Ally Financial Inc.
Basel III Public Disclosures

As of and for the three months ended June 30, 2015

Road Map

Ally Financial Inc. • Basel III Public Disclosures

References to Ally Financial Inc.'s SEC Filings

The SEC Filings of Ally Financial Inc. contain information relevant to the disclosure requirements set forth under the Basel III Capital Framework. The following is a mapping of the disclosure topics addressed within this regulatory disclosure report to the Ally Financial Inc. Quarterly Report on Form 10-Q for the three months ended June 30, 2015, and the Annual Report on Form 10-K for the year ended December 31, 2014.

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Basel III Public Disclosures
Ally Financial Inc.

Introduction

Ally Financial Inc. is a leading, independent, diversified financial services firm with $156.5 billion in assets as of June 30, 2015. Founded in 1919, we are a leading financial services company with more than 95 years of experience providing a broad array of financial products and services, primarily to automotive dealers and retail customers. We operate as a financial holding company (FHC) and a bank holding company (BHC). Our banking subsidiary, Ally Bank, is an indirect, wholly-owned subsidiary of Ally Financial Inc. and a leading franchise in the growing direct (internet, telephone, mobile, and mail) banking market, with total assets of $106.7 billion and deposits of $61.7 billion at June 30, 2015. The terms "Ally," "the Company," "we," "our," and "us" refer to Ally Financial Inc. and its subsidiaries as a consolidated entity, except where it is clear that the terms mean only Ally Financial Inc.

Ally Financial Inc. is a BHC under the Bank Holding Company Act of 1956, as amended (the BHC Act). As a BHC, Ally is subject to supervision, examination and regulation by the Board of Governors of the Federal Reserve System (FRB). Ally must also comply with regulatory risk-based and leverage capital requirements, as well as various safety and soundness standards imposed by the FRB, and is subject to certain statutory restrictions concerning the types of assets or securities it may own and the activities in which it may engage. Ally Bank, our banking subsidiary, is currently not a member of the Federal Reserve System and is subject to supervision, examination and regulation by the Federal Deposit Insurance Corporation (FDIC) and the Utah Department of Financial Institutions. This regulatory oversight focuses on the protection of depositors, the FDIC's Deposit Insurance Fund, and the banking system as a whole, not security holders, and in some instances may be contrary to their interests.

In July 2013, the U.S. banking regulators, including the FRB, finalized rules implementing the Basel III Capital Framework (Final Capital Rules), which represent substantial revisions to the existing regulatory capital standards for U.S. banking organizations. The Basel III Capital Framework, as described below, requires qualitative and quantitative disclosures regarding a banking institution's regulatory capital, risk exposures, risk management practices, and capital adequacy. This report also includes information on the methodologies used to calculate risk-weighted assets (RWA). The disclosure requirement applies to banking organizations with total consolidated assets of $50 billion or more that are not a consolidated subsidiary of a BHC that are subject to these disclosure requirements. This report is designed to satisfy these requirements and should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2014, our Quarterly Report on Form 10-Q for the three months ended June 30, 2015 and our Consolidated Financial Statements for Holding Companies - FR Y-9C for June 30, 2015. The disclosures included in this report are not required to be, and have not been, audited by our independent auditors.

This report may contain certain statements that constitute forward-looking statements within the meaning of the federal securities laws. The words “expect,” “anticipate,” “estimate,” “forecast,” “initiative,” “objective,” “plan,” “goal,” “project,” “outlook,” “priorities,” “target,” “intend,” “evaluate,” “pursue,” “seek,” “may,” “would,” “could,” “should,” “believe,” “potential,” “continue,” or the negatives of any of these words or similar expressions are intended to identify 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. You should not place undue reliance on any forward-looking statement and should consider all uncertainties and risks discussed in this report, including those under Item 1A, Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2014, as well as those provided in any subsequent SEC filings. Forward-looking statements apply only as of the date they are made, and Ally undertakes no obligation to update any forward-looking statement to reflect events or circumstances that arise after the date the forward-looking statement are made.

Basis of Presentation and Consolidation

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.

Refer to Note 1 to the Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2014, for further information on our Basis of Presentation and Consolidation. There are no significant differences in the basis of consolidation between our Annual Report on Form 10-K for the year ended December 31, 2014, our Quarterly Report on Form 10-Q for the three months ended June 30, 2015, and this report.

Basel Capital Accord

In December 2010, the Basel Committee reached an agreement on the Basel III capital framework, which was designed to increase the quality and quantity of regulatory capital by introducing new risk-based and leverage capital standards. In July 2013, the U.S. banking regulators finalized rules implementing the Basel III capital framework and related Dodd-Frank Act provisions (U.S. Basel III). U.S. Basel III represents a substantial revision to the regulatory capital standards for U.S. banking organizations. Ally became subject to U.S. Basel III on January 1, 2015. Certain aspects of the U.S. Basel III final rules, including the new capital buffers and regulatory capital deductions, will be phased in over several years.

Under U.S. Basel III, Ally must maintain a minimum Common Equity Tier 1 risk-based capital ratio of 4.5%, a minimum Tier 1 risk-based capital ratio of 6%, and a minimum Total risk-based capital ratio of 8%. In addition to these minimum requirements, Ally will also be subject to a Common Equity Tier 1 capital conservation buffer of more than 2.5%, subject to a phase-in period from January 1, 2016 through December 31, 2018. Failure to maintain the full amount of the buffer will result in restrictions on Ally’s ability to make capital distributions, including dividend payment and stock repurchases and redemptions, and to pay discretionary bonuses to executive officers. In addition to these new risk-based capital standards, U.S. Basel III subjects all U.S. banking organizations, including Ally, to a minimum Tier 1 leverage ratio of 4%, the denominator of which takes into account only on-balance sheet assets.

Effective January 1, 2015, the "well-capitalized" standard for insured depository institutions, such as Ally Bank, was revised to reflect the new and higher capital requirements in the U.S. Basel III final rules.

In addition to introducing new capital ratios, U.S. Basel III revises the eligibility criteria for regulatory capital instruments and provides for the phase-out of existing capital instruments that do not satisfy the new criteria. Subject to certain exceptions (e.g., for certain debt or equity issued to the U.S. government under the Emergency Economic Stabilization Act), trust preferred and other "hybrid" securities will be phased out from a banking organization's Tier 1 capital by January 1, 2016. Also, subject to a phase-in schedule, certain new items will be deducted from Common Equity Tier 1 capital, and certain other deductions from regulatory capital will be modified. Among other things, U.S. Basel III requires significant investments in the common shares of unconsolidated financial institutions, mortgage servicing rights, and certain deferred tax assets that exceed specified individual and aggregate thresholds to be deducted from Common Equity Tier 1 capital. U.S. Basel III also revises the standardized approach for calculating risk-weighted assets by, among other things, modifying certain risk weights and introducing new methods for calculating risk-weighted assets for certain types of assets and exposures.

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

Scope of Application

The Basel III framework applies to Ally Financial Inc.

Our accounting and reporting policies conform to GAAP. Additionally, where applicable, the policies conform to the accounting and reporting guidelines prescribed by bank regulatory authorities. There are no differences in the basis of consolidation for accounting and regulatory purposes.

Restrictions on Capital

- ***Capital Adequacy Requirements*** — Ally and Ally Bank are subject to various guidelines as established under FRB and FDIC regulations. Refer to Note 21 to the Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2014 for additional information.

- ***Limitations on Bank and Bank Holding Company Dividends and Capital Distributions*** — Utah law (and, in certain instances, federal law) places restrictions and limitations on dividends or other distributions payable by our banking subsidiary, Ally Bank, to Ally. Under the FRB's capital plan rule, an objection to a large BHC's capital plan generally prohibits it from paying dividends or making certain other capital distributions without specific FRB non-objection to such action. Even if a large BHC receives a non-objection to its capital plan, it may not pay a dividend or make certain other capital distributions without FRB approval under certain circumstances. In addition, FRB supervisory guidance requires BHCs such as Ally to consult with the FRB prior to increasing dividends, implementing common stock repurchase programs or redeeming or repurchasing capital instruments. Such guidance provides for a supervisory capital assessment program that outlines FRB expectations concerning the processes that BHCs have in place to ensure they hold adequate capital under adverse conditions to maintain ready access to funding. The U.S. banking regulators are also authorized to prohibit a banking subsidiary or BHC from engaging in unsafe or unsound banking practices and, depending upon the circumstances, could find that paying a dividend or making a capital distribution would constitute an unsafe or unsound banking practice.

- ***Transactions with Affiliates*** — Certain transactions between Ally Bank and any of its nonbank "affiliates," including but not limited to Ally, are subject to federal statutory and regulatory restrictions. Pursuant to these restrictions, unless otherwise exempted, "covered transactions" including Ally Bank's extensions of credit to and asset purchases from its nonbank affiliates, generally (1) are limited to 10% of Ally Bank's capital stock and surplus with respect to transactions with any individual affiliate, with an aggregate limit of 20% of Ally Bank's capital stock and surplus for all affiliates and all such transactions; (2) in the case of certain credit transactions, are subject to stringent collateralization requirements; (3) in the case of asset purchases by Ally Bank, may not involve the purchase of any asset deemed to be a "low quality asset" under federal banking guidelines; and (4) must be conducted in accordance with safe-and-sound banking practices (collectively, the Affiliate Transaction Restrictions). In addition, transactions between Ally Bank and a nonbank affiliate generally must be on market terms and conditions.

  Furthermore, there is an "attribution rule" that provides that a transaction between Ally Bank and a third party must be treated as a transaction between Ally Bank and a nonbank affiliate to the extent that the proceeds of the transaction are used for the benefit of or transferred to a nonbank affiliate of Ally Bank. For example, because Ally controls Ally Bank, Ally is an affiliate of Ally Bank for purposes of the Affiliate Transaction Restrictions. Thus, retail financing transactions by Ally Bank involving vehicles for which Ally provided floorplan financing are subject to the Affiliate Transaction Restrictions because the proceeds of the retail financings are deemed to benefit, and are ultimately transferred to, Ally.

  Under the Dodd-Frank Act, among other changes to the Affiliate Transaction Restrictions, credit exposures arising from derivatives transactions, securities lending and borrowing transactions, and acceptance of affiliate-issued debt obligations (other than securities) as collateral for a loan or extension of credit will be treated as "covered transactions." The Dodd-Frank Act also expands the scope of covered transactions required to be collateralized, requires that collateral be maintained at all times for covered transactions required to be collateralized, and places limits on acceptable collateral.

  Historically, the FRB was authorized to exempt, at its discretion, transactions or relationships from the requirements of these rules if it found such exemptions to be in the public interest and consistent with the purposes of the rules. As a result of the Dodd-Frank Act, exemptions now may be granted by the FDIC if the FDIC and FRB jointly find that the exemption is in the public interest and consistent with the purposes of the rules, and the FDIC finds that the exemption does not present an unacceptable risk to the Deposit Insurance Fund. The FRB granted several such exemptions to Ally Bank in the past. However, the existing exemptions are subject to various conditions and, particularly in light of the statutory changes made by the Dodd-Frank Act, any requests for future exemptions might not be granted. Moreover, these limited exemptions generally do not encompass consumer leasing or used vehicle financing. Since there is no assurance that Ally Bank will be able to obtain future exemptions or waivers with respect to these restrictions, the ability to grow Ally Bank's business will be affected by the Affiliate Transaction Restrictions and the conditions set forth in the existing exemption letters.

- ***Source of Strength*** — Pursuant to the Federal Deposit Insurance Act, as amended by the Dodd-Frank Act, FRB policy and regulations, and the Parent Company Agreement and the Capital and Liquidity Maintenance Agreement described in Note 21 to the Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2014, Ally is required to act as a source of financial and managerial strength to Ally Bank and is required to commit necessary capital and liquidity to support Ally Bank. This support may be required at inopportune times for Ally.

- ***Enforcement Authority*** — The FDIC and FRB have broad authority to issue orders to banks and bank holding companies to cease and desist from unsafe or unsound banking practices and from violations of laws, rules, regulations, or conditions imposed in writing by the banking agencies. The FDIC and FRB also are empowered to require affirmative actions to correct any violation or practice; issue administrative orders that can be judicially enforced; direct increases in capital; limit dividends and distributions; restrict growth; assess civil money penalties against institutions or individuals who violate any laws, regulations, orders, or written agreements with the banking agencies; order termination of certain activities of BHCs or their subsidiaries; remove officers and directors; order divestiture of ownership or control of a nonbanking subsidiary by a BHC (in the case of the FRB); terminate deposit insurance (in the case of the FDIC); and/or place a bank into receivership (in the case of the FDIC).

Depository Institutions

Ally Bank's deposits are insured by the FDIC, and Ally Bank is required to file periodic reports with the FDIC concerning its financial condition. Total assets of Ally Bank were $106.7 billion at June 30, 2015. As a commercial nonmember bank chartered by the State of Utah, Ally Bank is subject to various regulatory capital adequacy requirements administered by state and federal banking agencies. The Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA), among other things, identifies five capital categories for insured depository institutions ("well-capitalized," "adequately capitalized," "undercapitalized," "significantly undercapitalized," and "critically undercapitalized") and requires the respective federal regulatory agencies to implement systems for "prompt corrective action" for insured depository institutions that do not meet minimum capital requirements within such categories. Depending on the category in which an institution is classified, FDICIA imposes progressively more restrictive constraints on operations, management, and capital distributions.

Failure to meet minimum capital requirements can initiate certain mandatory and discretionary actions by regulators that, if undertaken, could have a direct material effect on Ally Bank's results of operations and financial condition. FDICIA generally prohibits a depository institution from making any capital distribution, including payment of a cash dividend or paying any management fee to its holding company, if the depository institution would become under-capitalized after such payment. Under-capitalized institutions are also subject to growth limitations and are required by the appropriate federal banking agency to submit a capital restoration plan. If any depository institution subsidiary of a holding company is required to submit a capital restoration plan, the holding company would be required to provide a limited guarantee regarding compliance with the plan as a condition of approval of such plan. Failure to meet the capital guidelines could also subject a banking institution to capital raising requirements.

At June 30, 2015, both Ally Financial Inc. and Ally Bank were in compliance with our regulatory capital requirements. For an additional discussion of capital adequacy requirements, refer to Note 19 to the Condensed Consolidated Financial Statements in our Quarterly Report on Form 10-Q for the three months ended June 30, 2015.

Insurance Companies

Certain of our Insurance operations are subject to certain minimum aggregate capital requirements, net asset and dividend restrictions under applicable state and foreign insurance laws, and the rules and regulations promulgated by various U.S. and foreign regulatory agencies. Under various state and foreign insurance regulations, dividend distributions may be made only from statutory unassigned surplus with approvals required from the regulatory authorities for dividends in excess of certain statutory limitations. Our Insurance operations are also subject to applicable state laws generally governing insurance companies, as well as laws and regulations for products that are not regulated as insurance, such as vehicle service contracts and guaranteed asset protection waivers.

Investments in Ally

Because Ally Bank is an FDIC-insured bank and Ally and IB Finance Holding Company, LLC are BHCs, acquisitions of our voting stock above certain thresholds may be subject to regulatory approval or notice under federal or state law. Investors are responsible for ensuring that they do not, directly or indirectly, acquire shares of our stock in excess of the amount that may be acquired without regulatory approval under the Change in Bank Control Act, the BHC Act, and Utah state law.

Further, refer to the *Tax Assets Protective Measures* section of MD&A within our 2014 Annual Report on Form 10-K for details of certain actions taken by us during January 2014, which are intended to prevent persons from acquiring Ally common stock that exceeds certain ownership thresholds.

Surplus of Insurance Subsidiaries and Subsidiary Regulatory Capital

At June 30, 2015, Ally did not have any subsidiaries whose regulatory capital was less than the minimum required regulatory capital amount.

At June 30, 2015, the aggregate capital surplus of insurance subsidiaries was $1.1 billion.

Basel III Public Disclosures
Ally Financial Inc.

Capital Structure

The following table presents Ally Financial Inc.'s capital components under the Final Capital Rules at June 30, 2015.

($ in millions)	June 30, 2015
Common Equity Tier 1 capital	
Common stock and related surplus	$ 21,053
Retained earnings	(7,388)
Accumulated other comprehensive loss	(183)
Adjustments and deductions made to Common Equity Tier 1 capital	(301)
Total Common Equity Tier 1 capital	13,181
Other Tier 1 capital	
Additional Tier 1 capital elements	3,271
Adjustments and deductions made to Tier 1 capital	(718)
Total Tier 1 capital	15,734
Tier 2 capital	
Tier 2 capital elements	275
Includable allowance for loan and lease losses	975
Adjustments and deductions made to Tier 2 capital	(58)
Total Tier 2 capital	1,192
Total capital (a)	$ 16,926

(a) For more information refer to the June 30, 2015 FR Y-9C Schedule HC-R.

Ally has issued a variety of capital instruments to meet its regulatory capital requirements and to maintain a strong capital base. The terms and conditions of Ally's significant capital instruments are described as follows.

Common Stock

$0.01 par value; shares authorized 1,100,000,000; issued 482,549,997; and outstanding 481,750,247.

Preferred Stock

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

	June 30, 2015
Series A preferred stock (a)	
Carrying value ($ in millions)	$ 696
Par value (per share)	0.01
Liquidation preference (per share)	25
Number of shares authorized	40,870,560
Number of shares issued and outstanding	27,870,560
Dividend/coupon	
Prior to May 15, 2016	8.5%
On and after May 15, 2016	Three month LIBOR + 6.243
Series G preferred stock	
Carrying value ($ in millions)	$ 117
Par value (per share)	0.01
Liquidation preference (per share)	1,000
Number of shares authorized	2,576,601
Number of shares issued and outstanding	1,288,301
Dividend/coupon	7%

(a) Nonredeemable prior to May 15, 2016.

Series A Preferred Stock

On April 23, 2015, we announced a tender offer to purchase up to 13,000,000 shares of our outstanding Series A preferred stock for $26.65 per Series A share, which included an amount to cover accrued and unpaid dividends through the settlement date. The tender offer expired on May 20, 2015. On May 22, 2015, we repurchased 13,000,000 Series A Preferred Shares with an aggregate liquidation preference of $325 million for $347 million cash. Upon repurchase of the tendered Series A Preferred shares on May 22, 2015, we derecognized the carrying value of $325 million and recognized the excess consideration paid of $22 million as an additional return to preferred shareholders. The remaining 27,870,560 Series A Preferred Shares following the repurchase were not impacted as a result of this transaction.

Series G Preferred Stock

On March 11, 2015, we issued a Notice of Partial Redemption to the holders of the outstanding Series G Preferred Stock to redeem, on a pro-rata basis, 1,288,300 shares at a redemption price of $1,000 per share plus $10.50 per share of accrued and unpaid dividends through the redemption date. On April 10, 2015, we redeemed 1,288,300 shares of our outstanding Series G Preferred Stock, with an aggregate liquidation preference of approximately $1,288 million for approximately $1,302 million cash, which included $14 million in accrued and unpaid dividends. Upon redemption of the Series G Preferred shares, we derecognized the carrying value of $117 million and recognized the excess consideration paid of $1,171 million as an additional return to preferred shareholders. The remaining 1,288,301 Series G Preferred Shares following the redemption were not impacted as a result of this transaction.

The above capital actions were the result of Ally receiving a non-objection to its capital plan from the FRB on March 11, 2015. The remaining capital actions associated with the previously submitted capital plan are intended to occur during the remainder of 2015 and 2016 including the use of capital to repurchase additional high-cost unsecured debt as part of our ALM initiatives. Subject to a variety of factors, including a non-objection from our regulators, Ally may redeem additional preferred securities in 2015.

Trust Preferred Securities

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

The amount of trust preferred securities included in Tier 1 capital was $2.5 billion at June 30, 2015. The amount represents the carrying amount of the trust preferred securities less Ally's common stock investment in the trust.

The trust preferred securities were issued prior to October 4, 2010, under the Emergency Economic Stabilization Act of 2008 and are not subject to phase-out from additional Tier 1 capital into Tier 2 capital.

Subordinated Debt

Qualifying subordinated debt included in Tier 2 capital was $187 million at June 30, 2015. The qualifying subordinated debt represents subordinated debt issued by Ally with an original term to maturity of five years or greater. The debt currently has a remaining maturity of more than three years, but less than four years and has a carrying value of $312 million. The debt has a coupon rate of 8% and a maturity date of December 31, 2018. The amount that qualifies for inclusion in Tier 2 capital is required to be discounted by 40 percent.

Capital Adequacy

Ally has a capital management framework that adheres to the FRB's capital plan rule for an effective capital adequacy process, as well as broader FRB and FDIC risk management and capital related supervisory guidance.

Capital adequacy assessment and management is conducted at both the enterprise and at Ally Bank and frameworks have been established at both levels. Governance and oversight for each level is provided by the respective Boards of Directors (Boards) and management structures.

Enterprise Risk Management Framework

Ally is committed to achieving and sustaining strong risk management practices consistent with regulatory expectations and industry standards. The Enterprise Risk Management (ERM) framework ensures that Ally operates through a disciplined approach by explicitly defining structure, governance, and processes for the Ally enterprise and Ally Bank. The main objectives of the ERM framework are to identify Ally's material risks; define tolerances through articulation of the risk appetite (approved by the Ally and Ally Bank Boards); measure, monitor, and report the risks; and manage or remediate risk relative to the risk appetite.

The ERM framework also establishes guidance for maintaining a strong risk management culture throughout Ally. Enterprise-wide risk management culture is grounded in a top-down risk governance structure, originating with the Ally and Ally Bank Boards, and implemented through Ally and Ally Bank Board-level and management committees down to line of business committees, councils, members of enterprise management teams, and line of business management teams. Equally important is the bottom-up and cross business identification, assessment and management of risks to provide information and reporting to senior management to appropriately manage and control risk exposures within Ally's established Risk Appetite Framework (which includes the identification of material risks commensurate to Ally).

To effectively manage the risks of Ally, the ERM framework defines three lines of defense that clarify the general roles and responsibilities of the risk owners, risk management and risk reviewers. This "three lines of defense" approach directly supports the balance between risk and return to protect the enterprise and Ally Bank target capital and liquidity levels. Each line has specific responsibilities with respect to the effectiveness of Ally's governance, risk management and internal controls.

Capital Planning Practices

The objective of the capital planning processes is to maintain capital levels that are commensurate with the enterprise and Ally Bank risk profile, maintain capital above the minimum regulatory capital ratios and internal minimums, and continue to serve as a source of strength for Ally's depository institution, Ally Bank. In addition, Ally will continue to maintain capital levels that enable the company to meet its obligations to creditors and counterparties and provide credit during stressful conditions.

The capital adequacy process provides a comprehensive structure to manage capital adequacy across the entire organization. The process documents key processes related to assessing the adequacy of Ally enterprise and Ally Bank capital and planning for short-term and long-term capital needs. It also incorporates related efforts inclusive of stress testing, material risk identification, risk appetite, economic capital modeling and an increased focus on corporate governance as required by the U.S. regulators.

The capital adequacy process is designed to be a central integration point for decision-making processes internal to the organization. Outputs from the capital adequacy process will be used to inform and improve risk appetite and related risk limits, as well as initiate capital discussions and potential capital decisions based on established triggers (such as internal capital targets, internal goals/minimums and regulatory minimums).

Enterprise-Wide Stress Testing & Capital Planning

Ally's enterprise-wide stress testing process measures risks throughout the business, reflecting a required or internally driven set of economic scenarios, and ultimately influences Ally and Ally Bank risk management and capital planning practices.

Ally conducts numerous stress tests each year including severe stresses of macroeconomic conditions and idiosyncratic stresses that are more specific to Ally. The results of each stress test are integrated into the Company's decision-making, including the Company's view of capital adequacy.

Ally has established a centrally coordinated stress-testing process, with close engagement of senior management and the Boards throughout the process. Ally's Enterprise Stress Testing and Scenario Analysis (STSA) team is a dedicated team within the Risk Management function that develops and facilitates stress tests based on an established set of methodologies and appropriately tailored assumptions across Ally and its subsidiaries, for both the enterprise and Ally Bank portfolios and exposures. A centrally managed process helps ensure effective oversight and control and is conducive to providing consistent output that can inform strategic decisions on an ongoing basis.

The STSA team coordinates the development of scenarios, analyzes and challenges results and supporting documentation, as well as prepares summary reporting materials representative of the Ally enterprise and Ally Bank for internal and external parties.

Risk Appetite Framework

The goal of the Risk Appetite Framework is to ensure that Ally's risk-taking activities are commensurate with the Ally and Ally Bank Board-stated risk appetite and that ultimately current and projected capital levels are sufficient to meet or exceed regulatory standards. Ally recognizes the importance of understanding the critical links among strategy, business plans and risks; Ally's Risk Appetite Framework established by the Ally and Ally Bank Boards facilitates this linkage by establishing risk capacity, appetite and tolerances across all material risk types, and by monitoring those against business plan, forecasts and stress test results.

Ally uses a combination of risk tolerance metrics and limits to provide the basis for risk reporting to Ally and Ally Bank management and Boards. In order to assess capital adequacy, the framework includes processes to compare current and projected capital levels (from baseline forecasting, economic capital and stress testing) to regulatory "well-capitalized" minimums as well as internal targets and minimums. In addition, the framework highlights specific processes for ensuring appropriate governance, oversight and accountability for risk appetite.

Ally's risk appetite metrics are monitored by the Risk Management function, and a summarized update is shared with the Enterprise Risk Management Committee and the Risk and Compliance Committee (RCC) of the Board no less than semi-annually (at Ally Bank, the Ally Bank Risk Management Committee, and the Risk Committee (RC) of the Ally Bank Board). Detailed risk appetite metrics are also reported throughout the organization to various risk, treasury and financial committees. Ally's Risk Appetite Framework, also adopted by Ally Bank, is reviewed and approved by the RCC (RC at Ally Bank) annually and is disseminated throughout the organization.

The following table presents Ally's risk-weighted assets by exposure type calculated under the Final Capital Rules at June 30, 2015.

(*$ in millions*)		**June 30, 2015**
Exposures to government-sponsored enterprises	**$**	**1,717**
Exposures to depository institutions, and foreign banks		**396**
Exposures to public-sector entities		**322**
Corporate exposures		**35,931**
Retail exposures		**61,801**
Residential mortgage exposures		**5,490**
High volatility commercial real estate loans		**285**
Past due loans		**731**
Other assets (a)		**22,475**
Securitization exposures		**2,281**
Equity exposures		**1,307**
Other off-balance sheet items		**1,183**
OTC derivatives		**99**
Cleared transactions		**5**
Total standardized risk-weighted assets (b)	**$**	**134,023**

(a) Includes investments in operating leases with a risk-weighted asset amount of $18.0 billion.
(b) For more information refer to the June 30, 2015 FR Y-9C Schedule HC-R.

The following table summarizes the capital ratios for Ally and its depository subsidiary, Ally Bank.

June 30, 2015	**Common Equity Tier 1 Capital Ratio**	**Tier 1 Capital Ratio**	**Total Risk-Based Capital Ratio**
Ally Financial Inc.	**9.83%**	**11.74%**	**12.63%**
Ally Bank	**17.32**	**17.32**	**17.74**

Capital Conservation Buffer

As part of the Basel III capital requirements, Ally will be subject to a capital conservation buffer of more than 2.5%, subject to a phase-in period beginning January 1, 2016 through December 31, 2018. The capital conservation buffer is comprised solely of common equity tier 1 capital and is equal to the lowest of the reported common equity tier 1, tier 1 and total capital ratios minus the minimum capital requirements for each respective ratio. Failure to meet the full amount of the buffer will result in restrictions on Ally's ability to make capital distributions, including dividend payment and stock repurchases and redemptions, and to pay discretionary bonuses to executive officers.

The capital conservation buffer will not become effective until 2016 and, therefore, is not applicable in 2015.

Credit Risk

For qualitative discussion surrounding our Credit Risk management policies, procedures, and practices, refer to the Risk Management section within MD&A of our Quarterly Report on Form 10-Q for the three months ended June 30, 2015 and our 2014 Annual Report on Form 10-K.

For a description of our accounting policies for (i) determining past due or delinquency status, (ii) placing loans on nonaccrual status, (iii) returning loans to accrual status, (iv) identifying impaired loans, (v) estimating our allowance for loan and lease losses, (vi) and charging off uncollectible amounts, refer to the *Significant Accounting Policies* section within Note 1 to the Consolidated Financial Statements in our 2014 Annual Report on Form 10-K.

The following table summarizes, by counterparty type and domicile, total and average balances for our significant asset classes exposed to credit risk.

	Counterparty Type					Domicile			
June 30, 2015 (*$ in millions*)	**Banks**	**Public Sector**	**Corporate & Other**	**Retail**	**Total**	**United States**	**Non-U.S.**	**Total**	**Quarterly Average**
Exposure									
Debt securities	$ 300	$ 11,444	$ 6,410	$ —	$ 18,154	$ 17,557	$ 597	$ 18,154	$ 17,078
Finance receivables and loans, net of unearned income (a)	—	—	35,211	71,400	106,611	106,602	9	106,611	103,455
Operating leases	—	—	—	17,950	17,950	17,950	—	17,950	18,520
Over-the-counter derivative contracts (at fair value)	130	—	8	—	138	88	50	138	177
Unfunded commitments	—	—	1,280	371	1,651	1,645	6	1,651	1,664
Total credit risk exposures	$ 430	$ 11,444	$ 42,909	$ 89,721	$ 144,504	$ 143,842	$ 662	$ 144,504	$ 140,894

(a) Refer to the *Risk Management* section within MD&A of our Quarterly Report on Form 10-Q for the three months ended June 30, 2015 for state concentration risk of our consumer and commercial loan portfolios.

The following table summarizes the remaining contractual maturity delineation of our significant asset classes exposed to credit risk.

June 30, 2015 (*$ in millions*)	**One year or less**	**After one year through five years**	**After five years**	**Total**
Exposure				
Debt securities	$ 154	$ 2,919	$ 15,081	$ 18,154
Finance receivables and loans, net of unearned income	29,388	39,747	37,476	106,611
Operating leases	4,130	13,820	—	17,950
Over-the-counter derivative contracts (at fair value)	9	117	12	138
Unfunded commitments	205	943	503	1,651
Total credit risk exposures	$ 33,886	$ 57,546	$ 53,072	$ 144,504

The following table summarizes information as it relates to our held-for-investment portfolio of impaired loans recorded at historical cost, as well as those 90 days or more past due.

June 30, 2015 (*$ in millions*)	**Consumer automotive**	**Consumer mortgage**	**Commercial**	**Total**
Impaired loans with related allowance	$ 275	$ 203	$ 77	$ 555
Impaired loans without a related allowance	—	62	22	84
Total impaired loans	$ 275	$ 265	$ 99	$ 639
Loans 90 days or more past due — nonaccrual	$ 156	$ 96	$ 21	$ 273
Loans 90 days or more past due — still accruing	—	—	—	—
Total loans 90 days or more past due	$ 156	$ 96	$ 21	$ 273

The following table presents an analysis of the activity in our allowance for loan losses.

($ in millions)	Consumer automotive	Consumer mortgage	Commercial	Total
Allowance at April 1, 2015	$ 711	$ 119	$ 103	$ 933
Charge-offs	(166)	(9)	—	(175)
Recoveries	70	5	—	75
Net charge-offs	(96)	(4)	—	(100)
Provision for loan losses	152	3	(15)	140
Other	—	1	—	1
Allowance at June 30, 2015	$ 767	$ 119	$ 88	$ 974
Allowance for loan losses at June 30, 2015				
Individually evaluated for impairment	$ 22	$ 50	$ 19	$ 91
Collectively evaluated for impairment	745	69	69	883
Loans acquired with deteriorated credit quality	—	—	—	—
Finance receivables and loans at historical cost at June 30, 2015				
Ending balance	$ 60,786	$ 9,211	$ 35,175	$ 105,172
Individually evaluated for impairment	275	265	99	639
Collectively evaluated for impairment	60,511	8,946	35,076	104,533
Loans acquired with deteriorated credit quality	—	—	—	—

Counterparty Credit Risk

Counterparty credit risk is derived from multiple exposure types, including derivatives and securities financing transactions.

Methodology

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.

We periodically enter into term repurchase agreements, short-term borrowing agreements in which we sell financial instruments to one or more investors while simultaneously committing to repurchase them at a specified future date, at the stated price plus accrued interest.

Risk Reduction

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

Certain derivative instruments contain provisions that require us to either post additional collateral or immediately settle any outstanding liability balances upon the occurrence of a specified credit risk-related event. If a credit risk-related event had been triggered, the amount of additional collateral required to be posted by us would have been insignificant.

The primary risk associated with term repurchase agreements is that the counterparty will be unable to perform under the terms of the contract. As the borrower, Ally is exposed to the excess market value of the securities pledged over the amount borrowed. Daily mark-to-market collateral management is designed to limit this risk to the initial margin. However, should a counterparty declare bankruptcy or become insolvent, Ally may incur additional delays and costs.

Counterparty Exposures

Ally Financial placed cash collateral totaling $81 million and securities collateral totaling $108 million at June 30, 2015 in accounts maintained by counterparties. This amount primarily relates to collateral posted to support our derivative positions. This amount also excludes cash and securities pledged as collateral under repurchase agreements.

We received cash collateral from counterparties totaling $37 million at June 30, 2015 to support these derivative positions. At June 30, 2015 we received noncash collateral of $12 million. Included in this amount is noncash collateral where we have been granted the right to sell or pledge the underlying assets. We have not sold or pledged any of the noncash collateral received under these agreements.

The fair value amounts of derivative instruments are presented on a gross basis, are segregated by derivatives that are designated and qualifying as hedging instruments or those that are not, and are further segregated by type of contract within those two categories. At June 30, 2015, this included total derivatives of $214 million in a receivable position, $181 million in a liability position, and of a $79.9 billion notional amount. At June 30, 2015 the net amount of derivatives in net asset positions and derivatives in net liability positions totaled $85 million and $67 million, respectively.

As of June 30, 2015, the financial instruments sold under agreement to repurchase consisted of U.S. Treasury securities of $383 million and Agency mortgage-backed residential securities of $1.6 billion. The total repurchase agreements of $2.0 billion mature within the next 30 days.

As of June 30, 2015, Ally has not purchased or sold any credit derivatives.

Credit Risk Mitigation

Credit risk is defined as the potential failure to receive payments due from an obligor in accordance with contractual obligations. Therefore, credit risk is a major source of potential economic loss to us. Credit risk is monitored by several groups and functions throughout the organization, including enterprise and line of business committees and the risk management function. Together, they oversee the credit decisioning and management processes, and monitor credit risk exposures to ensure they are managed in a safe-and-sound manner and are within our risk appetite. In addition, our Loan Review Group provides an independent assessment of the quality of our credit portfolios and credit risk management practices, and directly reports its findings to the Risk and Compliance Committee of the Board on a regular basis.

To mitigate risk, we have implemented specific policies and practices across all lines of business, utilizing both qualitative and quantitative analyses. This reflects our commitment to maintain an independent and ongoing assessment of credit risk and credit 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 the assessment of the adequacy of internal credit risk policies and procedures to monitor compliance with relevant laws and regulations. Our consumer and commercial loan and lease portfolios are subject to regular stress tests that are based on plausible, but unexpected, economic scenarios to ensure that we can weather a severe economic downturn. In addition, we maintain limits and underwriting policies 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. 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. We perform ongoing analyses of the consumer automotive, consumer mortgage, and commercial portfolios using a range of indicators to assess the adequacy of the allowance based on historical and current trends. Refer to Note 7 to the Condensed Consolidated Financial Statements within our Quarterly Report on Form 10-Q for the three months ended June 30, 2015 for additional information.

Additionally, we utilize numerous collection strategies to mitigate loss and provide ongoing support to customers in financial distress. For automotive loans, we work with customers when they become delinquent on their monthly payment. In lieu of repossessing their vehicle, we may offer several types of assistance to aid our customers based on their willingness and ability to repay their loan. Loss mitigation may include extension of the loan maturity date and rewriting the loan terms. For mortgage loans, as part of our participation in certain governmental programs, we offer mortgage loan modifications to qualified borrowers. Numerous initiatives are in place to provide support to our mortgage customers in financial distress, including principal forgiveness, maturity extensions, delinquent interest capitalization, and changes to contractual interest rates.

Furthermore, we manage our counterparty credit exposure based on the risk profile of the counterparty. Within our policies, we have established standards and requirements for managing counterparty risk exposures in a safe-and-sound manner. Counterparty credit risk is derived from multiple exposure types, including derivatives, securities trading, securities financing transactions, financial futures, cash balances (e.g., due from depository institutions, restricted accounts, and cash equivalents), and investment in debt securities. For more information on derivative counterparty credit risk, refer to Note 20 to the Condensed Consolidated Financial Statements within our Quarterly Report on Form 10-Q for the three months ended June 30, 2015.

Loan and Lease Exposure

The risks inherent in our loan and lease exposures are largely driven by changes in the overall economy, used vehicle and housing price levels, unemployment levels, and their 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 automotive loans as they complement our core business model, but we do sell loans from time to time on an opportunistic basis. We ultimately manage the associated risks based on the underlying economics of the exposure.

For detailed information on the significant asset classes affected by our loan and lease exposure, refer to the *Risk Management* section within MD&A of our Quarterly Report on Form 10-Q for the three months ended June 30, 2015.

As of June 30, 2015, we do not have any eligible collateral derivatives or other financial guarantees.

Securitization

Basel III defines a traditional securitization exposure as follows:

- All or a portion of the credit risk of one or more underlying exposures is transferred to one or more third parties other than through the use of credit derivatives or guarantees;
- The credit risk associated with the underlying exposures has been separated into at least two tranches reflecting different levels of seniority;
- Performance of the securitization exposures depends upon the performance of the underlying exposures;
- All or substantially all of the underlying exposures are financial exposures;
- The underlying exposures are not owned by an operating company; and
- The underlying exposures are not owned by a small business investment company or related to a community development investment.

Synthetic securitization exposures are those that meet the above criteria but through the use of one or more credit derivatives or guarantees. Resecuritization is a securitization with more than one underlying exposures in which one or more of the underlying exposures is a securitization exposure.

Ally is both an originator and investor in the securitization market. We provide a wide range of consumer and commercial automotive loans, operating leases, and commercial loans to a diverse customer base. We often securitize these loans (also referred to as financial assets) and leases through the use of securitization entities. Securitization transactions typically involve the use of variable interest entities (VIEs) and are accounted for either as sales or secured financings. As an originator, the majority of the securitizations are consolidated on our Consolidated Balance Sheet and are risk-weighted according to the underlying assets. Securitization activities act as a source of liquidity and cost-efficient funding while also reducing our credit exposure beyond any economic interest we may retain.

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

In transactions where either one or both of the power or economic criteria mentioned above are not met, we then must determine whether or not we achieve a sale for accounting purposes. In order to achieve a sale for accounting purposes, the assets being transferred must be legally isolated, not be constrained by restrictions from further transfer, and be deemed to be beyond our control. If we were to fail any of the three criteria for sale accounting, the accounting would be consistent with the preceding paragraph (i.e., a secured borrowing).

Liabilities incurred as part of these securitization transactions, such as representation and warranty provisions, are recorded at fair value at the time of sale and are reported as accrued expenses and other liabilities on our Consolidated Balance Sheet. Upon the sale of the loans, we recognize a gain or loss on sale for the difference between the assets recognized, the assets derecognized, and the liabilities recognized as part of the transaction.

Gains or losses on off-balance sheet securitizations and sales are reported in gain (loss) on mortgage and automotive loans, net, in our Consolidated Statement of Income. Declines in the fair value of retained interests below the carrying amount are reflected in other comprehensive income, or as other gain on investments, net, in our Consolidated Statement of Income if such declines are determined to be other-than-temporary. Retained interests, as well as any purchased securities, are generally included in available-for-sale investment securities, or other assets. Securities that are noncertificated and cash reserve accounts related to securitizations are included in other assets on our Consolidated Balance Sheet.

We retain servicing responsibilities for all of our consumer and commercial automotive loan, operating lease, and commercial loan securitizations. We may receive servicing fees based on the securitized loan balances and certain ancillary fees, all of which are reported in servicing fees in the Consolidated Statement of Income.

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

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

Investors in the securitization trusts generally have no recourse to our assets outside of customary market representation and warranty repurchase provisions.

Assets intended to be securitized off-balance sheet are accounted for as loans held-for-sale. These loans are valued using internally developed valuation models because observable market prices are 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 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.

Purchased interests in securitizations are accounted for as available-for-sale securities and reported at fair value in our Consolidated Balance Sheet. Available-for-sale securities are carried at fair value based on observable market prices, when available. If observable market prices are not available, our valuations are based on internally developed discounted cash flow models (an income approach) that use a market-based discount rate and consider recent market transactions, experience with similar securities, current business conditions, and analysis of the underlying collateral, as available. To estimate cash flows, we are required to utilize various significant assumptions including market observable inputs (e.g., forward interest rates) and internally developed inputs (including prepayment speeds, delinquency levels, and credit losses).

Risk Management

Our securitization activity exposes us primarily to the credit risk and performance of the underlying assets. For qualitative discussion surrounding our Credit Risk management policies, procedures, and practices, refer to the Risk Management section within MD&A of our Quarterly Report on Form 10-Q for the three months ended June 30, 2015 and our 2014 Annual Report on Form 10-K. To mitigate the retained risk in securitization activities, Ally utilizes credit enhancement, including cash reserves, overcollateralization and subordinate notes.

Securitization Exposures

The following table represents Ally's off-balance sheet securitization exposures, including delinquencies and net credit losses.

June 30, 2015 *($ in millions)*	**Total Amount**	**Amount 60 days or more past due**	**Net credit losses**
Consumer automotive	**$ 2,212**	**$ 6**	**$ 1**
Total securitization exposures	**$ 2,212**	**$ 6**	**$ 1**

Ally does not have any synthetic securitization exposures.

Securitization Activity

We have $1.4 billion in consumer automotive assets classified as held-for-sale at June 30, 2015. We did not complete any off-balance sheet securitizations during the three months ended June 30, 2015. These amounts do not include assets in consolidated VIEs.

Purchased Investment Securities

As an investor, Ally has purchased investment securities that meet the regulatory definition of a securitization. These securitizations are part of our investment portfolio. We utilize the Simplified Supervisory Formula Approach (SSFA) to determine the risk-weight. The SSFA method considers our seniority in the securitization structure and risk factors inherent in the underlying assets.

The following table represents Ally's securitizations by underlying exposure type as of June 30, 2015.

June 30, 2015 *($ in millions)*	**Exposure Amount**
Mortgage-backed residential securities	**$ 3,229**
Mortgage-backed commercial securities	**458**
Asset-backed securities	**2,048**
Total	**$ 5,735**

The following table represents Ally's securitizations by risk weight bands as of June 30, 2015.

June 30, 2015 *($ in millions)*	**Exposure Amount**	**SSFA risk-weighted assets**
Risk-weight category		
20% — <50% risk weighting (a)	**$ 4,278**	**$ 1,079**
50% — <100% risk weighting	**1,378**	**882**
100% — <250% risk weighting	**58**	**67**
250% — 1250% risk weighting	**21**	**253**
Total	**$ 5,735**	**$ 2,281**

(a) Includes resecuritization exposures of $6 million and SSFA risk-weighted assets of $3 million.

Equities Not Subject to the Market Risk Rule

Our equity holdings primarily consist of available-for-sale equity securities. These equity positions are carried at fair value with unrealized net gains or losses reported within accumulated other comprehensive income (loss) in equity. Details of Ally's policy for the valuation of investment securities can be found in Note 1 to the Consolidated Financial Statements within our 2014 Annual Report on Form 10-K. In addition, we also hold equity investments related to community reinvestment activities and Federal Home Loan Bank (FHLB) stock classified within other assets on our Consolidated Balance Sheet.

Under the Basel III rules, a banking organization may apply a 100% risk weight to equity exposures deemed non-significant. Equity exposures are considered non-significant when the total aggregate adjusted carrying value of the equity exposures do not exceed 10 percent of total capital. Ally's equity exposures do not exceed 10 percent of total capital and are considered non-significant. The table below presents the carrying value, fair value and RWA by risk weight.

June 30, 2015 (*$ in millions*)	**Risk-weight Category**	**Amortized Cost**	**Fair Value**	**Risk-weighted Assets**
Equity exposures				
FHLB Stock	**20%**	**$ 333**	**$ 333**	**$ 67**
Community reinvestment activity exposures	**100%**	**202**	**202**	**202**
Non-significant equity exposures (a)	**100%**	**1,090**	**1,038**	**1,038**
Total		**$ 1,625**	**$ 1,573**	**$ 1,307**

(a) Includes publicly traded equity securities with a amortized cost of $1.0 billion.

Total net unrealized losses on available-for-sale equity securities recognized on the balance sheet but not through earnings were $52 million at June 30, 2015. Total net realized gains arising from sales and liquidations of equity securities were $27 million for the three months ended June 30, 2015.

Interest Rate Risk for Non-Trading Activities

We are exposed to interest rate risk arising from changes in interest rates related to financing, investing, and cash management activities. Interest rate risk arises from the mismatch between assets and the related liabilities used for funding. We enter into various financial instruments, including derivatives, to maintain the desired level of exposure to the risk of interest rate and other fluctuations.

We prepare forward-looking forecasts of net financing revenue, which take into consideration anticipated future business growth, asset/liability positioning, and interest rates based on the implied forward curve. Simulations are used to assess changes in net financing revenue in multiple interest rates scenarios relative to the baseline forecast. The changes in net financing revenue relative to the baseline are defined as the sensitivity. Our simulation incorporates contractual cash flows and repricing characteristics for all assets, liabilities and off-balance sheet exposures and incorporates the effects of changing interest rates on the prepayment and attrition rates of certain assets and liabilities. The analysis is highly dependent upon a variety of assumptions including the repricing characteristics of deposits with non-contractual maturities. Our simulation does not assume any specific future actions are taken to mitigate the impacts of changing interest rates. Relative to our baseline forecast, which is based on the implied forward curve, our net financing revenue over the next twelve months would increase by $39 million if interest rates remain unchanged.

The net financing revenue sensitivity tests measure the potential change in our pretax net financing revenue over the following twelve months. A number of alternative rate scenarios are tested, including immediate and gradual parallel shocks to both current spot rates and the market forward curve. We also evaluate nonparallel shocks to interest rates and stresses to certain term points on the yield curve in isolation to capture and monitor a number of risk types

Our twelve-month pretax net financing revenue sensitivity based on the market forward-curve was as follows.

	June 30, 2015	
Change in Interest Rates (*$ in millions*)	**Instantaneous**	**Gradual (a)**
-100 basis points	**$ 27**	**$ 43**
+100 basis points	**(110)**	**(32)**
+200 basis points	**(266)**	**(78)**

(a) Gradual changes in interest rates are recognized over 12 months.

We remain moderately liability sensitive as our simulation models assume liabilities will initially re-price faster than assets. A material portion of our interest rate exposure has historically been driven by Prime rate index floors on certain commercial loans that limit interest income increases until the index rises above the level of the floor. Due to market demand for our London Interbank Offered Rate (LIBOR)-based product and to reduce our exposure to rising interest rates, we have migrated a substantial portion of our dealer floorplan accounts from Prime to LIBOR indices. As of June 30, 2015, approximately 80% of our floorplan assets will re-price directly with changes in short-term interest rates.

The future repricing behavior of retail deposit liabilities, particularly non-maturity deposits, remains a significant driver of interest rate sensitivity. The sustained low interest rate environment increases the uncertainty of assumptions for deposit repricing relationships to market interest rates. Our interest rate risk models use dynamic assumptions driven by a number of factors, including the overall level of interest rates and the spread between short-term and long-term interest rates to project changes in our retail deposit offered rates. Ally's interest rate risk metrics currently assume a long-term retail deposit beta of greater than 80%. We believe our deposits may ultimately be less sensitive to interest rate changes, which will reduce our overall exposure to rising rates. Assuming a long-term retail deposit beta of 50% (vs. current assumption of greater than 80%) would result in a consolidated interest rate risk position that is neutral to asset sensitive.

Our pro-forma rate sensitivity assuming a 50% deposit pass-through based on the market forward-curve as of June 30, 2015, was as follows.

	June 30, 2015	
Change in Interest Rates ($ in millions)	**Instantaneous**	**Gradual (a)**
-100 basis points	**$ (121)**	**$ (4)**
+100 basis points	**1**	**8**
+200 basis points	**(23)**	**12**

(a) Gradual changes in interest rates are recognized over 12 months.

Our liability sensitive risk position is also driven by receive-fixed interest rate swaps designated as fair value hedges of certain fixed-rate liabilities including legacy unsecured debt. These swaps continue to generate positive financing revenue in the current interest rate environment, but also add to our liability sensitive position. The size, maturity and mix of our hedging activities change frequently as we adjust our broader asset and liability management objectives.