization trusts and deferred purchase prices on the sale of whole-loans. Due to

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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 exchange 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 entered into 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. Additionally, we hold some foreign currency derivative contracts that utilize an in-house valuation model to determine the fair value of the contracts. Accordingly, we classified all of the above-mentioned 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.

Collateral placed with counterparties Collateral in the form of investment securities are primarily carried at fair value using quoted prices in active markets for similar assets.

Repossessed and foreclosed assets Foreclosed on or repossessed assets resulting from loan defaults are carried at the lower of either cost or fair value and are included in other assets on the Condensed Consolidated Balance Sheet. The fair value disclosures include only assets carried at fair value.

The majority of assets acquired due to default are foreclosed assets. We revalue foreclosed assets on a periodic basis. We classified properties that are valued by independent third-party appraisals as Level 2. When third-party appraisals are not obtained, valuations are typically obtained from third-party broker price opinion; however, depending on the circumstances, the property list price or other sales price information may be used in lieu of a broker price opinion. Based on historical experience, we adjust these values downward to take into account damage and other factors that typically cause the actual liquidation value of foreclosed properties to be less than broker price opinion or other price sources. This valuation adjustment is necessary to ensure the valuation ascribed to these assets considers unique factors and circumstances surrounding the foreclosed asset. As a result of applying internally developed adjustments to the third-party-provided valuation of the foreclosed property, we classified these assets as Level 3 in the fair value disclosures.

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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 value 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 is principally in the form of asset- and mortgage-backed securities 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 are typically not available. In these situations, we consider observed transactions as Level 2 inputs in our discounted cash flow models. Additionally, the discounted cash flow models utilize 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 is 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, 2011 *($ in millions)*	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Trading securities				
Mortgage-backed residential	**$**	**$ 469**	**$ 34**	**$ 503**
Investment securities				
Available-for-sale securities				
Debt securities				
U.S. Treasury and federal agencies	**638**	**407**		**1,045**
States and political subdivisions		**1**		**1**
Foreign government	**583**	**344**		**927**
Mortgage-backed residential		**6,683**	**1**	**6,684**
Asset-backed		**2,389**	**64**	**2,453**
Corporate debt securities	**3**	**1,192**		**1,195**
Other debt securities		**565**		**565**
Total debt securities	**1,224**	**11,581**	**65**	**12,870**
Equity securities (a)	**1,104**	**7**		**1,111**
Total available-for-sale securities	**2,328**	**11,588**	**65**	**13,981**
Mortgage loans held-for-sale, net (b)		**3,174**	**30**	**3,204**
Consumer mortgage finance receivables and loans, net (b)			**841**	**841**
Mortgage servicing rights			**2,663**	**2,663**
Other assets				
Interests retained in financial asset sales			**297**	**297**
Derivative contracts in a receivable position				
Interest rate	**110**	**7,656**	**168**	**7,934**
Foreign currency		**423**	**5**	**428**
Total derivative contracts in a receivable position	**110**	**8,079**	**173**	**8,362**
Collateral placed with counterparties (c)	**253**			**253**
Total assets	**$ 2,691**	**$ 23,310**	**$ 4,103**	**$ 30,104**
Liabilities				
Long-term debt				
On-balance sheet securitization debt (b)	**$**	**$**	**$ (831)**	**$ (831)**
Accrued expenses and other liabilities				

Derivative contracts in a payable position				
Interest rate	**(62)**	**(7,334)**	**(28)**	**(7,424)**
Foreign currency		**(55)**	**(3)**	**(58)**
Total derivative contracts in a payable position	**(62)**	**(7,389)**	**(31)**	**(7,482)**
Loan repurchase liabilities (b)			**(28)**	**(28)**
Trading liabilities	**(35)**	**(39)**		**(74)**
Total liabilities	**$ (97)**	**$ (7,428)**	**$ (890)**	**$ (8,415)**

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

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	Recurring fair value measurements			
December 31, 2010 *($ in millions)*	Level 1	Level 2	Level 3	Total
Assets				
Trading securities				
U.S. Treasury and federal agencies	$ 77	$	$	$ 77
Mortgage-backed residential		25	44	69
Asset-backed			94	94
Total trading securities	77	25	138	240
Investment securities				
Available-for-sale securities				
Debt securities				
U.S. Treasury and federal agencies	3,313	5		3,318
States and political subdivisions		2		2
Foreign government	873	375		1,248
Mortgage-backed residential		5,824	1	5,825
Asset-backed		1,948		1,948
Corporate debt securities		1,558		1,558
Other debt securities		151		151
Total debt securities	4,186	9,863	1	14,050
Equity securities (a)	796			796
Total available-for-sale securities	4,982	9,863	1	14,846
Mortgage loans held-for-sale, net (b)		6,420	4	6,424
Consumer mortgage finance receivables and loans, net (b)			1,015	1,015
Mortgage servicing rights			3,738	3,738
Other assets				
Interests retained in financial asset sales			568	568
Derivative contracts in a receivable position				
Interest rate	242	3,464	105	3,811
Foreign currency		155		155
Total derivative contracts in a receivable position	242	3,619	105	3,966
Collateral placed with counterparties (c)	728			728
Total assets	$ 6,029	$ 19,927	$ 5,569	$ 31,525
Liabilities				
Long-term debt				
On-balance sheet securitization debt (b)	$	$	$ (972)	$ (972)
Accrued expenses and other liabilities				
Derivative contracts in a payable position				
Interest rate	(208)	(3,222)	(118)	(3,548)
Foreign currency		(312)		(312)
Total derivative contracts in a payable position	(208)	(3,534)	(118)	(3,860)

Total liabilities	$ (208)	$ (3,534)	$ (1,090)	$ (4,832)

(a) Our investment in one industry did not exceed 23%.
(b) Carried at fair value due to fair value option elections.
(c) Represents collateral in the form of investment securities. Cash collateral was excluded above.

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

	Level 3 recurring fair value measurements								
		Net realized/unrealized gains (losses)							Net unrealized gains (losses)
($ in millions)	Fair value at July 1, 2011	included in earnings	included in other comprehensive income	Purchases	Sales	Issuances	Settlements	Fair value at September 30, 2011	included in earnings still held at September 30, 2011
Assets									
Trading securities									
Mortgage-backed residential	$ 39	$ (2)(a)	$	$	$	$	$ (3)	$ 34	$
Investment securities									
Available-for-sale securities									
Debt securities									
Mortgage-backed residential	1							1	
Asset-backed	67		(3)					64	
Total investment securities	68		(3)					65	
Mortgage loans held-for-sale, net (c)	22	(1)(b)		14			(5)	30	(1)(b)
Consumer mortgage finance receivables and loans, net (c)	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									
Interest rate	87	59(e)					(6)	140	115(e)
Foreign currency		2(e)						2	2(e)
Total derivative contracts in a receivable (payable) 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 (c)	$ (899)	$ (82)(b)	$	$	$	$	$ 150	$ (831)	$ (50)(b)
Accrued expenses and other liabilities									

Loan repurchases liabilities (c)	**(19)**	**1(b)**		**(14)**				**4**	**(28)**		**1(b)**	
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 securities in the Condensed Consolidated Statement of 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 Income.
(c) Fair value adjustment was reported as servicing-asset valuation and hedge activities, net, in the Condensed Consolidated Statement of Income.
(d) Reported as other income, net of losses, in the Condensed Consolidated Statement of Income.
(e) Refer to Note 19 for information related to the location of the gains and losses on derivative instruments in the Condensed Consolidated Statement of Income.

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		Level 3 recurring fair value measurements				
		Net realized/unrealized gain (losses)				
($ in millions)	Fair value at July 1, 2010	included in earnings	included in other comprehensive income	Purchases, issuances, and settlements, net	Fair value at September 30, 2010	Net unrealized gains (losses) included in earnings still held at September 30, 2010
Assets						
Trading securities						
Mortgage-backed residential	$ 46	$ 3(a)	$	$ (4)	$ 45	$ 7(a)
Asset-backed	87		1	2	90	
Total trading securities	133	3	1	(2)	135	7
Investment securities						
Available-for-sale securities						
Debt securities						
Mortgage-backed residential	2				2	
Asset-backed	8			(7)	1	
Total investment securities	10			(7)	3	
Consumer mortgage finance receivables and loans, net (b)	2,345	1,126(b)		(523)	2,948	937(b)
Mortgage servicing rights	2,983	(521)(c)		284	2,746	(521)(c)
Other assets						
Cash reserve deposits held-for-securitization trusts	2			(2)		
Interests retained in financial asset sales	465	33(d)		35	533	9(d)
Derivative contracts, net						
Interest rate contracts in a receivable (payable) position, net	105	212(e)		(195)	122	247(e)
Total assets	$ 6,043	$ 853	$ 1	$ (410)	$ 6,487	$ 679
Liabilities						
Long-term debt						
On-balance sheet securitization debt (b)	$ (2,178)	$ (1,118)(b)	$	$ 503	$ (2,793)	$ (1,035)(b)
Total liabilities	$ (2,178)	$ (1,118)	$	$ 503	$ (2,793)	$ (1,035)

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

(b)

Carried at fair value due to fair value option elections. Refer to 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 Income.

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

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

(e) Refer to Note 19 for information related to the location of the gains and losses on derivative instruments in the Condensed Consolidated Statement of Income.

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		Level 3 recurring fair value measurements							
		Net realized/unrealized gains (losses)							Net unrealized gains (losses) included in earnings still held at September 30, 2011
($ in millions)	Fair value at January 1, 2011	included in earnings	included in other comprehensive income	Purchases	Sales	Issuances	Settlements	Fair value at September 30, 2011	
Assets									
Trading securities									
Mortgage-backed residential	$ 44	$ 1(a)	$	$	$	$	$ (11)	$ 34	$ 8 (a)
Asset-backed	94				(94)				
Total trading securities	138	1			(94)		(11)	34	8
Investment securities									
Available-for-sale securities									
Debt securities									
Mortgage-backed residential	1							1	
Asset-backed		20(b)	14	94	(64)			64	
Total investment 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									
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 repurchases liabilities (c)		1(c)		(37)			8	(28)	1(c)
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 securities in the Condensed Consolidated Statement of 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 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 Income.
(d) Fair value adjustment was reported as servicing-asset valuation and hedge activities, net, in the Condensed Consolidated Statement of 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 Income.
(g) Refer to Note 19 for information related to the location of the gains and losses on derivative instruments in the Condensed Consolidated Statement of Income.

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		Level 3 recurring fair value measurements				
		Net realized/unrealized gain (losses)				Net unrealized gains (losses) included in earnings still held at September 30, 2010
($ in millions)	Fair value at January 1, 2010	included in earnings	included in other comprehensive income	Purchases, issuances, and settlements, net	Fair value at September 30, 2010	
Assets						
Trading securities						
Mortgage-backed residential	$ 99	$ 3(a)	$	$ (57)	$ 45	$ 18(a)
Asset-backed	596		1	(507)	90	
Total trading securities	695	3	1	(564)	135	18
Investment securities						
Available-for-sale securities						
Debt securities						
Mortgage-backed residential	6		(1)	(3)	2	
Asset-backed	20			(19)	1	
Total investment securities	26		(1)	(22)	3	
Consumer mortgage finance receivables and loans, net (b)	1,303	1,914(b)		(269)	2,948	1,305(b)
Mortgage servicing rights	3,554	(1,465)(c)		657	2,746	(1,465)(c)
Other assets						
Cash reserve deposits held-for-securitization trusts	31			(31)		
Interests retained in financial asset sales	471	66(d)		(4)	533	15(d)
Derivative contracts, net						
Interest rate contracts in a receivable (payable) position, net	103	203(e)		(184)	122	386(e)
Total assets	$ 6,183	$ 721	$	$ (417)	$ 6,487	$ 259
Liabilities						
Long-term debt						
On-balance sheet securitization debt (b)	$ (1,294)	$ (1,892)(b)	$	$ 393	$ (2,793)	$ (1,477)(b)
Total liabilities	$ (1,294)	$ (1,892)	$	$ 393	$ (2,793)	$ (1,477)

(a) The fair value adjustment was reported as other income, net of losses, and the related interest was reported as interest on trading securities in the Condensed Consolidated Statement of Income.
(b) Carried at fair value due to fair value option elections. Refer to 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 Income.
(c) Fair value adjustment was reported as servicing-asset valuation and hedge activities, net, in the Condensed Consolidated Statement of Income.
(d) Reported as other income, net of losses, in the Condensed Consolidated Statement of Income.
(e) Refer to Note 19 for information related to the location of the gains and losses on derivative instruments in the Condensed Consolidated Statement of Income.

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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.

	Nonrecurring fair value measures				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
September 30, 2011 *($ in millions)*	**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 loans.

(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.

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September 30, 2010 *($ in millions)*	Nonrecurring fair value measures Level 1	Level 2	Level 3	Total	Lower of cost or fair value or valuation reserve allowance	Total gains included in earnings for the three months ended	Total gains included in earnings for the nine months ended
Assets							
Loans held-for-sale, net (a)							
Automotive	$	$	$ 234	$ 234	$ (85)	n/m(b)	n/m(b)
Mortgage			1,041	1,041	(47)	n/m(b)	n/m(b)
Total loans held-for-sale, net			1,275	1,275	(132)	n/m(b)	n/m(b)
Commercial finance receivables and loans, net (c)							
Automotive			391	391	(56)	n/m(b)	n/m(b)
Mortgage		34	57	91	(47)	n/m(b)	n/m(b)
Other			77	77	(70)	n/m(b)	n/m(b)
Total commercial finance receivables and loans, net		34	525	559	(173)	n/m(b)	n/m(b)
Other assets							
Real estate and other investments (d)		9		9	n/m(e)	$	$ 2
Repossessed and foreclosed assets (f)		42	76	118	(17)	n/m(b)	n/m(b)
Total assets	$	$ 85	$ 1,876	$ 1,961	$ (322)	$	$ 2

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 2010. The related valuation allowance represents the cumulative adjustment to fair value of those specific loans.
(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 2010. The related valuation allowance represents the cumulative adjustment to fair value of those specific receivables.
(d) Represents model homes impaired during 2010. The total gain included in earnings represents adjustments to the fair value of the portfolio based on actual sales during the three months and nine months ended September 30, 2010.
(e) The total gain (loss) included in earnings is the most relevant indicator of the impact on earnings.
(f) The allowance provided for repossessed and foreclosed assets represents any cumulative valuation adjustment recognized to adjust the assets to fair value.

Fair Value Option for Financial Assets 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 are 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 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 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 Income.

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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 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 As of January 1, 2011, 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 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 if it exceeds a certain prespecified delinquency level. We have complete discretion regarding when or if we will exercise these options, but generally we would do so only when it is in our best interest. We record 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 carry 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 is classified as other income, net of losses, in the Condensed Consolidated Statement of Income. We carry 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 are classified as other income, net of losses, in the Condensed Consolidated Statement of Income.

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

	Changes included in the Condensed Consolidated Statement of Income						
Three months ended September 30, *($ in millions)*	Interest and fees on finance receivables and loans	Interest on loans held-for-sale	Interest on long-term debt	Gain on mortgage loans, net	Other income, net of losses	Total included in earnings	Change in fair value due to credit risk (a)
2011							
Assets							
Mortgage loans held-for-sale, net	**$**	**$ 49(b)**	**$**	**$ 382**	**$**	**$ 431**	**$ (c)**
Consumer mortgage finance receivables and loans, net	**48(b)**				**9**	**57**	**(54)(d)**
Liabilities							
Long-term debt							
On-balance sheet securitization debt			**(29)(e)**		**(54)**	**(83)**	**37(f)**
Accrued expenses and other liabilities							
Loan repurchase liabilities					**1**	**1**	
Total						**$ 406**	
2010							
Assets							
Mortgage loans held-for-sale, net	$	$ 61(b)	$	$ 368	$	$ 429	$ (c)
Consumer mortgage finance receivables and loans, net	141(b)				985	1,126	33(d)
Liabilities							
Long-term debt							
On-balance sheet securitization debt			(81)(e)		(1,037)	(1,118)	(58)(f)
Total						$ 437	

(a) 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.
(b) 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.
(c) The credit impact for agency-eligible loans held-for-sale is assumed to be zero because the loans are either suitable for sale or are covered by a government guarantee. The credit impact for nonagency-eligible loans was quantified by applying internal credit loss assumptions to cash flow models.
(d) The credit impact for consumer mortgage finance receivables and loans was quantified by applying internal credit loss assumptions to cash flow models.
(e) Interest expense is measured by multiplying bond principal by the coupon rate and the number of days of interest due to the investor.
(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 Income						
Nine months ended September 30, *($ in millions)*	Interest and fees on finance receivables and loans	Interest on loans held-for-sale	Interest on long-term debt	Gain on mortgage loans, net	Other income, net of losses	Total included in earnings	Change in fair value due to credit risk (a)
2011							
Assets							
Mortgage loans held-for-sale, net	**$**	**$ 128(b)**	**$**	**$ 666**	**$**	**$ 794**	**$ (c)**
Consumer mortgage finance receivables and loans, net	**154(b)**				**77**	**231**	**(49)(d)**
Liabilities							
Long-term debt							
On-balance sheet securitization debt			**(89)(e)**		**(161)**	**(250)**	**14(f)**
Accrued expenses and other liabilities							
Loan repurchase liabilities					**1**	**1**	
Total						**$ 776**	
2010							
Assets							
Mortgage loans held-for-sale, net	$	$ 153(b)	$	$ 777	$	$ 930	$ (c)
Consumer mortgage finance receivables and loans, net	469(b)				1,444	1,913	(36)(d)
Liabilities							
Long-term debt							
On-balance sheet securitization debt			(266)(e)		(1,625)	(1,891)	13(f)
Total						$ 952	

(a) 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.
(b) 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.
(c) The credit impact for agency-eligible loans held-for-sale is assumed to be zero because the loans are either suitable for sale or are covered by a government guarantee. The credit impact for nonagency-eligible loans was quantified by applying internal credit loss assumptions to cash flow models.
(d) The credit impact for consumer mortgage finance receivables and loans was quantified by applying internal credit loss assumptions to cash flow models.
(e) Interest expense is measured by multiplying bond principal by the coupon rate and the number of days of interest due to the investor.
(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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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.

	September 30, 2011		December 31, 2010	
($ in millions)	**Unpaid principal balance**	**Fair value (a)**	Unpaid principal balance	Fair value (a)
Assets				
Mortgage loans held-for-sale, net				
Total loans	**$ 3,073**	**$ 3,204**	$ 6,354	$ 6,424
Nonaccrual loans	**51**	**27**	3	1
Loans 90+ days past due (b)	**50**	**27**		
Consumer mortgage finance receivables and loans, net				
Total loans	**2,539**	**841**	2,905	1,015
Nonaccrual loans (c)	**526**	**216**	586	260
Loans 90+ days past due (b) (c)	**358**	**162**	366	184
Liabilities				
Long-term debt				
On-balance sheet securitization debt	**$ (2,650)**	**$ (831)**	$ (2,969)	$ (972)
Accrued expenses and other liabilities				
Loan repurchase liabilities	**(52)**	**(28)**		

(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 assets and liabilities that are considered financial instruments. Accordingly, items that do not meet the definition of a financial instrument are excluded from the table. 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, 2011, and December 31, 2010.

	September 30, 2011		December 31, 2010	
($ in millions)	**Carrying value**	**Fair value**	Carrying value	Fair value
Financial assets				
Trading securities	**$ 503**	**$ 503**	$ 240	$ 240
Investment securities	**13,981**	**13,981**	14,846	14,846
Loans held-for-sale, net	**8,745**	**8,881**	11,411	11,449
Finance receivables and loans, net	**107,091**	**107,506**	100,540	99,462
Interests retained in financial asset sales	**297**	**297**	568	568
Derivative contracts in a receivable position	**8,362**	**8,362**	3,966	3,966
Collateral placed with counterparties (a)	**253**	**253**	728	728
Financial liabilities				
Deposit liabilities (b)	**$ 42,196**	**$ 42,905**	$ 37,291	$ 37,546
Short-term borrowings	**5,933**	**5,899**	7,508	7,509
Long-term debt (c)	**91,137**	**89,471**	87,181	88,996
Derivative contracts in a liability position	**7,482**	**7,482**	3,860	3,860
Trading liabilities	**74**	**74**		

(a) Represents collateral in the form of investment securities. Cash collateral was excluded above.
(b) The carrying value and fair value amounts exclude dealer deposits.
(c) Debt includes deferred interest for zero-coupon bonds of $591million and $569 million at September 30, 2011, and December 31, 2010, 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.

Investment securities Bonds, equity securities, notes, and other available-for-sale investment securities are carried at fair value. Refer to the previous section of this note titled *Available-for-sale securities* for a description of the methodologies and assumptions used to determine fair value. The fair value of the held-to-maturity investment securities is based on valuation models using market-based assumption.

Loans held-for-sale, net Refer to the previous sections of this note also titled *Loans held-for-sale, net*, for a description of methodologies and assumptions used to determine fair value.

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). The carrying value of wholesale 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 wholesale 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.

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For mortgage loans held-for-investment used as collateral for securitization debt, we used a portfolio approach 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 previous section in this note 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.

Derivative assets and liabilities Refer to the previous section of this note titled *Derivative instruments* for a description of the methodologies and assumptions used to determine fair value.

Collateral placed with counterparties Collateral placed with counterparties in the table above represents only collateral in the form of investment securities. Refer to the previous section of this note also titled *Collateral placed with counterparties* for additional information.

Interests retained in financial asset sales Interest retained in financial asset sales are carried at fair value. Refer to the previous sections of this note titled *Interests retained in financial asset sales* for a description of the methodologies and assumptions used to determine fair value.

Debt The fair value of debt was determined using quoted market prices for the same or similar issues, if available, or was based on the current rates offered to us for debt with similar remaining maturities.

Deposit liabilities Deposit liabilities represent certain consumer and brokered bank deposits as well as mortgage escrow deposits. The fair value of deposits with no stated maturity is equal to their carrying amount. The fair value of fixed-maturity deposits was estimated by discounting cash flows using currently offered rates for deposits of similar maturities.

22. 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 five operating segments North American Automotive Finance operations, International Automotive Finance operations, Insurance operations, Mortgage Origination and Servicing operations, and Mortgage Legacy Portfolio and Other 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 and commercial insurance products sold primarily through the dealer channel including vehicle extended service contracts, commercial insurance coverage in the United States and

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internationally (primarily covering dealers wholesale vehicle inventory), and personal automobile insurance in certain countries outside the United States.

Mortgage Origination and Servicing operations The principal activities include originating, purchasing, selling, and securitizing conforming and government-insured residential mortgage loans in the United States and Canada; servicing residential mortgage loans for ourselves and others; and providing collateralized lines of credit to other mortgage originators, which we refer to as warehouse lending. We also originate high-quality prime jumbo mortgage loans in the United States. We finance our mortgage loan originations primarily in Ally Bank in the United States and in our trust company, ResMor Trust, in Canada.

Mortgage Legacy Portfolio and Other operations Primarily consists of loans originated prior to January 1, 2009, and includes noncore business activities including discontinued operations, portfolios in runoff, our mortgage reinsurance business, and cash held in the ResCap legal entity. These activities, all of which we have discontinued, included, among other things: lending to real estate developers and homebuilders in the United States and United Kingdom; and purchasing, selling, and securitizing nonconforming residential mortgage loans (with the exception of U.S. prime jumbo mortgage loans originated subsequent to January 1, 2009, which are included in our Origination and Servicing operations) in both the United States and internationally.

Corporate and Other consists of our Commercial Finance Group, certain equity investments, the amortization of the discount associated with new debt issuances and bond exchanges, most notably from the December 2008 bond exchange, as well as other corporate activities, the residual impacts of our corporate funds transfer pricing (FTP) and treasury asset liability management activities (ALM), noninterest expenses associated with deposit gathering activities, 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.

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

	Global Automotive Services			Mortgage (a)			
Three months ended September 30, *($ in millions)*	North American Automotive Finance operations	International Automotive Finance operations (b)	Insurance operations	Origination and Servicing operations	Legacy Portfolio and Other operations	Corporate and Other (c)	Consolidated (d)
2011							
Net financing revenue (loss)	**$ 755**	**$ 161**	**$ 24**	**$ (4)**	**$ 65**	**$ (411)**	**$ 590**
Other revenue	**126**	**69**	**459**	**(58)**	**(35)**	**40**	**601**
Total net revenue (loss)	**881**	**230**	**483**	**(62)**	**30**	**(371)**	**1,191**
Provision for loan losses	**25**	**(2)**		**(1)**	**31**	**(4)**	**49**
Other noninterest expense	**305**	**150**	**369**	**250**	**110**	**81**	**1,265**
Income (loss) from continuing operations before income tax	**$ 551**	**$ 82**	**$ 114**	**$ (311)**	**$ (111)**	**$ (448)**	**$ (123)**
Total assets	**$ 90,532**	**$ 15,314**	**$ 8,215**	**$ 24,731**	**$ 10,771**	**$ 32,393**	**$ 181,956**
2010							
Net financing revenue (loss)	$ 800	$ 174	$ 22	$ 5	$ 142	$ (553)	$ 590
Other revenue	144	76	545	609	49	34	1,457
Total net revenue (loss)	944	250	567	614	191	(519)	2,047
Provision for loan losses	60	(5)		5	17	(68)	9
Other noninterest expense	333	181	453	184	445	117	1,713
Income (loss) from continuing operations before income tax	$ 551	$ 74	$ 114	$ 425	$ (271)	$ (568)	$ 325
Total assets	$ 77,295	$ 17,500	$ 8,796	$ 25,381	$ 15,582	$ 28,637	$ 173,191

(a) Represents the ResCap legal entity and the mortgage activities of Ally Bank and ResMor Trust.
(b) Amounts include intrasegment eliminations between our North American Automotive Finance operations, International Automotive Finance operations, and Insurance operations.
(c) Total assets for the Commercial Finance Group were $1.3 billion and $1.9 billion at September 30, 2011 and 2010, respectively.
(d) Net financing revenue (loss) after the provision for loan losses totaled $541 million and $581 million for the three months ended September 30, 2011 and 2010, respectively.

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Nine months ended September 30, ($ in millions)	Global Automotive Services: North American Automotive Finance operations	Global Automotive Services: International Automotive Finance operations (b)	Global Automotive Services: Insurance operations	Mortgage (a): Origination and Servicing operations	Mortgage (a): Legacy Portfolio and Other operations	Corporate and Other (c)	Consolidated (d)
2011							
Net financing revenue (loss)	**$ 2,451**	**$ 508**	**$ 69**	**$ (52)**	**$ 221**	**$ (1,359)**	**$ 1,838**
Other revenue (loss)	**349**	**209**	**1,450**	**615**	**(8)**	**172**	**2,787**
Total net revenue (loss)	**2,800**	**717**	**1,519**	**563**	**213**	**(1,187)**	**4,625**
Provision for loan losses	**126**	**42**		**1**	**114**	**(70)**	**213**
Other noninterest expense	**1,046**	**482**	**1,198**	**753**	**423**	**339**	**4,241**
Income (loss) from continuing operations before income tax	**$ 1,628**	**$ 193**	**$ 321**	**$ (191)**	**$ (324)**	**$ (1,456)**	**$ 171**
Total assets	**$ 90,532**	**$ 15,314**	**$ 8,215**	**$ 24,731**	**$ 10,771**	**$ 32,393**	**$ 181,956**
2010							
Net financing revenue (loss)	$ 2,523	$ 525	$ 75	$ (24)	$ 507	$ (1,555)	$ 2,051
Other revenue	533	253	1,686	1,414	144	(87)	3,943
Total net revenue (loss)	3,056	778	1,761	1,390	651	(1,642)	5,994
Provision for loan losses	267	25		(29)	150	(42)	371
Other noninterest expense	1,034	537	1,356	674	706	369	4,676
Income (loss) from continuing operations before income tax	$ 1,755	$ 216	$ 405	$ 745	$ (205)	$ (1,969)	$ 947
Total assets	$ 77,295	$ 17,500	$ 8,796	$ 25,381	$ 15,582	$ 28,637	$ 173,191

(a) Represents the ResCap legal entity and the mortgage activities of Ally Bank and ResMor Trust.
(b) Amounts include intrasegment eliminations between our North American Automotive Finance operations, International Automotive Finance operations, and Insurance operations.
(c) Total assets for the Commercial Finance Group were $1.3 billion and $1.9 billion at September 30, 2011 and 2010, respectively.
(d) Net financing revenue (loss) after the provision for loan losses totaled $1.6 billion and $1.7 billion for the nine months ended September 30, 2011 and 2010, respectively.

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Information concerning principal geographic areas was as follows.

Three months ended September 30, *($ in millions)*	Revenue (a)	Income (loss) from continuing operations before income tax expense (b)	Net income (loss) (b)
2011			
Canada	**$ 217**	**$ 124**	**$ 78**
Europe (c)	**144**	**72**	**55**
Latin America	**212**	**42**	**30**
Asia-Pacific	**1**		**(10)**
Total foreign	**574**	**238**	**153**
Total domestic (d)	**617**	**(361)**	**(363)**
Total	**$ 1,191**	**$ (123)**	**$ (210)**
2010			
Canada	$ 244	$ 133	$ 108
Europe (c)	268	130	147
Latin America	216	34	28
Asia-Pacific	1	1	2
Total foreign	729	298	285
Total domestic (d)	1,318	27	(16)
Total	$ 2,047	$ 325	$ 269

(a) Revenue consists of net financing revenue and total other revenue as presented in our Condensed Consolidated Statement of Income.
(b) The domestic amounts include original discount amortization of $228 million and $312 million for the three months ended September 30, 2011 and 2010, respectively.
(c) Amounts include eliminations between our foreign operations.
(d) Amounts include eliminations between our domestic and foreign operations.

Nine months ended September 30, *($ in millions)*	Revenue (a)	Income (loss) from continuing	Net income (loss) (b)

		operations before income tax expense (b)	
2011			
Canada	**$ 654**	**$ 335**	**$ 353**
Europe (c)	**462**	**194**	**153**
Latin America	**700**	**188**	**124**
Asia-Pacific	**1**		**(11)**
Total foreign	**1,817**	**717**	**619**
Total domestic (d)	**2,808**	**(546)**	**(570)**
Total	**$ 4,625**	**$ 171**	**$ 49**
2010			
Canada	$ 610	$ 270	$ 225
Europe (c)	601	157	182
Latin America	636	124	115
Asia-Pacific	3	6	(45)
Total foreign	1,850	557	477
Total domestic (d)	4,144	390	519
Total	$ 5,994	$ 947	$ 996

(a) Revenue consists of net financing revenue and total other revenue as presented in our Condensed Consolidated Statement of Income.
(b) The domestic amounts include original discount amortization of $784 million and $901 million for the nine months ended September 30, 2011 and 2010, respectively.
(c) Amounts include eliminations between our foreign operations.
(d) Amounts include eliminations between our domestic and foreign operations.

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23. 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, GMAC Latin America Holdings LLC, GMAC International Holdings B.V., and GMAC Continental Corporation. The Guarantors fully and unconditionally guarantee the senior notes on a joint and several basis.

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

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Condensed Consolidating Statement of Income

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**	**$ 1,381**	**$ (3)**	**$ 1,682**
Interest and fees on finance receivables and loans intercompany	**61**	**6**	**7**	**(74)**	
Interest on loans held-for-sale			**113**		**113**
Interest on trading securities			**4**		**4**
Interest and dividends on available-for-sale investment securities			**103**		**103**
Interest-bearing cash	**1**		**13**		**14**
Operating leases	**48**		**501**		**549**
Total financing revenue and other interest income	**407**	**13**	**2,122**	**(77)**	**2,465**
Interest expense					
Interest on deposits	**17**		**167**		**184**
Interest on short-term borrowings	**15**	**1**	**82**		**98**
Interest on long-term debt	**843**	**3**	**451**		**1,297**
Interest on intercompany debt	**(4)**	**7**	**74**	**(77)**	
Total interest expense	**871**	**11**	**774**	**(77)**	**1,579**
Depreciation expense on operating lease assets	**18**		**278**		**296**
Net financing (loss) revenue	**(482)**	**2**	**1,070**		**590**
Dividends from subsidiary					
Nonbank subsidiaries	**696**			**(696)**	
Other revenue					
Servicing fees	**69**		**282**		**351**
Servicing asset valuation and hedge activities, net			**(471)**		**(471)**
Total servicing income, net	**69**		**(189)**		**(120)**
Insurance premiums and service revenue earned			**422**		**422**
Gain on mortgage and automotive loans, net			**83**		**83**
Other gain on investments, net			**75**		**75**
Other income, net of losses	**(79)**		**380**	**(160)**	**141**
Total other revenue	**(10)**		**771**	**(160)**	**601**
Total net revenue	**204**	**2**	**1,841**	**(856)**	**1,191**
Provision for loan losses	**40**		**9**		**49**
Noninterest expense					
Compensation and benefits expense	**95**	**3**	**205**		**303**
Insurance losses and loss adjustment expenses			**190**		**190**
Other operating expenses	**141**	**1**	**789**	**(159)**	**772**

Total noninterest expense	**236**	**4**	**1,184**	**(159)**	**1,265**
(Loss) income from continuing operations before income tax (benefit) expense and undistributed income (loss) of subsidiaries	**(72)**	**(2)**	**648**	**(697)**	**(123)**
Income tax (benefit) expense from continuing operations	**(146)**	**(2)**	**235**		**87**
Net (loss) income from continuing operations	**74**		**413**	**(697)**	**(210)**
(Loss) income from discontinued operations, net of tax	**(2)**		**2**		
Undistributed income (loss) of subsidiaries					
Bank subsidiary	**366**	**366**		**(732)**	
Nonbank subsidiaries	**(648)**	**78**		**570**	
Net (loss) income	**$ (210)**	**$ 444**	**$ 415**	**$ (859)**	**$ (210)**

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Three months ended September 30, 2010 *($ in millions)*	Parent	Guarantors	Nonguarantors	Consolidating adjustments	Ally consolidated
Financing revenue and other interest income					
Interest and fees on finance receivables and loans	$ 211	$ 6	$ 1,439	$	$ 1,656
Interest and fees on finance receivables and loans intercompany	107	1	1	(109)	
Interest on loans held-for-sale	7		146		153
Interest on trading securities			5		5
Interest and dividends on available-for-sale investment securities			86		86
Interest and dividends on available-for-sale investment securities intercompany	75		3	(78)	
Interest-bearing cash	6		16		22
Operating leases	297		558		855
Total financing revenue and other interest income	703	7	2,254	(187)	2,777
Interest expense					
Interest on deposits	14		158		172
Interest on short-term borrowings	12		98		110
Interest on long-term debt	977	3	471		1,451
Interest on intercompany debt	(5)	1	109	(105)	
Total interest expense	998	4	836	(105)	1,733
Depreciation expense on operating lease assets	143		311		454
Net financing (loss) revenue	(438)	3	1,107	(82)	590
Dividends from subsidiaries					
Nonbank subsidiaries	129			(129)	
Other revenue					
Servicing fees	104		301	(1)	404
Servicing asset valuation and hedge activities, net			(27)		(27)
Total servicing income, net	104		274	(1)	377
Insurance premiums and service revenue earned			470		470
Gain on mortgage and automotive loans, net	17		309		326
Loss on extinguishment of debt			(2)		(2)
Other gain on investments, net			100		100
Other income, net of losses	(2)		327	(139)	186
Total other revenue	119		1,478	(140)	1,457
Total net revenue	(190)	3	2,585	(351)	2,047
Provision for loan losses	(165)		174		9
Noninterest expense					
Compensation and benefits expense	190	1	201		392
Insurance losses and loss adjustment expenses			229		229
Other operating expenses	160	7	1,100	(175)	1,092
Total noninterest expense	350	8	1,530	(175)	1,713
(Loss) income from continuing operations before income tax (benefit) expense and undistributed income of subsidiaries	(375)	(5)	881	(176)	325

Income tax (benefit) expense from continuing operations	(98)		146		48
Net (loss) income from continuing operations	(277)	(5)	735	(176)	277
Income (loss) from discontinued operations, net of tax	34		(42)		(8)
Undistributed income of subsidiaries					
Bank subsidiary	253	253		(506)	
Nonbank subsidiaries	259	97		(356)	
Net income (loss)	$ 269	$ 345	$ 693	$ (1,038)	$ 269

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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**	**$ 4,149**	**$ (7)**	**$ 4,981**
Interest and fees on finance receivables and loans intercompany	**235**	**17**	**19**	**(271)**	
Interest on loans held-for-sale			**319**		**319**
Interest on trading securities			**10**		**10**
Interest and dividends on available-for-sale investment securities	**3**		**312**		**315**
Interest-bearing cash	**5**		**36**		**41**
Operating leases	**663**		**1,186**		**1,849**
Total financing revenue and other interest income	**1,724**	**38**	**6,031**	**(278)**	**7,515**
Interest expense					
Interest on deposits	**48**		**483**		**531**
Interest on short-term borrowings	**41**	**2**	**289**		**332**
Interest on long-term debt	**2,746**	**8**	**1,287**		**4,041**
Interest on intercompany debt	**(12)**	**20**	**270**	**(278)**	
Total interest expense	**2,823**	**30**	**2,329**	**(278)**	**4,904**
Depreciation expense on operating lease assets	**218**		**555**		**773**
Net financing (loss) revenue	**(1,317)**	**8**	**3,147**		**1,838**
Dividends from subsidiary					
Nonbank subsidiaries	**1,207**			**(1,207)**	
Other revenue					
Servicing fees	**208**		**867**		**1,075**
Servicing asset valuation and hedge activities, net			**(663)**		**(663)**
Total servicing income, net	**208**		**204**		**412**
Insurance premiums and service revenue earned			**1,288**		**1,288**
Gain on mortgage and automotive loans, net	**20**		**270**		**290**
Loss on extinguishment of debt	**(64)**				**(64)**
Other gain on investments, net	**9**		**242**		**251**
Other income, net of losses	**(124)**	**1**	**1,196**	**(463)**	**610**
Total other revenue	**49**	**1**	**3,200**	**(463)**	**2,787**
Total net revenue	**(61)**	**9**	**6,347**	**(1,670)**	**4,625**
Provision for loan losses	**118**		**95**		**213**
Noninterest expense					
Compensation and benefits expense	**485**	**8**	**668**		**1,161**
Insurance losses and loss adjustment expenses			**620**		**620**
Other operating expenses	**376**	**3**	**2,543**	**(462)**	**2,460**
Total noninterest expense	**861**	**11**	**3,831**	**(462)**	**4,241**
(Loss) income from continuing operations before income tax (benefit) expense and undistributed income (loss) of subsidiaries	**(1,040)**	**(2)**	**2,421**	**(1,208)**	**171**
Income tax (benefit) expense from continuing operations	**(435)**	**3**	**533**		**101**

Net (loss) income from continuing operations	**(605)**	**(5)**	**1,888**	**(1,208)**	**70**
Loss from discontinued operations, net of tax	**(12)**		**(9)**		**(21)**
Undistributed income (loss) of subsidiaries					
Bank subsidiary	**862**	**862**		**(1,724)**	
Nonbank subsidiaries	**(196)**	**391**		**(195)**	
Net income (loss)	**$ 49**	**$ 1,248**	**$ 1,879**	**$ (3,127)**	**$ 49**

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Nine months ended September 30, 2010 *($ in millions)*	Parent	Guarantors	Nonguarantors	Consolidating adjustments	Ally consolidated
Financing revenue and other interest income					
Interest and fees on finance receivables and loans	$ 702	$ 20	$ 4,169	$	$ 4,891
Interest and fees on finance receivables and loans intercompany	421	2	1	(424)	
Interest on loans held-for-sale	74		450		524
Interest on trading securities			12		12
Interest and dividends on available-for-sale investment securities			277	(2)	275
Interest and dividends on available-for-sale investment securities intercompany	115		5	(120)	
Interest-bearing cash	11		43		54
Operating leases	780		2,249		3,029
Total financing revenue and other interest income	2,103	22	7,206	(546)	8,785
Interest expense					
Interest on deposits	36		449		485
Interest on short-term borrowings	31		289		320
Interest on long-term debt	2,806	12	1,475		4,293
Interest on intercompany debt	(16)	2	447	(433)	
Total interest expense	2,857	14	2,660	(433)	5,098
Depreciation expense on operating lease assets	292		1,344		1,636
Net financing (loss) revenue	(1,046)	8	3,202	(113)	2,051
Dividends from subsidiaries					
Nonbank subsidiaries	145	1		(146)	
Other revenue					
Servicing fees	347		827	(1)	1,173
Servicing asset valuation and hedge activities, net			(181)		(181)
Total servicing income, net	347		646	(1)	992
Insurance premiums and service revenue earned			1,415		1,415
Gain on mortgage and automotive loans, net	6		857		863
Loss on extinguishment of debt	(116)		(7)		(123)
Other gain on investments, net			356	(1)	355
Other income, net of losses	(66)	1	922	(416)	441
Total other revenue	171	1	4,189	(418)	3,943
Total net revenue	(730)	10	7,391	(677)	5,994
Provision for loan losses	(213)	(1)	585		371
Noninterest expense					
Compensation and benefits expense	569	8	629		1,206
Insurance losses and loss adjustment expenses			664		664
Other operating expenses	483	20	2,755	(452)	2,806
Total noninterest expense	1,052	28	4,048	(452)	4,676
(Loss) income from continuing operations before income tax (benefit) expense and undistributed income of subsidiaries	(1,569)	(17)	2,758	(225)	947

Income tax (benefit) expense from continuing operations	(411)		528		117
Net (loss) income from continuing operations	(1,158)	(17)	2,230	(225)	830
Income from discontinued operations, net of tax	114		52		166
Undistributed income of subsidiaries					
Bank subsidiary	602	602		(1,204)	
Nonbank subsidiaries	1,438	234		(1,672)	
Net income (loss)	$ 996	$ 819	$ 2,282	$ (3,101)	$ 996

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Condensed Consolidating Balance Sheet

September 30, 2011 *($ in millions)*	**Parent**	**Guarantors**	**Nonguarantors**	**Consolidating adjustments**	**Ally consolidated**
Assets					
Cash and cash equivalents					
Noninterest-bearing	$ 1,221	$	$ 296	$	$ 1,517
Interest-bearing	7,703	12	7,170		14,885
Interest-bearing intercompany			763	(763)	
Total cash and cash equivalents	8,924	12	8,229	(763)	16,402
Trading securities			503		503
Investment securities			13,981		13,981
Loans held-for-sale, net	464		8,281		8,745
Finance receivables and loans, net					
Finance receivables and loans, net	16,661	368	91,683		108,712
Intercompany loans to					
Bank subsidiary	2,200			(2,200)	
Nonbank subsidiaries	6,686	374	438	(7,498)	
Allowance for loan losses	(324)	(1)	(1,296)		(1,621)
Total finance receivables and loans, net	25,223	741	90,825	(9,698)	107,091
Investment in operating leases, net	834		8,218		9,052
Intercompany receivables from					
Bank subsidiary	237			(237)	
Nonbank subsidiaries	1,070	2	1,235	(2,307)	
Investment in subsidiaries					
Bank subsidiary	12,725	12,725		(25,450)	
Nonbank subsidiaries	16,112	3,635		(19,747)	
Mortgage servicing rights			2,663		2,663
Premiums receivable and other insurance assets	(7)		2,036	(3)	2,026
Other assets	2,702	2	19,459	(670)	21,493
Total assets	$ 68,284	$ 17,117	$ 155,430	$ (58,875)	$ 181,956
Liabilities					
Deposit liabilities					
Noninterest-bearing	$	$	$ 2,704	$	$ 2,704
Interest-bearing	1,824		39,798		41,622
Total deposit liabilities	1,824		42,502		44,326
Short-term borrowings	2,649	124	3,160		5,933
Long-term debt	40,399	177	49,970		90,546
Intercompany debt to					
Nonbank subsidiaries	763	438	9,260	(10,461)	

Intercompany payables to					
Bank subsidiaries	**7**			**(7)**	
Nonbank subsidiaries	**1,064**	**1**	**1,472**	**(2,537)**	
Interest payable	**1,103**	**3**	**606**		**1,712**
Unearned insurance premiums and service revenue			**2,757**		**2,757**
Reserves for insurance losses and loss adjustment expenses			**690**		**690**
Accrued expenses and other liabilities	**743**	**10**	**16,180**	**(673)**	**16,260**
Total liabilities	**48,552**	**753**	**126,597**	**(13,678)**	**162,224**
Total equity	**19,732**	**16,364**	**28,833**	**(45,197)**	**19,732**
Total liabilities and equity	**$ 68,284**	**$ 17,117**	**$ 155,430**	**$ (58,875)**	**$ 181,956**

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December 31, 2010 *($ in millions)*	Parent	Guarantors	Nonguarantors	Consolidating adjustments	Ally consolidated
Assets					
Cash and cash equivalents					
Noninterest-bearing	$ 1,251	$	$ 463	$	$ 1,714
Interest-bearing	3,414	1	6,541		9,956
Interest-bearing intercompany			504	(504)	
Total cash and cash equivalents	4,665	1	7,508	(504)	11,670
Trading securities			240		240
Investment securities	1,488		13,358		14,846
Investment securities intercompany	2			(2)	
Loans held-for-sale, net			11,411		11,411
Finance receivables and loans, net					
Finance receivables and loans, net	10,047	425	91,941		102,413
Intercompany loans to					
Bank subsidiary	3,650			(3,650)	
Nonbank subsidiaries	9,461	367	463	(10,291)	
Allowance for loan losses	(266)	(1)	(1,606)		(1,873)
Total finance receivables and loans, net	22,892	791	90,798	(13,941)	100,540
Investment in operating leases, net	3,864		5,264		9,128
Intercompany receivables from					
Bank subsidiary	5,930			(5,930)	
Nonbank subsidiaries		213		(213)	
Investment in subsidiaries					
Bank subsidiary	10,886	10,886		(21,772)	
Nonbank subsidiaries	23,632	3,123		(26,755)	
Mortgage servicing rights			3,738		3,738
Premiums receivable and other insurance assets			2,190	(9)	2,181
Other assets	2,752	3	16,389	(890)	18,254
Total assets	$ 76,111	$ 15,017	$ 150,896	$ (70,016)	$ 172,008
Liabilities					
Deposit liabilities					
Noninterest-bearing	$	$	$ 2,131	$	$ 2,131
Interest-bearing	1,459		35,458		36,917
Total deposit liabilities	1,459		37,589		39,048
Short-term borrowings	2,519	89	4,900		7,508
Long-term debt	43,897	239	42,476		86,612
Intercompany debt to					
Nonbank subsidiaries	504	462	13,481	(14,447)	
Intercompany payables to					
Nonbank subsidiaries	4,466		1,716	(6,182)	
Interest payable	1,229	3	597		1,829

Unearned insurance premiums and service revenue			2,854		2,854
Reserves for insurance losses and loss adjustment expenses			862		862
Accrued expenses and other liabilities	1,548	1	12,117	(860)	12,806
Total liabilities	55,622	794	116,592	(21,489)	151,519
Total equity	20,489	14,223	34,304	(48,527)	20,489
Total liabilities and equity	$ 76,111	$ 15,017	$ 150,896	$ (70,016)	$ 172,008

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Condensed Consolidating Statement of Cash Flows

Nine months ended September 30, 2011					**Ally**
($ in millions)	**Parent**	**Guarantors**	**Nonguarantors**	**Consolidating adjustments**	**consolidated**
Operating activities					
Net cash provided by (used in) operating activities	**$ 2,767**	**$ 220**	**$ 4,002**	**$ (1,208)**	**$ 5,781**
Investing activities					
Purchases of available-for-sale securities			**(15,020)**		**(15,020)**
Proceeds from sales of available-for-sale securities	**1,494**		**10,599**		**12,093**
Proceeds from maturities of available-for-sale securities	**1**		**3,724**		**3,725**
Net (increase) decrease in finance receivables and loans	**(3,030)**	**57**	**(7,732)**		**(10,705)**
Proceeds from sales of finance receivables and loans	**1,346**		**1,522**		**2,868**
Net decrease (increase) in loans intercompany	**4,225**	**(7)**	**25**	**(4,243)**	
Net decrease (increase) in operating lease assets	**3,028**		**(3,498)**		**(470)**
Capital contributions to subsidiaries	**(1,339)**	**(855)**		**2,194**	
Returns of contributed capital	**1,072**			**(1,072)**	
Proceeds from sale of business units, net			**50**		**50**
Other, net	**(251)**		**884**		**633**
Net cash provided by (used in) investing activities	**6,546**	**(805)**	**(9,446)**	**(3,121)**	**(6,826)**
Financing activities					
Net change in short-term borrowings third party	**129**	**36**	**(1,428)**		**(1,263)**
Net increase in bank deposits			**4,454**		**4,454**
Proceeds from issuance of long-term debt third party	**3,228**	**70**	**33,602**		**36,900**
Repayments of long-term debt third party	**(8,415)**	**(133)**	**(26,028)**		**(34,576)**
Net change in debt intercompany	**260**	**(25)**	**(4,218)**	**3,983**	
Dividends paid third party	**(619)**				**(619)**
Dividends paid and returns of contributed capital intercompany		**(207)**	**(2,073)**	**2,280**	
Capital contributions from parent		**855**	**1,339**	**(2,194)**	
Other, net	**363**		**599**		**962**
Net cash (used in) provided by financing activities	**(5,054)**	**596**	**6,247**	**4,069**	**5,858**
Effect of exchange-rate changes on cash and cash equivalents			**(45)**		**(45)**
Net increase (decrease) in cash and cash equivalents	**4,259**	**11**	**758**	**(260)**	**4,768**
Adjustment for change in cash and cash equivalents of operations held-for-sale			**(36)**		**(36)**
Cash and cash equivalents at beginning of year	**4,665**	**1**	**7,508**	**(504)**	**11,670**
Cash and cash equivalents at September 30	**$ 8,924**	**$ 12**	**$ 8,230**	**$ (764)**	**$ 16,402**

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Nine months ended September 30, 2010					Ally
($ in millions)	Parent	Guarantors	Nonguarantors	Consolidating adjustments	consolidated
Operating activities					
Net cash provided by (used in) operating activities	$ 3,661	$ 22	$ 8,004	$ (147)	$ 11,540
Investing activities					
Purchases of available-for-sale securities			(15,902)		(15,902)
Proceeds from sales of available-for-sale securities	41		13,380	(41)	13,380
Proceeds from maturities of available-for-sale securities			3,646		3,646
Net decrease (increase) in investment securities intercompany	309		(156)	(153)	
Net (increase) decrease in finance receivables and loans	(3,934)	171	(8,659)		(12,422)
Proceeds from sales of finance receivables and loans	5		2,549		2,554
Net decrease in loans intercompany	6,087	49	81	(6,217)	
Net (increase) decrease in operating lease assets	(2,575)		6,889		4,314
Capital contributions to subsidiaries	(737)	(612)		1,349	
Returns of contributed capital	518			(518)	
Proceeds from sale of business units, net	59		(390)		(331)
Other, net	144		1,014		1,158
Net cash (used in) provided by investing activities	(83)	(392)	2,452	(5,580)	(3,603)
Financing activities					
Net change in short-term borrowings third party	501	(15)	(5,342)		(4,856)
Net increase in bank deposits			4,776		4,776
Proceeds from issuance of long-term debt third party	5,043	152	26,999	41	32,235
Repayments of long-term debt third party	(4,245)	(280)	(39,302)		(43,827)
Net change in debt intercompany	163	(82)	(6,445)	6,364	
Dividends paid third party	(862)				(862)
Dividends paid and returns of contributed capital intercompany			(665)	665	
Capital contributions from parent		600	749	(1,349)	
Other, net	380		875		1,255
Net cash provided by (used in) financing activities	980	375	(18,355)	5,721	(11,279)
Effect of exchange-rate changes on cash and cash equivalents			501		501
Net increase (decrease) in cash and cash equivalents	4,558	5	(7,398)	(6)	(2,841)
Adjustment for change in cash and cash equivalents of operations held-for-sale			642		642
Cash and cash equivalents at beginning of year	757	5	14,026		14,788
Cash and cash equivalents at September 30	$ 5,315	$ 10	$ 7,270	$ (6)	$ 12,589

24. Contingencies and Other Risks

Mortgage Foreclosure Matters

Representatives of federal and state governments, including the United States Department of Justice, the Board of Governors of the Federal Reserve System (the FRB), the FDIC, the SEC, and law enforcement authorities in all 50 states, are currently investigating the procedures followed by mortgage servicing companies and banks, including subsidiaries of Ally, in connection with mortgage foreclosure home sales and evictions. While the results of these investigations are uncertain, we expect that Ally or its subsidiaries will become subject to penalties, sanctions, or other adverse actions, including monetary fines, which could be substantial and have a material adverse impact on our results of operations, financial position or cash flows. While we believe that a monetary fine is probable, we are not able to provide an estimate based on information currently available, nor are we able to estimate a range of reasonably possible losses.

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As a result of an examination conducted by the FRB and FDIC, on April 13, 2011, each of Ally, Ally Bank, Residential Capital, LLC and GMAC Mortgage, LLC (collectively, the Ally Entities) entered into a Consent Order (the Order) with the FRB and the FDIC. The Order requires the Ally Entities to make improvements to various aspects of Ally s residential mortgage loan servicing business, including compliance programs, internal audit, communications with borrowers, vendor management, management information systems, employee training, and oversight by the boards of the Ally Entities.

The Order further requires the Ally Entities to retain independent consultants to conduct a risk assessment related to mortgage servicing activities and, separately, to conduct a review of certain past residential mortgage foreclosure actions. We cannot estimate the ultimate impact of any deficiencies that have been or may be identified in our historical foreclosure procedures. There are potential risks related to these matters that extend beyond potential liability on individual foreclosure actions. Specific risks could include, for example, claims and litigation related to foreclosure remediation and resubmission; claims from investors that hold securities that become adversely impacted by continued delays in the foreclosure process; the reduction in foreclosure proceeds due to delay, or by challenges to completed foreclosure sales to the extent, if any, not covered by title insurance obtained in connection with such sales; actions by courts, state attorneys general, or regulators to delay further the foreclosure process after submission of corrected affidavits, or to facilitate claims by borrowers alleging that they were harmed by our foreclosure practices (by, for example, foreclosing without offering an appropriate range of alternative home preservation options); regulatory fines, sanctions, and other additional costs; and reputational risks. To date we have borne all out-of-pocket costs associated with the remediation rather than passing any such costs through to investors for whom we service the related mortgages, and we expect that we will continue to do so.

At September 30, 2011, we had a liability of approximately $9 million related to potential monetary fines and penalties in connection with existing contractual obligations with certain counterparties, as we have determined that such losses were probable and estimable.

Loan Repurchases and Obligations Related to Loan Sales

Overview

Certain mortgage companies (the Mortgage Companies) within our Mortgage operations sell loans that take the form of securitizations guaranteed by the GSEs, securitizations to private investors, and to whole-loan investors. In connection with a portion of our private-label securitizations, the monolines insured all or some of the related bonds and guaranteed timely repayment of bond principal and interest when the issuer defaults. In connection with securitizations and loan sales, investors are provided various representations and warranties related to the loans sold. The specific representations and warranties vary among different transactions and investors but typically relate to, among other things, the ownership of the loan, the validity of the lien securing the loan, the loan s compliance with the criteria for inclusion in the transaction, including compliance with underwriting standards or loan criteria established by the buyer, the ability to deliver required documentation and compliance with applicable laws. In general, the representations and warranties described above may be enforced against the applicable Mortgage Companies at any time unless a sunset provision is in place. Upon discovery of a breach of a representation or warranty, the breach is corrected in a manner conforming to the provisions of the sale agreement. This may require the applicable Mortgage Companies to repurchase the loan, indemnify the investor for incurred losses, or otherwise make the investor whole. We have entered into settlement agreements with both Fannie Mae and Freddie Mac that, subject to certain exclusions, limit our remaining exposure with the GSEs. See *Government-sponsored Enterprises* below. ResCap assumes all of the customary mortgage representation and warranty obligations for loans purchased from Ally Bank and subsequently sold into the secondary market, generally through securitizations guaranteed by the GSEs. In the event ResCap fails to meet these obligations, Ally Financial Inc. has provided Ally Bank a guaranteed coverage of liability.

Originations

We believe the exposure of the applicable Mortgage Companies to mortgage representation and warranty claims is most significant for loans originated and sold between 2004 through 2008, specifically the 2006 and 2007 vintages that were originated and sold prior to enhanced underwriting standards and risk-mitigation actions implemented in 2008 and forward. Since 2009, we have focused primarily on originating domestic prime conforming and government-insured mortgages. In addition, we ceased offering interest-only jumbo mortgages in 2010. Our representation and warranty risk-mitigation strategies include, but are not limited to, pursuing settlements with investors where economically

beneficial in order to resolve

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a pipeline of demands in lieu of loan-by-loan assessments that could result in us repurchasing loans, aggressively contesting claims we do not consider valid (rescinding claims), or seeking recourse against correspondent lenders from whom we purchased loans wherever appropriate.

Repurchase Process

After receiving a claim under representation and warranty obligations, the applicable Mortgage Companies will review the claim to determine the appropriate response (e.g. appeal, provide additional information, repurchase the loan, or remit make-whole payment) and take appropriate action. Historically, repurchase demands were related to loans that became delinquent within the first few years following origination and varied by investor. As a result of market developments over the past several years, repurchase demand behavior has changed significantly. GSEs are more likely to submit claims for loans at any point in their life cycle. Investors are more likely to submit claims for loans that become delinquent at any time while a loan is outstanding or when a loan incurs a loss. Representation and warranty claims are generally reviewed on a loan-by-loan basis to validate if there has been a breach requiring a potential repurchase or indemnification payment. The applicable Mortgage Companies actively contest claims to the extent they are not considered valid. The applicable Mortgage Companies are not required to repurchase a loan or provide an indemnification payment where claims are not valid.

The risk of repurchase or indemnification and the associated credit exposure is managed through underwriting and quality assurance practices and by servicing mortgage loans to meet investor standards. We believe that, in general, the longer a loan performs prior to default the less likely it is that an alleged breach of representation and warranty will be found to have a material and adverse impact on the loan s performance. When loans are repurchased, the applicable Mortgage Companies bear the related credit loss on the loans. Repurchased loans are classified as held-for-sale and initially recorded at fair value.

The following table presents the total number and original unpaid principal balance of loans related to unresolved representation and warranty demands (indemnification claims or repurchase demands). The table includes demands that we have requested be rescinded but which have not been agreed to by the investor.

	September 30, 2011		December 31, 2010	
	Number		Number	
		Dollar amount		Dollar amount
($ in millions)	**of loans**	**of loans**	of loans	of loans
GSEs	**449**	**$ 96**	833	$ 170(a)
Monolines	**12,595**	**909**	8,206	661
Whole-loan/other	**481**	**85**	392	88
Total number of loans and unpaid principal balance	**13,525**	**$ 1,090**	9,431	$ 919

(a) This amount is gross of any loans that would be removed due to the Fannie Mae settlement. At December 31, 2010, $48 million of outstanding claims were covered under the Fannie Mae settlement agreement.

Certain of our Mortgage Companies are currently in litigation with MBIA Insurance Corp. (MBIA) with respect to certain of their private-label securitizations. The table above includes unresolved monoline repurchase demands of $463 million of original unpaid principal balance with MBIA at September 30, 2011, which were received prior to commencement of these proceedings by MBIA. Historically we have requested that most of the repurchase demands presented to us by MBIA be rescinded, consistent with the repurchase process described above. As the litigation progresses, we expect to receive additional repurchase demands from MBIA. We also expect to receive additional repurchase demands from other monolines. In addition, third-party investors may also bring contractual representation and warranties claims against us.

Representation and Warranty Obligation Reserve Methodology

The liability for representation and warranty obligations reflects management s best estimate of probable lifetime losses at the applicable Mortgage Companies. We consider historical and recent demand trends in establishing the reserve. The methodology used to estimate the reserve considers a variety of assumptions including borrower performance (both actual and estimated future defaults), repurchase demand behavior, historical loan defect experience, historical mortgage insurance rescission experience, and historical and estimated future loss experience, which includes projections of future home price

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changes as well as other qualitative factors including investor behavior. In cases where we do not have or have limited current or historical demand experience with an investor, it is difficult to predict and estimate the level and timing of any potential future demands. In such cases, we may not be able to reasonably estimate losses, and a liability is not recognized. Management monitors the adequacy of the overall reserve and makes adjustments to the level of reserve, as necessary, after consideration of other qualitative factors including ongoing dialogue and experience with counterparties.

At the time a loan is sold, an estimate of the fair value of the liability is recorded and classified in accrued expenses and other liabilities on our Condensed Consolidated Balance Sheet and recorded as a component of gain (loss) on mortgage and automotive loans, net, in our Condensed Consolidated Statement of Income. We recognize changes in the liability when additional relevant information becomes available. Changes in the liability are recorded as other operating expenses in our Condensed Consolidated Statement of Income. The repurchase reserve at September 30, 2011, relates primarily to non-GSE exposure.

The following tables summarize the changes in our reserve for representation and warranty obligations.

Three months ended September 30, *($ in millions)*	**2011**	2010
Balance at July 1,	**$ 829**	$ 855
Provision for mortgage representation and warranty expenses		
Loan sales	**5**	8
Change in estimate continuing operations	**70**	344
Total additions	**75**	352
Realized losses (a)	**(78)**	(84)
Recoveries	**3**	5
Balance at September 30,	**$ 829**	$ 1,128

(a) Includes principal losses and accrued interest on repurchased loans, indemnification payments, and settlements with counterparties.

Nine months ended September 30, *($ in millions)*	**2011**	2010
Balance at January 1,	**$ 830**	$ 1,263
Provision for mortgage representation and warranty expenses		
Loan sales	**16**	31
Change in estimate continuing operations	**280**	490
Total additions	**296**	521
Realized losses (a)	**(306)**	(668)
Recoveries	**9**	12
Balance at September 30,	**$ 829**	$ 1,128

(a) Includes principal losses and accrued interest on repurchased loans, indemnification payments, and settlements with counterparties.

Government-sponsored Enterprises

Between 2004 and 2008, the applicable Mortgage Companies sold $250.8 billion of loans to the GSEs. Each GSE has specific guidelines and criteria for sellers and servicers of loans underlying their securities. In addition, the risk of credit loss of the loan sold was generally transferred to investors upon sale of the securities into the secondary market. Conventional conforming loans were sold to either Freddie Mac or Fannie Mae, and government-insured loans were securitized with Ginnie Mae. For the nine months ended September 30, 2011, the applicable Mortgage Companies received repurchase claims relating to $351 million of original unpaid principal balance of which $218 million are associated with the 2004 through 2008 vintages. The remaining $133 million in repurchase claims relate to post-2008 vintages. During the nine months ended September 30, 2011, the applicable Mortgage Companies resolved claims with respect to $425 million of original unpaid principal balance, including settlement, repurchase, or indemnification payments related to $267 million of original unpaid principal balance, and rescinded claims related to $158 million of original unpaid principal balance. The applicable Mortgage Companies representation and warranty obligation liability with respect to the GSEs considers the existing unresolved claims

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and our best estimate of future claims we might receive. The Mortgage Companies consider its experiences with the GSE in evaluating its liability. During 2010, we reached agreements with Freddie Mac and Fannie Mae that, subject to certain exclusions, limits the remaining exposure of the applicable Mortgage Companies to each counterparty.

In March 2010, certain of our Mortgage Companies entered into an agreement with Freddie Mac under which we made a one-time payment to Freddie Mac for the release of repurchase obligations relating to most of the mortgage loans sold to Freddie Mac prior to January 1, 2009. This agreement does not release obligations of the applicable Mortgage Companies with respect to exposure for private-label mortgage-backed securities in which Freddie Mac had previously invested, loans where Ally Bank is the owner of the servicing, as well as defects in certain other specified categories of loans. Further, the applicable Mortgage Companies continue to be responsible for other contractual obligations we have with Freddie Mac, including all indemnification obligations that may arise in connection with the servicing of the mortgages. The total original unpaid principal balance of loans originated prior to January 1, 2009 and where Ally Bank was the owner of the servicing was $10.9 billion. From January 1, 2009 through September 30, 2011, the amount of losses we have taken on loans that we have repurchased relating to defects where Ally Bank was the owner of the servicing was $95 million. From April 1, 2010 through September 30, 2011, the amount of losses we have taken on loans that we have repurchased relating to defects in the other specified categories was $18 million. These other specified categories include (i) loans subject to certain state predatory lending and similar laws; (ii) groups of 25 or more mortgage loans purchased, originated, or serviced by one of our mortgage subsidiaries, the purchase, origination, or sale of which all involve a common actor who committed fraud; (iii) non-loan-level representations and warranties which refer to representations and warranties that do not relate to specific mortgage loans (examples of such non-loan-level representations and warranties include the requirement that our mortgage subsidiaries meet certain standards to be eligible to sell or service loans for Freddie Mac or our mortgage subsidiaries sold or serviced loans for market participants that were not acceptable to Freddie Mac); and (iv) mortgage loans that are ineligible for purchase by Freddie Mac under its charter and other applicable documents. If, however, a mortgage loan was ineligible under Freddie Mac s charter solely because mortgage insurance was rescinded (rather than for example, because the mortgage loan is secured by a commercial property), and Freddie Mac required our mortgage subsidiary to repurchase that loan because of the ineligibility, Freddie Mac would pay our mortgage subsidiary any net loss we suffered on any later liquidation of that mortgage loan.

Certain of our Mortgage Companies received subpoenas in July 2010 from the Federal Housing Finance Agency (the FHFA), which is the conservator of Fannie Mae and Freddie Mac. The subpoenas relating to Fannie Mae investments have been withdrawn with prejudice. The FHFA indicated that documents provided in response to the remaining subpoenas will enable the FHFA to determine whether they believe issuers of private-label MBS are potentially liable to Freddie Mac for losses they might have incurred. Although Freddie Mac has not brought any representation and warranty claims against us with respect to private label securities subsequent to the settlement, they may well do so in the future. FHFA has commenced securities and related common law fraud litigation with respect to certain of Freddie Mac s private label securities investments. Refer to Item 1. Legal Proceedings for Additional Information.

On December 23, 2010, certain of our mortgage subsidiaries entered into an agreement with Fannie Mae under which we made a one-time payment to Fannie Mae for the release of repurchase obligations related to most of the mortgage loans we sold to Fannie Mae prior to June 30, 2010. The agreement also covers potential exposure for private-label mortgage-backed securities in which Fannie Mae had previously invested. This agreement does not release the obligations of the applicable Mortgage Companies with respect to loans where Ally Bank is the owner of the servicing, as well as for defects in certain other specified categories of loans. Further, the applicable Mortgage Companies continue to be responsible for other contractual obligations they have with Fannie Mae, including all indemnification obligations that may arise in connection with the servicing of the mortgages, and the applicable Mortgage Companies continue to be obligated to indemnify Fannie Mae for litigation or third party claims (including by borrowers) for matters that may amount to breaches of selling representations and warranties. The total original unpaid principal balance of loans originated prior to January 1, 2009 and where Ally Bank was the owner of the servicing was $24.4 billion. From July 1, 2010 through September 30, 2011, the amount of losses we have taken on loans that we have repurchased relating to defects where Ally Bank was the owner of the servicing was $77 million. From January 1, 2011 through September 30, 2011, the amount of losses we have taken on loans that we have repurchased relating to defects in the other specified categories of loans was $5 million. These other specified categories include, among others, (i) those that violate anti-predatory laws or statutes or related regulations or that otherwise violate other applicable

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laws and regulations; (ii) those that have non-curable defects in title to the secured property, or that have curable title defects, to the extent our mortgage subsidiaries do not cure such defects at our subsidiary s expense; (iii) any mortgage loan in which title or ownership of the mortgage loan was defective; (iv) groups of 13 or more mortgage loans, the purchase, origination, sale, or servicing of which all involve a common actor who committed fraud; and (v) mortgage loans not in compliance with Fannie Mae Charter Act requirements (e.g., mortgage loans on commercial properties or mortgage loans without required mortgage insurance coverage). If a mortgage loan falls out of compliance with Fannie Mae Charter Act requirements because mortgage insurance coverage has been rescinded and not reinstated or replaced, upon the borrower s default our mortgage subsidiaries would have to pay to Fannie Mae the amount of insurance proceeds that would have been paid by the mortgage insurer with respect to such mortgage loan. If the amount of the loss exceeded the amount of insurance proceeds, Fannie Mae would be responsible for such excess.

Monoline Insurers

Historically, our applicable Mortgage Companies securitized loans where the monolines insured all or some of the related bonds and guaranteed the timely repayment of bond principal and interest when the issuer defaults. Typically, any alleged breach requires the insurer to have both the ability to assert a claim as well as evidence that a defect has had a material and adverse effect on the interest of the security holders or the insurer. For the period 2004 through 2007, our Mortgage Companies sold $42.7 billion of loans into these monoline-wrapped securitizations. During the nine months ended September 30, 2011, our Mortgage Companies received repurchase claims related to $254 million of original unpaid principal balance from the monolines associated with the 2004 through 2007 securitizations. Our Mortgage Companies have resolved repurchase demands through indemnification payments related to $17 million of original unpaid principal balance.

Certain of our Mortgage Companies are currently in litigation with MBIA, and additional litigation with other monolines is likely.

Private-label Securitization

In general, representations and warranties provided as part of our securitization activities are less rigorous than those provided to the GSEs and generally impose higher burdens on parties seeking repurchase. In order to successfully assert a claim, it is our position that a claimant must prove a breach of the representations and warranties that materially and adversely affects the interest of the investor in the allegedly defective loan. Securitization documents typically provide the investors with a right to request that the trustee investigate and initiate a repurchase claim. However, a class of investors generally are required to coordinate with other investors in that class comprising not less than 25%, and in some cases, 50%, of the percentage interest constituting a class of securities of that class issued by the trust to pursue claims for breach of representations and warranties. In addition, our private-label securitizations generally require that the servicer or trustee give notice to the other parties whenever it becomes aware of facts or circumstances that reveal a breach of representation that materially and adversely affects the interest of the certificate holders.

Regarding our securitization activities, certain of our Mortgage Companies have exposure to potential losses primarily through two avenues. First, investors, through trustees to the extent required by the applicable agreements (or monoline insurers in certain transactions), may request pursuant to applicable agreements that the applicable Mortgage Company repurchase loans or make the investor whole for losses incurred if it is determined that the applicable Mortgage Companies violated representations and warranties made at the time of the sale, provided that such violations materially and adversely impacted the interests of the counterparty. Contractual representations and warranties are different based on the specific deal structure and investor. It is our position that litigation of these matters must proceed on a loan by loan basis. This issue is being disputed in various litigation currently pending in the industry. Similarly in dispute as a matter of law is the degree to which claimants will have to prove that the alleged breaches of representations and warranties actually caused the losses they claim to have suffered. Ultimate resolution by courts of these and other legal issues will impact litigation and treatment of non-litigated claims pursuant to similar contractual provisions. Second, investors in securitizations may attempt to achieve rescission of their investments or damages through litigation by claiming that the applicable offering documents were materially deficient. If an investor properly made and proved its allegations, the investor might attempt to claim that damages could include loss of market value on the investment even if there were little or no credit loss in the underlying loans.

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Whole-loan Sales

In addition to the settlements with the GSEs noted earlier, certain of our Mortgage Companies have settled with several whole-loan investors concerning alleged breaches of underwriting standards. For the nine months ended September 30, 2011, certain of our Mortgage Companies have received $62 million of original unpaid principal balance in repurchase claims of which $60 million are associated with the 2004 through 2008 vintages of loans sold to whole-loan investors. Certain of our Mortgage Companies resolved claims related to $65 million of original unpaid principal balance, including settlements, repurchases, or indemnification payments related to $24 million of original unpaid principal balance, and rescinded claims related to $41 million of original unpaid principal balance.

Private Mortgage Insurance

Mortgage insurance is required for certain consumer mortgage loans sold to the GSEs and certain securitization trusts and may have been in place for consumer mortgage loans sold to whole-loan investors. Mortgage insurance is typically required for first-lien consumer mortgage loans having a loan-to-value ratio at origination of greater than 80 percent. Mortgage insurers are, in certain circumstances, permitted to rescind existing mortgage insurance that covers consumer loans if they demonstrate certain loan underwriting requirements have not been met. Upon receipt of a rescission notice, the applicable Mortgage Companies will assess the notice and, if appropriate, refute the notice, or if the notice cannot be refuted, the applicable Mortgage Companies attempt to remedy the defect. In the event the mortgage insurance cannot be reinstated, the applicable Mortgage Companies may be obligated to repurchase the loan or provide an indemnification payment in the event of a loss, subject to contractual limitations. While the applicable Mortgage Companies make every effort to reinstate the mortgage insurance, they have had limited success and as a result, most of these requests result in rescission of the mortgage insurance. At September 30, 2011, the applicable Mortgage Companies have approximately $219 million in original unpaid principal balance of outstanding mortgage insurance rescission notices where we have not received a repurchase demand. However, this unpaid principal amount is not representative of expected future losses.

Private-label Mortgage-backed Securities Litigation, Repurchase Obligations, and Related Claims

Private-label Securities Litigation

There are twenty-two cases relating to various private-label MBS offerings that are currently pending. Plaintiffs in these cases include Cambridge Place Investment Management Inc. (two cases pending in Suffolk County Superior Court, Massachusetts); The Charles Schwab Corporation (case filed in San Francisco County Superior Court, California); Federal Home Loan Bank of Boston (case pending in Suffolk County Superior Court, Massachusetts); Federal Home Loan Bank of Chicago (case pending in Cook County Circuit Court, Illinois); Federal Home Loan Bank of Indianapolis (case pending in Marion County Superior Court, Indiana); Massachusetts Mutual Life Ins. Co. (case pending in federal court in the District of Massachusetts); Allstate Insurance Co., et al. (case pending in Hennepin County District Court, Minnesota); New Jersey Carpenters Health Fund, et al. (a putative class action in which certification has been denied, pending in federal court in the Southern District of New York); West Virginia Investment Management Board (case pending in Kanawha County Circuit Court, West Virginia); Thrivent Financial for Lutherans, et al. (case pending in Hennepin County District Court, Minnesota); Union Central Life Insurance et al. (case pending in federal court in the Southern District of New York); National Credit Union Administration Board (two cases pending in federal court: one in the District of Kansas and one in the Central District of California); The Western and Southern Life Insurance Co., et al. (case pending in Hamilton County Court of Common Pleas, Ohio); Federal Housing Finance Agency (case filed in New York County Supreme Court, New York); IKB Deutsche Industriebank AG, et al. (four cases pending in New York County Supreme Court, New York); Huntington Bancshares Inc. (case pending in Hennepin County District Court, Minnesota); and Stichting Pensioenfonds ABP (case pending in Hennepin County District Court, Minnesota). Each of the above cases includes as defendants certain of our mortgage subsidiaries, and the New Jersey Carpenters, Massachusetts Mutual, Union Central, Western and Southern, Huntington Bancshares, and Stichting Pensioenfonds cases also include as defendants certain current and former employees. The plaintiffs in all cases have alleged that the various defendant subsidiaries made misstatements and omissions in registration statements, prospectuses, prospectus supplements, and other documents related to MBS offerings. The alleged misstatements and omissions typically concern underwriting standards. Plaintiffs claim that such misstatements and omissions constitute violations of state and/or federal securities law and common law including negligent misrepresentation and fraud. Plaintiffs seek monetary damages and rescission.

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Private-label Monoline Bond Insurer Litigation

There are two additional cases pending in the New York County Supreme Court where MBIA Insurance Corp. (MBIA) has alleged that two of our mortgage subsidiaries breached their contractual representations and warranties relating to the characteristics of the mortgage loans contained in certain insured MBS offerings. MBIA further alleges that our subsidiaries failed to follow certain remedy procedures set forth in the contracts and improperly serviced the mortgage loans. Along with claims for breach of contract, MBIA also alleges fraud. Additional litigation from other monoline bond insurance companies is likely.

Private-label Securitizations Other Potential Repurchase Obligations

When our Mortgage Companies sell mortgage loans through whole-loan sales or securitizations, these entities are required to make customary representations and warranties about the loans to the purchaser and/or securitization trust. These representations and warranties relate to, among other things, the ownership of the loan, the validity of the lien securing the loan, the loan s compliance with the criteria for inclusion in the transaction, including compliance with underwriting standards or loan criteria established by the buyer, ability to deliver required documentation, and compliance with applicable laws. Generally, the representations and warranties described above may be enforced against the applicable Mortgage Companies at any time over the life of the loan. Breaches of these representations and warranties have resulted in a requirement that the applicable Mortgage Companies repurchase mortgage loans. As the mortgage industry continues to experience higher repurchase requirements and additional investors begin to attempt to put back loans, a significant increase in activity beyond that experienced today could occur, resulting in additional future losses at our Mortgage Companies.

Potential Losses

We believe it is reasonably possible that losses beyond amounts currently reserved for the litigation matters and potential repurchase obligations and related claims described above with respect to our Mortgage Companies could occur, and such losses could have a material adverse impact on our results of operations, financial position or cash flows. However, based on currently available information, we are unable to estimate a range of reasonably possible losses above reserves that have been established.

25. Subsequent Events
Declaration of Quarterly Dividend Payments

On October 6, 2011, the Ally Board of Directors declared quarterly dividend payments on certain outstanding preferred stock. This included a cash dividend of $1.125 per share, or a total of $134 million, on Fixed Rate Cumulative Mandatorily Convertible Preferred Stock, Series F-2; a cash dividend of $17.50 per share, or a total of $45 million, on Fixed Rate Cumulative Perpetual Preferred Stock, Series G; and a cash dividend of $0.53 per share, or a total of $22 million, on Fixed Rate / Floating Rate Perpetual Preferred Stock, Series A. The dividends are payable on November 15, 2011.

Correspondent Mortgage Lending Channel

On November 2, 2011, we announced that in order to proactively address changes in the mortgage industry as a whole, we will be taking immediate action to reduce the focus on the correspondent mortgage lending channel of our Mortgage operations. We will maintain correspondent relationships with key customers and will continue to participate in the consumer and broker lending channels. The correspondent channel currently represents approximately 84% of the year-to-date originations of our Mortgage operations.

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Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations

Selected Financial Data

The selected historical financial information set forth below should be read in conjunction with Management s Discussion and Analysis (MD&A) of Financial Condition and Results of Operations, our Condensed Consolidated Financial Statements, and the Notes to Condensed Consolidated Financial Statements. The historical financial information presented may not be indicative of our future performance.

The following table presents selected statement of income data.

	Three months ended September 30,		Nine months ended September 30,	
($ in millions)	**2011**	2010	**2011**	2010
Total financing revenue and other interest income	**$ 2,465**	$ 2,777	**$ 7,515**	$ 8,785
Interest expense	**1,579**	1,733	**4,904**	5,098
Depreciation expense on operating lease assets	**296**	454	**773**	1,636
Net financing revenue	**590**	590	**1,838**	2,051
Total other revenue	**601**	1,457	**2,787**	3,943
Total net revenue	**1,191**	2,047	**4,625**	5,994
Provision for loan losses	**49**	9	**213**	371
Total noninterest expense	**1,265**	1,713	**4,241**	4,676
(Loss) income from continuing operations before income tax expense	**(123)**	325	**171**	947
Income tax expense from continuing operations	**87**	48	**101**	117
Net (loss) income from continuing operations	**(210)**	277	**70**	830
(Loss) income from discontinued operations, net of tax		(8)	**(21)**	166
Net (loss) income	**$ (210)**	$ 269	**$ 49**	$ 996
***Non-GAAP financial measures* (a):**				
Net (loss) income	**$ (210)**	$ 269	**$ 49**	$ 996
Add: Original issue discount amortization expense (b)	**225**	310	**825**	999
Add: Income tax expense from continuing operations	**87**	48	**101**	117
Less: (Loss) income from discontinued operations, net of tax		(8)	**(21)**	166
Core pretax income (a)	**$ 102**	$ 635	**$ 996**	$ 1,946

(a) Core pretax income is not a financial measure defined by accounting principles generally accepted in the United States of America (GAAP). We define core pretax income as earnings from continuing operations before income taxes, and original issue discount amortization expense primarily associated with our 2008 bond exchange. We believe that the presentation of core pretax income is useful information for the users of our financial statements in understanding the earning from our core businesses. In addition, core pretax income is the primary measure that management uses to assess the performance of our operations. We believe that core pretax income is a useful alternative measure of our ongoing profitability and performance, when viewed in conjunction with GAAP measures. The presentation of this additional information is not a substitute for net income (loss) determined in accordance with GAAP.

(b) Primarily represents original issue discount amortization expense associated with the 2008 bond exchange, including accelerated amortization of $50 million for the nine months ended September 30, 2011 and $101 million for the nine months ended September 30, 2010 that was reported as a loss on extinguishment of debt in the Condensed Consolidated Statement of Income.

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The following table presents selected balance sheet and ratio data.

($ in millions)	At and for the three months ended September 30, 2011	2010	At and for the nine months ended September 30, 2011	2010
***Selected period-end balance sheet data*:**				
Total assets	**$ 181,956**	$ 173,191	**$ 181,956**	$ 173,191
Long-term debt	**$ 90,546**	$ 87,547	**$ 90,546**	$ 87,547
Preferred stock	**$ 6,940**	$ 12,180	**$ 6,940**	$ 12,180
Total equity	**$ 19,732**	$ 20,977	**$ 19,732**	$ 20,977
Financial ratios				
Efficiency ratio (a)	**106.21%**	83.68%	**91.70%**	78.01%
Core efficiency ratio (a)	**89.34%**	72.68%	**77.82%**	66.87%
Return on assets				
Net (loss) income from continuing operations	**(0.45)%**	0.60%	**0.05%**	0.62%
Net (loss) income	**(0.45)%**	0.59%	**0.04%**	0.74%
Core pretax income	**0.22%**	1.38%	**0.74%**	1.45%
Return on equity				
Net (loss) income from continuing operations	**(4.15)%**	5.28%	**0.46%**	5.36%
Net (loss) income	**(4.15)%**	5.17%	**0.32%**	6.41%
Core pretax income	**2.02%**	12.10%	**6.52%**	12.56%
Equity to assets	**10.79%**	11.43%	**11.37%**	11.55%
Net interest spread (b)	**0.99%**	1.03%	**1.04%**	1.37%
Net interest spread excluding original issue discount (b)	**1.68%**	2.10%	**1.87%**	2.44%
Net yield on interest-earning assets (c)	**1.46%**	1.61%	**1.57%**	1.91%
Net yield on interest-earning assets excluding original issue discount (c)	**2.02%**	2.46%	**2.24%**	2.76%
Regulatory capital ratios				
Tier 1 capital (to risk-weighted assets) (d)	**14.34%**	15.36%	**14.34%**	15.36%
Total risk-based capital (to risk-weighted assets) (e)	**15.50%**	16.81%	**15.50%**	16.81%
Tier 1 leverage (to adjusted average assets) (f)	**11.61%**	12.46%	**11.61%**	12.46%
Shareholders equity	**$ 19,732**	$ 20,977	**$ 19,732**	$ 20,977
Goodwill and certain other intangibles	**(507)**	(533)	**(507)**	(533)
Unrealized gains and other adjustments	**(292)**	(416)	**(292)**	(416)
Trust preferred securities	**2,542**	2,541	**2,542**	2,541
Tier 1 capital (d)	**21,475**	22,569	**21,475**	22,569
Preferred equity	**(6,940)**	(12,180)	**(6,940)**	(12,180)
Trust preferred securities	**(2,542)**	(2,541)	**(2,542)**	(2,541)
Tier 1 common capital (non-GAAP) (g)	**$ 11,993**	$ 7,848	**$ 11,993**	$ 7,848
Risk-weighted assets (h)	**$ 149,713**	$ 146,973	**$ 149,713**	$ 146,973
Tier 1 common (to risk-weighted assets) (g)	**8.01%**	5.34%	**8.01%**	5.34%

(a) The efficiency ratio equals total other noninterest expense divided by total net revenue. The core efficiency ratio equals total other noninterest expense divided by total net revenue excluding original issue discount amortization expense.

(b) Net interest spread represents the difference between the rate on total interest-earning assets and the rate on total interest-bearing liabilities, excluding discontinued operations for the periods shown.

(c) Net yield on interest-earning assets represents net financing revenue as a percentage of total interest-earning assets.

(d) Tier 1 capital generally consists of common equity, minority interests, and qualifying preferred stock (including fixed rate cumulative preferred stock issued and sold to U.S. Department of Treasury) less goodwill and other adjustments.

(e) Total risk-based capital is the sum of Tier 1 and Tier 2 capital. Tier 2 capital generally consists of preferred stock not qualifying as Tier 1 capital, limited amounts of subordinated debt and the allowance for loan losses, and other adjustments. The amount of Tier 2 capital may not exceed the amount of Tier 1 capital.

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

(g)

We define Tier 1 common as Tier 1 capital less noncommon elements including qualified perpetual preferred stock, qualifying minority interest in subsidiaries, and qualifying trust preferred securities. Ally considers various measures when evaluating capital utilization and adequacy, including the Tier 1 common equity ratio, in addition to capital ratios defined by banking regulators. This calculation is intended to complement the capital ratios defined by banking regulators for both absolute and comparative purposes. Because GAAP does not include capital ratio measures, Ally believes there are no comparable GAAP financial measures to these ratios. Tier 1 common equity is not formally defined by GAAP or codified in the federal banking regulations and, therefore, is considered to be a non-GAAP financial measure. Ally believes the Tier 1 common equity ratio is important because we believe analysts and banking regulators may assess our capital adequacy using this ratio. Additionally, presentation of this measure allows readers to compare certain aspects of our capital adequacy on the same basis to other companies in the industry.

(h) Risk-weighted assets are defined by regulation and are determined by allocating assets and specified off-balance sheet financial instruments into several broad risk categories.

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Overview

Ally Financial Inc. (formerly GMAC Inc.) 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 are also one of the largest residential mortgage companies in the United States. 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.

Discontinued Operations

During 2010, we committed to sell certain operations of our International Automotive Finance operations and have classified certain of these operations as discontinued. For all periods presented, all of the operating results for these operations were removed from continuing operations. Refer to Note 2 to the Condensed Consolidated Financial Statements for additional information regarding our discontinued operations.

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Primary Lines of Business

Our primary lines of business are Global Automotive Services and Mortgage operations. The following table summarizes the operating results excluding discontinued operations of each line of business for the three months and nine months ended September 30, 2011 and 2010. Operating results for each of the lines of business are more fully described in the MD&A sections that follow.

	Three months ended September 30,			Nine months ended September 30,		
($ in millions)	**2011**	2010	**Favorable/ (unfavorable) % change**	**2011**	2010	**Favorable/ (unfavorable) % change**
Total net revenue (loss)						
Global Automotive Services						
North American Automotive Finance operations	**$ 881**	$ 944	**(7)**	**$ 2,800**	$ 3,056	**(8)**
International Automotive Finance operations	**230**	250	**(8)**	**717**	778	**(8)**
Insurance operations	**483**	567	**(15)**	**1,519**	1,761	**(14)**
Mortgage operations						
Origination and Servicing operations	**(62)**	614	**(110)**	**563**	1,390	**(59)**
Legacy Portfolio and Other operations	**30**	191	**(84)**	**213**	651	**(67)**
Corporate and Other	**(371)**	(519)	**29**	**(1,187)**	(1,642)	**28**
Total	**$ 1,191**	$ 2,047	**(42)**	**$ 4,625**	$ 5,994	**(23)**
Income (loss) from continuing operations before income tax expense						
Global Automotive Services						
North American Automotive Finance operations	**$ 551**	$ 551		**$ 1,628**	$ 1,755	**(7)**
International Automotive Finance operations	**82**	74	**11**	**193**	216	**(11)**
Insurance operations	**114**	114		**321**	405	**(21)**
Mortgage operations						
Origination and Servicing operations	**(311)**	425	**(173)**	**(191)**	745	**(126)**
Legacy Portfolio and Other operations	**(111)**	(271)	**59**	**(324)**	(205)	**(58)**
Corporate and Other	**(448)**	(568)	**21**	**(1,456)**	(1,969)	**26**
Total	**$ (123)**	$ 325	**(138)**	**$ 171**	$ 947	**(82)**

Our Global Automotive Services operations offer a wide range of financial services and products to retail automotive consumers and automotive dealerships. Our Global Automotive Services consist of three separate reportable segments North American Automotive Finance operations, International Automotive Finance operations, and Insurance operations. Our North American Automotive Finance operations include the automotive activities of Ally Bank and ResMor Trust. Our automotive finance services include acquiring or providing retail installment sales contracts, loans, and leases, offering term loans to dealers, financing dealer floorplans and other lines of credit to dealers, fleet leasing, and vehicle remarketing services.

Our Insurance operations offer vehicle service contracts and commercial insurance primarily covering dealers wholesale vehicle inventories in the United States and internationally. We are a leading provider of vehicle service contracts with mechanical breakdown and maintenance coverages. Our vehicle service contracts offer vehicle owners and lessees mechanical repair protection and roadside assistance for new and used vehicles beyond the manufacturer s new vehicle warranty.

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We have significantly streamlined our international presence to focus on strategic operations in five core markets: Germany, the United Kingdom, Brazil, Mexico, and China through our joint venture, GMAC-SAIC Automotive Finance Company Limited (GMAC-SAIC).

On October 28, 2011, we announced that MG Motor UK Ltd has selected GMAC UK plc, a subsidiary of Ally Financial Inc., as the preferred retail financing provider for MG vehicles in the United Kingdom.

On June 9, 2011, we announced that Maserati North America selected Ally as the preferred financing provider for Maserati vehicles in the United States and Canada. We will offer wholesale financing and insurance products for dealers and retail financing and leasing for consumers.

Our mortgage business is a leading originator and servicer of residential mortgage loans in the United States and Canada. We report our Mortgage operations as two distinct segments: (1) Origination and Servicing operations and (2) Legacy Portfolio and Other operations. These operations are conducted through the mortgage operations of Ally Bank in the United States, ResMor Trust in Canada, and subsidiaries of the Residential Capital, LLC (ResCap) legal entity in the United States.

Our Origination and Servicing operations consist of originating, purchasing, selling, and securitizing conforming and government-insured residential mortgage loans in the United States and high-quality government-insured residential mortgage loans in Canada. We are one of the largest residential mortgage loan servicers in the United States, and we provide collateralized lines of credit to other mortgage originators, which we refer to as warehouse lending. We finance our mortgage loan originations primarily in Ally Bank in the United States and in ResMor Trust in Canada. We sell the conforming mortgages we originate or purchase in sales that take the form of securitizations guaranteed by the Federal National Mortgage Association (Fannie Mae) or the Federal Home Loan Mortgage Corporation (Freddie Mac), and we sell government-insured mortgage loans we originate or purchase in securitizations guaranteed by the Government National Mortgage Association (Ginnie Mae) in the United States and sell the insured mortgages we originate in Canada as National Housing Act Mortgage-Backed Securities (NHA-MBS) issued under the Canada Mortgage and Housing Corporation s NHA-MBS program or through whole-loan sales. We also selectively originate prime jumbo mortgage loans in the United States.

On November 2, 2011, we announced that in order to proactively address changes in the mortgage industry as a whole, we will be taking immediate action to reduce the focus on the correspondent mortgage lending channel of our Mortgage operations. We will maintain correspondent relationships with key customers and will continue to participate in the consumer and broker lending channels. The correspondent channel currently represents approximately 84% of the year-to-date originations of our Mortgage operations.

Our Legacy Portfolio and Other operations primarily consist of loans originated prior to January 1, 2009, and includes noncore business activities including discontinued operations, portfolios in runoff, our mortgage reinsurance business, and cash held in the ResCap legal entity. These activities, all of which we have discontinued, included, among other things: lending to real estate developers and homebuilders in the United States and the United Kingdom; and purchasing, selling, and securitizing nonconforming residential mortgage loans (with the exception of U.S. prime jumbo mortgage loans) in both the United States and internationally.

Corporate and Other consists of our Commercial Finance Group, certain equity investments, the amortization of the discount associated with new debt issuances and bond exchanges, most notably from the December 2008 bond exchange, as well as other corporate activities, the residual impacts of our corporate funds transfer pricing (FTP) and treasury asset liability management (ALM) activities, noninterest expenses associated with deposit gathering activities, and reclassifications and eliminations between the reportable operating segments.

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Consolidated Results of Operations

The following table summarizes our consolidated operating results excluding discontinued operations for the periods shown.

	Three months ended September 30,			Nine months ended September 30,		
($ in millions)	**2011**	2010	**Favorable/ (unfavorable) % change**	**2011**	2010	**Favorable/ (unfavorable) % change**
Net financing revenue						
Total financing revenue and other interest income	**$ 2,465**	$ 2,777	**(11)**	**$ 7,515**	$ 8,785	**(14)**
Interest expense	**1,579**	1,733	**9**	**4,904**	5,098	**4**
Depreciation expense on operating lease assets	**296**	454	**35**	**773**	1,636	**53**
Net financing revenue	**590**	590		**1,838**	2,051	**(10)**
Other revenue						
Total servicing income, net	**(120)**	377	**(132)**	**412**	992	**(58)**
Insurance premiums and service revenue earned	**422**	470	**(10)**	**1,288**	1,415	**(9)**
Gain on mortgage and automotive loans, net	**83**	326	**(75)**	**290**	863	**(66)**
Loss on extinguishment of debt		(2)	**100**	**(64)**	(123)	**48**
Other gain on investments, net	**75**	100	**(25)**	**251**	355	**(29)**
Other income, net of losses	**141**	186	**(24)**	**610**	441	**38**
Total other revenue	**601**	1,457	**(59)**	**2,787**	3,943	**(29)**
Total net revenue	**1,191**	2,047	**(42)**	**4,625**	5,994	**(23)**
Provision for loan losses	**49**	9	**n/m**	**213**	371	**43**
Noninterest expense						
Compensation and benefits expense	**303**	392	**23**	**1,161**	1,206	**4**
Insurance losses and loss adjustment expenses	**190**	229	**17**	**620**	664	**7**
Other operating expenses	**772**	1,092	**29**	**2,460**	2,806	**12**
Total noninterest expense	**1,265**	1,713	**26**	**4,241**	4,676	**9**
(Loss) income from continuing operations before income tax expense	**(123)**	325	**(138)**	**171**	947	**(82)**
Income tax expense from continuing operations	**87**	48	**(81)**	**101**	117	**14**
Net (loss) income from continuing operations	**$ (210)**	$ 277	**(176)**	**$ 70**	$ 830	**(92)**

n/m = not meaningful

We incurred a net loss from continuing operations of $210 million for the three months ended September 30, 2011, compared to net income of $277 million for the three months ended September 30, 2010, and net income of $70 million for the nine months ended September 30, 2011, compared to $830 million for the nine months ended September 30, 2010. Continuing operations for the three months and nine months ended September 30, 2011, were unfavorably impacted by a decrease in net servicing income due to a drop in interest rates and increased market volatility and lower gains on the sale of loans. Partially offsetting the decreases during both periods were lower representation and warranty expense. Additionally, the year-to-date period was positively impacted by a $121 million gain on the early settlement of a loss holdback provision related to certain historical automotive whole-loan forward flow agreements during the three months ended June 30, 2011.

Total financing revenue and other interest income decreased by 11% and 14% for the three months and nine months ended September 30, 2011, respectively, compared to the same periods in 2010. Operating lease revenue (along with the related depreciation expense) at our Automotive Finance operations decreased as a result of a decline in the size of our operating lease portfolio due to our decision in late 2008 to significantly curtail leasing. Depreciation expense was also unfavorably impacted by lower lease remarketing gains resulting from lower lease termination volumes. The decrease at our Mortgage Legacy Portfolio and Other operations resulted from a decline in average asset levels due to loan sales, the deconsolidation of previously on-balance sheet securitizations, and portfolio runoff. Partially offsetting the decrease for both periods was an

increase in consumer financing revenue at our North American Automotive operations driven primarily by an

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increase in consumer asset levels related to strong loan origination volume during 2010 and 2011 resulting from the recovery of automotive industry sales and growth in used vehicle financing volumes.

Net servicing income was a loss of $120 million and income of $412 million for the three months and nine months ended September 30, 2011, respectively, compared to income of $377 million and $992 million for the same periods in 2010. The decreases were primarily due to a drop in interest rates and increased market volatility compared to favorable valuation adjustments in 2010.

Insurance premiums and service revenue earned decreased 10% and 9% for the three months and nine months ended September 30, 2011, respectively, compared to the same periods in 2010. The decreases were primarily driven by the sale of certain international insurance operations during the fourth quarter of 2010 and lower earnings from our U.S. extended service contracts written between 2007 and 2009 due to lower domestic vehicle sales volume.

Gain on mortgage and automotive loans decreased 75% and 66% for the three months and nine months ended September 30, 2011, respectively, compared to the same periods in 2010. The decreases for both periods were primarily due to lower whole-loan mortgage sales and mortgage loan resolutions in 2011, lower margins on mortgage loan sales, and a decrease in mortgage loan production. The decreases were partially offset by the expiration of our automotive forward flow agreements during the fourth quarter of 2010.

Loss on extinguishment of debt decreased $2 million and $59 million for the three months and nine months ended September 30, 2011, respectively, compared to the same periods in 2010. The activity in all periods related to the extinguishment of certain Ally debt, which included $50 million of accelerated amortization of original issue discount for the nine months ended September 30, 2011, compared to $101 million for the same period in 2010.

Other gain on investments decreased 25% and 29% for the three months and nine months ended September 30, 2011, compared to the same periods in 2010, primarily due to lower realized investment gains on our Insurance operations investment portfolio.

Other income, net of losses, decreased 24% for the three months ended September 30, 2011, and increased 38% for the nine months ended September 30, 2011, compared to the same periods in 2010. The increase for the nine months ended September 30, 2011, was primarily due to the positive impact of a $121 million gain on the early settlement of a loss holdback provision related to certain historical automotive whole-loan forward flow agreements and a lower fair value option election adjustment at our Legacy Portfolio and Other operations due to lower assets and better performance of the remaining asset portfolio.

The provision for loan losses was $49 million and $213 million for the three months and nine months ended September 30, 2011, respectively, compared to $9 million and $371 million for the same periods in 2010. The increase in the three months ended September 30, 2011, reflected a release of reserves in conjunction with the sale of the resort finance portfolio in September 2010. The decrease for the nine months ended September 30, 2011, reflected improved credit quality of the overall portfolio and the continued runoff and improved loss performance of our Nuvell nonprime automotive financing portfolio.

Compensation and benefits expense decreased 23% and 4% for the three months and nine months ended September 30, 2011, compared to the same periods in 2010. The decrease for the three months ended September 30, 2011, was primarily due to a revaluation adjustment of our share-based compensation awards.

Insurance losses and loss adjustment expenses decreased 17% and 7% for the three months and nine months ended September 30, 2011, respectively, compared to the same periods in 2010. The decreases were primarily due to lower frequency and severity experienced within our Insurance international business and the sale of certain international operations during the fourth quarter of 2010. The decrease for the nine months ended September 30, 2011, was partially offset by higher weather-related losses in the United States on our dealer inventory insurance products.

Other operating expenses decreased 29% and 12% for the three months and nine months ended September 30, 2011, respectively, compared to the same periods in 2010. Both the three months and nine months ended September 30, 2011, were favorably impacted by lower mortgage representation and warranty reserve expense, lower insurance commissions, and lower vehicle remarketing and repossession expense.

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We recognized consolidated income tax expense from continuing operations of $87 million and $101 million for the three months and nine months ended September 30, 2011, respectively, compared to $48 million and $117 million for the same periods in 2010. We have a full valuation allowance against our domestic net deferred tax assets and certain international net deferred tax assets. Accordingly, tax expense is driven by foreign income taxes on pre-tax profits within our foreign operations and U.S. state income taxes in states where profitable subsidiaries are required to file separately from other loss companies in the group or where the use of prior losses is restricted.

The increase in income tax expense during the three months ended September 30, 2011, compared to the same period in 2010, was the result of additional U.S. tax provisions for states where accelerated depreciation and loss carrybacks are limited along with prior-year adjustments related to finalizing Canadian tax returns. The decrease for the nine months ended September 30, 2011, compared to the same period in 2010, was primarily related to the 2011 income tax benefit resulting from a $101 million reversal of valuation allowance in Canada related to modifications to the legal structure of our Canadian operations.

Global Automotive Services

Results for Global Automotive Services are presented by reportable segment, which includes our North American Automotive Finance operations, our International Automotive Finance operations, and our Insurance operations.

Our Global Automotive Services operations offer a wide range of financial services and insurance products to retail automotive consumers and automotive dealerships. Our automotive finance services include acquiring or providing retail installment sales contracts, loans and leases, offering term loans to dealers, financing dealer floorplans and other lines of credit to dealers, fleet leasing, and vehicle remarketing services. We also are a leading provider of vehicle service contracts with mechanical breakdown and maintenance coverages, and we provide commercial insurance primarily covering dealers wholesale vehicle inventory.

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North American Automotive Finance Operations

Results of Operations

The following table summarizes the operating results of our North American Automotive Finance operations for the periods shown. North American Automotive Finance operations consist of automotive financing in the United States and Canada and include the automotive activities of Ally Bank and ResMor Trust. The amounts presented are before the elimination of balances and transactions with our other reportable segments.

	Three months ended September 30,			Nine months ended September 30,		
($ in millions)	**2011**	2010	**Favorable/ (unfavorable) % change**	**2011**	2010	**Favorable/ (unfavorable) % change**
Net financing revenue						
Consumer	**$ 718**	$ 604	**19**	**$ 2,092**	$ 1,710	**22**
Commercial	**346**	353	**(2)**	**1,001**	1,039	**(4)**
Loans held-for-sale		14	**(100)**		112	**(100)**
Operating leases	**527**	810	**(35)**	**1,772**	2,863	**(38)**
Other interest income	**29**	29		**75**	124	**(40)**
Total financing revenue and other interest income	**1,620**	1,810	**(10)**	**4,940**	5,848	**(16)**
Interest expense	**590**	580	**(2)**	**1,776**	1,802	**1**
Depreciation expense on operating lease assets	**275**	430	**36**	**713**	1,523	**53**
Net financing revenue	**755**	800	**(6)**	**2,451**	2,523	**(3)**
Other revenue						
Servicing fees	**39**	60	**(35)**	**126**	175	**(28)**
Gain on automotive loans, net	**33**	23	**43**	**48**	202	**(76)**
Other income	**54**	61	**(11)**	**175**	156	**12**
Total other revenue	**126**	144	**(13)**	**349**	533	**(35)**
Total net revenue	**881**	944	**(7)**	**2,800**	3,056	**(8)**
Provision for loan losses	**25**	60	**58**	**126**	267	**53**
Noninterest expense						
Compensation and benefits expense	**92**	97	**5**	**319**	291	**(10)**
Other operating expenses	**213**	236	**10**	**727**	743	**2**
Total noninterest expense	**305**	333	**8**	**1,046**	1,034	**(1)**
Income before income tax expense	**$ 551**	$ 551		**$ 1,628**	$ 1,755	**(7)**
Total assets	**$ 90,532**	$ 77,295	**17**	**$ 90,532**	$ 77,295	**17**
Operating data						
Retail originations	**$ 9,411**	$ 8,404		**$ 27,745**	$ 22,618	
Lease originations	**1,691**	970		**5,980**	2,493	

Our North American Automotive Finance operations earned income before income tax expense of $551 million and $1.6 billion for the three months and nine months ended September 30, 2011, respectively, compared to $551 million and $1.8 billion for the three months and nine months ended September 30, 2010, respectively. The decrease for the nine months ended September 30, 2011 was primarily driven by less favorable remarketing results in our operating lease portfolio, due primarily to lower lease termination volumes as a result of the declines in the size of the lease portfolio and the absence of gains on the sale of automotive loans due to the expiration of our forward flow agreements during the fourth quarter of 2010. These declines were partially offset by increased consumer financing revenue driven by strong loan origination

volume related primarily to the growth in used automotive financings and improvement in automotive industry sales, as well as a lower loan loss provision due to an improved credit mix and improved consumer credit performance.

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Consumer financing revenue increased 19% and 22% for the three months and nine months ended September 30, 2011, respectively, compared to the same periods in 2010, due to an increase in consumer asset levels primarily related to strong loan origination volume during 2010 and 2011 resulting primarily from increased volumes of used vehicle automotive financing and higher automotive industry sales. Additionally, we continue to prudently expand our nonprime origination volume. The increase in consumer revenue was partially offset by lower yields as a result of a competitive market environment and a change in the consumer asset mix, including the runoff of the higher-yielding Nuvell nonprime automotive financing portfolio.

Loans held-for-sale financing revenue decreased $14 million and $112 million for the three months and nine months ended September 30, 2011, respectively, compared to the same periods in 2010, due to the expiration of our automotive forward flow agreements during the fourth quarter of 2010. Subsequent to the expiration of these agreements, consumer loan originations have largely been retained on-balance sheet utilizing deposit funding from Ally Bank and on-balance sheet securitization transactions.

Operating lease revenue decreased 35% and 38% for the three months and nine months ended September 30, 2011, respectively, compared to the same periods in 2010. Operating lease revenue (along with the related depreciation expense) decreased due to a decline in the size of our operating lease portfolio. Depreciation expense was also unfavorably impacted by lower remarketing gains due primarily to a decline in lease termination volume. In 2008, we significantly curtailed leasing in the U.S. and Canada based on credit market dislocation and the significant decline in used vehicle prices that resulted in increasing residual losses and an impairment of our lease portfolio. During the latter half of 2009, we re-entered the U.S. leasing market with targeted lease product offerings and have continued to expand lease originations since that time. While the wind-down of our legacy lease portfolio has exceeded new origination volume over the past year, the size of our lease portfolio has started to stabilize as lease termination volumes decline, and we continue to support new lease product offerings in the U.S. market.

Other interest income decreased 40% for the nine months ended September 30, 2011 compared to the same period in 2010, primarily due to lower funding rates and a change in funding mix.

Servicing fee income decreased $21 million and $49 million for the three months and nine months ended September 30, 2011, respectively, compared to the same periods in 2010, due to lower levels of off-balance sheet retail serviced assets driven by a reduction of new whole-loan sales subsequent to the expiration of previous whole-loan forward flow agreements in the fourth quarter of 2010.

Net gain on automotive loans increased $10 million for the three months ended September 30, 2011, and decreased $154 million for the nine months ended September 30, 2011 compared to the same periods in 2010. The increase for the three months ended September 30, 2011, was primarily due to higher levels of retail whole-loan sales during the third quarter of 2011. The decrease for the nine months ended September 30, 2011, was primarily due to the expiration of our forward flow agreements during the fourth quarter of 2010. We have opportunistically utilized whole-loan sales as part of our funding strategy; however, during the first nine months of 2011, we have primarily utilized deposit funding and on-balance sheet funding transactions.

Other income decreased 11% for the three months ended September 30, 2011, and increased 12% for the nine months ended September 30, 2011, compared to the same periods in 2010. The decrease for the three months ended September 30, 2011, was primarily due to lower remarketing fee income due to lower volume. The increase for the nine months ended September 30, 2011, was primarily due to unfavorable swap mark-to-market activity related to the held-for-sale loan portfolio in 2010.

The provision for loan losses was $25 million and $126 million for the three months and nine months ended September 30, 2011, respectively, compared to $60 million and $267 million for the same periods in 2010. The decreases for the three months and nine months ended September 30, 2011, were primarily due to improved credit quality which drove improved loss performance in the consumer loan portfolio, continued runoff of our Nuvell nonprime consumer portfolio, and continued favorable pricing in the used vehicle market, partially offset by continued growth in the consumer loan portfolio.

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International Automotive Finance Operations

Results of Operations

The following table summarizes the operating results of our International Automotive Finance operations excluding discontinued operations for the periods shown. The amounts presented are before the elimination of balances and transactions with our other reportable segments and include eliminations of balances and transactions among our North American Automotive Finance operations and Insurance operations.

	Three months ended September 30,			Nine months ended September 30,		
($ in millions)	**2011**	2010	**Favorable/ (unfavorable) % change**	**2011**	2010	**Favorable/ (unfavorable) % change**
Net financing revenue						
Consumer	**$ 301**	$ 264	**14**	**$ 902**	$ 807	**12**
Commercial	**110**	94	**17**	**325**	288	**13**
Loans held-for-sale		3	**(100)**		12	**(100)**
Operating leases	**22**	44	**(50)**	**77**	162	**(52)**
Other interest income	**22**	26	**(15)**	**72**	40	**80**
Total financing revenue and other interest income	**455**	431	**6**	**1,376**	1,309	**5**
Interest expense	**273**	233	**(17)**	**808**	672	**(20)**
Depreciation expense on operating lease assets	**21**	24	**13**	**60**	112	**46**
Net financing revenue	**161**	174	**(7)**	**508**	525	**(3)**
Other revenue						
Gain on automotive loans, net		5	**(100)**		15	**(100)**
Other income	**69**	71	**(3)**	**209**	238	**(12)**
Total other revenue	**69**	76	**(9)**	**209**	253	**(17)**
Total net revenue	**230**	250	**(8)**	**717**	778	**(8)**
Provision for loan losses	**(2)**	(5)	**(60)**	**42**	25	**(68)**
Noninterest expense						
Compensation and benefits expense	**43**	41	**(5)**	**132**	129	**(2)**
Other operating expenses	**107**	140	**24**	**350**	408	**14**
Total noninterest expense	**150**	181	**17**	**482**	537	**10**
Income from continuing operations before income tax expense	**$ 82**	$ 74	**11**	**$ 193**	$ 216	**(11)**
Total assets	**$ 15,314**	$ 17,500	**(12)**	**$ 15,314**	$ 17,500	**(12)**
Operating data						
Consumer originations	**$ 2,638**	$ 1,997		**$ 6,803**	$ 5,125	

Our International Automotive Finance operations earned income from continuing operations before income tax expense of $82 million and $193 million during the three months and nine months ended September 30, 2011, respectively, compared to income from continuing operations before income tax expense of $74 million and $216 million during the three months and nine months ended September 30, 2010, respectively. The increase for the three months ended September 30, 2011, was primarily a result of lower operating expenses driven by lower legal and tax costs in Brazil, the wind-down of operations in certain countries and our continued focus on cost reduction. Results for the nine months ended September 30, 2011, were unfavorably impacted by an increase in provision for loan losses, as well as favorable mark-to-market adjustments on derivatives during the same period in 2010.

Total financing revenue and other interest income increased 6% and 5% during the three months and nine months ended September 30, 2011, respectively, compared to the same periods in 2010. The increases were primarily due to movements in foreign-currency exchange rates on the consumer and commercial portfolios, which were partially offset by a decline in

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operating lease revenue. Operating lease revenue (along with the related depreciation expense) decreased primarily due to the continued runoff of the full-service leasing portfolio.

Interest expense increased 17% and 20% for the three months and nine months ended September 30, 2011, respectively, compared to the same periods in 2010. The increases were primarily due to an increase in funding costs in certain countries and movement in foreign-currency exchange rates.

Other income decreased 3% and 12% for the three months and nine months ended September 30, 2011, respectively, compared to the same periods in 2010. The decreases were primarily due to lower servicing revenue on wind-down operations, favorable mark-to-market adjustments on derivatives during the same periods in 2010, partially offset by higher earnings from the China joint venture in 2011.

The provision for loan losses increased $3 million and $17 million for the three months and nine months ended September 30, 2011, respectively, compared to the same periods in 2010. The increase in year-to-date provision is related to actions taken in the first three months of 2011 related to concerns regarding specific commercial loans.

Automotive Financing Volume

Consumer Automotive Financing Volume

The following tables summarize our new and used vehicle consumer financing volume and our share of consumer sales.

	Ally consumer automotive financing volume		**% Share of consumer sales**	
Three months ended September 30, *(units in thousands)*	**2011**	2010	**2011**	2010
GM new vehicles				
North America	**172**	171	**33**	37
International (excluding China) (a)	**98**	81	**30**	24
China (b)	**37**	30	**12**	12
Total GM new units financed	**307**	282		
Chrysler new vehicles				
North America	**104**	100	**32**	42
Total Chrysler new units financed	**104**	100		
Other non-GM / Chrysler new vehicles				
North America	**17**	9		
International (excluding China)	**1**	2		
China (b)	**26**	24		
Total other non-GM / Chrysler new units financed	**44**	35		
Used vehicles				
North America	**119**	67		
International (excluding China)	**11**	7		
Total used units financed	**130**	74		
Total consumer automotive financing volume	**585**	491		

(a) Excludes financing volume and GM consumer sales of discontinued operations as well as GM consumer sales for other countries in which GM operates and in which we have no financing volume.
(b) Represents vehicles financed through our joint venture GMAC-SAIC. We own 40% of GMAC-SAIC alongside Shanghai Automotive Group Finance Company LTD and Shanghai General Motors Corporation LTD.

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Nine months ended September 30, *(units in thousands)*	Ally consumer automotive financing volume **2011**	2010	% Share of consumer sales **2011**	2010
GM new vehicles				
North America	**621**	463	**40**	36
International (excluding China) (a)	**257**	210	**27**	21
China (b)	**92**	77	**11**	11
Total GM new units financed	**970**	750		
Chrysler new vehicles				
North America	**257**	253	**30**	41
International (excluding China)	**1**			
Total Chrysler new units financed	**258**	253		
Other non-GM / Chrysler new vehicles				
North America	**52**	22		
International (excluding China)	**2**	3		
China (b)	**72**	54		
Total other non-GM / Chrysler new units financed	**126**	79		
Used vehicles				
North America	**357**	195		
International (excluding China)	**30**	19		
Total used units financed	**387**	214		
Total consumer automotive financing volume	**1,741**	1,296		

(a) Excludes financing volume and GM consumer sales of discontinued operations as well as GM consumer sales for other countries in which GM operates and in which we have no financing volume.

(b) Represents vehicles financed through our joint venture GMAC-SAIC. We own 40% of GMAC-SAIC alongside Shanghai Automotive Group Finance Company LTD and Shanghai General Motors Corporation LTD.

Growth in consumer automotive financing volume in 2011, compared to 2010, was primarily driven by higher industry sales. Additionally, the increase in volume during the nine months ended September 30, 2011 reflects the impact of our continued focus on the used vehicle and diversified markets, as well as lease-related volume. The decrease in penetration for the three months ended September 30, 2011 reflects a return to normalized levels resulting from increased competition. Despite this decline, penetration levels for the nine months ended September 30, 2011 increased as a result of expanding our retail platform. Chrysler penetration levels declined for the nine months ended September 30, 2011, as compared to the same period in 2010. The decrease is related to a reduction in manufacturer non-rate incentive programs. The improved penetration levels for our International operations reflect aggressive manufacturer marketing incentive programs coupled with existing Ally campaigns, the reintroduction of products, and more competitive pricing.

Manufacturer Marketing Incentives

Retail and lease contracts acquired by us that included rate and residual subvention from GM were as follows.

Nine months ended September 30,	**2011**	2010
GM subvented volume in North America		
As % of GM North American new retail and lease volume acquired by Ally	**51%**	53%
As % of total North American new and used retail and lease volume acquired by Ally	**25%**	26%

GM subvented International (excl. China) volume (a)		
As % of GM International new retail and lease volume acquired by Ally	**67%**	53%
As % of total International new and used retail and lease volume acquired by Ally	**60%**	48%
GM subvented volume in China (b)		
As % of GM China new retail and lease volume acquired by Ally	**10%**	7%
As % of total China new and used retail and lease volume acquired by Ally	**6%**	4%

(a) Represents subvention for continuing operations only.
(b) Through our joint venture GMAC-SAIC. We own 40% of GMAC-SAIC alongside Shanghai Automotive Group Finance Company LTD and Shanghai General Motors Corporation LTD.

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The following table shows Chrysler subvented retail and lease volume acquired by Ally.

Nine months ended September 30,	**2011**	2010
Chrysler subvented volume in North America		
As % of Chrysler North American new retail and lease volume acquired by Ally	**53%**	58%
As % of total North American new and used retail and lease volume acquired by Ally	**11%**	16%

During the nine months ended September 30, 2011, North American retail contracts acquired that included rate subvention from GM and Chrysler decreased as a percentage of total new retail contracts acquired as compared to the same period in 2010 due to reductions in manufacturer marketing incentives. Conversely, International retail contracts acquired that included rate and residual subvention increased as a result of aggressive GM campaigns in various international markets.

For further discussion of our manufacturing marketing incentives, refer to our Annual Report on Form 10-K for the year ended December 31, 2010, Item 7, Management s Discussion and Analysis of Financial Condition and Results of Operations Automotive Finance Operations.

Commercial Wholesale Financing Volume

The following table summarizes the average balances of our commercial wholesale floorplan finance receivables of new and used vehicles and share of dealer inventory in markets where we operate.

	Average balance		**% Share of dealer inventory**	
Three months ended September 30, *($ in millions)*	**2011**	2010	**2011**	2010
GM new vehicles				
North America (a)	**$ 15,725**	$ 14,896	**76**	84
International (excluding China) (b) (c)	**3,960**	3,540	**77**	71
China (b) (d)	**1,513**	1,196	**81**	80
Total GM new vehicles financed	**21,198**	19,632		
Chrysler new vehicles				
North America (a)	**7,735**	5,732	**64**	70
International	**24**	34		
Total Chrysler new vehicles financed	**7,759**	5,766		
Other non-GM / Chrysler new vehicles				
North America	**1,920**	1,902		
International (excluding China)	**121**	68		
Total other non-GM / Chrysler new vehicles financed	**2,041**	1,970		
Used vehicles				
North America	**3,194**	3,056		
International (excluding China)	**164**	88		
Total used vehicles financed	**3,358**	3,144		
Total commercial wholesale finance receivables	**$ 34,356**	$ 30,512		

(a) Share of dealer inventory based on end of period dealer inventory.
(b) Share of dealer inventory based on wholesale financing share of GM shipments.
(c) Excludes commercial wholesale finance receivables and dealer inventory of discontinued and wind-down operations as well as dealer inventory for other countries in which GM operates and we had no commercial wholesale finance receivables.
(d) Represents vehicles financed through a joint venture in China in which Ally owns a minority interest.

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Nine months ended September 30, *($ in millions)*	Average balance **2011**	Average balance 2010	% Share of dealer inventory **2011**	% Share of dealer inventory 2010
GM new vehicles				
North America (a)	**$ 15,777**	$ 14,374	**80**	85
International (excluding China) (b) (c)	**3,939**	3,318	**79**	74
China (b) (d)	**1,235**	1,088	**81**	81
Total GM new vehicles financed	**20,951**	18,780		
Chrysler new vehicles				
North America (a)	**7,623**	5,554	**66**	71
International	**23**	40		
Total Chrysler new vehicles financed	**7,646**	5,594		
Other non-GM / Chrysler new vehicles				
North America	**2,070**	1,916		
International (excluding China)	**132**	84		
Total other non-GM / Chrysler new vehicles financed	**2,202**	2,000		
Used vehicles				
North America	**3,141**	3,035		
International (excluding China)	**157**	88		
Total used vehicles financed	**3,298**	3,123		
Total commercial wholesale finance receivables	**$ 34,097**	$ 29,497		

(a) Share of dealer inventory based on end of period dealer inventory.
(b) Share of dealer inventory based on wholesale financing share of GM shipments.
(c) Excludes commercial wholesale finance receivables and dealer inventory of discontinued and wind-down operations as well as dealer inventory for other countries in which GM operates and we had no commercial wholesale finance receivables.
(d) Includes vehicles financed through a joint venture in China in which Ally owns a minority interest.

Commercial wholesale financing average balance increased for the three months and nine months ended September 30, 2011, compared to the same periods in 2010, primarily due to increasing global automotive sales and the corresponding increase in dealer inventories in virtually every market. North American GM and Chrysler wholesale penetration decreased for the three months and nine months ended September 30, 2011, compared to the same period in 2010, due to increased competition in the wholesale marketplace.

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Insurance Operations

Results of Operations

The following table summarizes the operating results of our Insurance operations excluding discontinued operations for the periods shown. The amounts presented are before the elimination of balances and transactions with our other operating segments.

	Three months ended September 30,			Nine months ended September 30,		
($ in millions)	**2011**	2010	**Favorable/ (unfavorable) % change**	**2011**	2010	**Favorable/ (unfavorable) % change**
Insurance premiums and other income						
Insurance premiums and service revenue earned	**$ 418**	$ 462	**(10)**	**$ 1,274**	$ 1,391	**(8)**
Investment income	**46**	89	**(48)**	**197**	316	**(38)**
Other income	**19**	16	**19**	**48**	54	**(11)**
Total insurance premiums and other income	**483**	567	**(15)**	**1,519**	1,761	**(14)**
Expense						
Insurance losses and loss adjustment expenses	**183**	218	**16**	**593**	638	**7**
Acquisition and underwriting expense						
Compensation and benefits expense	**26**	30	**13**	**89**	87	**(2)**
Insurance commissions expense	**123**	153	**20**	**382**	456	**16**
Other expenses	**37**	52	**29**	**134**	175	**23**
Total acquisition and underwriting expense	**186**	235	**21**	**605**	718	**16**
Total expense	**369**	453	**19**	**1,198**	1,356	**12**
Income from continuing operations before income tax expense	**$ 114**	$ 114		**$ 321**	$ 405	**(21)**
Total assets	**$ 8,215**	$ 8,796	**(7)**	**$ 8,215**	$ 8,796	**(7)**
Insurance premiums and service revenue written	**$ 410**	$ 404	**1**	**$ 1,250**	$ 1,242	**1**
Combined ratio (a)	**85.0%**	94.9%		**91.3%**	94.1%	

(a) Management uses a combined ratio as a primary measure of underwriting profitability with its components measured using accounting principles generally accepted in the United States of America. Underwriting profitability is indicated by a combined ratio under 100% and is calculated as the sum of all incurred losses and expenses (excluding interest and income tax expense) divided by the total of premiums and service revenues earned and other income.

Our Insurance operations earned income from continuing operations before income tax expense of $114 million and $321 million for the three months and nine months ended September 30, 2011, respectively, compared to $114 million and $405 million for the three months and nine months ended September 30, 2010, respectively. The decrease for the nine months ended September 30, 2011 was primarily attributable to lower realized investment gains.

Insurance premiums and service revenue earned decreased 10% and 8% for the three months and nine months ended September 30, 2011, respectively, compared to the same periods in 2010, primarily due to the sale of certain international insurance operations during the fourth quarter of 2010 and lower earnings from our U.S. extended service contracts written between 2007 and 2009 due to lower domestic vehicle sales

volume.

Investment income totaled $46 million and $197 million for the three months and nine months ended September 30, 2011, respectively, compared to $89 million and $316 million for the same periods in 2010. The decreases were driven by lower realized investment gains.

Insurance losses and loss adjustment expenses totaled $183 million and $593 million for the three months and nine months ended September 30, 2011, respectively, compared to $218 million and $638 million for the three months and nine

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months ended September 30, 2010, respectively. The decreases were primarily due to lower frequency and severity experienced at our international business and the sale of certain international insurance operations during the fourth quarter of 2010. The decrease for the nine months ended September 30, 2011 was partially offset by higher weather-related losses in the United States on our dealer inventory insurance products.

Acquisition and underwriting expense decreased 21% and 16% for the three months and nine months ended September 30, 2011, respectively, compared to the same periods in 2010. The decreases were primarily due to the sale of certain international insurance operations during the fourth quarter of 2010 and lower commission expense in our U.S. dealership-related products corresponding with our decrease in earned premiums.

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

	Three months ended September 30,		Nine months ended September 30,	
($ in millions)	**2011**	2010	**2011**	2010
Vehicle service contracts				
New retail	**$ 101**	$ 85	**$ 284**	$ 237
Used retail	**106**	114	**323**	334
Total vehicle service contracts	**207**	199	**607**	571
Wholesale	**32**	27	**84**	75
Other finance and insurance (a)	**41**	33	**112**	89
North American operations	**280**	259	**803**	735
International operations (b)	**130**	145	**447**	507
Total	**$ 410**	$ 404	**$ 1,250**	$ 1,242

(a) Other finance and insurance includes Guaranteed Automobile Protection (GAP) coverage, excess wear and tear, and other ancillary products.

(b) International operations for the three months and nine months ended September 30, 2010, included $25 million and $88 million, respectively, of written premium from certain international insurance operations that were sold during the fourth quarter of 2010.

Insurance premiums and service revenue written was $410 million and $1.3 billion for the three months and nine months ended September 30, 2011, respectively, compared to $404 million and $1.2 billion for the same periods in 2010. Insurance premiums and service revenue written increased due to higher written premiums in our U.S. dealership-related products, particularly our vehicle service contract products. Vehicle service contract revenue is earned over the life of the service contract on a basis proportionate to the expected loss pattern. As such, the majority of earnings from vehicle service contracts written during the three months and nine months ended September 30, 2011, will be recognized as income in future periods. The increase of insurance premiums and service revenue written was partially offset by the sale of certain international insurance operations during the fourth quarter of 2010.

Cash and Investments

A significant aspect of our Insurance operations is the investment of proceeds from premiums and other revenue sources. We use these investments to satisfy our obligations related to future claims at the time these claims are settled. Our Insurance operations have an Investment Committee, which develops guidelines and strategies for these investments. The guidelines established by this committee reflect our risk tolerance, liquidity requirements, regulatory requirements, and rating agency considerations, among other factors.

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The following table summarizes the composition of our Insurance operations cash and investment portfolio at fair value.

($ in millions)	**September 30, 2011**	December 31, 2010
Cash		
Noninterest-bearing cash	**$ 23**	$ 28
Interest-bearing cash	**1,213**	1,168
Total cash	**1,236**	1,196
Available-for-sale securities		
Debt securities		
U.S. Treasury and federal agencies	**377**	219
Foreign government	**823**	744
Mortgage-backed	**635**	826
Asset-backed	**102**	11
Corporate debt	**1,195**	1,559
Other debt	**19**	
Total debt securities	**3,151**	3,359
Equity securities	**1,107**	796
Total available-for-sale securities	**4,258**	4,155
Total cash and securities	**$ 5,494**	$ 5,351

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Mortgage Operations

Our Mortgage operations include the ResCap legal entity, the mortgage operations of Ally Bank, and the Canadian mortgage operations of ResMor Trust. Results for our Mortgage operations are presented by reportable segment, which includes our Origination and Servicing operations and our Legacy Portfolio and Other operations.

Origination and Servicing Operations

Results of Operations

The following table summarizes the operating results for our Origination and Servicing operations for the periods shown. Our Origination and Servicing operations principal activities include originating, purchasing, selling, and securitizing conforming and government-insured residential mortgage loans in the United States and Canada; servicing residential mortgage loans for ourselves and others; and providing collateralized lines of credit to other mortgage originators, which we refer to as warehouse lending. We also originate high-quality prime jumbo mortgage loans in the United States. We finance our mortgage loan originations primarily in Ally Bank in the United States and in our trust company, ResMor Trust, in Canada.

	Three months ended September 30,			Nine months ended September 30,		
($ in millions)	**2011**	2010	**Favorable/ (unfavorable) % change**	**2011**	2010	**Favorable/ (unfavorable) % change**
Net financing (loss) revenue						
Total financing revenue and other interest income	**$ 141**	$ 130	**8**	**$ 346**	$ 325	**6**
Interest expense	**145**	125	**(16)**	**398**	349	**(14)**
Net financing (loss) revenue	**(4)**	5	**(180)**	**(52)**	(24)	**(117)**
Servicing fees	**313**	345	**(9)**	**953**	1,002	**(5)**
Servicing asset valuation and hedge activities, net	**(471)**	(27)	**n/m**	**(663)**	(181)	**n/m**
Total servicing income, net	**(158)**	318	**(150)**	**290**	821	**(65)**
Gain on mortgage loans, net	**38**	214	**(82)**	**174**	402	**(57)**
Other income, net of losses	**62**	77	**(19)**	**151**	191	**(21)**
Total other (loss) revenue	**(58)**	609	**(110)**	**615**	1,414	**(57)**
Total net (loss) revenue	**(62)**	614	**(110)**	**563**	1,390	**(59)**
Provision for loan losses	**(1)**	5	**120**	**1**	(29)	**(103)**
Noninterest expense						
Compensation and benefits expense	**66**	63	**(5)**	**205**	200	**(3)**
Representation and warranty expense	**2**	(33)	**(106)**		8	**100**
Other operating expenses	**182**	154	**(18)**	**548**	466	**(18)**
Total noninterest expense	**250**	184	**(36)**	**753**	674	**(12)**
(Loss) income before income tax expense	**$ (311)**	$ 425	**(173)**	**$ (191)**	$ 745	**(126)**
Total assets	**$ 24,731**	$ 25,381	**(4)**	**$ 24,731**	$ 25,381	**(4)**

n/m = not meaningful

Our Origination and Servicing operations incurred losses before income tax expense of $311 million and $191 million for the three months and nine months ended September 30, 2011, respectively, compared to income before income tax expense of $425 million and $745 million for the three months and nine months ended September 30, 2010, respectively. The decreases were primarily driven by unfavorable servicing asset valuation, net of hedge and lower net gains on the sale of mortgage loans.

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Net financing losses were $4 million and $52 million for the three months and nine months ended September 30, 2011, compared to net financing revenue of $5 million and a net financing loss of $24 million for the same periods in 2010. The increase in net financing loss for the nine months ended September 30, 2011, was primarily due to higher funding costs and slightly unfavorable interest expense on Ginnie Mae repurchases.

Total servicing income, net was a loss of $158 million and income of $290 million for the three months and nine months ended September 30, 2011, respectively, compared to income of $318 million and $821 million for the same periods in 2010. The decreases were primarily due to a drop in interest rates and increased market volatility compared to favorable valuation adjustments in 2010.

The net gain on mortgage loans decreased 82% and 57% for the three months and nine months ended September 30, 2011, respectively, compared to the same periods in 2010. The decreases during 2011 were primarily due to lower margins and production.

Other income, net of losses, was $62 million and $151 million for the three months and nine months ended September 30, 2011, respectively, compared to $77 million and $191 million for the same periods in 2010. The decrease in other income during the nine months ended September 30, 2011, was primarily related to the write-down of certain retained interests and lower mortgage processing fee income resulting from lower origination volume due to lower industry volume.

The provision for loan losses decreased $6 million and increased $30 million for the three months and nine months ended September 30, 2011, respectively, compared to the same periods in 2010. The decrease in the provision for the three months ended September 30, 2011, reflected the enhanced underwriting standards. The increase during the nine months ended September 30, 2010, resulted from a release of reserves during 2010.

Total noninterest expense increased 36% and 12% for the three months and nine months ended September 30, 2011, respectively, compared to the same periods in 2010. The increases for both periods were driven by higher loan processing and underwriting fees. The three months ended September 30, 2011, was also impacted by higher representation and warranty expense due to reserve adjustments recognized in 2010 related to improved performance on agency production.

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Legacy Portfolio and Other Operations

Results of Operations

The following table summarizes the operating results for our Legacy Portfolio and Other operations excluding discontinued operations for the periods shown. Our Legacy Portfolio and Other operations primarily consists of loans originated prior to January 1, 2009, and includes noncore business activities, portfolios in runoff, our mortgage reinsurance business, and cash held in the ResCap legal entity. These activities, all of which we have discontinued, included, among other things: lending to real estate developers and homebuilders in the United States and United Kingdom; and purchasing, selling, and securitizing nonconforming residential mortgage loans (with the exception of U.S. prime jumbo mortgage loans) in both the United States and internationally.

	Three months ended September 30,			Nine months ended September 30,		
($ in millions)	**2011**	2010	**Favorable/ (unfavorable) % change**	**2011**	2010	**Favorable/ (unfavorable) % change**
Net financing revenue						
Total financing revenue and other interest income	**$ 177**	$ 325	**(46)**	**$ 605**	$ 1,068	**(43)**
Interest expense	**112**	183	**39**	**384**	561	**32**
Net financing revenue	**65**	142	**(54)**	**221**	507	**(56)**
Servicing fees	**(1)**	(2)	**50**	**(4)**	(7)	**43**
Servicing asset valuation and hedge activities, net						
Total servicing income, net	**(1)**	(2)	**50**	**(4)**	(7)	**43**
Gain on mortgage loans, net	**7**	84	**(92)**	**59**	244	**(76)**
Other income, net of losses	**(41)**	(33)	**(24)**	**(63)**	(93)	**32**
Total other (loss) revenue	**(35)**	49	**(171)**	**(8)**	144	**(106)**
Total net revenue	**30**	191	**(84)**	**213**	651	**(67)**
Provision for loan losses	**31**	17	**(82)**	**114**	150	**24**
Noninterest expense						
Compensation and benefits expense	**25**	16	**(56)**	**93**	58	**(60)**
Representation and warranty expense	**67**	378	**82**	**279**	482	**42**
Other operating expenses	**18**	51	**65**	**51**	166	**69**
Total noninterest expense	**110**	445	**75**	**423**	706	**40**
Loss from continuing operations before income tax expense	**$ (111)**	$ (271)	**59**	**$ (324)**	$ (205)	**(58)**
Total assets	**$ 10,771**	$ 15,582	**(31)**	**$ 10,771**	$ 15,582	**(31)**

Our Legacy Portfolio and Other operations incurred losses from continuing operations before income tax expense of $111 million and $324 million for the three months and nine months ended September 30, 2011, respectively, compared to losses from continuing operations before income tax expense of $271 million and $205 million for the three months and nine months ended September 30, 2010, respectively. The losses during 2011 were favorably impacted by lower representation and warranty expense. Offsetting the improvement during the three months and nine months ended September 30, 2011, were lower financing revenue related to a decrease in asset levels and a lower net gain on the sale of mortgage loans.

Net financing revenue was $65 million and $221 million for the three months and nine months ended September 30, 2011, respectively, compared to $142 million and $507 million for the same periods in 2010. The decreases were driven by lower financing revenue and other interest income due primarily to a decline in average asset levels due to loan sales, the deconsolidation of previously on-balance sheet securitizations, and portfolio runoff. The decreases were partially offset by lower interest expense related to a reduction in average borrowings commensurate with a smaller asset base.

The net gain on mortgage loans was $7 million and $59 million for the three months and nine months ended September 30, 2011, respectively, compared to $84 million and $244 million for the same periods in 2010. The decreases during 2011 were primarily due to lower whole-loan

sales and mortgage loan resolutions.

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Other income, net of losses, was a loss of $41 million and $63 million for the three months and nine months ended September 30, 2011, respectively, compared to a loss of $33 million and $93 million for the same periods in 2010. The improvement for the nine months ended September 30, 2011, compared to the same period in 2010, was primarily due to a lower fair value adjustment and better performance of the remaining asset portfolio. This favorability was partially offset by lower gains on real estate-owned properties.

The provision for loan losses was $31 million and $114 million for the three months and nine months ended September 30, 2011, respectively, compared to $17 million and $150 million for the same periods in 2010. The provision increase for the three months ended September 30, 2011, included lower reserve releases as receivables have been reduced through portfolio runoff. The provision for the nine month period ended September 30, 2011, reflected improved credit performance.

Total noninterest expense decreased 75% and 40% for the three months and nine months ended September 30, 2011, respectively, compared to the same periods in 2010. The decreases were primarily driven by lower representation and warranty expense in 2011 as 2010 included a significant increase in expense to cover anticipated repurchase requests. Additionally, the nine months ended September 30, 2011, was favorably impacted by lower real estate-owned expense due to fewer foreclosures, favorable average real estate-owned values, and lower taxes and expense related to real estate-owned properties. Although representation and warranty expense decreased compared to 2010, the decrease in noninterest expense was partially offset by a $121 million representation and warranty expense during the three months ended June 30, 2011, for certain securitized mortgages for which mortgage insurance was rescinded.

Mortgage Loan Production and Servicing

Mortgage loan production for our Origination and Servicing operations was $16.0 billion and $40.7 billion for the three months and nine months ended September 30, 2011, respectively, compared to $20.5 billion and $47.3 billion for the same periods in 2010. Domestic loan production decreased $4.6 billion, or 23%, and $6.5 billion, or 14%, for the three months and nine months ended September 30, 2011, respectively, compared to the same periods in 2010. International loan production increased $26 million, or 7%, and decreased $15 million, or 2%, for the three months and nine months ended September 30, 2011, compared to the same periods in 2010. International mortgage loan production represents high-quality government-insured residential mortgages in Canada.

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The following tables summarize consumer mortgage loan production for our Origination and Servicing operations.

Three months ended September 30,	2011		2010	
($ in millions)	**Number of loans**	**Dollar amount of loans**	Number of loans	Dollar amount of loans
Production by product type				
Prime conforming	**57,454**	**$ 13,345**	63,497	$ 15,139
Prime nonconforming	**560**	**468**	419	364
Prime second-lien				
Government	**9,077**	**1,774**	23,020	4,676
Nonprime				
Total U.S. production	**67,091**	**15,587**	86,936	20,179
International production	**1,830**	**374**	1,885	348
Total production by product type	**68,921**	**$ 15,961**	88,821	$ 20,527
U.S. production by channel				
Correspondent lender and secondary market purchases	**53,648**	**$ 12,529**	77,040	$ 18,039
Direct lending	**9,831**	**1,933**	9,511	2,050
Mortgage brokers	**3,612**	**1,125**	385	90
Total U.S. production by channel	**67,091**	**$ 15,587**	86,936	$ 20,179

Nine months ended September 30,	2011		2010	
($ in millions)	**Number of loans**	**Dollar amount of loans**	Number of loans	Dollar amount of loans
Production by product type				
Prime conforming	**149,526**	**$ 33,858**	144,280	$ 33,676
Prime nonconforming	**1,350**	**1,143**	1,415	1,196
Prime second-lien				
Government	**24,317**	**4,777**	57,265	11,435
Nonprime				
Total U.S. production	**175,193**	**39,778**	202,960	46,307
International production	**4,668**	**969**	5,264	984
Total production by product type	**179,861**	**$ 40,747**	208,224	$ 47,291
U.S. production by channel				
Correspondent lender and secondary market purchases	**143,893**	**$ 33,017**	176,319	$ 40,683
Direct lending	**24,620**	**4,763**	26,034	5,478
Mortgage brokers	**6,680**	**1,998**	607	146
Total U.S. production by channel	**175,193**	**$ 39,778**	202,960	$ 46,307

The following table summarizes the primary mortgage loan-servicing portfolio.

($ in millions)	**September 30, 2011**	December 31, 2010
U.S. primary servicing portfolio		
Prime conforming	**$ 228,394**	$ 220,762
Prime nonconforming	**48,979**	52,643
Prime second-lien	**7,216**	10,851
Government	**49,102**	48,550
Nonprime	**21,512**	22,874
International primary servicing portfolio	**5,695**	5,087
Total primary servicing portfolio (a)	**$ 360,898**	$ 360,767

(a) Excludes loans for which we acted as a subservicer. Subserviced loans totaled $25.1 billion and $24.2 billion at September 30, 2011, and December 31, 2010, respectively.

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For more information regarding our serviced mortgage assets, refer to Note 11 to the Condensed Consolidated Financial Statements.

Loans Outstanding

Consumer mortgage loans held-for-sale for our Origination and Servicing operations were as follows.

($ in millions)	**September 30, 2011**	December 31, 2010
Prime conforming	**$ 2,520**	$ 5,585
Prime nonconforming		
Prime second-lien		
Government (a)	**3,336**	3,434
Nonprime		
International	**507**	351
Total	**6,363**	9,370
Net premiums	**83**	135
Fair value option election adjustment	**67**	(61)
Lower-of-cost or fair value adjustment	**(5)**	(2)
Total, net	**$ 6,508**	$ 9,442

(a) Includes loans subject to conditional repurchase options of $2.4 billion and $2.3 billion sold to Ginnie Mae guaranteed securitizations at September 30, 2011, and December 31, 2010, respectively. The corresponding liability is recorded in accrued expenses and other liabilities on the Condensed Consolidated Balance Sheet.

Consumer mortgage loans held-for-investment for our Origination and Servicing operations were as follows.

($ in millions)	**September 30, 2011**	December 31, 2010
Prime conforming	**$**	$
Prime nonconforming	**2,622**	2,068
Prime second-lien		
Government		
Nonprime		
International	**231**	289
Total	**2,853**	2,357
Net premiums	**16**	11
Fair value option election adjustment		
Allowance for loan losses	**(15)**	(14)
Total, net	**$ 2,854**	$ 2,354

Consumer mortgage loans held-for-sale for our Legacy Portfolio and Other operations were as follows.

($ in millions)	**September 30, 2011**	December 31, 2010
Prime conforming	**$ 317**	$ 336
Prime nonconforming	**621**	674
Prime second-lien	**554**	634
Government	**17**	18
Nonprime	**594**	637

International		**21**		13
Total (a)		**2,124**		2,312
Net discounts		**(300)**		(296)
Fair value option election adjustment		**(24)**		(1)
Lower-of-cost or fair value adjustment		**(54)**		(46)
Total, net (b)	**$**	**1,746**	$	1,969

(a) Includes unpaid principal write-down of $1.6 billion and $1.8 billion at September 30, 2011, and December 31, 2010, respectively. The amounts are write-downs taken upon the transfer of mortgage loans from held-for-investment to held-for-sale during the fourth quarter of 2009 and charge-offs taken in accordance with our charge-off policy.

(b) Includes loans subject to conditional repurchase options of $116 million and $146 million sold to off-balance sheet private-label securitizations at September 30, 2011, and December 31, 2010, respectively. The corresponding liability is recorded in accrued expenses and other liabilities on the Condensed Consolidated Balance Sheet.

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Consumer mortgage loans held-for-investment for our Legacy Portfolio and Other operations were as follows.

($ in millions)	**September 30, 2011**	December 31, 2010
Prime conforming	**$ 289**	$ 323
Prime nonconforming	**5,415**	6,059
Prime second-lien	**2,301**	2,642
Government		
Nonprime	**1,404**	1,583
International	**434**	573
Total	**9,843**	11,180
Net premiums	**20**	26
Fair value option election adjustment	**(1,698)**	(1,890)
Allowance for loan losses	**(495)**	(542)
Total, net (a)	**$ 7,670**	$ 8,774

(a) At September 30, 2011, and December 31, 2010, the carrying value of mortgage loans held-for-investment relating to securitization transactions accounted for as on-balance sheet securitizations and pledged as collateral totaled $841 million and $1.0 billion, respectively. The investors in these on-balance sheet securitizations have no recourse to our other assets beyond the loans pledged as collateral other than market customary representation and warranty provisions.

Mortgage Foreclosure Matters

Refer to Note 24 to the Condensed Consolidated Financial Statements for information related to these matters.

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Corporate and Other

The following table summarizes the activities of Corporate and Other excluding discontinued operations for the periods shown. Corporate and Other includes our Commercial Finance Group, certain equity investments, the amortization of the discount associated with new debt issuances and bond exchanges, most notably from the December 2008 bond exchange, as well as other corporate activities, the residual impacts of our corporate FTP and treasury ALM activities, noninterest expenses associated with deposit gathering activities, and reclassifications and eliminations between the reportable operating segments.

	Three months ended September 30,			Nine months ended September 30,		
($ in millions)	**2011**	2010	**Favorable/ (unfavorable) % change**	**2011**	2010	**Favorable/ (unfavorable) % change**
Net financing loss						
Total financing revenue and other interest income	**$ 26**	$ 43	**(40)**	**$ 114**	$ 114	
Interest expense						
Original issue discount amortization	**228**	312	**27**	**784**	901	**13**
Other interest expense	**209**	284	**26**	**689**	768	**10**
Total interest expense	**437**	596	**27**	**1,473**	1,669	**12**
Net financing loss	**(411)**	(553)	**26**	**(1,359)**	(1,555)	**13**
Other revenue						
Loss on extinguishment of debt		(2)	**(100)**	**(64)**	(123)	**48**
Other gain on investments, net	**48**	32	**50**	**113**	111	**2**
Other income, net of losses	**(8)**	4	**n/m**	**123**	(75)	**n/m**
Total other revenue (expense)	**40**	34	**18**	**172**	(87)	**n/m**
Total net expense	**(371)**	(519)	**29**	**(1,187)**	(1,642)	**28**
Provision for loan losses	**(4)**	(68)	**(94)**	**(70)**	(42)	**67**
Noninterest expense						
Compensation and benefits expense	**51**	145	**65**	**323**	441	**27**
Other operating expense	**30**	(28)	**n/m**	**16**	(72)	**(122)**
Total noninterest expense	**81**	117	**31**	**339**	369	**8**
Loss from continuing operations before income tax expense	**$ (448)**	$ (568)	**21**	**$ (1,456)**	$ (1,969)	**26**
Total assets	**$ 32,393**	$ 28,637	**13**	**$ 32,393**	$ 28,637	**13**

n/m = not meaningful

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

	Three months ended September 30,		Nine months ended September 30,	
($ in millions)	**2011**	2010	**2011**	2010
Original issue discount amortization (a)	**$ (228)**	$ (312)	**$ (784)**	$ (901)
Net impact of the FTP methodology				
Cost of carry on the cash and investment portfolio	**(151)**	(180)	**(449)**	(422)

ALM/FTP cost of funds mismatch	**(67)**	(99)	**(245)**	(207)
Net other unallocated interest income (costs)	**13**	(16)	**40**	(123)
Total net impact of the FTP methodology	**(205)**	(295)	**(654)**	(752)
Other (including Commercial Finance Group net financing revenue)	**22**	54	**79**	98
Total net financing losses for Corporate and Other	**$ (411)**	$ (553)	**$ (1,359)**	$ (1,555)

(a) The original issue discount associated with our 2008 bond exchange and cash tender offers in 2008 was $219 million and $753 million during the three months and nine months ended September 30, 2011, respectively, compared to $299 million and $867 million during the same periods in 2010. The remaining amount is attributable to new debt issuance discount amortization.

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The following table presents the scheduled remaining amortization of the original issue discount at September 30, 2011.

Year ended December 31, *($ in millions)*	2011 (a)	2012	2013	2014	2015	2016 and thereafter (b)	Total
Original issue discount							
Outstanding balance	$ 2,193	$ 1,843	$ 1,580	$ 1,390	$ 1,334	$	
Total amortization (c)	141	350	264	190	56	1,333	$ 2,334
2008 bond exchange amortization (d)	133	320	241	166	43	1,178	2,081

(a) Represents the remaining future original issue discount amortization expense to be taken during 2011.
(b) The maximum annual scheduled amortization for any individual year is $158 million in 2030 of which $152 million is related to 2008 bond exchange amortization.
(c) Amortization is included as interest on long-term debt on the Condensed Consolidated Statement of Income.
(d) 2008 bond exchange amortization is included in total amortization.

Loss from continuing operations before income tax expense for Corporate and Other was $448 million and $1.5 billion for the three months and nine months ended September 30, 2011, respectively, compared to $568 million and $2.0 billion for the three months and nine months ended September 30, 2010, respectively. Corporate and Other s loss from continuing operations before income tax expense for both periods is driven by net financing losses, which primarily represents original issue discount amortization expense and the net impact of our FTP methodology, which includes the unallocated cost of maintaining our liquidity and investment portfolios and other unassigned funding costs and unassigned equity.

The improvements in the loss from continuing operations before income tax expense for the three months and nine months ended September 30, 2011, were primarily due to a decrease in OID amortization expense related to bond maturities and normal monthly amortization and an improvement in the net impact of the FTP methodology primarily as a result of a lower cost of carry on the cash and investment portfolio. Additionally, the nine months ended September 30, 2011, was favorably impacted by a $121 million gain on the early settlement of a loss holdback provision related to certain historical automotive whole-loan forward flow agreements and by a lower loss on the extinguishment of certain Ally debt (which included accelerated amortization of original issue discount of $50 million for the nine months ended September 30, 2011, compared to $101 million for the nine months ended September 30, 2010), partially offset by unfavorable net derivative activity.

Corporate and Other also includes the results of our Commercial Finance Group. Our Commercial Finance Group earned income from continuing operations before income tax expense of $24 million and $157 million for the three months and nine months ended September 30, 2011, respectively, compared to $119 million and $158 million for the three months and nine months ended September 30, 2010, respectively. The decrease for the three months ended September 30, 2011, was primarily due to the release of reserves related to the sale of the resort finance portfolio in September 2010 and the recovery of a litigation settlement in 2010. The nine months ended September 30, 2011, was also impacted by continued improvement in credit quality and a decrease in non-specific loss reserves driven by a decline in the size of the loan portfolio.

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Cash and Securities

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

($ in millions)	**September 30, 2011**	December 31, 2010
Cash		
Noninterest-bearing cash	**$ 1,425**	$ 1,637
Interest-bearing cash	**12,947**	7,964
Total cash	**14,372**	9,601
Trading securities		
U.S. Treasury		75
Mortgage-backed	**469**	25
Asset-backed		93
Total trading securities	**469**	193
Available-for-sale securities		
Debt securities		
U.S. Treasury and federal agencies	**668**	3,097
States and political subdivisions	**2**	2
Foreign government	**100**	499
Mortgage-backed	**6,032**	4,973
Asset-backed	**2,351**	1,936
Other debt (a)	**546**	151
Total debt securities	**9,699**	10,658
Equity securities	**4**	
Total available-for-sale securities	**9,703**	10,658
Total cash and securities	**$ 24,544**	$ 20,452

(a) Includes intersegment eliminations.

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Risk Management

Managing the risk to reward trade-off is a fundamental component of operating our business. Our risk management process is overseen by the Ally Board of Directors (the Board), various risk committees, and the executive leadership team. The Board sets the risk appetite across our company while the risk committees and executive leadership team identify and monitor potential risks and manage the risk to be within our risk appetite. The primary risks include credit, market, operational, liquidity, and legal and compliance risk. For more information on our risk management process, refer to the Risk Management MD&A section of our 2010 Annual Report on Form 10-K.

Loan and Lease Exposure

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

($ in millions)	**September 30, 2011**	December 31, 2010
Finance receivables and loans		
Global Automotive Services	**$ 94,421**	$ 86,888
Mortgage operations	**12,752**	13,423
Corporate and Other	**1,539**	2,102
Total finance receivables and loans	**108,712**	102,413
Held-for-sale loans		
Global Automotive Services	**464**	
Mortgage operations	**8,254**	11,411
Corporate and Other	**27**	
Total held-for-sale loans	**8,745**	11,411
Total on-balance sheet loans	**$ 117,457**	$ 113,824
Off-balance sheet securitized loans		
Global Automotive Services	**$**	$
Mortgage operations	**329,834**	326,830
Corporate and Other		
Total off-balance sheet securitized loans	**$ 329,834**	$ 326,830
Operating lease assets		
Global Automotive Services	**$ 9,052**	$ 9,128
Mortgage operations		
Corporate and Other		
Total operating lease assets	**$ 9,052**	$ 9,128
Serviced loans and leases		
Global Automotive Services	**$ 119,792**	$ 115,358
Mortgage operations (a)	**360,898**	360,767
Corporate and Other	**2,514**	2,448
Total serviced loans and leases	**$ 483,204**	$ 478,573

(a) Includes primary mortgage loan-servicing portfolio only.

The risks inherent in our loan and lease exposures are largely driven by changes in the overall economy and its impact to our borrowers. The potential financial statement impact of these exposures varies depending on the accounting classification and future expected disposition strategy. We retain the majority of our automobile loans as they complement our core business model. We primarily originate mortgage loans with the intent to sell them and, as such, retain only a small percentage of the loans that we originate or purchase. Loans that we do not intend to retain are sold to investors, primarily securitizations guaranteed by Fannie Mae, Freddie Mac, and Ginnie Mae (collectively the Government-Sponsored Enterprises or GSEs). However, we may retain an interest or right to service these loans. We ultimately manage the associated risks based on the underlying economics of the exposure.

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Credit Risk Management

During the third quarter of 2011, the U.S. economy continued to moderately expand. Within the automotive markets, demand for new vehicles improved as supply disruptions alleviated and as borrowing conditions remained favorable. However, we continue to be cautious regarding the outlook for vehicle sales due to the uncertainty in U.S. and global economic growth expectations in the near term. We also continue to view housing and the mortgage market with caution, due to weak homes sales, high levels of supply, and continued price declines. As a result, these underlying uncertainties may affect our loan portfolio through the upcoming periods.

We have policies and practices that are committed to maintaining an independent and ongoing assessment of credit risk and quality. Our policies require an objective and timely assessment of the overall quality of the consumer and commercial loan and lease portfolios. This includes the identification of relevant trends that affect the collectability of the portfolios, segments of the portfolios that are potential problem areas, loans and leases with potential credit weaknesses, and assessment of the adequacy of internal credit risk policies and procedures to monitor compliance with relevant laws and regulations. In addition, we maintain limits and underwriting guidelines that reflect our risk appetite.

We manage credit risk based on the risk profile of the borrower, the source of repayment, the underlying collateral, and current market conditions. Our business is primarily focused on consumer automobile loans and leases and mortgage loans in addition to automobile-related commercial lending. We monitor the credit risk profile of individual borrowers and the aggregate portfolio of borrowers either within a designated geographic region or a particular product or industry segment. To mitigate risk concentrations, we take part in loan sales and syndications.

In response to the dynamic credit environment and other market conditions, we continued to follow a conservative lending policy across our lines of business, generally focusing our lending to more creditworthy borrowers. For example, our mortgage operations eliminated production of new home equity loans in 2009. During 2010, we also significantly limited production of loans that do not conform to the underwriting guidelines of the GSEs. In addition, effective January 2009, we ceased originating nonprime automotive financing volume through Nuvell, which commenced in 2002 and primarily focused on non-GM dealers.

Additionally, we have implemented numerous initiatives in an effort to mitigate loss and provide ongoing support to customers in financial distress. For automobile loans, we offer several types of assistance to aid our customers. Loss mitigation includes changing the due date, extending payments, and rewriting the loan terms. We have implemented these actions with the intent to provide the borrower with additional options in lieu of repossessing their vehicle.

For mortgage loans, as part of our participation in certain governmental programs, we offer mortgage loan modifications to qualified borrowers. We have also implemented periodic foreclosure moratoriums that are designed to provide borrowers with extra time to sort out their financial difficulties while allowing them to stay in their homes.

On-balance Sheet Portfolio

Our on-balance sheet portfolio includes both finance receivables and loans and held-for-sale loans. At September 30, 2011, this primarily included $94.9 billion of automobile finance receivables and loans and $21.0 billion of mortgage finance receivables and loans. Within our on-balance sheet portfolio, we have elected to account for certain mortgage loans at fair value. The valuation allowance recorded on fair value-elected loans is separate from the allowance for loan losses. Changes in the fair value of loans are classified as gain on mortgage and automotive loans, net, in the Condensed Consolidated Statement of Income.

During the nine months ended September 30, 2011, we further executed on our strategy of discontinuing and selling or liquidating nonstrategic operations. Refer to Note 2 to the Condensed Consolidated Financial Statements for additional information.

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The following table presents our total on-balance sheet consumer and commercial finance receivables and loans reported at carrying value before allowance for loan losses.

	Outstanding		Nonperforming (a)		Accruing past due 90 days or more (b)	
($ in millions)	**September 30, 2011**	December 31, 2010	**September 30, 2011**	December 31, 2010	**September 30, 2011**	December 31, 2010
Consumer						
Finance receivables and loans						
Loans at historical cost	**$ 69,974**	$ 62,002	**$ 575**	$ 768	**$ 4**	$ 6
Loans at fair value	**841**	1,015	**216**	260		
Total finance receivables and loans	**70,815**	63,017	**791**	1,028	**4**	6
Loans held-for-sale	**8,718**	11,411	**2,985**	3,273	**67**	25
Total consumer loans	**79,533**	74,428	**3,776**	4,301	**71**	31
Commercial						
Finance receivables and loans						
Loans at historical cost	**37,897**	39,396	**402**	740		
Loans at fair value						
Total finance receivables and loans	**37,897**	39,396	**402**	740		
Loans held-for-sale	**27**					
Total commercial loans	**37,924**	39,396	**402**	740		
Total on-balance sheet loans	**$ 117,457**	$ 113,824	**$ 4,178**	$ 5,041	**$ 71**	$ 31

(a) Includes nonaccrual troubled debt restructured loans of $857 million and $684 million at September 30, 2011, and December 31, 2010, respectively.
(b) Generally, loans that are 90 days past due and still accruing represent loans with government guarantees. This includes troubled debt restructured loans classified as 90 days past due and still accruing of $38 million and $13 million at September 30, 2011, and December 31, 2010, respectively.

Total on-balance sheet loans outstanding at September 30, 2011, increased $3.6 billion to $117.5 billion from December 31, 2010, reflecting an increase of $5.1 billion in the consumer portfolio and a decrease of $1.5 billion in the commercial portfolio. The increase in total on-balance sheet loans outstanding from December 31, 2010, was the result of increased consumer automobile originations, which outpaced portfolio runoff, due to strong industry sales and automotive manufacturer penetration. The increase was partially offset by a decrease in mortgage originations in our consumer mortgage business and seasonality in our commercial automobile business.

The total TDRs outstanding at September 30, 2011, increased $483 million to $1.9 billion from December 31, 2010. This increase was driven primarily by our continued foreclosure prevention and loss mitigation procedures along with our participation in a variety of government modification programs. Additionally, the implementation of ASU 2011-02, *A Creditor s Determination of Whether a Restructuring is a Troubled Debt Restructuring*, contributed to the increase. Refer to Notes 1 and 8 to the Condensed Consolidated Financial Statements for additional information.

Total nonperforming loans at September 30, 2011, decreased $863 million to $4.2 billion from December 31, 2010, reflecting a decrease of $525 million of consumer nonperforming loans and a decrease of $338 million of commercial nonperforming loans. The decrease in total nonperforming loans from December 31, 2010, was largely due to improvement within our consumer mortgage portfolio, improvement in dealer performance within our commercial automobile portfolio, and the continued wind-down of non-core commercial assets.

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The following table includes consumer and commercial net charge-offs from finance receivables and loans at historical cost and related ratios reported at carrying value before allowance for loan losses.

	Three months ended September 30,				Nine months ended September 30,			
	Net charge-offs		Net charge-off ratios (a)		Net charge-offs		Net charge-off ratios (a)	
($ in millions)	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
Consumer								
Finance receivables and loans at historical cost	**$ 122**	$ 204	**0.7%**	1.5%	**$ 395**	$ 641	**0.8%**	1.6%
Commercial								
Finance receivables and loans at historical cost	**1**	130		1.4	**38**	318	**0.1**	1.2
Total finance receivables and loans at historical cost	**$ 123**	$ 334	**0.5**	1.4	**$ 433**	$ 959	**0.5**	1.4

(a) Net charge-off ratios are calculated as annualized net charge-offs divided by average outstanding finance receivables and loans excluding loans measured at fair value and loans held-for-sale during the year for each loan category.

Our net charge-offs were $123 million and $433 million for the three months and nine months ended September 30, 2011, respectively, compared to $334 million and $959 million for the three months and nine months ended September 30, 2010, respectively. The decreases in net charge-offs were primarily driven by an improved mix of loans reflecting previously tightened underwriting standards. Loans held-for-sale are accounted for at the lower of cost or fair value, and therefore we do not record charge-offs.

The *Consumer Credit Portfolio* and *Commercial Credit Portfolio* discussions that follow relate to consumer and commercial credit finance receivables and loans recorded at historical cost. Finance receivables and loans recorded at historical cost have an associated allowance for loan losses. Finance receivables and loans measured at fair value were excluded from these discussions since those exposures do not carry an allowance.

Consumer Credit Portfolio

During the three months and nine months ended September 30, 2011, the credit performance of the consumer portfolio continued to improve overall as our nonperforming finance receivables and loans and charge-offs declined. For information on our consumer credit risk practices and policies regarding delinquencies, nonperforming status, and charge-offs, refer to Note 1 to the Consolidated Financial Statements in our 2010 Annual Report on Form 10-K.

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The following table includes consumer finance receivables and loans recorded at historical cost reported at carrying value before allowance for loan losses.

	Outstanding		Nonperforming (a)		Accruing past due 90 days or more (b)	
($ in millions)	**September 30, 2011**	December 31, 2010	**September 30, 2011**	December 31, 2010	**September 30, 2011**	December 31, 2010
Domestic						
Consumer automobile	**$ 43,293**	$ 34,604	**$ 128**	$ 129	**$**	$
Consumer mortgage						
1st Mortgage	**6,833**	6,917	**269**	388	**1**	1
Home equity	**3,179**	3,441	**60**	61		
Total domestic	**53,305**	44,962	**457**	578	**1**	1
Foreign						
Consumer automobile	**16,412**	16,650	**82**	78	**3**	5
Consumer mortgage						
1st Mortgage	**257**	390	**36**	112		
Home equity						
Total foreign	**16,669**	17,040	**118**	190	**3**	5
Total consumer finance receivables and loans	**$ 69,974**	$ 62,002	**$ 575**	$ 768	**$ 4**	$ 6

(a) Includes nonaccrual troubled debt restructured loans of $189 million and $204 million at September 30, 2011, and December 31, 2010, respectively.
(b) There were no troubled debt restructured loans classified as 90 days past due and still accruing at September 30, 2011, and December 31, 2010.

Total consumer outstanding finance receivables and loans increased $8.0 billion at September 30, 2011, compared with December 31, 2010. This increase was primarily driven by domestic automobile originations, which outpaced portfolio run-off, and due to strong industry sales.

Total consumer nonperforming finance receivables and loans at September 30, 2011, decreased $193 million to $575 million from December 31, 2010, reflecting a decrease of $196 million of consumer mortgage nonperforming finance receivables and loans and an increase of $3 million of consumer automotive nonperforming finance receivables and loans. Nonperforming consumer mortgage finance receivables and loans decreased primarily due to the continued run-off of lower quality legacy loans. Nonperforming consumer automotive finance receivables and loans slightly increased primarily due to the implementation of ASU 2011-02. Nonperforming consumer finance receivables and loans as a percentage of total outstanding consumer finance receivables and loans were 0.8% and 1.2% at September 30, 2011, and December 31, 2010, respectively.

Consumer domestic automotive loans accruing and past due 30 days or more decreased $120 million to $682 million at September 30, 2011, compared with December 31, 2010, primarily due to increased quality of newer vintages.

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The following table includes consumer net charge-offs from finance receivables and loans at historical cost and related ratios reported at carrying value before allowance for loan losses.

	Three months ended September 30,				Nine months ended September 30,			
	Net charge-offs		Net charge-off ratios (a)		Net charge-offs		Net charge-off ratios (a)	
($ in millions)	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
Domestic								
Consumer automobile	**$ 52**	$ 114	**0.5%**	1.6%	**$ 185**	$ 374	**0.6%**	2.0%
Consumer mortgage								
1st Mortgage	**29**	37	**1.7**	2.1	**90**	100	**1.7**	1.9
Home equity	**21**	26	**2.5**	2.9	**59**	64	**2.4**	2.3
Total domestic	**102**	177	**0.8**	1.8	**334**	538	**0.9**	2.0
Foreign								
Consumer automobile	**19**	26	**0.4**	0.7	**58**	100	**0.5**	0.8
Consumer mortgage								
1st Mortgage	**1**	1	**1.2**	1.1	**3**	3	**1.3**	0.8
Home equity								
Total foreign	**20**	27	**0.4**	0.7	**61**	103	**0.5**	0.8
Total consumer finance receivables and loans	**$ 122**	$ 204	**0.7**	1.5	**$ 395**	$ 641	**0.8**	1.6

(a) Net charge-off ratios are calculated as annualized net charge-offs divided by average outstanding finance receivables and loans excluding loans measured at fair value and loans held-for-sale during the year for each loan category.

Our net charge-offs from total consumer automobile finance receivables and loans decreased $69 million and $231 million for the three months and nine months ended September 30, 2011, respectively, compared to the same periods in 2010. The decreases in net charge-offs were primarily due to lower loss frequency, improvements in loss severity as a result of improved pricing in the used vehicle market, and continued strong customer recoveries.

Our net charge-offs from total consumer mortgage receivables and loans were $51 million and $152 million for the three months and nine months ended September 30, 2011, respectively, compared to $64 million and $167 million for the same periods in 2010. The decreases were driven by reduced net charge-offs within our consumer legacy mortgage portfolio reflecting the continued run-off of lower quality legacy loans.

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The following table summarizes the total consumer loan originations at unpaid principal balance for the periods shown. Total consumer loan originations include loans classified as finance receivables and loans and loans held-for-sale during the period.

	Three months ended September 30,		Nine months ended September 30,	
($ in millions)	**2011**	2010	**2011**	2010
Domestic				
Consumer automobile	**$ 8,344**	$ 7,315	**$ 25,112**	$ 19,785
Consumer mortgage				
1st Mortgage	**15,587**	20,179	**39,778**	46,307
Home equity				
Total domestic	**23,931**	27,494	**64,890**	66,092
Foreign				
Consumer automobile	**2,866**	2,408	**7,288**	6,316
Consumer mortgage				
1st Mortgage	**374**	348	**970**	986
Home equity				
Total foreign	**3,240**	2,756	**8,258**	7,302
Total consumer loan originations	**$ 27,171**	$ 30,250	**$ 73,148**	$ 73,394

Total domestic automobile-originated loans increased $1.0 billion and $5.3 billion for the three months and nine months ended September 30, 2011, respectively, compared to the same periods in 2010, primarily due to strong industry sales and automotive manufacturer penetration.

Total domestic mortgage-originated loans decreased $4.6 billion and $6.5 billion for the three months and nine months ended September 30, 2011, respectively. The decreases for the three months and nine months ended September 30, 2011 were in part the result of lower industry volume and fewer government-insured residential mortgage loans.

Consumer loan originations retained on-balance sheet as held-for-investment were $11.7 billion and $33.5 billion for the three months and nine months ended September 30, 2011, respectively, and $9.9 billion and $24.5 billion for the three months and nine months ended September 30, 2010, respectively. The increases were primarily due to strong automotive industry sales and automotive manufacturer penetration in addition to increased balance sheet retention.

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The following table shows the percentage of total consumer finance receivables and loans recorded at historical cost reported at carrying value before allowance for loan losses by state and foreign concentration. Total automobile loans were $59.7 billion and $51.3 billion at September 30, 2011, and December 31, 2010, respectively. Total mortgage and home equity loans were $10.3 billion and $10.7 billion at September 30, 2011, and December 31, 2010, respectively.

	September 30, 2011 (a)		December 31, 2010	
	Automobile	**1st Mortgage and home equity**	Automobile	1st Mortgage and home equity
Texas	**9.5%**	**5.3%**	9.2%	4.4%
California	**4.6**	**25.0**	4.6	24.5
Florida	**4.7**	**4.0**	4.4	4.1
Michigan	**3.9**	**4.8**	3.7	5.0
Illinois	**3.0**	**4.9**	2.8	4.7
New York	**3.5**	**2.3**	3.4	2.4
Pennsylvania	**3.4**	**1.6**	3.2	1.7
Ohio	**2.9**	**1.0**	2.5	1.0
Georgia	**2.4**	**1.8**	2.2	1.8
North Carolina	**2.2**	**2.1**	2.0	2.0
Other United States	**32.5**	**44.7**	29.4	44.7
Canada	**12.1**	**2.4**	14.2	3.6
Germany	**4.7**		5.7	
Brazil	**4.6**		5.2	
Other foreign	**6.0**	**0.1**	7.5	0.1
Total consumer loans	**100.0%**	**100.0%**	100.0%	100.0%

(a) Presentation is in descending order as a percentage of total consumer finance receivables and loans at September 30, 2011.

We monitor our consumer loan portfolio for concentration risk across the geographies in which we lend. The highest concentrations of loans in the United States were in Texas and California, which represented an aggregate of 16.5% of our total outstanding consumer finance receivables and loans at September 30, 2011.

Concentrations in our mortgage operations are closely monitored given the volatility of the housing markets. Our consumer mortgage loan concentrations in California, Florida, and Michigan receive particular attention as the real estate value depreciation in these states has been the most severe.

Repossessed and Foreclosed Assets

We classify an asset as repossessed or foreclosed (included in other assets on the Condensed Consolidated Balance Sheet) when physical possession of the collateral is taken. For more information on repossessed and foreclosed assets, refer to Note 1 to the Consolidated Financial Statements in our 2010 Annual Report on Form 10-K.

Repossessed assets in our Automotive Finance operations at September 30, 2011, increased $19 million to $65 million from December 31, 2010. Foreclosed mortgage assets at September 30, 2011, decreased $54 million to $84 million from December 31, 2010.

Higher-Risk Mortgage Loans

During the three months and nine months ended September 30, 2011, we primarily focused our origination efforts on prime conforming and government-guaranteed mortgages in the United States and high-quality insured mortgages in Canada. However, we continued to hold mortgage loans originated in prior years that have features that expose us to potentially higher credit risk including high original loan-to-value mortgage loans (prime or nonprime), payment-option adjustable-rate mortgage loans (prime nonconforming), interest-only mortgage loans (classified as

prime conforming or nonconforming for domestic production and prime nonconforming or nonprime for international production), and teaser-rate mortgages (prime or nonprime).

In circumstances when a loan has features such that it falls into multiple categories, it is classified to a category only once based on the following hierarchy: (1) high original loan-to-value mortgage loans, (2) payment-option adjustable-rate

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mortgage loans, (3) interest-only mortgage loans, and (4) below-market rate (teaser) mortgages. Given the continued stress within the housing market, we believe this hierarchy provides the most relevant risk assessment of our nontraditional products.

The following table summarizes the higher-risk mortgage loan originations at unpaid principal balance for the periods shown. These higher-risk mortgage loans are classified as finance receivables and loans and are recorded at historical cost.

	Three months ended September 30,		Nine months ended September 30,	
($ in millions)	**2011**	2010	**2011**	2010
High original loan-to-value (greater than 100%) mortgage loans	**$**	$	**$**	$
Payment-option adjustable-rate mortgage loans				
Interest-only mortgage loans (a)		19		209
Below-market rate (teaser) mortgages				
Total higher-risk mortgage loan production	**$**	$ 19	**$**	$ 209

(a) As of June 2010, this product was no longer offered. The originations during the three months ended September 30, 2010 represent loans that were in the pipeline.

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

	Outstanding		Nonperforming		Accruing past due 90 days or more	
($ in millions)	**September 30, 2011**	December 31, 2010	**September 30, 2011**	December 31, 2010	**September 30, 2011**	December 31, 2010
High original loan-to-value (greater than 100%) mortgage loans	**$ 4**	$ 5	**$**	$	**$**	$
Payment-option adjustable-rate mortgage loans	**4**	5	**1**	1		
Interest-only mortgage loans (a)	**3,083**	3,681	**144**	207		
Below-market rate (teaser) mortgages	**257**	284	**5**	4		
Total higher-risk mortgage loans (b)	**$ 3,348**	$ 3,975	**$ 150**	$ 212	**$**	$

(a) The majority of the interest-only mortgage loans are expected to start principal amortization in 2015 or beyond.
(b) The majority of these loans are held by our Mortgage Legacy Portfolio and Other operations at September 30, 2011, and December 31, 2010.

The allowance for loan losses was $192 million or 5.7% of total higher-risk held-for-investment mortgage loans recorded at historical cost based on carrying value outstanding before allowance for loans losses at September 30, 2011.

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The following table includes our five largest state concentrations based on our higher-risk mortgage finance receivables and loans recorded at historical cost and reported at carrying value before allowance for loan losses.

($ in millions)	**High original loan-to-value (greater than 100%) mortgage loans**	**Payment-option adjustable-rate mortgage loans**	**Interest-only mortgage loans**	**Below-market rate (teaser) mortgages**	**All higher-risk loans**
September 30, 2011					
California	**$**	**$ 1**	**$ 792**	**$ 82**	**$ 875**
Virginia			**284**	**10**	**294**
Maryland			**224**	**6**	**230**
Michigan			**202**	**9**	**211**
Illinois			**162**	**8**	**170**
All other domestic and foreign	**4**	**3**	**1,419**	**142**	**1,568**
Total higher-risk mortgage loans	**$ 4**	**$ 4**	**$ 3,083**	**$ 257**	**$ 3,348**
December 31, 2010					
California	$	$ 1	$ 993	$ 89	$ 1,083
Virginia			330	12	342
Maryland			256	7	263
Michigan			225	10	235
Illinois			197	8	205
All other domestic and foreign	5	4	1,680	158	1,847
Total higher-risk mortgage loans	$ 5	$ 5	$ 3,681	$ 284	$ 3,975

Commercial Credit Portfolio

During the three months and nine months ended September 30, 2011, the credit performance of the commercial portfolio improved as nonperforming finance receivables and loans and net charge-offs declined. For information on our commercial credit risk practices and policies regarding delinquencies, nonperforming status, and charge-offs, refer to Note 1 to the Consolidated Financial Statements in our 2010 Annual Report on Form 10-K.

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The following table includes total commercial finance receivables and loans reported at carrying value before allowance for loan losses.

	Outstanding		Nonperforming (a)		Accruing past due 90 days or more (b)	
($ in millions)	**September 30, 2011**	December 31, 2010	**September 30, 2011**	December 31, 2010	**September 30, 2011**	December 31, 2010
Domestic						
Commercial and industrial						
Automobile	**$ 24,227**	$ 24,944	**$ 118**	$ 261	**$**	$
Mortgage	**1,592**	1,540	**1**			
Other (c)	**1,303**	1,795	**36**	37		
Commercial real estate						
Automobile	**2,137**	2,071	**68**	193		
Mortgage		1		1		
Total domestic	**29,259**	30,351	**223**	492		
Foreign						
Commercial and industrial						
Automobile	**8,163**	8,398	**107**	35		
Mortgage	**24**	41	**24**	40		
Other (c)	**240**	312	**13**	97		
Commercial real estate						
Automobile	**185**	216	**12**	6		
Mortgage	**26**	78	**23**	70		
Total foreign	**8,638**	9,045	**179**	248		
Total commercial finance receivables and loans	**$ 37,897**	$ 39,396	**$ 402**	$ 740	**$**	$

(a) Includes nonaccrual troubled debt restructured loans of $42 million and $9 million at September 30, 2011, and December 31, 2010, respectively.
(b) There were no troubled debt restructured loans classified as 90 days past due and still accruing September 30, 2011, and December 31, 2010.
(c) Other commercial primarily includes senior secured commercial lending.

Total commercial finance receivables and loans outstanding decreased $1.5 billion to $37.9 billion at September 30, 2011, from December 31, 2010. Commercial and industrial outstandings decreased due, in part, to seasonality in dealer inventory as well as the continued wind-down of non-core commercial assets.

Total commercial nonperforming finance receivables and loans were $402 million at September 30, 2011, a decrease of $338 million compared to December 31, 2010, primarily due to improvement in dealer performance and continued wind-down on non-core commercial assets. Total nonperforming commercial finance receivables and loans as a percentage of outstanding commercial finance receivables and loans were 1.1% and 1.9% at September 30, 2011, and December 31, 2010, respectively.

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The following table includes total commercial net charge-offs from finance receivables and loans at historical cost and related ratios reported at carrying value before allowance for loan losses.

	Three months ended September 30,				Nine months ended September 30,			
	Net charge-offs		Net charge-off ratios (a)		Net charge-offs		Net charge-off ratios (a)	
($ in millions)	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
Domestic								
Commercial and industrial								
Automobile	**$ 2**	$ 8	**%**	0.1%	**$ 7**	$ 14	**%**	0.1%
Mortgage	**(3)**	(1)	**(0.8)**	(0.2)	**(1)**	(3)	**(0.2)**	(0.3)
Other	**2**	80	**0.4**	13.8	**(1)**	150	**(0.1)**	8.0
Commercial real estate								
Automobile	**1**	7	**0.2**	1.4	**4**	36	**0.2**	2.3
Mortgage					**(1)**	41	**n/m**	133.8
Total domestic	**2**	94		1.3	**8**	238		1.2
Foreign								
Commercial and industrial								
Automobile	**(3)**	8	**(0.2)**	0.4		11		0.2
Mortgage					**8**		**30.7**	
Other	**(2)**	19	**(2.7)**	19.7	**2**	49	**1.1**	17.6
Commercial real estate								
Automobile						2		1.2
Mortgage	**4**	9	**46.8**	32.9	**20**	18	**52.0**	19.0
Total foreign	**(1)**	36		1.6	**30**	80	**0.4**	1.2
Total commercial finance receivables and loans	**$ 1**	$ 130		1.4	**$ 38**	$ 318	**0.1**	1.2

n/m = not meaningful

(a) Net charge-off ratios are calculated as annualized net charge-offs divided by average outstanding finance receivables and loans excluding loans measured at fair value and loans held-for-sale during the year for each loan category.

Our net charge-offs from commercial finance receivables and loans totaled $1 million and $38 million for the three months and nine months ended September 30, 2011, respectively, compared to $130 million and $318 million for the same periods in 2010. The decreases in net charge-offs were largely driven by an improved mix of loans in the existing portfolio driven by the wind-down of certain commercial real estate and resort finance assets in prior periods and improvement in dealer performance.

Commercial Real Estate

The commercial real estate portfolio consists of finance receivables and loans issued primarily to automotive dealers and related real estate firms. Commercial real estate finance receivables and loans remained flat at $2.4 billion at September 30, 2011, and December 31, 2010.

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The following table shows the percentage of total commercial real estate finance receivables and loans by geographic region and property type. These finance receivables and loans are reported at carrying value before allowance for loan losses.

	September 30, 2011	December 31, 2010
Geographic region		
Texas	**12.7%**	10.5%
Florida	**11.1**	10.3
Michigan	**10.1**	10.1
California	**9.3**	9.6
Virginia	**4.5**	4.4
New York	**3.7**	3.8
Oregon	**3.4**	3.1
Pennsylvania	**3.1**	3.7
Georgia	**2.8**	2.7
Alabama	**2.6**	2.4
Other United States	**27.8**	26.9
Canada	**4.5**	4.4
United Kingdom	**2.7**	5.0
Mexico	**1.4**	2.4
Other foreign	**0.3**	0.7
Total commercial real estate finance receivables and loans	**100.0%**	100.0%
Property type		
Automobile dealerships	**98.9%**	91.8%
Residential	**0.8**	2.5
Land and land development	**0.3**	0.8
Other	**0.0**	4.9
Total commercial real estate finance receivables and loans	**100.0%**	100.0%

Commercial Criticized Exposure

Exposures deemed criticized are finance receivables and loans classified as special mention, substandard, or doubtful. These classifications are based on regulatory definitions and generally represent finance receivables and loans within our portfolio that have a higher default risk or have already defaulted. These finance receivables and loans require additional monitoring and review including specific actions to mitigate our potential economic loss.

The following table shows the percentage of total commercial criticized finance receivables and loans by industry concentrations. These finance receivables and loans are reported at carrying value before allowance for loan losses.

	September 30, 2011	December 31, 2010
Industry		
Automotive	**82.0%**	66.5%
Real estate	**4.6**	12.1
Manufacturing	**2.6**	3.5
Services	**2.4**	1.9
Bank and finance companies	**2.3**	1.0
Retail	**1.7**	1.5
Electronics	**1.1**	1.2
Food	**1.0**	0.4

All other	**2.3**	11.9
Total commercial criticized finance receivables and loans	**100.0%**	100.0%

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Total criticized exposures declined $596 million to $3.0 billion at September 30, 2011 from December 31, 2010, primarily due to the continued wind-down of non-core commercial assets in the real estate and health/medical (within All other) industries. The increase in our automotive criticized concentration rate was driven primarily by the decrease in overall criticized outstanding.

Allowance for Loan Losses

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, 2011	**Consumer**	**Consumer**	**Total**		
($ in millions)	**automobile**	**mortgage**	**consumer**	**Commercial**	**Total**
Balance at July 1, 2011	**$ 911**	**$ 558**	**$ 1,469**	**$ 270**	**$ 1,739**
Charge-offs					
Domestic	**(97)**	**(54)**	**(151)**	**(6)**	**(157)**
Foreign	**(37)**	**(2)**	**(39)**	**(7)**	**(46)**
Total charge-offs	**(134)**	**(56)**	**(190)**	**(13)**	**(203)**
Recoveries					
Domestic	**45**	**4**	**49**	**4**	**53**
Foreign	**18**	**1**	**19**	**8**	**27**
Total recoveries	**63**	**5**	**68**	**12**	**80**
Net charge-offs	**(71)**	**(51)**	**(122)**	**(1)**	**(123)**
Provision for loan losses	**53**	**25**	**78**	**(29)**	**49**
Other	**(42)**		**(42)**	**(2)**	**(44)**
Balance at September 30, 2011	**$ 851**	**$ 532**	**$ 1,383**	**$ 238**	**$ 1,621**
Allowance for loan losses to finance receivables and loans outstanding at September 30, 2011 (a)	**1.4%**	**5.2%**	**2.0%**	**0.6%**	**1.5%**
Net charge-offs to average finance receivables and loans outstanding at September 30, 2011 (a)	**0.5%**	**2.0%**	**0.7%**	**%**	**0.5%**
Allowance for loan losses to total nonperforming finance receivables and loans at September 30, 2011 (a)	**404.5%**	**145.7%**	**240.3%**	**59.2%**	**165.8%**
Ratio of allowance for loans losses to net charge-offs at September 30, 2011	**3.0**	**2.6**	**2.8**	**58.0**	**3.3**

(a) Coverage percentages are based on the allowance for loan losses related to finance receivables and loans excluding those loans held at fair value as a percentage of the unpaid principal balance, net of premiums and discounts.

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Three months ended September 30, 2010	Consumer	Consumer	Total		
($ in millions)	automobile	mortgage	consumer	Commercial	Total
Balance at July 1, 2010	$ 1,120	$ 659	$ 1,779	$ 598	$ 2,377
Charge-offs					
Domestic	(179)	(69)	(248)	(98)	(346)
Foreign	(45)	(1)	(46)	(38)	(84)
Total charge-offs	(224)	(70)	(294)	(136)	(430)
Recoveries					
Domestic	65	6	71	4	75
Foreign	19		19	2	21
Total recoveries	84	6	90	6	96
Net charge-offs	(140)	(64)	(204)	(130)	(334)
Provision for loan losses	58	28	86	(77)	9
Discontinued operations				(1)	(1)
Other	12	1	13	(10)	3
Balance at September 30, 2010	$ 1,050	$ 624	$ 1,674	$ 380	$ 2,054
Allowance for loan losses to finance receivables and loans outstanding at September 30, 2010 (a)	2.3%	5.6%	2.9%	1.0%	2.1%
Net charge-offs to average finance receivables and loans outstanding at September 30, 2010 (a)	1.3%	2.3%	1.5%	1.4%	1.4%
Allowance for loan losses to total nonperforming finance receivables and loans at September 30, 2010 (a)	521.8%	102.9%	207.3%	48.4%	129.0%
Ratio of allowance for loans losses to net charge-offs at September 30, 2010	1.9	2.4	2.0	0.7	1.5

(a) Coverage percentages are based on the allowance for loan losses related to finance receivables and loans excluding those loans held at fair value as a percentage of the unpaid principal balance, net of premiums and discounts.

Nine months ended September 30, 2011	**Consumer**	**Consumer**	**Total**		
($ in millions)	**automobile**	**mortgage**	**consumer**	**Commercial**	**Total**
Balance at January 1, 2011	**$ 970**	**$ 580**	**$ 1,550**	**$ 323**	**$ 1,873**
Charge-offs					
Domestic	**(331)**	**(162)**	**(493)**	**(24)**	**(517)**
Foreign	**(112)**	**(4)**	**(116)**	**(55)**	**(171)**
Total charge-offs	**(443)**	**(166)**	**(609)**	**(79)**	**(688)**
Recoveries					
Domestic	**146**	**13**	**159**	**16**	**175**
Foreign	**54**	**1**	**55**	**25**	**80**
Total recoveries	**200**	**14**	**214**	**41**	**255**
Net charge-offs	**(243)**	**(152)**	**(395)**	**(38)**	**(433)**
Provision for loan losses	**157**	**104**	**261**	**(48)**	**213**
Other	**(33)**		**(33)**	**1**	**(32)**

Balance at September 30, 2011	**$ 851**	**$ 532**	**$ 1,383**	**$ 238**	**$ 1,621**
Allowance for loan losses to finance receivables and loans outstanding at September 30, 2011 (a)	**1.4%**	**5.2%**	**2.0%**	**0.6%**	**1.5%**
Net charge-offs to average finance receivables and loans outstanding at September 30, 2011 (a)	**0.6%**	**1.9%**	**0.8%**	**0.1%**	**0.5%**
Allowance for loan losses to total nonperforming finance receivables and loans at September 30, 2011 (a)	**404.5%**	**145.7%**	**240.3%**	**59.2%**	**165.8%**
Ratio of allowance for loans losses to net charge-offs at September 30, 2011	**2.6**	**2.6**	**2.6**	**4.7**	**2.8**

(a) Coverage percentages are based on the allowance for loan losses related to finance receivables and loans excluding those loans held at fair value as a percentage of the unpaid principal balance, net of premiums and discounts.

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Nine months ended September 30, 2010	Consumer	Consumer	Total		
($ in millions)	automobile	mortgage	consumer	Commercial	Total
Balance at January 1, 2010	$ 1,024	$ 640	$ 1,664	$ 781	$ 2,445
Cumulative effect of change in accounting principles (a)	222		222		222
Charge-offs					
Domestic	(616)	(179)	(795)	(250)	(1,045)
Foreign	(154)	(3)	(157)	(91)	(248)
Total charge-offs	(770)	(182)	(952)	(341)	(1,293)
Recoveries					
Domestic	242	15	257	12	269
Foreign	54		54	11	65
Total recoveries	296	15	311	23	334
Net charge-offs	(474)	(167)	(641)	(318)	(959)
Provision for loan losses	285	142	427	(56)	371
Discontinued operations	5		5	(3)	2
Other	(12)	9	(3)	(24)	(27)
Balance at September 30, 2010	$ 1,050	$ 624	$ 1,674	$ 380	$ 2,054
Allowance for loan losses to finance receivables and loans outstanding at September 30, 2010 (b)	2.3%	5.6%	2.9%	1.0%	2.1%
Net charge-offs to average finance receivables and loans outstanding at September 30, 2010 (b)	1.6%	2.0%	1.6%	1.2%	1.4%
Allowance for loan losses to total nonperforming finance receivables and loans at September 30, 2010 (b)	521.8%	102.9%	207.3%	48.4%	129.0%
Ratio of allowance for loans losses to net charge-offs at September 30, 2010	1.7	2.8	2.0	0.9	1.6

(a) Includes adjustment to the allowance due to adoption of ASU 2009-17, *Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities*.

(b) Coverage percentages are based on the allowance for loan losses related to finance receivables and loans excluding those loans held at fair value as a percentage of the unpaid principal balance, net of premiums and discounts.

The allowance for consumer loan losses at September 30, 2011, declined $291 million compared to September 30, 2010, reflecting the continued improved asset mix with higher quality recent vintages, the continued runoff of Nuvell and other liquidating portfolios, as well as improved loss performance.

The allowance for commercial loan losses declined $142 million at September 30, 2011, compared to September 30, 2010, primarily related to improved portfolio credit quality and lower levels of receivables.

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Allowance for Loan Losses by Type

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

September 30, *($ in millions)*	**2011 Allowance for loan losses**	**2011 Allowance as a % of loans outstanding**	**Allowance as a % of allowance for loan losses**	2010 Allowance for loan losses	2010 Allowance as a % of loans outstanding	Allowance as a % of allowance for loan losses
Consumer						
Domestic						
Consumer automobile	**$ 687**	**1.6**	**42.4**	$ 851	2.8	41.4
Consumer mortgage						
1st Mortgage	**275**	**4.0**	**17.0**	351	4.9	17.1
Home equity	**256**	**8.0**	**15.8**	271	7.6	13.2
Total domestic	**1,218**	**2.3**	**75.2**	1,473	3.6	71.7
Foreign						
Consumer automobile	**164**	**1.0**	**10.1**	199	1.2	9.7
Consumer mortgage						
1st Mortgage	**1**	**0.4**	**0.1**	2	0.5	0.1
Home equity						
Total foreign	**165**	**1.0**	**10.2**	201	1.2	9.8
Total consumer loans	**1,383**	**2.0**	**85.4**	1,674	2.9	81.5
Commercial						
Domestic						
Commercial and industrial						
Automobile	**54**	**0.2**	**3.3**	70	0.3	3.4
Mortgage	**1**			1	0.1	0.1
Other	**66**	**5.1**	**4.1**	117	5.7	5.7
Commercial real estate						
Automobile	**53**	**2.5**	**3.3**	51	2.5	2.5
Mortgage				4	77.2	0.2
Total domestic	**174**	**0.6**	**10.7**	243	0.8	11.9
Foreign						
Commercial and industrial						
Automobile	**51**	**0.6**	**3.1**	30	0.4	1.5
Mortgage	**5**	**22.6**	**0.3**	22	29.2	1.1
Other	**1**	**0.4**	**0.1**	49	13.2	2.3
Commercial real estate						
Automobile	**2**	**1.1**	**0.1**	3	1.0	0.1
Mortgage	**5**	**17.3**	**0.3**	33	35.9	1.6
Total foreign	**64**	**0.7**	**3.9**	137	1.6	6.6
Total commercial loans	**238**	**0.6**	**14.6**	380	1.0	18.5

Total allowance for loan losses	**$ 1,621**	**1.5**	**100.0**	$ 2,054	2.1	100.0

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Provision for Loan Losses

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

	Three months ended September 30,		Nine months ended September 30,	
($ in millions)	**2011**	2010	**2011**	2010
Consumer				
Domestic				
Consumer automobile	**$ 39**	$ 54	**$ 125**	$ 230
Consumer mortgage				
1st Mortgage	**10**	(15)	**44**	57
Home equity	**15**	42	**57**	83
Total domestic	**64**	81	**226**	370
Foreign				
Consumer automobile	**14**	4	**32**	55
Consumer mortgage				
1st Mortgage		1	**3**	2
Home equity				
Total foreign	**14**	5	**35**	57
Total consumer loans	**78**	86	**261**	427
Commercial				
Domestic				
Commercial and industrial				
Automobile	**(21)**	1	**(10)**	15
Mortgage	**(2)**	(2)	**(1)**	(12)
Other	**(1)**	(66)	**(32)**	(36)
Commercial real estate				
Automobile	**10**		**3**	
Mortgage	**(1)**		**(1)**	(9)
Total domestic	**(15)**	(67)	**(41)**	(42)
Foreign				
Commercial and industrial				
Automobile	**(19)**	(6)	**18**	(8)
Mortgage			**(1)**	2
Other	**(3)**	(2)	**(38)**	(6)
Commercial real estate				
Automobile				
Mortgage	**8**	(2)	**14**	(2)
Total foreign	**(14)**	(10)	**(7)**	(14)
Total commercial loans	**(29)**	(77)	**(48)**	(56)
Total provision for loans losses	**$ 49**	$ 9	**$ 213**	$ 371

Market Risk

Our automotive financing, mortgage, and insurance activities give rise to market risk representing the potential loss in the fair value of assets or liabilities caused by movements in market variables, such as interest rates, foreign-exchange rates, equity prices, market perceptions of credit risk, and other market fluctuations that affect the value of securities and assets held-for-sale. We are primarily exposed to interest rate risk arising from changes in interest rates related to financing, investing, and cash management activities. More specifically, we enter into contracts to provide financing, to retain mortgage servicing rights, and to retain various assets related to securitization activities, all of which are exposed in varying degrees to

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changes in value due to movements in interest rates. Interest rate risk arises from the mismatch between assets and the related liabilities used for funding. We may enter into various financial instruments, including derivatives, to maintain the desired level of exposure to the risk of interest rate fluctuations. Refer to Note 19 to the Condensed Consolidated Financial Statements for further information.

We are exposed to foreign-currency risk arising from the possibility that fluctuations in foreign-exchange rates will affect future earnings or asset and liability values related to our global operations. We may enter into hedges to mitigate foreign exchange risk.

We also have exposure to equity price risk, primarily in our Insurance operations, which invests in equity securities that are subject to price risk influenced by capital market movements. We may enter into equity options to economically hedge our exposure to the equity markets.

Although the diversity of our activities from our complementary lines of business may partially mitigate market risk, we also actively manage this risk. We maintain risk management control systems to monitor interest rates, foreign-currency exchange rates, equity price risks, and any of their related hedge positions. Positions are monitored using a variety of analytical techniques including market value, sensitivity analysis, and value at risk models.

Since December 31, 2010, there have been no material changes in these market risks. Refer to our Annual Report on Form 10-K for the year ended December 31, 2010, Item 7, Management s Discussion and Analysis of Financial Condition and Results of Operations, for further discussion on value at risk and sensitivity analysis.

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Liquidity Management, Funding, and Regulatory Capital

Overview

Liquidity management involves forecasting funding requirements driven by asset growth and liability maturities. The goal of liquidity management is to ensure we maintain adequate funds to meet changes in loan and lease demand, debt maturities, unexpected deposit withdrawals, and other seen and unforeseen corporate needs. Our primary funding objective is to ensure we maintain access to stable and diverse liquidity sources throughout all market cycles including periods of financial distress. Sources of liquidity include both retail and brokered deposits and secured and unsecured market-based funding across maturities, interest rate characteristics, currencies, and investor profiles. Further liquidity is available through committed borrowing facilities as well as funding programs supported by the Federal Reserve and the Federal Home Loan Bank of Pittsburgh (FHLB).

Liquidity risk arises from the failure to recognize or address changes in market conditions affecting both asset and liability flows. Effective liquidity risk management is critical to the viability of financial institutions to ensure an institution has the ability to meet contractual and contingent financial obligations. The ability to manage liquidity needs and contingent funding exposures has been essential to the solvency of financial institutions.

The Asset-Liability Committee (ALCO) is responsible for monitoring Ally s liquidity position, funding strategies and plans, contingency funding plans, and counterparty credit exposure arising from financial transactions. ALCO delegates the planning and execution of liquidity management strategies to Corporate Treasury. We manage liquidity risk at the business segment, legal entity, and consolidated levels. Each business segment, along with Ally Bank and ResMor Trust, prepares periodic forecasts depicting anticipated funding needs and sources of funds with oversight and monitoring by Corporate Treasury. Corporate Treasury manages liquidity under baseline projected economic scenarios as well as more severe economically stressed environments. Corporate Treasury, in turn, plans and executes our funding strategies.

In addition, we have established internal management committees to assist senior leadership in monitoring and managing our liquidity positions and funding plans. The Liquidity Risk Council is responsible for monitoring liquidity risk tolerance while maintaining adequate liquidity and analyzing liquidity risk measurement standards, liquidity position and investment alternatives, funding plans, forecasted liquidity needs and related risks and opportunities, liquidity buffers, stress testing, and contingency funding. The Structured Funding Risk Council is responsible for assisting senior leadership in the execution of its structured funding strategy and risk management accountabilities.

We maintain available liquidity in the form of cash, highly liquid unencumbered securities and available credit facility capacity that, taken together, are intended to allow us to operate and to meet our contractual obligations in the event of market-wide disruptions and enterprise-specific events. We maintain available liquidity at various entities, including Ally Bank and Ally Financial Inc., the parent company, and consider regulatory and tax restrictions that may limit our ability to transfer funds across entities. At September 30, 2011, we maintained $25.9 billion of total available parent company liquidity and $13.6 billion of total available liquidity at Ally Bank. To optimize cash and secured facility capacity between entities, the parent company lends cash to Ally Bank from time to time under an intercompany loan agreement. At September 30, 2011, $2.2 billion was outstanding under the intercompany loan agreement. Amounts outstanding are repayable to the parent company upon demand, subject to five days notice. As a result, this amount is included in the parent company available liquidity and excluded from the available liquidity at Ally Bank in the above amounts. For this purpose, parent company includes our consolidated operations less our Insurance operations, ResCap, and Ally Bank.

Funding Strategy

Our liquidity and ongoing profitability are largely dependent on our timely access to funding and the costs associated with raising funds in different segments of the capital markets and raising deposits. We continue to be extremely focused on maintaining and enhancing our liquidity. Our funding strategy largely focuses on the development of diversified funding sources across a global investor base to meet all our liquidity needs throughout different market cycles, including periods of financial distress. These funding sources include unsecured debt capital markets, public and private asset-backed securitizations, whole-loan asset sales, domestic and international committed and uncommitted credit facilities, brokered certificates of deposits, and retail deposits. We also supplement these sources with a modest amount of short-term borrowings, including Demand Notes, unsecured bank loans, and repurchase arrangements. The diversity of our funding sources enhances

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funding flexibility, limits dependence on any one source, and results in a more cost-effective strategy over the long term. We evaluate funding markets on an ongoing basis to achieve an appropriate balance of unsecured and secured funding sources and the maturity profiles of both. In addition, we further distinguish our funding strategy between bank funding and holding company or nonbank funding.

In addition, the FDIC indicated that it expected us to diversify Ally Bank s overall funding in order to reduce reliance on any one source of funding and to achieve a well-balanced funding portfolio across a spectrum of risk, duration, and cost of funds characteristics. Over the past few years, we have been focused on diversifying our funding sources, in particular at Ally Bank by expanding its securitization programs, both public and through private committed credit facilities, extending the maturity profile of our brokered deposit portfolio while not exceeding a $10 billion portfolio, establishing repurchase agreements, and continuing to access funds from the Federal Home Loan Banks.

Since 2009, we have been directing new bank-eligible assets in the United States to Ally Bank in order to reduce and minimize our nonbanking exposures and funding requirements and utilize our growing consumer deposit-taking capabilities. This has allowed us to use bank funding for a wider array of our automotive finance assets and to provide a sustainable long-term funding channel for the business, while also improving the cost of funds for the enterprise.

Ally Bank

Ally Bank raises deposits directly from customers through the direct banking channel via the internet and over the telephone. Ally Bank provides our automotive finance and mortgage loan operations with a stable and low-cost funding source. At September 30, 2011, Ally Bank had $38.9 billion of total external deposits, including $26.3 billion of retail deposits. We expect that our cost of funds will continue to improve over time as our deposit base grows.

At September 30, 2011, Ally Bank maintained cash liquidity of $4.5 billion and highly liquid U.S. federal government and U.S. agency securities of $5.2 billion, excluding certain securities that were encumbered at September 30, 2011. In addition, at September 30, 2011, Ally Bank had unused capacity in committed secured funding facilities of $6.1 billion, including an equal allocation of shared unused capacity of $4.0 billion from a facility also available to the parent company. Our ability to access this unused capacity depends on having eligible assets to collateralize the incremental funding and, in some instances, the execution of interest rate hedges.

Maximizing bank funding continues to be a key part of our long-term liquidity strategy. We have made significant progress in migrating assets to Ally Bank and growing our retail deposit base since becoming a bank holding company in December 2008. Growth in retail deposits is key to further reducing our cost of funds and decreasing our reliance on the capital markets and other sources of funding. We believe deposits provide a low-cost source of funds that are less sensitive to interest rate changes, market volatility, or changes in our credit ratings than other funding sources. We have continued to expand our deposit gathering efforts through our direct and indirect marketing channels. Current retail product offerings consist of a variety of savings products including certificates of deposits (CDs), savings accounts, money market accounts, IRA deposit products, as well as an online checking product. In addition, we have brokered deposits, which are obtained through third-party intermediaries. In the first nine months of 2011, the deposit base at Ally Bank grew nearly $5.0 billion, ending the quarter at $38.9 billion from $33.9 billion at December 31, 2010. At September 30, 2011, deposit liabilities constituted 32% of our total funding, as compared to 14% just a few years ago at the end of 2008. The growth in deposits has been primarily attributable to our retail deposit portfolio. Strong retention rates continue to materially contribute to our growth in retail deposits. In the third quarter of 2011, we retained 91% of CD balances up for renewal during the same period. In addition to retail and brokered deposits, Ally Bank had access to funding through a variety of other sources including FHLB advances, public securitizations, private secured funding arrangements, and the Federal Reserve s Discount Window. At September 30, 2011, debt outstanding from the FHLB totaled $4.1 billion with no debt outstanding from the Federal Reserve. Also, as part of our liquidity and funding plans, Ally Bank utilizes certain securities as collateral to access funding from repurchase agreements with third parties. Repurchase agreements are generally short-term and often occur overnight. Funding from repurchase agreements is accounted for as debt on our Condensed Consolidated Balance Sheet. At September 30, 2011, and December 31, 2010, Ally Bank had no debt outstanding under repurchase agreements.

Refer to Note 13 to the Condensed Consolidated Financial Statements for a summary of deposit funding by type.

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The following table shows Ally Bank s number of accounts and deposit balances by type as of the end of each quarter since 2010.

	3rd Quarter	2nd Quarter	1st Quarter	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
($ in millions)	**2011**	2011	2011	2010	2010	2010	2010
Number of retail accounts	**919,670**	851,991	798,622	726,104	676,419	616,665	573,388
Deposits							
Retail	**$ 26,254**	$ 24,562	$ 23,469	$ 21,817	$ 20,504	$ 18,690	$ 17,672
Brokered	**9,911**	9,903	9,836	9,992	9,978	9,858	9,757
Other (a)	**2,704**	2,405	2,064	2,108	2,538	2,267	1,914
Total deposits	**$ 38,869**	$ 36,870	$ 35,369	$ 33,917	$ 33,020	$ 30,815	$ 29,343

(a) Other deposits include mortgage escrow and other deposits (excluding intercompany deposits).

In addition to building a larger deposit base, we continue to remain active in the securitization markets to finance our Ally Bank automotive loan portfolios. During the third quarter of 2011, Ally Bank completed two transactions and raised $1.8 billion of secured funding backed by retail and dealer floorplan automotive loans. In the first nine months of 2011, Ally Bank has completed nine transactions and raised $7.6 billion of secured funding backed by retail and dealer floorplan automotive loans, as well as consumer leases. While deposits provide for a more stable funding base, our efficiencies in securitization have resulted in a reduction in the cost of funds achieved through secured funding transactions, making them a very attractive source of funding. For retail automotive loans and leases, the primary reason why securitizations are an attractive funding source is that the term structure locks in funding for a specified pool of loans and leases for the life of the underlying asset. Once a pool of retail automotive loans are selected and placed into a securitization, the underlying assets will have no bearing on any incremental liquidity risk. Also in the third quarter of 2011, we raised $1.5 billion from a whole loan sale of U.S. retail automotive loans. We manage the execution risk arising from secured funding by maintaining a diverse investor base and maintaining capacity in our committed secured facilities. At September 30, 2011, Ally Bank had exclusive access to $9.5 billion of funding capacity from committed credit facilities. Ally Bank also had access to a $4.1 billion committed facility that is shared with the parent company.

Nonbank Funding

At September 30, 2011, the parent company maintained cash liquidity of $10.1 billion and unused capacity in committed credit facilities of $15.7 billion, including an equal allocation of shared unused capacity of $4.0 billion from a facility also available to Ally Bank. The unused capacity amount at September 30, 2011, also includes $1.5 billion from forward flow sale commitments to fund future asset originations in Brazil and $2.4 billion from two new Ally Credit Canada facilities completed in the third quarter that was utilized in early October to refinance existing debt outstanding; therefore, management did not consider the Ally Credit Canada facilities amounts as available liquidity at September 30, 2011. Our ability to access unused capacity in secured facilities depends on having eligible assets to collateralize the incremental funding and, in some instances, the execution of interest rate hedges. Funding sources at the parent company generally consist of longer-term unsecured debt, committed credit facilities, asset-backed securitizations, and a modest amount of short-term borrowings. For this purpose, parent company includes our consolidated operations less our Insurance operations, ResCap, and Ally Bank.

In the first nine months of 2011, we have completed a total of $3.8 billion in funding through the debt capital markets. We will continue to access the unsecured debt capital markets on an opportunistic basis to help pre-fund upcoming debt maturities. In addition, we offer short-term and long-term unsecured debt through a retail debt program known as SmartNotes. SmartNotes are floating-rate instruments with fixed-maturity dates ranging from 9 months to 30 years that we have issued through a network of participating broker-dealers. There were $9.4 billion and $9.8 billion of SmartNotes outstanding at September 30, 2011, and December 31, 2010, respectively.

We also obtain short-term unsecured funding from the sale of floating-rate demand notes under our Demand Notes program. The holder has the option to require us to redeem these notes at any time without restriction. Demand Notes outstanding were $2.6 billion at September 30, 2011, compared to $2.0 billion at December 31, 2010. Unsecured short-term bank loans also provide short-term funding. At September 30, 2011, we had $4.3 billion in short-term unsecured debt

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outstanding, an increase of $0.1 billion from December 31, 2010. Refer to Note 14 and Note 15 to the Condensed Consolidated Financial Statements for additional information about our outstanding short-term borrowings and long-term unsecured debt, respectively.

Secured funding is also a significant source of financing at the parent company. In the United States, we completed a private securitization transaction that raised $3.6 billion of funding and we completed a new revolving secured credit facility that provides $1.0 billion of capacity in the third quarter. Internationally in the third quarter, we completed three new secured revolving credit facilities that provided $4.0 billion of capacity at September 30, 2011. We continue to maintain significant credit capacity at the parent company to fund automotive-related assets, including a $7.5 billion syndicated facility that can fund U.S. and Canadian automotive retail and commercial loans, as well as leases. In addition to this facility, there are a variety of others that provide funding in various countries. At September 30, 2011, there was a total of $25.1 billion of committed capacity available exclusively for the parent company in various facilities around the globe.

Funding Developments

During the first nine months of 2011, we have completed funding transactions totaling nearly $32 billion, and renewed key existing funding facilities as we realized ready access to both the public and private markets. Key funding highlights from the first nine months of 2011 were as follows:

We issued $3.8 billion of public term unsecured debt.

We raised $16.3 billion from the sale of asset-backed securities publicly and privately in multiple jurisdictions and raised $2.8 billion from whole loan sales of U.S. retail automotive loans.

We created $9.0 billion of new funding capacity from the completion of new facilities and increases to existing facilities.

We renewed $18.9 billion of key funding facilities that fund our Automotive Finance and Mortgage operations.

In March, we completed a key first step in our plan to repay the U.S. taxpayer. The U.S. Department of Treasury (Treasury) was repaid $2.7 billion from the sale of all the Trust Preferred Securities that Treasury held with Ally. This represented the full value of Treasury s investment in these securities. Ally did not receive any proceeds from the offering of the Trust Preferred Securities.

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Funding Sources

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

As a result of our funding strategy to maximize funding sources at Ally Bank and grow our retail deposit base, the percentage of funding sources from Ally Bank has increased in 2011 from 2010 levels. In addition, deposits represent a larger portion of the overall funding mix.

($ in millions)	**Bank**	**Nonbank**	**Total**	**%**
September 30, 2011				
Secured financings	**$ 23,280**	**$ 25,047**	**$ 48,327**	**35**
Institutional term debt		**23,047**	**23,047**	**16**
Retail debt programs (a)		**14,437**	**14,437**	**10**
Temporary Liquidity Guarantee Program (TLGP)		**7,400**	**7,400**	**5**
Bank loans and other	**1**	**2,195**	**2,196**	**2**
Total debt (b)	**23,281**	**72,126**	**95,407**	**68**
Deposits (c)	**38,869**	**5,457**	**44,326**	**32**
Total on-balance sheet funding	**$ 62,150**	**$ 77,583**	**$ 139,733**	**100**
Off-balance sheet securitizations				
Mortgage loans	**$**	**$ 63,164**	**$ 63,164**	
December 31, 2010				
Secured financings	$ 20,199	$ 22,193	$ 42,392	32
Institutional term debt		27,257	27,257	21
Retail debt programs (a)		14,249	14,249	10
Temporary Liquidity Guarantee Program (TLGP)		7,400	7,400	6
Bank loans and other	1	2,374	2,375	2
Total debt (b)	20,200	73,473	93,673	71
Deposits (c)	33,917	5,131	39,048	29
Total on-balance sheet funding	$ 54,117	$ 78,604	$ 132,721	100
Off-balance sheet securitizations				
Mortgage loans	$	$ 69,356	$ 69,356	

(a) Primarily includes $9.4 billion and $9.8 billion of Ally SmartNotes at September 30, 2011, and December 31, 2010, respectively.
(b) Excludes fair value adjustment as described in Note 15 to the Condensed Consolidated Financial Statements.
(c) Bank deposits include retail, brokered, mortgage escrow, and other deposits. Nonbank deposits include dealer wholesale deposits and deposits at ResMor Trust. Intercompany deposits are not included.

Refer to Note 15 to the Condensed Consolidated Financial Statements for a summary of the scheduled maturity of long-term debt at September 30, 2011.

Funding Facilities

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

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, 2011, $34.7 billion of our $40.1 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, 2011, we had $16.8 billion of committed funding capacity with a remaining tenor greater than 364 days, which is an increase of $4.6 billion from June 30, 2011.

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Committed Funding Facilities

	Outstanding		Unused capacity (a)		Total capacity	
($ in billions)	**Sept. 30, 2011**	Dec. 31, 2010	**Sept. 30, 2011**	Dec. 31, 2010	**Sept. 30, 2011**	Dec. 31, 2010
Bank funding						
Secured	**$ 5.4**	$ 6.4	**$ 4.1**	$ 1.9	**$ 9.5**	$ 8.3
Nonbank funding						
Unsecured						
Automotive Finance operations	**0.3**	0.8	**0.5**		**0.8**	0.8
Secured						
Automotive Finance operations (b)	**11.1**	8.3	**13.2**	9.1	**24.3**	17.4
Mortgage operations	**0.8**	1.0	**0.6**	0.6	**1.4**	1.6
Total nonbank funding	**12.2**	10.1	**14.3**	9.7	**26.5**	19.8
Shared capacity (c)	**0.1**	0.2	**4.0**	3.9	**4.1**	4.1
Total committed facilities	**$ 17.7**	$ 16.7	**$ 22.4**	$ 15.5	**$ 40.1**	$ 32.2

(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) Unused capacity includes forward flow sale commitments to fund future asset originations in Brazil totaling $1.5 billion at September 30, 2011, and $1.2 billion at December 31, 2010. Also included at September 30, 2011, was unused capacity of $2.4 billion from two new Ally Credit Canada facilities completed in the third quarter that was substantially utilized in early October to refinance existing debt outstanding.

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

Uncommitted Funding Facilities

	Outstanding		Unused capacity		Total capacity	
($ in billions)	**Sept. 30, 2011**	Dec. 31, 2010	**Sept. 30, 2011**	Dec. 31, 2010	**Sept. 30, 2011**	Dec. 31, 2010
Bank funding						
Secured						
Federal Reserve funding programs	**$**	$	**$ 3.2**	$ 4.0	**$ 3.2**	$ 4.0
FHLB advances	**4.1**	5.3	**1.7**	0.2	**5.8**	5.5
Total bank funding	**4.1**	5.3	**4.9**	4.2	**9.0**	9.5
Nonbank funding						
Unsecured						
Automotive Finance operations	**1.7**	1.4	**0.5**	0.6	**2.2**	2.0
Secured						
Automotive Finance operations	**0.1**	0.1	**0.1**		**0.2**	0.1
Mortgage operations			**0.1**	0.1	**0.1**	0.1
Total nonbank funding	**1.8**	1.5	**0.7**	0.7	**2.5**	2.2
Total uncommitted facilities	**$ 5.9**	$ 6.8	**$ 5.6**	$ 4.9	**$ 11.5**	$ 11.7

Bank Funding Facilities

Facilities for Automotive Finance Operations Secured

At September 30, 2011, Ally Bank had exclusive access to $9.5 billion of funding capacity from committed credit facilities. Ally Bank s largest facility is a $7.5 billion revolving syndicated credit facility secured by automotive receivables. At September 30, 2011, the amount outstanding under this facility was $3.9 billion. Ally Bank also had access to a $4.1 billion committed facility that is shared with the parent company. In the event these facilities are not renewed, the outstanding debt will be repaid over time as the underlying collateral amortizes.

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Nonbank Funding Facilities

Facilities for Automotive Finance Operations Unsecured

Revolving credit facilities At September 30, 2011, we maintained $486 million of commitments in our U.S. unsecured revolving credit facility maturing June 2012. We also maintained $263 million of committed unsecured bank facilities in Canada and $71 million in Europe. The Canadian facilities expire in June 2012 and the European facility expires in March 2012.

Facilities for Automotive Finance Operations Secured

The parent company s largest facility is a $7.5 billion revolving syndicated credit facility secured by U.S. and Canadian automotive receivables. In the event this facility is not renewed at maturity, the outstanding debt will be repaid over time as the underlying collateral amortizes. At September 30, 2011, there was no debt outstanding under this facility.

In addition to our syndicated revolving credit facility, we also maintain various bilateral and multilateral secured credit facilities in multiple countries that fund our Automotive Finance operations. These are primarily private securitization facilities that fund a specific pool of automotive assets. Many of the facilities have revolving commitments and allow for the funding of additional assets during the commitment period. At September 30, 2011, the parent company maintained exclusive access to $24.3 billion of committed secured credit facilities to fund automotive assets and also had access to a $4.1 billion committed facility that is shared with Ally Bank.

Facilities for Mortgage Operations Secured

At September 30, 2011, we had capacity of $500 million to fund eligible mortgage servicing rights and capacity of $475 million to fund mortgage servicer advances. We also maintained an additional $394 million of committed capacity to fund mortgage loans.

Cash Flows

Net cash provided by operating activities was $5.8 billion for the nine months ended September 30, 2011, compared to $11.5 billion for the same period in 2010. During the nine months ended September 30, 2011, the net cash inflow from sales and repayment of mortgage and automotive loans held-for-sale exceeded cash outflow from new originations and purchases of such loans by $1.9 billion. During the nine months ended September 30, 2010, this activity resulted in a net cash inflow of $6.2 billion.

Net cash used in investing activities was $6.8 billion for the nine months ended September 30, 2011, compared to $3.6 billion for the same period in 2010. Net cash flows from finance receivables and loans increased $2.0 billion for the nine months ended September 30, 2011, compared to the same period in 2010. The cash outflow to purchase operating lease assets exceeded cash inflows from disposals of such assets by $470 million for the nine months ended September 30, 2011. These activities resulted in a net cash inflow of $4.3 billion for the nine months ended September 30, 2010. The shift in net cash flow attributable to leasing activities compared to the prior year was primarily due to a year over year increase in lease origination activity. Cash received from sales and maturities of available-for-sale investment securities, net of purchases, decreased $326 million during the nine months ended September 30, 2011, compared to the same period in 2010.

Net cash provided by financing activities for the nine months ended September 30, 2011, totaled $5.9 billion, compared to net cash used of $11.3 billion in the same period in 2010. Cash generated from long-term debt issuances exceeded cash used to repay such debt by $2.3 billion for the nine months ended September 30, 2011. For the comparable period in 2010, cash repayments exceeded proceeds from new issuances of long-term debt by $11.6 billion. Also contributing to the increase in cash inflow was an increase in short-term debt obligations of $3.6 billion for the nine months ended September 30, 2011, compared to the same period in 2010.

Comprehensive Capital Analysis and Review

The Comprehensive Capital Analysis and Review (CCAR) involves the Board of Governors of the Federal Reserve System (the FRB) forward-looking evaluation of the internal capital planning processes of large, complex bank holding companies and their proposals to undertake capital actions in 2011, such as increasing dividend payments or repurchasing or redeeming stock. In November 2010, the FRB issued guidelines to provide a common, conservative approach to ensure that

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bank holding companies hold adequate capital to maintain ready access to funding, continue operations, and meet their obligations to creditors and counterparties, and continue to serve as credit intermediaries, even under adverse conditions. As a large bank holding company, we submitted a comprehensive capital plan and additional supervisory information to the FRB during the first quarter of 2011 in conjunction with CCAR. We remain in regular dialogue with our regulators regarding capital management and are in the process of finalizing our comprehensive capital plan that will be submitted in early 2012.

Regulatory Capital

Refer to Note 18 to the Condensed Consolidated Financial Statements.

Credit Ratings

The cost and availability of unsecured financing are influenced by credit ratings, which are intended to be an indicator of the creditworthiness of a particular company, security, or obligation. Lower ratings result in higher borrowing costs and reduced access to capital markets. This is particularly true for certain institutional investors whose investment guidelines require investment-grade ratings on term debt and the two highest rating categories for short-term debt (particularly money market investors).

Nationally recognized statistical rating organizations rate substantially all our debt. The following table summarizes our current ratings and outlook by the respective nationally recognized rating agencies.

Rating agency	Commercial paper	Senior debt	Outlook	Date of last action
Fitch	B	BB	Stable	February 2, 2011 (a)
Moody s	Not-Prime	B1	Stable	February 7, 2011 (b)
S&P	C	B+	Stable	May 4, 2011 (c)
DBRS	R-4	BB-Low	Positive	February 4, 2011 (d)

(a) Fitch upgraded our senior debt rating to BB from B, affirmed the commercial paper rating of B, and changed the outlook to Stable on February 2, 2011.
(b) Moody s upgraded our senior debt rating to B1 from B3, affirmed the commercial paper rating of Not-Prime, and affirmed the outlook of Stable on February 7, 2011.
(c) Standard & Poor s upgraded our senior debt rating to B+ from B, affirmed the commercial paper rating of C, and affirmed the outlook of Stable on May 4, 2011.
(d) DBRS affirmed our senior debt rating of BB-Low, affirmed the commercial paper rating of R-4, and changed the outlook to Positive on February 4, 2011.

Off-balance Sheet Arrangements

Refer to Note 10 to the Condensed Consolidated Financial Statements.

Purchase Obligations

Loan Repurchases and Obligations Related to Loan Sales

Overview Certain mortgage companies (the Mortgage Companies) within our Mortgage operations sell loans that take the form of securitizations guaranteed by the GSEs, securitizations to private investors, and to whole-loan investors. In connection with a portion of our private-label securitizations, the monolines insured all or some of the related bonds and guaranteed timely repayment of bond principal and interest when the issuer defaults. In connection with securitizations and loan sales, investors are provided various representations and warranties related to the loans sold. The specific representations and warranties vary among different transactions and investors but typically relate to, among other things, the ownership of the loan, the validity of the lien securing the loan, the loan s compliance with the criteria for inclusion in the transaction, including compliance with underwriting standards or loan criteria established by the buyer, the ability to deliver required documentation and compliance with applicable laws. In general, the representations and warranties described above may be enforced against the applicable Mortgage Companies at any time unless a sunset provision is in place. Upon discovery of a breach of a representation or warranty, the breach is corrected in a manner conforming to the provisions of the sale agreement. This may require the applicable Mortgage Companies to repurchase the loan, indemnify the investor for incurred losses, or otherwise make the investor whole. We have entered into settlement agreements with both Fannie Mae and Freddie Mac that, subject to certain exclusions, limit our remaining exposure with the GSEs. See *Government-sponsored Enterprises* below. ResCap assumes all of the customary mortgage representation and warranty obligations for loans purchased from Ally Bank

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and subsequently sold into the secondary market, generally through securitizations guaranteed by the GSEs. In the event ResCap fails to meet these obligations, Ally Financial Inc. has provided Ally Bank a guaranteed coverage of liability.

Originations We believe the exposure of the applicable Mortgage Companies to mortgage representation and warranty claims is most significant for loans originated and sold between 2004 through 2008, specifically the 2006 and 2007 vintages that were originated and sold prior to enhanced underwriting standards and risk-mitigation actions implemented in 2008 and forward. Since 2009, we have focused primarily on originating domestic prime conforming and government-insured mortgages. In addition, we ceased offering interest-only jumbo mortgages in 2010. Our representation and warranty risk-mitigation strategies include, but are not limited to, pursuing settlements with investors where economically beneficial in order to resolve a pipeline of demands in lieu of loan-by-loan assessments that could result in us repurchasing loans, aggressively contesting claims we do not consider valid (rescinding claims), or seeking recourse against correspondent lenders from whom we purchased loans wherever appropriate.

The following table summarizes domestic mortgage loans sold with contractual representation and warranty obligations by the type of investor (original unpaid principal balance).

	Nine months ended September 30,	Year ended December 31,						
($ in billions)	**2011**	2010	2009	2008	2007	2006	2005	2004
GSEs								
Fannie Mae	**$ 24.0**	$ 35.3	$ 21.2	$ 24.9	$ 31.6	$ 33.5	$ 31.8	$ 30.5
Freddie Mac	**12.7**	15.7	8.7	12.3	15.5	12.6	16.1	13.7
Ginnie Mae	**5.8**	16.2	24.9	12.5	3.2	3.6	4.2	4.8
Private-label securitizations								
Insured (monolines)					6.5	10.7	10.4	15.1
Uninsured		0.3			29.1	63.6	53.5	35.9
Whole-loan	**0.1**	1.6	0.1	2.2	8.2	23.9	17.4	10.9
Total sales	**$ 42.6**	$ 69.1	$ 54.9	$ 51.9	$ 94.1	$ 147.9	$ 133.4	$ 110.9

Repurchase Process After receiving a claim under representation and warranty obligations, the applicable Mortgage Companies will review the claim to determine the appropriate response (e.g. appeal, provide additional information, repurchase the loan, or remit make-whole payment) and take appropriate action. Historically, repurchase demands were related to loans that became delinquent within the first few years following origination and varied by investor. As a result of market developments over the past several years, repurchase demand behavior has changed significantly. GSEs are more likely to submit claims for loans at any point in their life cycle. Investors are more likely to submit claims for loans that become delinquent at any time while a loan is outstanding or when a loan incurs a loss. Refer to Note 24 to the Condensed Consolidated Financial Statements for additional information related to pending litigation. Representation and warranty claims are generally reviewed on a loan-by-loan basis to validate if there has been a breach requiring a potential repurchase or indemnification payment. The applicable Mortgage Companies actively contest claims to the extent they are not considered valid. The applicable Mortgage Companies are not required to repurchase a loan or provide an indemnification payment where claims are not valid.

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During the three and nine months ended September 30, 2011, we experienced a decrease in new claims compared to 2010, in part due to settlements with key counterparties. The following table presents new claims by vintage (original unpaid principal balance).

	Three months ended September 30,		Nine months ended September 30,	
($ in millions)	**2011**	2010	**2011**	2010
2004 and prior period	**$ 7**	$ 11	**$ 30**	$ 35
2005	**4**	17	**25**	44
2006	**35**	67	**272**	200
2007	**35**	108	**92**	362
2008	**43**	61	**113**	225
Post 2008	**29**	17	**134**	31
Unspecified		1	**2**	1
Total claims	**$ 153**	$ 282	**$ 668**	$ 898

The risk of repurchase or indemnification and the associated credit exposure is managed through underwriting and quality assurance practices and by servicing mortgage loans to meet investor standards. We believe that, in general, the longer a loan performs prior to default the less likely it is that an alleged breach of representation and warranty will be found to have a material and adverse impact on the loan s performance. When loans are repurchased, the applicable Mortgage Companies bear the related credit loss on the loans. Repurchased loans are classified as held-for-sale and initially recorded at fair value.

Refer to Note 24 to the Condensed Consolidated Financial Statements for additional information related to our representation and warranty obligations.

The following table summarizes the unpaid principal balance on mortgage loans repurchased in connection with our representation and warranty obligations.

	Three months ended September 30,		Nine months ended September 30,	
($ in millions)	**2011**	2010	**2011**	2010
GSEs (a)	**$ 1**	$ 68	**$ 101**	$ 304
Private-label securitizations				
Insured (monolines)		6		10
Uninsured	**1**		**29**	
Whole-loan/other		22	**8**	74
Total loan repurchases	**$ 2**	$ 96	**$ 138**	$ 388

(a) The three months ended September 30, 2011, includes GSE repurchases of $34 million offset by a $33 million year-to-date reclassification for repurchases that were subsequently determined not to be representation and warranty repurchases.

The following table summarizes indemnification payments made in connection with our representation and warranty obligations.

	Three months ended September 30,	Nine months ended September 30,

($ in millions)	**2011**	2010	**2011**	2010
GSEs	**$ 14**	$ 46	**$ 42**	$ 186
Private-label securitizations				
Insured (monolines)		3	**10**	9
Uninsured	**45**		**168**	
Whole-loan/other	**5**	2	**17**	11
Total indemnification payments	**$ 64**	$ 51	**$ 237**	$ 206

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The following table presents the total number and original unpaid principal balance of loans related to unresolved representation and warranty demands (indemnification claims or repurchase demands). The table includes demands that we have requested be rescinded but which have not been agreed to by the investor.

	September 30, 2011		December 31, 2010	
	Number of loans	**Dollar amount of loans**	Number of loans	Dollar amount of loans
($ in millions)				
GSEs	**449**	**$ 96**	833	$ 170 (a)
Monolines	**12,595**	**909**	8,206	661
Whole-loan/other	**481**	**85**	392	88
Total number of loans and unpaid principal balance	**13,525**	**$ 1,090**	9,431	$ 919

(a) This amount is gross of any loans that would be removed due to the Fannie Mae settlement. At December 31, 2010, $48 million of outstanding claims were covered under the Fannie Mae settlement agreement.

Certain of our Mortgage Companies are currently in litigation with MBIA Insurance Corp. (MBIA) with respect to certain of their private-label securitizations. The table above includes unresolved monoline repurchase demands of $463 million of original unpaid principal balance with MBIA at September 30, 2011, which were received prior to commencement of these proceedings by MBIA. Historically we have requested that most of the repurchase demands presented to us by MBIA be rescinded, consistent with the repurchase process described above. As the litigation progresses, we expect to receive additional repurchase demands from MBIA. We also expect to receive additional repurchase demands from other monolines. In addition, third-party investors may also bring contractual representation and warranties claims against us.

Representation and Warranty Obligation Reserve Methodology The liability for representation and warranty obligations reflects management s best estimate of probable lifetime losses at the applicable Mortgage Companies. We consider historical and recent demand trends in establishing the reserve. The methodology used to estimate the reserve considers a variety of assumptions including borrower performance (both actual and estimated future defaults), repurchase demand behavior, historical loan defect experience, historical mortgage insurance rescission experience, and historical and estimated future loss experience, which includes projections of future home price changes as well as other qualitative factors including investor behavior. In cases where we do not have or have limited current or historical demand experience with an investor, it is difficult to predict and estimate the level and timing of any potential future demands. In such cases, we may not be able to reasonably estimate losses, and a liability is not recognized. Management monitors the adequacy of the overall reserve and makes adjustments to the level of reserve, as necessary, after consideration of other qualitative factors including ongoing dialogue and experience with counterparties.

At the time a loan is sold, an estimate of the fair value of the liability is recorded and classified in accrued expenses and other liabilities on our Condensed Consolidated Balance Sheet and recorded as a component of gain (loss) on mortgage and automotive loans, net, in our Condensed Consolidated Statement of Income. We recognize changes in the liability when additional relevant information becomes available. Changes in the liability are recorded as other operating expenses in our Condensed Consolidated Statement of Income. The repurchase reserve at September 30, 2011, relates primarily to non-GSE exposure.

Government-sponsored Enterprises Between 2004 and 2008, the applicable Mortgage Companies sold $250.8 billion of loans to the GSEs. Each GSE has specific guidelines and criteria for sellers and servicers of loans underlying their securities. In addition, the risk of credit loss of the loan sold was generally transferred to investors upon sale of the securities into the secondary market. Conventional conforming loans were sold to either Freddie Mac or Fannie Mae, and government-insured loans were securitized with Ginnie Mae. For the nine months ended September 30, 2011, the applicable Mortgage Companies received repurchase claims relating to $351 million of original unpaid principal balance of which $218 million are associated with the 2004 through 2008 vintages. The remaining $133 million in repurchase claims relate to post-2008 vintages. During the nine months ended September 30, 2011, the applicable Mortgage Companies resolved claims with respect to $425 million of original unpaid principal balance, including settlement, repurchase, or indemnification payments related to $267 million of original unpaid principal balance, and rescinded claims related to $158 million of original unpaid principal balance. The applicable Mortgage Companies representation and warranty obligation liability with respect

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to the GSEs considers the existing unresolved claims and our best estimate of future claims we might receive. The Mortgage Companies consider its experiences with the GSE in evaluating its liability. During 2010, we reached agreements with Freddie Mac and Fannie Mae that, subject to certain exclusions, limits the remaining exposure of the applicable Mortgage Companies to each counterparty.

In March 2010, certain of our Mortgage Companies entered into an agreement with Freddie Mac under which we made a one-time payment to Freddie Mac for the release of repurchase obligations relating to most of the mortgage loans sold to Freddie Mac prior to January 1, 2009. This agreement does not release obligations of the applicable Mortgage Companies with respect to exposure for private-label mortgage-backed securities in which Freddie Mac had previously invested, loans where Ally Bank is the owner of the servicing, as well as defects in certain other specified categories of loans. Further, the applicable Mortgage Companies continue to be responsible for other contractual obligations we have with Freddie Mac, including all indemnification obligations that may arise in connection with the servicing of the mortgages. The total original unpaid principal balance of loans originated prior to January 1, 2009 and where Ally Bank was the owner of the servicing was $10.9 billion. From January 1, 2009 through September 30, 2011, the amount of losses we have taken on loans that we have repurchased relating to defects where Ally Bank was the owner of the servicing was $95 million. From April 1, 2010 through September 30, 2011, the amount of losses we have taken on loans that we have repurchased relating to defects in the other specified categories was $18 million. These other specified categories include (i) loans subject to certain state predatory lending and similar laws; (ii) groups of 25 or more mortgage loans purchased, originated, or serviced by one of our mortgage subsidiaries, the purchase, origination, or sale of which all involve a common actor who committed fraud; (iii) non-loan-level representations and warranties which refer to representations and warranties that do not relate to specific mortgage loans (examples of such non-loan-level representations and warranties include the requirement that our mortgage subsidiaries meet certain standards to be eligible to sell or service loans for Freddie Mac or our mortgage subsidiaries sold or serviced loans for market participants that were not acceptable to Freddie Mac); and (iv) mortgage loans that are ineligible for purchase by Freddie Mac under its charter and other applicable documents. If, however, a mortgage loan was ineligible under Freddie Mac s charter solely because mortgage insurance was rescinded (rather than for example, because the mortgage loan is secured by a commercial property), and Freddie Mac required our mortgage subsidiary to repurchase that loan because of the ineligibility, Freddie Mac would pay our mortgage subsidiary any net loss we suffered on any later liquidation of that mortgage loan.

Certain of our Mortgage Companies received subpoenas in July 2010 from the Federal Housing Finance Agency (the FHFA), which is the conservator of Fannie Mae and Freddie Mac. The subpoenas relating to Fannie Mae investments have been withdrawn with prejudice. The FHFA indicated that documents provided in response to the remaining subpoenas will enable the FHFA to determine whether they believe issuers of private-label MBS are potentially liable to Freddie Mac for losses they might have incurred. Although Freddie Mac has not brought any claims against us with respect to private label securities subsequent to the settlement, they may well do so in the future. FHFA has commenced litigation. Refer to Item 1. Legal Proceedings for Additional Information.

On December 23, 2010, certain of our mortgage subsidiaries entered into an agreement with Fannie Mae under which we made a one-time payment to Fannie Mae for the release of repurchase obligations related to most of the mortgage loans we sold to Fannie Mae prior to June 30, 2010. The agreement also covers potential exposure for private-label mortgage-backed securities in which Fannie Mae had previously invested. This agreement does not release the obligations of the applicable Mortgage Companies with respect to loans where Ally Bank is the owner of the servicing, as well as for defects in certain other specified categories of loans. Further, the applicable Mortgage Companies continue to be responsible for other contractual obligations they have with Fannie Mae, including all indemnification obligations that may arise in connection with the servicing of the mortgages, and the applicable Mortgage Companies continue to be obligated to indemnify Fannie Mae for litigation or third party claims (including by borrowers) for matters that may amount to breaches of selling representations and warranties. The total original unpaid principal balance of loans originated prior to January 1, 2009 and where Ally Bank was the owner of the servicing was $24.4 billion. From July 1, 2010 through September 30, 2011, the amount of losses we have taken on loans that we have repurchased relating to defects where Ally Bank was the owner of the servicing was $77 million. From January 1, 2011 through September 30, 2011, the amount of losses we have taken on loans that we have repurchased relating to defects in the other specified categories of loans was $5 million. These other specified categories include, among others, (i) those that violate anti-predatory laws or statutes or related regulations or that otherwise violate other applicable laws and regulations; (ii) those that have non-curable defects in title to the secured property, or that have curable title defects, to the extent our mortgage subsidiaries do not cure such defects at our subsidiary s expense; (iii) any mortgage loan in which

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title or ownership of the mortgage loan was defective; (iv) groups of 13 or more mortgage loans, the purchase, origination, sale, or servicing of which all involve a common actor who committed fraud; and (v) mortgage loans not in compliance with Fannie Mae Charter Act requirements (e.g., mortgage loans on commercial properties or mortgage loans without required mortgage insurance coverage). If a mortgage loan falls out of compliance with Fannie Mae Charter Act requirements because mortgage insurance coverage has been rescinded and not reinstated or replaced, upon the borrower s default our mortgage subsidiaries would have to pay to Fannie Mae the amount of insurance proceeds that would have been paid by the mortgage insurer with respect to such mortgage loan. If the amount of the loss exceeded the amount of insurance proceeds, Fannie Mae would be responsible for such excess.

The following tables summarize the changes in the original unpaid principal balance related to unresolved repurchase demands with respect to our GSE exposure.

Three months ended September 30, *($ in millions)*	**2011**	2010
Balance at July 1,	**$ 115**	$ 190
New claims	**101**	225
Realized losses (a)	**(56)**	(150)
Rescinded claims/other	**(64)**	(47)
Balance at September 30,	**$ 96**	$ 218

(a) Losses include settlements, repurchases, and indemnification payments.

Nine months ended September 30, *($ in millions)*	**2011**	2010
Balance at January 1,	**$ 170**	$ 296
New claims	**351**	746
Realized losses (a)	**(267)**	(659)
Rescinded claims/other	**(158)**	(165)
Balance at September 30,	**$ 96**	$ 218

(a) Losses include settlements, repurchases, and indemnification payments.

Monoline Insurers Historically, our applicable Mortgage Companies securitized loans where the monolines insured all or some of the related bonds and guaranteed the timely repayment of bond principal and interest when the issuer defaults. Typically, any alleged breach requires the insurer to have both the ability to assert a claim as well as evidence that a defect has had a material and adverse effect on the interest of the security holders or the insurer. For the period 2004 through 2007, our Mortgage Companies sold $42.7 billion of loans into these monoline-wrapped securitizations. During the nine months ended September 30, 2011, our Mortgage Companies received repurchase claims related to $254 million of original unpaid principal balance from the monolines associated with the 2004 through 2007 securitizations. Our Mortgage Companies have resolved repurchase demands through indemnification payments related to $17 million of original unpaid principal balance.

Certain of our Mortgage Companies are currently in litigation with MBIA, and additional litigation with other monolines is likely. Refer to Note 24 to the Condensed Consolidated Financial Statements for information with respect to pending litigation.

The following tables summarize the changes in our original unpaid principal balance related to unresolved repurchase demands with respect to our monoline exposure.

Three months ended September 30, *($ in millions)*	**2011**	2010
Balance at July 1,	**$ 874**	$ 601
New claims	**28**	40
Realized losses (a)	**(1)**	(6)
Rescinded claims/other	**8**	(3)

Balance at September 30,	**$ 909**	$ 632

(a) Losses include settlements, repurchases, and indemnification payments.

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Nine months ended September 30, *($ in millions)*	**2011**	2010
Balance at January 1,	**$ 661**	$ 553
New claims	**254**	111
Realized losses (a)	**(17)**	(24)
Rescinded claims/other	**11**	(8)
Balance at September 30,	**$ 909**	$ 632

(a) Losses include settlements, repurchases, and indemnification payments.

Private-label Securitization Historically, our Mortgage operations were very active in the securitization market selling whole loans into special-purpose entities and selling these private-label mortgage-backed securities to investors.

The following table summarizes the original unpaid principal balance of our domestic uninsured private-label securitization activity issued from various shelf registration statements of our subsidiaries and its corresponding majority product type and current unpaid principal balance for securitizations completed during 2004 through 2007.

($ in billions)	**Original UPB**	**Current UPB at September 30, 2011**	UPB at December 31, 2010
RFMSI (Prime)	**$ 21.8**	**$ 8.7**	$ 10.0
RALI (Alt-A and Option ARM)	**66.7**	**27.2**	30.7
RAMP (Subprime and other)	**55.9 (a)**	**13.4**	15.0
RASC (Subprime)	**36.8**	**8.2**	9.0
RFMSII (HELOC)	**0.9**	**0.3**	0.3
Total	**$ 182.1**	**$ 57.8**	$ 65.0

(a) RAMP original unpaid principal balance comprises $37.7 billion subprime, $8.8 billion prime, and $9.4 billion other.

The following table summarizes the original unpaid principal balance of our domestic monoline insured private-label securitization activity issued from various shelf registration statements of our subsidiaries and its corresponding majority product type and current unpaid principal balance for securitizations completed during 2004 through 2007.

($ in billions)	**Original UPB**	**Current UPB at September 30, 2011**	UPB at December 31, 2010
RFMSI (Prime)	**$ 1.7**	**$ 0.5**	$ 0.6
RALI (Option ARM and Alt-A)	**1.4**	**0.6**	0.7
RAMP (HELOC and Subprime)	**26.5**	**6.5**	7.3
RASC (Subprime)	**3.6**	**0.7**	0.7
RFMSII (HELOC)	**9.5**	**2.2**	2.6
Total	**$ 42.7**	**$ 10.5**	$ 11.9

In general, representations and warranties provided as part of our securitization activities are less rigorous than those provided to the GSEs and generally impose higher burdens on parties seeking repurchase. In order to successfully assert a claim, it is our position that a claimant must prove a breach of the representations and warranties that materially and adversely affects the interest of the investor in the allegedly defective loan. Securitization documents typically provide the investors with a right to request that the trustee investigate and initiate a repurchase claim. However, a class of investors generally are required to coordinate with other investors in that class comprising not less than 25%, and in some cases, 50%, of the percentage interest constituting a class of securities of that class issued by the trust to pursue claims for breach of

representations and warranties. In addition, our private-label securitizations generally require that the servicer or trustee give notice to the other parties whenever it becomes aware of facts or circumstances that reveal a breach of representation that materially and adversely affects the interest of the certificate holders.

Regarding our securitization activities, certain of our Mortgage Companies have exposure to potential losses primarily through two avenues. First, investors, through trustees to the extent required by the applicable agreements (or monoline

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insurers in certain transactions), may request pursuant to applicable agreements that the applicable Mortgage Company repurchase loans or make the investor whole for losses incurred if it is determined that the applicable Mortgage Companies violated representations and warranties made at the time of the sale, provided that such violations materially and adversely impacted the interests of the counterparty. Contractual representations and warranties are different based on the specific deal structure and investor. It is our position that litigation of these matters must proceed on a loan by loan basis. This issue is being disputed in various litigation currently pending in the industry. Similarly in dispute as a matter of law is the degree to which claimants will have to prove that the alleged breaches of representations and warranties actually caused the losses they claim to have suffered. Ultimate resolution by courts of these and other legal issues will impact litigation and treatment of non-litigated claims pursuant to similar contractual provisions. Second, investors in securitizations may attempt to achieve rescission of their investments or damages through litigation by claiming that the applicable offering documents were materially deficient. If an investor properly made and proved its allegations, the investor might attempt to claim that damages could include loss of market value on the investment even if there were little or no credit loss in the underlying loans.

Whole-loan Sales In addition to the settlements with the GSEs noted earlier, certain of our Mortgage Companies have settled with several whole-loan investors concerning alleged breaches of underwriting standards. For the nine months ended September 30, 2011, certain of our Mortgage Companies have received $62 million of original unpaid principal balance in repurchase claims of which $60 million are associated with the 2004 through 2008 vintages of loans sold to whole-loan investors. Certain of our Mortgage Companies resolved claims related to $65 million of original unpaid principal balance, including settlements, repurchases, or indemnification payments related to $24 million of original unpaid principal balance, and rescinded claims related to $41 million of original unpaid principal balance.

The following tables summarize the changes in the original unpaid principal balance related to unresolved repurchase demands with respect to our whole-loan sales exposure.

Three months ended September 30, *($ in millions)*	**2011**	2010
Balance at July 1,	**$ 89**	$ 37
New claims	**24**	16
Realized losses (a)	**(11)**	(7)
Rescinded claims/other	**(17)**	(8)
Balance at September 30,	**$ 85**	$ 38

(a) Losses include settlements, repurchases, and indemnification payments.

Nine months ended September 30, *($ in millions)*	**2011**	2010
Balance at January 1,	**$ 88**	$ 70
New claims	**62**	40
Realized losses (a)	**(24)**	(25)
Rescinded claims/other	**(41)**	(47)
Balance at September 30,	**$ 85**	$ 38

(a) Losses include settlements, repurchases, and indemnification payments.

Private Mortgage Insurance

Mortgage insurance is required for certain consumer mortgage loans sold to the GSEs and certain securitization trusts and may have been in place for consumer mortgage loans sold to whole-loan investors. Mortgage insurance is typically required for first-lien consumer mortgage loans having a loan-to-value ratio at origination of greater than 80 percent. Mortgage insurers are, in certain circumstances, permitted to rescind existing mortgage insurance that covers consumer loans if they demonstrate certain loan underwriting requirements have not been met. Upon receipt of a rescission notice, the applicable Mortgage Companies will assess the notice and, if appropriate, refute the notice, or if the notice cannot be refuted, the applicable Mortgage Companies attempt to remedy the defect. In the event the mortgage insurance cannot be reinstated, the applicable Mortgage Companies may be obligated to repurchase the loan or provide an indemnification payment in the event of a loss, subject to contractual limitations. While the applicable Mortgage Companies make every effort to reinstate the mortgage insurance, they have had limited success and as a result, most of these requests result in rescission of the mortgage insurance. At September 30, 2011, the applicable Mortgage Companies have approximately $219 million in original unpaid

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principal balance of outstanding mortgage insurance rescission notices where we have not received a repurchase demand. However, this unpaid principal amount is not representative of expected future losses.

Private-label Mortgage-backed Securities Litigation, Repurchase Obligations, and Related Claims

We believe it is reasonably possible that losses beyond amounts currently reserved for the litigation matters described in Note 24 and potential repurchase obligations and related claims discussed above could occur, and such losses could have a material adverse impact on our results of operations, financial position, or cash flows. However, based on currently available information, we are unable to estimate a range of reasonably possible losses above reserves that have been established.

Critical Accounting Estimates

We identified critical accounting estimates that, as a result of judgments, uncertainties, uniqueness, and complexities of the underlying accounting standards and operations involved could result in material changes to our financial condition, results of operations, or cash flows under different conditions or using different assumptions.

Our most critical accounting estimates are as follows.

Fair value measurements

Allowance for loan losses

Valuation of automobile lease assets, residuals, and allowance for lease losses

Valuation of mortgage servicing rights

Goodwill

Determination of reserves for insurance losses and loss adjustment expenses

Loan repurchase and obligations related to loan sales

Determination of provision for income taxes

There have been no significant changes in the methodologies and processes used in developing these estimates from what was described in our 2010 Annual Report on Form 10-K; however, as part of our quarterly assessment of critical accounting estimates, we have concluded to add the determination of our legal and regulatory reserves as one of our critical accounting estimates. Below is a description of the addition to our critical accounting estimates.

Legal and Regulatory Reserves As a litigation or regulatory matter develops, we, in conjunction with any outside counsel handling the matter, evaluate on an ongoing basis whether such matter presents a loss contingency that is both probable and estimable. In accordance with applicable accounting guidance, we establish an accrued liability for litigation and regulatory matters when those matters present loss contingencies that are both probable and estimable, with a corresponding amount recorded to other operating

expenses. If, at the time of evaluation, the loss contingency related to a litigation or regulatory matter is not both probable and estimable, we do not establish an accrued liability. We continue to monitor litigation or regulatory matters for further developments that could affect the requirement to establish an accrued liability or that may impact the amount of a previously established accrued liability. There may be exposure to loss in excess of any amounts accrued. For certain other matters where the risk of loss is determined to be reasonably possible, estimable, and material to the financial statements, disclosure regarding details of the matter and an estimated range of loss is required. The estimated range of possible loss does not represent our maximum loss exposure. Financial statement disclosure is also required for matters that are deemed probable or reasonably possible, material to the financial statements, but for which an estimated range of loss is not possible to determine. While we believe our reserves are adequate, the outcome of legal and regulatory proceedings is extremely difficult to predict and we may settle claims or be subject to judgments for amounts that differ from our estimates. For details regarding the nature of all material contingencies, refer to Note 24 to the Condensed Consolidated Financial Statements.

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Fair Value of Financial Instruments

We use fair value measurements to record fair value adjustments to certain instruments and to determine fair value disclosures. Refer to Note 21 to the Condensed Consolidated Financial Statements for description of valuation methodologies used to measure material assets and liabilities at fair value and details of the valuation models, key inputs to those models, and significant assumptions utilized. We follow the fair value hierarchy set forth in Note 21 to the Condensed Consolidated Financial Statements in order to prioritize the inputs utilized to measure fair value. We review and modify, as necessary, our fair value hierarchy classifications on a quarterly basis. As such, there may be reclassifications between hierarchy levels.

The following table summarizes assets and liabilities measured at fair value and the amounts measured using Level 3 inputs. The table includes recurring and nonrecurring measurements.

	September 30,	December 31,
($ in millions)	**2011**	2010
Assets at fair value	**$ 31,024**	$ 33,001
As a percentage of total assets	**17%**	19%
Liabilities at fair value	**$ 8,415**	$ 4,832
As a percentage of total liabilities	**5%**	3%
Assets at fair value using Level 3 inputs	**$ 4,972**	$ 6,969
As a percentage of assets at fair value	**16%**	21%
Liabilities at fair value using Level 3 inputs	**$ 890**	$ 1,090
As a percentage of liabilities at fair value	**11%**	23%

Level 3 assets declined 29% or $2.0 billion primarily due to a decline in mortgage servicing rights caused by a drop in interest rates and increased market volatility compared to favorable valuation adjustments in 2010. The decline in the Level 3 assets was also attributable to settlements of interests retained in securitization trusts and the fair value-elected finance receivables and loans, net. As the value of the finance receivable and loans, net declined, the value of the related on-balance sheet securitization debt also declined, which was the primary reason Level 3 liabilities declined by 18% or $200 million. The on-balance sheet securitization debt is also at fair value under the fair value option election.

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

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

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Statistical Table

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

Net Interest Margin Tables

The following tables present an analysis of net interest margin excluding discontinued operations for the periods shown.

Three months ended September 30,	2011			2010			Increase (decrease) due to (a)		
($ in millions)	**Average balance (b)**	**Interest income/ interest expense**	**Yield/ rate**	Average balance (b)	Interest income/ interest expense	Yield/ rate	**Volume**	**Yield/ rate**	**Total**
Assets									
Interest-bearing cash and cash equivalents	**$ 13,373**	**$ 14**	**0.42%**	$ 16,402	$ 22	0.53%	$ (4)	$ (4)	$ (8)
Trading securities	**351**	**4**	**4.52**	224	5	8.86	2	(3)	(1)
Investment securities (c)	**13,814**	**97**	**2.79**	11,151	81	2.88	19	(3)	16
Loans held-for-sale, net	**9,654**	**113**	**4.64**	12,118	153	5.01	(29)	(11)	(40)
Finance receivables and loans, net (d)	**112,478**	**1,682**	**5.93**	93,654	1,656	7.02	304	(278)	26
Investment in operating leases, net (e)	**9,040**	**253**	**11.10**	10,942	401	14.54	(63)	(85)	(148)
Total interest-earning assets	**158,710**	**2,163**	**5.41**	144,491	2,318	6.36	229	(384)	(155)
Noninterest-bearing cash and cash equivalents	**1,321**			686					
Other assets	**27,565**			39,304					
Allowance for loan losses	**(1,737)**			(2,350)					
Total assets	**$ 185,859**			$ 182,131					
Liabilities									
Interest-bearing deposit liabilities	**$ 42,131**	**$ 184**	**1.73%**	$ 34,583	$ 172	1.97%	$ 35	$ (23)	$ 12
Short-term borrowings	**7,320**	**98**	**5.31**	8,691	110	5.02	(18)	6	(12)
Long-term debt (f) (g) (h)	**92,313**	**1,297**	**5.57**	85,650	1,451	6.72	106	(260)	(154)
Total interest-bearing liabilities (g) (i)	**141,764**	**1,579**	**4.42**	128,924	1,733	5.33	123	(277)	(154)
Noninterest-bearing deposit liabilities	**2,509**			2,345					
Total funding sources (g) (j)	**144,273**	**1,579**	**4.34**	131,269	1,733	5.24			
Other liabilities	**21,529**			30,050					
Total liabilities	**165,802**			161,319					
Total equity	**20,057**			20,812					
Total liabilities and equity	**$ 185,859**			$ 182,131					
Net financing revenue		**$ 584**			$ 585		$ 106	$ (107)	$ (1)
Net interest spread (k)			**0.99%**			1.03%			
Net interest spread excluding original issue discount (k)			**1.68**			2.10			
Net interest spread excluding original issue discount and including noninterest bearing deposit liabilities (k)			**1.75**			2.18			
Net yield on interest-earning assets (l)			**1.46**			1.61			
Net yield on interest-earning assets excluding original issue discount (l)			**2.02**			2.46			

(a) Changes in interest not solely due to volume or yield/rate are allocated in proportion to the absolute dollar amount of change in volume and yield/rate.

(b) Average balances are calculated using a combination of monthly and daily average methodologies.
(c) Excludes income on equity investments of $6 million and $5 million during the three months ended September 30, 2011 and 2010, respectively. Yields on available-for-sale debt securities are based on fair value as opposed to historical cost.
(d) Nonperforming finance receivables and loans are included in the average balances. For information on our accounting policies regarding nonperforming status refer to Note 1 to the Consolidated Financial Statements in our 2010 Annual Report on Form 10-K.
(e) Includes gains on sale of $74 million and $162 million during the three months ended September 30, 2011 and 2010, respectively. Excluding these gains on sale, the annualized yield would be 7.86% and 8.67% at September 30, 2011 and 2010, respectively.
(f) Includes the effects of derivative financial instruments designated as hedges.
(g) Average balance includes $2,363 million and $3,607 million related to original issue discount at September 30, 2011 and 2010, respectively. Interest expense includes original issue discount amortization of $225 million and $311 million during the three months ended September 30, 2011 and 2010, respectively.
(h) Excluding original issue discount the rate on long-term debt was 4.49% and 5.07% at September 30, 2011 and 2010, respectively.
(i) Excluding original issue discount the rate on total interest-bearing liabilities was 3.73% and 4.26% at September 30, 2011 and 2010, respectively.
(j) Excluding original issue discount the rate on total funding sources was 3.66% and 4.18% at September 30, 2011 and 2010, respectively.
(k) Net interest spread represents the difference between the rate on total interest-earning assets and the rate on total interest-bearing liabilities.
(l) Net yield on interest-earning assets represents net financing revenue as a percentage of total interest-earning assets.

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Nine months ended September 30, ($ in millions)	2011 Average balance (b)	2011 Interest income/ interest expense	2011 Yield/ rate	2010 Average balance (b)	2010 Interest income/ interest expense	2010 Yield/ rate	Increase (decrease) due to (a) Volume	Increase (decrease) due to (a) Yield/ rate	Increase (decrease) due to (a) Total
Assets									
Interest-bearing cash and cash equivalents	**$ 12,776**	**$ 41**	**0.43%**	$ 14,812	$ 54	0.49%	$ (7)	$ (6)	$ (13)
Trading securities	**272**	**10**	**4.92**	246	12	6.52	1	(3)	(2)
Investment securities (c)	**14,236**	**298**	**2.80**	11,205	262	3.13	66	(30)	36
Loans held-for-sale, net	**8,953**	**319**	**4.76**	13,866	524	5.05	(177)	(28)	(205)
Finance receivables and loans, net (d)	**109,498**	**4,981**	**6.08**	89,504	4,891	7.31	988	(898)	90
Investment in operating leases, net (e)	**8,997**	**1,076**	**15.99**	12,906	1,393	14.43	(456)	139	(317)
Total interest-earning assets	**154,732**	**6,725**	**5.81**	142,539	7,136	6.69	415	(826)	(411)
Noninterest-bearing cash and cash equivalents	**1,125**			541					
Other assets	**25,486**			38,862					
Allowance for loan losses	**(1,805)**			(2,468)					
Total assets	**$ 179,538**			$ 179,474					
Liabilities									
Interest-bearing deposit liabilities	**$ 40,233**	**$ 531**	**1.76%**	$ 32,451	$ 485	2.00%	$ 107	$ (61)	$ 46
Short-term borrowings	**7,233**	**332**	**6.14**	7,939	320	5.39	(30)	42	12
Long-term debt (f) (g) (h)	**90,012**	**4,041**	**6.00**	87,809	4,293	6.54	106	(358)	(252)
Total interest-bearing liabilities (g) (i)	**137,478**	**4,904**	**4.77**	128,199	5,098	5.32	183	(377)	(194)
Noninterest-bearing deposit liabilities	**2,232**			2,038					
Total funding sources (g) (j)	**139,710**	**4,904**	**4.69**	130,237	5,098	5.23			
Other liabilities	**19,414**			28,515					
Total liabilities	**159,124**			158,752					
Total equity	**20,414**			20,722					
Total liabilities and equity	**$ 179,538**			$ 179,474					
Net financing revenue		**$ 1,821**			$ 2,038		$ 232	$ (449)	$ (217)
Net interest spread (k)			**1.04%**			1.37%			
Net interest spread excluding original issue discount (k)			**1.87**			2.44			
Net interest spread excluding original issue discount and including noninterest bearing deposit liabilities (k)			**1.93**			2.51			
Net yield on interest-earning assets (l)			**1.57**			1.91			
Net yield on interest-earning assets excluding original issue discount (l)			**2.24**			2.76			

(a) Changes in interest not solely due to volume or yield/rate are allocated in proportion to the absolute dollar amount of change in volume and yield/rate.
(b) Average balances are calculated using a combination of monthly and daily average methodologies.
(c) Excludes income on equity investments of $17 million and $13 million during the nine months ended September 30, 2011 and 2010, respectively. Yields on available-for-sale debt securities are based on fair value as opposed to historical cost.
(d) Nonperforming finance receivables and loans are included in the average balances. For information on our accounting policies regarding nonperforming status refer to Note 1 to the Consolidated Financial Statements in our 2010 Annual Report on Form 10-K.
(e) Includes gains on sale of $355 million and $548 million during the nine months ended September 30, 2011 and 2010, respectively. Excluding these gains on sale, the annualized yield would be 10.71% and 8.75% at September 30, 2011 and 2010, respectively.
(f) Includes the effects of derivative financial instruments designated as hedges.
(g) Average balance includes $2,630 million and $3,911 million related to original issue discount at September 30, 2011 and 2010, respectively. Interest expense includes original issue discount amortization of $775 million and $901 million during the nine months ended September 30, 2011 and 2010, respectively.
(h) Excluding original issue discount the rate on long-term debt was 4.71% and 4.94% at September 30, 2011 and 2010, respectively.
(i) Excluding original issue discount the rate on total interest-bearing liabilities was 3.94% and 4.25% at September 30, 2011 and 2010, respectively.

(j) Excluding original issue discount the rate on total funding sources was 3.88% and 4.18% at September 30, 2011 and 2010, respectively.
(k) Net interest spread represents the difference between the rate on total interest-earning assets and the rate on total interest-bearing liabilities.
(l) Net yield on interest-earning assets represents net financing revenue as a percentage of total interest-earning assets.

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Recently Issued Accounting Standards

Refer to Note 1 to the Condensed Consolidated Financial Statements.

Forward-looking Statements

The foregoing Management s Discussion and Analysis of Financial Condition and Results of Operations and other portions of this Form 10-Q contain various forward-looking statements within the meaning of applicable federal securities laws, including the Private Securities Litigation Reform Act of 1995, that are based upon our current expectations and assumptions concerning future events that are subject to a number of risks and uncertainties that could cause actual results to differ materially from those anticipated.

The words expect, anticipate, estimate, forecast, initiative, objective, plan, goal, project, outlook, priorities, target, inte may, would, could, should, believe, potential, continue, or the negative of any of these words or similar expressions is intended to iden forward-looking statements. All statements herein, other than statements of historical fact, including without limitation statements about future events and financial performance, are forward-looking statements that involve certain risks and uncertainties.

While these statements represent our current judgment on what the future may hold and we believe these judgments are reasonable, these statements are not guarantees of any events or financial results, and Ally s actual results may differ materially due to numerous important factors that are described in the most recent reports on Forms 10-K and 10-Q for Ally, each of which may be revised or supplemented in subsequent reports on Forms 10-Q and 8-K. Such factors include, among others, the following: maintaining the mutually beneficial relationship between Ally and General Motors (GM), and Ally and Chrysler; the profitability and financial condition of GM and Chrysler; securing low-cost funding for us and Residential Capital, LLC (ResCap); our ability to realize the anticipated benefits associated with being a bank holding company, and the increased regulation and restrictions that we are now subject to; any impact resulting from delayed foreclosure sales or related matters; the potential for legal liability resulting from claims related to the sale of private-label mortgage-backed securities; risks related to potential repurchase obligations due to alleged breaches of representations and warranties in mortgage securitization transactions; changes in U.S. government-sponsored mortgage programs or disruptions in the markets in which our mortgage subsidiaries operate; continued challenges in the residential mortgage markets; the continuing negative impact on ResCap and our mortgage business generally due to the recent decline in the U.S. housing market; uncertainty of our ability to enter into transactions or execute strategic alternatives to realize the value of our ResCap operations; the potential for deterioration in the residual value of off-lease vehicles; disruptions in the market in which we fund our operations, with resulting negative impact on our liquidity; changes in our accounting assumptions that may require or that result from changes in the accounting rules or their application, which could result in an impact on earnings; changes in the credit ratings of Ally, ResCap, Chrysler, or GM; changes in economic conditions, currency exchange rates or political stability in the markets in which we operate; and changes in the existing or the adoption of new laws, regulations, policies or other activities of governments, agencies, and similar organizations (including as a result of the Dodd-Frank Act).

Use of the term loans describes products associated with direct and indirect lending activities of Ally s global operations. The specific products include retail installment sales contracts, loans, lines of credit, leases or other financing products. The term originate refers to Ally s purchase, acquisition, or direct origination of various loan products.

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Item 3. Quantitative and Qualitative Disclosures about Market Risk

Refer to the Market Risk section of Item 2, Management s Discussion and Analysis.

Item 4. Controls and Procedures

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

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

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

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

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PART II OTHER INFORMATION

Item 1. Legal Proceedings

We are subject to potential liability under various governmental proceedings, claims, and legal actions that are pending or otherwise asserted against us. We are named as defendants in a number of legal actions, and we are occasionally involved in governmental proceedings arising in connection with our respective businesses. Some of the pending actions purport to be class actions. We establish reserves for legal claims when payments associated with the claims become probable and the costs can be reasonably estimated. The actual costs of resolving legal claims may be higher or lower than any amounts reserved for the claims. Certain of these existing actions include claims related to various mortgage-backed securities offerings, which are described in more detail below.

Mortgage-backed Securities Litigation

Private-label Securities Litigation

There are twenty-two cases relating to various private-label mortgage-backed securities (MBS) offerings that are currently pending. Plaintiffs in these cases include Cambridge Place Investment Management Inc. (two cases pending in Suffolk County Superior Court, Massachusetts, filed on July 9, 2010, and February 11, 2011); The Charles Schwab Corporation (case pending in San Francisco County Superior Court, California, filed on August 2, 2010); Federal Home Loan Bank of Boston (case filed in Suffolk County Superior Court, Massachusetts, on April 20, 2011, and removed to the District of Massachusetts); Federal Home Loan Bank of Chicago (case pending in Cook County Circuit Court, Illinois, filed on October 15, 2010); Federal Home Loan Bank of Indianapolis (case pending in Marion County Superior Court, Indiana, filed on October 15, 2010); Massachusetts Mutual Life Ins. Co. (case pending in federal court in the District of Massachusetts, filed on February 9, 2011); Allstate Insurance Co., et al. (case pending in Hennepin County District Court, Minnesota, filed on February 18, 2011); New Jersey Carpenters Health Fund, et al. (a putative class action, filed on September 22, 2008, in which certification has been denied, pending in federal court in the Southern District of New York); West Virginia Investment Management Board (case pending in Kanawha County Circuit Court, West Virginia, filed on March 4, 2010); Thrivent Financial for Lutherans, et al. (case pending in Hennepin County District Court, Minnesota, filed on March 28, 2011); Union Central Life Insurance et al. (case pending in federal court in the Southern District of New York, filed on April 28, 2011); National Credit Union Administration Board (two cases pending in federal court: one in the District of Kansas, filed on June 20, 2011, and one in the Central District of California, filed on August 19, 2011); The Western and Southern Life Insurance Co., et al. (case pending in Hamilton County Court of Common Pleas, Ohio, filed on June 29, 2011)); Federal Housing Finance Agency (case filed in New York County Supreme Court, New York, on September 2, 2011, and removed to the Southern District of New York); IKB Deutsche Industriebank AG, et al. (four cases pending in New York County Supreme Court, New York, filed on September 12, 2011, October 7, 2011, October 13, 2011 and October 20, 2011); Huntington Bancshares Inc. (case pending in Hennepin County District Court, Minnesota, filed on October 10, 2011); and Stichting Pensioenfonds ABP (case pending in Hennepin County District Court, Minnesota, filed on October 11, 2011). Each of the above cases includes as defendants certain of our mortgage subsidiaries, and the New Jersey Carpenters, Massachusetts Mutual, Union Central, Western and Southern, Huntington Bancshares, and Stichting Pensioenfonds cases also include as defendants certain current and former employees. The plaintiffs in all cases have alleged that the various defendant subsidiaries made misstatements and omissions in registration statements, prospectuses, prospectus supplements, and other documents related to MBS offerings. The alleged misstatements and omissions typically concern underwriting standards. Plaintiffs claim that such misstatements and omissions constitute violations of state and/or federal securities law and common law including negligent misrepresentation and fraud. Plaintiffs seek monetary damages and rescission.

Private-label Monoline Bond Insurer Claims

There are two additional cases (filed on December 4, 2008, and April 1, 2010) pending in the New York County Supreme Court where MBIA Insurance Corp. (MBIA) has alleged that two of our mortgage subsidiaries breached their contractual representations and warranties relating to the characteristics of the mortgage loans contained in certain insured MBS offerings. MBIA further alleges that our subsidiaries failed to follow certain remedy procedures set forth in the contracts and improperly serviced the mortgage loans. Along with claims for breach of contract, MBIA also alleges fraud. Additional litigation from other monoline bond insurance companies is likely.

All of the matters described above are at various procedural stages of litigation.

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Item 1A. Risk Factors

Other than with respect to the risk factors provided below, there have been no material changes to the Risk Factors described in our 2010 Annual Report on Form 10-K and our Quarterly Reports on Form 10-Q for the three months ended March 31, 2011 and June 30, 2011.

Risks Related to Regulation

Our business and financial condition could be adversely affected as a result of issues relating to mortgage foreclosures, home sales, and evictions in certain states and our entry into a related consent order.

Representatives of federal and state governments, including the United States Department of Justice, the Federal Reserve System (FRB), the Federal Deposit Insurance Corporation (FDIC), the U.S. Securities and Exchange Commission (SEC), and law enforcement authorities in all 50 states, are currently investigating the procedures followed by mortgage servicing companies and banks, including subsidiaries of Ally, in connection with mortgage foreclosure home sales and evictions. While the results of these investigations are uncertain, we expect that Ally or its subsidiaries will become subject to penalties, sanctions, or other adverse actions, including monetary fines, which could be substantial and have a material adverse impact on our results of operations, financial position or cash flows. While we believe that a monetary fine is probable, we are not able to provide an estimate based on information currently available, nor are we able to estimate a range of reasonably possible losses.

As a result of an examination conducted by the FRB and FDIC, on April 13, 2011, each of Ally, Ally Bank, Residential Capital, LLC and GMAC Mortgage, LLC (collectively, the Ally Entities) entered into a Consent Order (the Order) with the FRB and the FDIC. The Order requires the Ally Entities to make improvements to various aspects of our residential mortgage loan servicing business, including compliance programs, internal audit, communications with borrowers, vendor management, management information systems, employee training, and oversight by the boards of the Ally Entities. We estimate that incremental costs to the applicable mortgage companies for implementation and ongoing compliance related to these matters to be approximately $30-40 million annually during 2011 through 2013, but these amounts could be higher. The majority of these incremental annual costs are for additional servicing, vendor management, legal, compliance, and internal audit personnel.

The Order further requires the Ally Entities to retain independent consultants to conduct a risk assessment related to mortgage servicing activities and, separately, to conduct a review of certain past residential mortgage foreclosure actions (Foreclosure Review). Based on current expectations, we estimate total costs to the applicable mortgage companies related to the Foreclosure Review to be up to $200 million. However, it is possible that the scope of the required Foreclosure Review will be expanded, and if that occurs, total costs could be significantly higher. We expect these costs to be incurred during the remainder of 2011 and through 2012, although it is possible that such costs could be incurred beyond 2012.

We cannot estimate the ultimate impact of any deficiencies that have been or may be identified in the historical foreclosure procedures of certain of our mortgage subsidiaries (Mortgage Companies). There are potential risks related to these matters that extend beyond potential liability on individual foreclosure actions. Specific risks could include, for example, claims and litigation related to foreclosure remediation and resubmission; claims from investors that hold securities that become adversely impacted by continued delays in the foreclosure process, the reduction in foreclosure proceeds due to delay, or by challenges to completed foreclosure sales to the extent, if any, not covered by title insurance obtained in connection with such sales; actions by courts, state attorneys general, or regulators to delay further the foreclosure process after submission of corrected affidavits, or to facilitate claims by borrowers alleging that they were harmed by our foreclosure practices (by, for example, foreclosing without offering an appropriate range of alternative home preservation options); regulatory fines, sanctions, and other additional costs; and reputational risks. To date we have borne all out-of-pocket costs associated with the remediation rather than passing any such costs through to investors for whom we service the related mortgages, and we expect that we will continue to do so.

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Risks Related to Our Business

Certain of our mortgage subsidiaries have been, and will likely continue to be, required to repurchase mortgage loans for losses, indemnify the investor for incurred losses, or make the investor whole related to breaches of representations and warranties made in connection with the sale of loans, and face potential legal liability resulting from claims related to the sale of MBS.

When our Mortgage Companies sell mortgage loans through whole-loan sales or securitizations, these entities are required to make customary representations and warranties about the loans to the purchaser and/or securitization trust. These representations and warranties relate to, among other things, the ownership of the loan, the validity of the lien securing the loan, the loan s compliance with the criteria for inclusion in the transaction, including compliance with underwriting standards or loan criteria established by the buyer, ability to deliver required documentation, and compliance with applicable laws. In general, the representations and warranties described above may be enforced against the applicable Mortgage Companies at any time unless a sunset provision is in place. Breaches of these representations and warranties have resulted in a requirement that the applicable Mortgage Companies repurchase mortgage loans, indemnify the investor for incurred losses, or make the investor whole. As the mortgage industry continues to experience higher repurchase demands and additional parties begin to attempt to put back loans, a significant increase in activity beyond that experienced today could occur, resulting in additional future losses at our Mortgage Companies. At September 30, 2011, our reserve for representation and warranty obligations was $829 million. It is difficult to determine the accuracy of our estimates and assumptions used to determine such reserve. For example, if the law were to develop that disagrees with our interpretation that a claimant must prove that the alleged breach of representations and warranties was causally related to the alleged adverse effect on the interest of the claimant, it could significantly impact our determination of the reserve. In addition, if recent court rulings related to monoline litigation that have allowed sampling of loan files instead of a loan-by-loan review to determine if a representations and warranties breach has occurred are followed generally by the courts, private-label securitization investors may view litigation as a more attractive alternative to a loan-by-loan review. As a result of these and other developments, the actual experience at our Mortgage Companies may differ materially from these estimates and assumptions. Refer to Note 24 to the Condensed Consolidated Financial Statements for further details.

Further, claims related to private-label MBS have been brought under federal and state securities laws and contract laws (among other theories), and additional similar claims are likely to be brought in the future. Several securities law cases have been brought by various third-party investors relating to MBS, where such investors have alleged misstatements and omissions in registration statements, prospectuses, prospectus supplements, and other documents related to MBS offerings. In addition, there are two cases pending where MBIA Insurance Corp. (MBIA), a monoline bond insurance company, has alleged, among other things, that two of our Mortgage Companies breached their contractual representations and warranties relating to the characteristics of the mortgage loans contained in certain insured MBS offerings. MBIA further alleges that such entities failed to follow certain remedy procedures set forth in the contracts and improperly serviced the mortgage loans. Along with claims of breach of contract, MBIA also alleges fraud. We also expect our Mortgage Companies to receive additional repurchase demands from MBIA, the amount of which could be substantial. In addition, litigation from other monoline bond insurance companies is likely. Third-party investors may also bring contractual representation and warranties claims against us. Refer to Note 24 to the Condensed Consolidated Financial Statements for further details with respect to existing litigation.

Certain of our mortgage subsidiaries received subpoenas in July 2010 from the Federal Housing Finance Agency (the FHFA), which is the conservator of the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac). The subpoenas relating to Fannie Mae investments have been withdrawn with prejudice. The FHFA indicated that documents provided in response to the remaining subpoenas will enable the FHFA to determine whether they believe issuers of private-label MBS are potentially liable to Freddie Mac for losses they might have incurred. Although Freddie Mac has not brought any representation and warranty claims against us with respect to private label securities subsequent to the settlement, they may well do so in the future. FHFA has commenced securities and related common law fraud litigation with respect to certain of Freddie Mac s private label securities investments. Refer to Item 1. Legal Proceedings for additional information.

We believe it is reasonably possible that losses at our Mortgage Companies beyond amounts currently reserved for the matters described above could occur, and such losses could have a material adverse impact on our results of operations, financial position or cash flows. However, based on currently available information, we are unable to estimate a range of reasonably possible losses above reserves that have been established.

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Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults upon Senior Securities

Not applicable.

Item 4. (Removed and Reserved)

Item 5. Other Information

None.

Item 6. Exhibits

The exhibits listed on the accompanying Index of Exhibits are filed as a part of this report. This Index is incorporated herein by reference.

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Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized, this 4th day of November 2011.

Ally Financial Inc.

(Registrant)

/s/ JEFFREY J. BROWN
Jeffrey J. Brown

Senior Executive Vice President of Finance and Corporate Planning

/s/ DAVID J. DEBRUNNER
David J. DeBrunner

Vice President, Chief Accounting Officer, and Corporate Controller

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INDEX OF EXHIBITS

Exhibit	Description	Method of Filing
12	Computation of Ratio of Earnings to Fixed Charges	Filed herewith.
31.1	Certification of Principal Executive Officer pursuant to Rule 13a-14(a)/15d-14(a)	Filed herewith.
31.2	Certification of Principal Financial Officer pursuant to Rule 13a-14(a)/15d-14(a)	Filed herewith.
32	Certification of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350	Filed herewith.
101	Interactive Data File	Filed herewith.