



**Ally Financial Inc.
Resolution Plan**

**Public Section
December 31, 2014**

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Public Section

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I. Introduction

The Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act") and regulations adopted by the Board of Governors of the Federal Reserve System ("Federal Reserve") and the Federal Deposit Insurance Corporation ("FDIC") require Ally Financial Inc. ("AFI" and, together with its consolidated subsidiaries, including Ally Bank, "Ally") and its wholly owned FDIC-insured banking subsidiary, Ally Bank, to prepare and maintain plans for a rapid and orderly resolution in the event of material financial distress or failure. For purposes of resolution planning, the term "material financial distress" as applied to Ally means that Ally has incurred, or is likely to incur, losses that will deplete all or substantially all of its capital, and there is no reasonable prospect for Ally to avoid such depletion; or Ally's assets are, or are likely to be, less than its obligations to creditors and others; or Ally is, or is likely to be, unable to pay its obligations (other than those subject to a *bona fide* dispute) in the normal course of business.

Section 165(d) of the Dodd-Frank Act and regulations jointly issued by the Federal Reserve and the FDIC ("Section 165 Rule") require AFI, as a bank holding company with assets of \$50.0 billion or more, to submit to the Federal Reserve and the FDIC a plan ("Section 165 Plan") for Ally's rapid and orderly resolution in the event of material financial distress or failure. Ally's Section 165 Plan must consider and address how a hypothetical resolution of Ally under the U.S. Bankruptcy Code ("Bankruptcy Code") could be accomplished - without reliance on the provision of extraordinary support by the United States - in a reasonable period of time and in a manner that substantially mitigates the risk that Ally's failure would have serious adverse effects on the financial stability of the United States. Ally's Section 165 Plan must also describe Ally's strategy for ensuring that Ally Bank would be adequately protected from risks arising from the activities of AFI and its non-bank subsidiaries (other than those that are subsidiaries of Ally Bank). Finally, Ally must update its Section 165 Plan at least annually, and Ally must provide notice to the Federal Reserve and the FDIC of any event, occurrence, change in conditions or circumstances, or other change that results in or could reasonably be foreseen to have a material effect on Ally's resolution.

A separate regulation issued by the FDIC ("IDI Rule" and, together with the Section 165 Rule, the "Rules") requires Ally Bank, as an FDIC-insured banking institution with assets of \$50.0 billion or more, to submit to the FDIC a plan ("IDI Plan" and, together with the Section 165 Plan, the "Plans") demonstrating how Ally Bank could be resolved in an orderly and timely manner in the event of receivership. In addition to this Section 165 Plan, Ally Bank has prepared and will submit the IDI Plan to the FDIC according to the IDI Rule.

On August 14, 2014, the Federal Reserve and the FDIC issued additional guidance ("Supervisory Guidance") for the preparation of resolution plans by banking organizations like Ally and Ally Bank. The Section 165 Plan for 2014 must be responsive to, and consistent with, the Supervisory Guidance.

As required by the Section 165 Rule and the Supervisory Guidance, the Section 165 Plan considers strategies for the resolution of Ally in the event of an idiosyncratic event involving an unforeseen liquidity crisis. Further, the Section 165 Plan assumes that this idiosyncratic event may occur at a time when general macroeconomic conditions are consistent with either baseline, adverse, or severely adverse economic scenarios.

Ally supports the regulatory changes that have been made since the financial crisis in 2008 to mitigate systemic risk and improve financial stability. Ally believes that resolution planning is a key element of those changes. Ally has developed this Public Section to comply with the requirements applicable to Ally under the Section 165 Rule and the Supervisory Guidance.

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II. Overview of Ally

Ally is a leading, independent, financial services firm with \$151.2 billion in assets at December 31, 2013. Founded in 1919 as General Motors Acceptance Corporation ("GMAC"), Ally is a leading automotive financial services company with over 90 years of experience providing a broad array of financial products and services to automotive dealers and their customers. On December 24, 2008, Ally received approval from the Federal Reserve to become a bank holding company under the Bank Holding Company Act of 1956 ("BHC Act"). Subsequently, Ally elected to become a financial holding company under the BHC Act, which election was approved by the Federal Reserve and became effective on December 20, 2013. Ally's banking subsidiary, Ally Bank, is an indirect wholly owned subsidiary of AFI and a leading franchise in the growing direct (internet, telephone, mobile, and mail) banking market, with \$52.9 billion of external deposits at December 31, 2013, including \$43.2 billion of retail deposits.

Ally's primary line of business involves providing "Dealer Financial Services" (which include automotive finance and insurance operations) to the U.S. automotive industry. The Dealer Financial Services business is centered on Ally's relationships with automotive dealers and supports manufacturers with which Ally has marketing relationships and those manufacturers' marketing programs. By offering a wide range of financial services and insurance products for both new and used vehicles, the Dealer Financial Services business serves the financial needs of approximately 16,000 dealers in the United States, which in turn use those products and services to satisfy the financial needs of approximately 4 million of their retail customers. Ally believes its dealer-focused business model makes it the preferred automotive finance company for thousands of its automotive dealer customers. Ally has developed particularly strong relationships with thousands of dealers from its longstanding relationship with General Motors Company ("GM") as well as present or past relationships with other manufacturers, including Chrysler Group LLC ("Chrysler"), providing Ally with an extensive understanding of the operating needs of these dealers relative to other automotive finance companies.

Ally Bank, Ally's direct banking platform, is focused on building a stable deposit base driven by Ally's compelling brand and strong value proposition. Ally Bank raises deposits directly from customers through the direct banking channel via the internet, telephone, mobile applications, and physical mail. Ally Bank offers a suite of deposit product offerings, including savings and money market accounts, certificates of deposit, interest-bearing checking accounts, trust accounts, and individual retirement accounts ("IRAs"). Ally Bank continues to evaluate the deposit product offerings in its banking platform in order to meet customer needs.

Ally's strategy is to extend its position in automotive finance in the United States by continuing to provide automotive dealers and their retail customers with premium service, a comprehensive product suite, consistent funding, and competitive pricing, reflecting Ally's commitment to the automotive industry. During 2012 and 2013, Ally further executed on this strategy by selling or liquidating nonstrategic operations. Ally is focused on expanding profitable dealer relationships, prudent earning asset growth, and higher risk-adjusted returns. Ally's growth strategy continues to focus on diversifying the franchise by expanding into different products as well as strengthening its network of dealer relationships. Over the past several years, Ally has increased its focus on the used vehicle and leased vehicle market segments, which has resulted in used and leased vehicle financing volume growth. Ally also seeks to broaden and deepen the Ally Bank franchise, prudently growing stable, quality deposits while extending Ally Bank's foundation of products and providing a high level of customer service.

The information contained in the Section 165 Plan has been prepared in accordance with applicable regulatory requirements and guidance. Any differences in the presentation of information concerning Ally or Ally Bank's businesses and operations relative to how Ally presents such information for other purposes is solely due to Ally's efforts to comply with the Rules and the Supervisory Guidance. The information presented in these Plans, including the designation of "Material Entities," "Core Business Lines," and "critical operations," does not, in any way, reflect changes to Ally or Ally Bank's organizational structure, business practices, or strategy.

In addition, the information in this Public Section concerning Ally's assets, liabilities, capital, and funding sources has been extracted from AFI's Annual Report on Form 10-K for the year ended December 31, 2013 ("2013 Form 10-K"). Unless otherwise indicated, such information speaks only as of the date of the periods presented in the 2013 Form 10-K. Additional information related to Ally, including information about Ally's business and strategic actions, can be found in AFI's reports filed with the Securities and Exchange Commission ("SEC"), including the 2013 Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K (each a "34 Act Report"). Current and future '34 Act Reports can be viewed, as they become available, on the SEC's website at www.sec.gov and at www.ally.com/about/investor/sec-filings. Information contained in '34 Act Reports that Ally files with the SEC subsequent to the date of the 2013 Form 10-K may modify, update, and supersede information contained in the 2013 Form 10-K and information provided in this Public Section.

This Public Section and Ally's '34 Act Reports use forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as "expect," "anticipate," "estimate," "forecast," "initiative," "objective," "plan," "goal," "project," "outlook," "priorities," "target," "explore," "positions," "intend," "evaluate," "pursue," "seek," "may," "would," "could," "should," "believe," "potential," "continue," or the negative of any of those words or similar expressions, are intended to identify forward-looking statements. All statements in this Public Section and AFI's '34 Act Reports, other than statements of historical fact, including statements about future events and financial performance, are forward-looking statements that involve certain risks and uncertainties.

While these statements represent Ally's current judgment on what the future may hold, and Ally believes 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 Ally's '34 Act Reports, each of which may be revised or supplemented in future '34 Act Reports filed with the SEC. Factors that could cause Ally's actual results to differ materially from those described in the forward-looking statements can be found in the "Risk Factors" section of the 2013 Form 10-K and AFI's Quarterly Reports on Form 10-Q or Current Reports on Form 8-K filed with the SEC.

All forward-looking statements speak only as of the date on which such statements are made, and Ally undertakes no obligation to update publicly or otherwise revise any forward-looking statements, whether as a result of new information, future events, or other such factors that affect the subject of these statements, except where expressly required by law.

A. Names of Material Entities

Under the Section 165 Rule, a “Material Entity” is any Ally subsidiary or foreign office that is significant to the activities of a “Critical Operation” or “Core Business Line.” See 12 C.F.R. §§ 243.2 (l); 381.2(l) (2014). For these purposes, a Critical Operation is an operation, including associated services, functions, and support, the failure or discontinuance of which, in Ally's view or the view of the Federal Reserve and the FDIC, would pose a threat to the financial stability of the United States. *Id.* §§ 243.2(g); 381.2(g). A Core Business Line is a business line, including associated operations, services, functions and support, the failure of which, in Ally's view, would result in a material loss of revenue, profit, or franchise value. *Id.* §§ 243.2(d); 381.2(d).

Based on the criteria set forth in the definitions of these terms, Ally performed a multi-factor review to identify six Material Entities using a number of metrics, including assets, liabilities, and capital; revenues and expenses; organizational significance; and staffing levels.

The following table lists Ally's Material Entities under the headings of “Covered Company,” “Material Operating Entities,” and “Material Staffing Entities.”

Covered Company	Material Operating Entities	Material Staffing Entities
<p style="text-align: center;">Ally Financial Inc.</p>	<p style="text-align: center;">Ally Financial Inc. (Automotive finance)</p> <p style="text-align: center;">Ally Bank (FDIC-insured U.S. bank)</p> <p style="text-align: center;">Motors Insurance Corporation (Insurance company)</p> <p style="text-align: center;">Ally Servicing LLC (Auto accounts servicer)</p>	<p style="text-align: center;">AFI US LLC (Staffing entity for AFI)</p> <p style="text-align: center;">GMAC Wholesale Mortgage Corp. (Staffing entity for Ally Bank)</p>

Despite its name, GMAC Wholesale Mortgage Corporation ("GMAC Wholesale") does not operate as a business entity in the mortgage market.

As part of Ally's ongoing resolution planning process, the lists of Ally's Material Entities are subject to ongoing evaluation and updates.

B. Description of Core Business Lines

Ally's primary business involves providing "Dealer Financial Services" (which include automotive finance and insurance operations) to the U.S. auto industry. Ally's primary customers are automotive dealers, which are typically independently owned businesses. Ally offers a wide range of financial services and insurance products to approximately 16,000 automotive dealerships and approximately 4 million of their retail customers. Ally's automotive finance services include acquiring retail installment sale contracts and leases from dealers, offering term loans to dealers (including real estate and construction loans), financing dealer floorplans and other lines of credit to dealers, fleet financing, and vehicle remarketing services. Through its insurance affiliates, Ally also offers retail vehicle service contracts ("VSCs"), guaranteed automotive protection ("GAP") products (which allow the recovery of a specified economic loss beyond the covered vehicle's value in the event the vehicle is damaged and declared a total loss), commercial insurance primarily covering dealers' wholesale vehicle inventories, and maintenance coverage.

For Section 165 Plan purposes, Ally has identified three Core Business Lines:

- Automotive Finance
- Insurance
- Direct Banking

Other Ally business lines did not meet the criteria necessary to be classified as a Core Business Line.

Each Core Business Line is conducted through one or more of the Material Entities identified in Section II.A of this Public Section - Names of Material Entities. As part of Ally's ongoing resolution planning process, the lists of Ally's Core Business Lines are subject to ongoing evaluation and updates.

1. Automotive Finance Core Business Line

Ally's Automotive Finance Core Business Line consists of automotive finance business generated in the United States. At December 31, 2013, the Automotive Finance Core Business Line had \$109.3 billion of assets, and it generated \$3.4 billion of total net revenue in 2013. Ally has approximately 1,800 automotive finance and 600 insurance employees across the United States, focused on serving the needs of Ally's dealer customers with finance and insurance products, expanding the number of overall dealer and automotive manufacturer relationships, and supporting Ally's dealer financing and underwriting functions.

In addition, Ally has approximately 2,200 employees that support its servicing operations. Ally manages commercial account servicing for the approximately 4,500 dealers that utilize its floorplan inventory lending or other commercial loans. Ally also provides consumer asset servicing for a \$77.7 billion portfolio at December 31, 2013. The extensive infrastructure and experience of Ally's servicing operations are important to Ally's ability to minimize credit losses and enable Ally to deliver a favorable customer experience to both its dealers and their retail customers.

The Automotive Finance Core Business Line's primary customers are automotive dealers. Most automotive dealers are independently owned businesses. Ally's success as an automotive-finance provider is driven by the consistent and broad range of products and services it offers to dealers who enter into retail installment sale contracts and leases with their retail customers who are

acquiring new and used vehicles. Ally's growth strategy continues to focus on diversifying the franchise by expanding into different products as well as strengthening its network of dealer relationships.

a. Commercial Automotive Financing

Ally's commercial automotive financing operations primarily fund dealers' purchases of new and used vehicle inventory, commonly referred to as wholesale or floorplan financing. This represents the largest portion of Ally's commercial automotive financing business. Floorplan loans are secured by vehicles financed (and typically all other vehicle inventory), which provide strong collateral protection in the event of dealership default. Additional collateral (e.g., personal guaranties from dealership owners) is often obtained to further manage credit risk. The amount Ally advances to dealers is equal to 100% of the wholesale invoice price of new vehicles; the amount Ally advances on used vehicles is based on either the dealer cost or appraised wholesale value, depending on the transaction. Interest on automotive floorplan financing is generally payable monthly and is indexed to a floating-rate benchmark. The rate for a particular dealer is based on, among other considerations, competitive factors and the dealer's creditworthiness. During 2013, Ally financed an average of \$28.2 billion of dealer vehicle inventory through floorplan financings.

b. Consumer Automotive Financing

Ally's consumer automotive financing business focuses on the acquisition and servicing of retail installment sale contracts for new and used vehicles and leases for new vehicles. During 2013, Ally acquired approximately 1.4 million retail installment sale contracts and leases totaling approximately \$37.3 billion.

Ally's consumer automotive financing operations generate revenue through financing and leasing payments by customers on retail installment sale contracts and leases. Ally also recognizes a gain or loss on the remarketing of leased vehicles at the end of the lease. When a lease contract is acquired, Ally estimates the residual value of the leased vehicle at lease termination. Ally's actual sales proceeds from remarketing the vehicle may be higher or lower than the estimated residual value.

Automotive manufacturers may elect, as a marketing incentive, to sponsor special financing programs for retail sales of their vehicles. The manufacturer can lower the financing rate paid by the customer on either a retail installment sale contract or a lease by paying Ally the present value of the difference between the customer rate and Ally's standard market rates at contract inception. These marketing incentives are referred to as rate support or subvention. Automotive manufacturers may also, from time to time, offer lease pull-ahead programs, which encourage consumers to terminate existing leases early if they acquire a new vehicle. In most cases, as part of these programs, the automotive manufacturer satisfies all or a portion of the customer's remaining payment obligation. The manufacturer's payment to Ally may be reduced by an amount that reflects the extent to which Ally's remarketing sale proceeds are higher than otherwise would be realized if the vehicle had been remarketed at lease contract maturity. Automotive manufacturers may also elect to lower a customer's lease payments through residual support incentive programs. In these instances, Ally agrees to increase, at the time the lease contract is acquired, the projected residual value of the vehicle in exchange for a payment from the manufacturer.

c. Automotive Remarketing Services

Ally provides comprehensive automotive remarketing services, including the use of SmartAuction, its online auction platform, which efficiently supports dealer-to-dealer and other commercial wholesale vehicle transactions. In 2013, Ally and others, including dealers, fleet rental companies, financial institutions, and GM, utilized SmartAuction to sell 261,000 vehicles to dealers and other commercial customers. SmartAuction served as the remarketing channel for approximately 40% of Ally's off-lease vehicles during 2013.

2. Insurance Core Business Line

Ally's Insurance Core Business Line offers both consumer financial protection and insurance products sold primarily through the automotive dealer channel, and commercial insurance products sold directly to dealers. As part of its focus on offering dealers a broad range of consumer financial and insurance products, Ally offers VSCs, GAP products, and maintenance coverage. Ally also underwrites selected commercial insurance coverages, which primarily insure dealers' wholesale vehicle inventory in the United States. The Insurance Core Business Line had \$7.1 billion of assets at December 31, 2013, and generated \$1.3 billion of total net revenue in 2013.

Ally's VSCs for retail customers offer owners and lessees mechanical repair protection and roadside assistance for new and used vehicles beyond the manufacturer's new vehicle warranty. These VSCs cover virtually all makes and models and are marketed to the public through automotive dealers and on a direct response basis. Through dealers only, Ally also offers GAP products in connection with retail installment sale and lease financing. Typically, the customer finances the cost of a VSC and/or GAP product, together with the cost of the underlying vehicle, through the retail installment sale contract.

Wholesale vehicle inventory insurance for dealers provides physical damage protection for dealers' floorplan vehicles. Dealers are generally required to maintain such insurance by their floorplan-finance provider. During 2013, these insurance products were purchased by approximately 3,800 dealers. Among franchised dealers in the United States to whom Ally provides floorplan financing, its wholesale insurance product penetration rate is approximately 82%. Dealers who receive wholesale financing from Ally are eligible for wholesale insurance incentives, such as automatic eligibility in Ally's preferred insurance programs.

A significant aspect of Ally's Insurance Core Business Line involves the investment of proceeds from premiums and other revenue sources. Ally uses these investments to satisfy its obligations when future claims are settled. The Insurance Core Business Line is guided by an investment committee, which develops investment guidelines and strategies. The guidelines established by this committee reflect Ally's risk tolerance, liquidity requirements, state insurance regulatory requirements, and rating agency considerations, among other factors.

3. Direct Banking Core Business Line

Ally Bank's Direct Banking Core Business Line raises deposits directly from customers through its Direct Banking Core Business Line via the internet, telephone, mobile, and mail channels. Ally Bank's deposit product offerings include certificates of deposit ("CDs"), savings accounts, money market accounts ("MMAs"), interest checking, individual retirement account ("IRA"), deposit products, as well as an online checking product. Ally Bank has established a retail banking franchise that is based on a promise of being straightforward, easy to use and customer-service oriented.

Ally Bank's products and services are designed to develop long-term customer relationships and capitalize on the shift in consumer preference away from branch banking in favor of direct banking.

As of December 31, 2013, Ally Bank had \$52.9 billion of total external deposits, including \$43.2 billion of retail deposits. The growth of Ally Bank's retail base from \$7.2 billion at the end of 2008 to \$43.2 billion at December 31, 2013, has enabled Ally to reduce its cost of funds during that period. The growth in deposits is primarily attributable to Ally Bank's retail deposits while its brokered deposits have remained at historical levels. Strong retention rates, reflecting the strength of the franchise, have materially contributed to Ally Bank's growth in retail deposits.

Additional information related to Ally's business can be found in AFI's '34 Act Reports, including the 2013 Form 10-K, AFI's Quarterly Report on Form 10-Q for March 31, 2014 ("1Q 2014 Form 10-Q"), AFI's Quarterly Report on Form 10-Q for the six months ended June 30, 2014 ("2Q 2014 Form 10-Q"), and AFI's Quarterly Report on Form 10-Q for the nine months ended September 30, 2014 ("3Q 2014 Form 10-Q"), which are available at www.sec.gov and at www.ally.com/about/investor/sec-filings

C. Summary of Financial Information Regarding Assets, Liabilities, Capital and Liquidity

AFI's 2013 Form 10-K, 1Q 2014 Form 10-Q, 2Q 2014 Form 10-Q, and 3Q 2014 Form 10-Q include detailed financial reporting. Unless noted to the contrary, the following financial statements were extracted from the 2013 Form 10-K. Please see the 2013 Form 10-K for the notes to these audited financial statements. The notes are an integral part of Ally's audited consolidated financial statements.

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Consolidated Balance Sheet

The following table presents Ally's consolidated balance sheet from the 2013 Form 10-K for the periods ended December 31, 2013 and December 31, 2012:

December 31, (\$ in millions)	2013	2012
Assets		
Cash and cash equivalents		
Noninterest-bearing	\$ 1,315	\$ 1,073
Interest-bearing	4,216	6,440
Total cash and cash equivalents	5,531	7,513
Investment securities	17,083	14,178
Loans held-for-sale, net of unearned income (\$16 and \$2,490 fair value-elected)	35	2,576
Finance receivables and loans, net		
Finance receivables and loans, net of unearned income (\$1 and \$- fair value-elected)	100,328	99,055
Allowance for loan losses	(1,208)	(1,170)
Total finance receivables and loans, net	99,120	97,885
Investment in operating leases, net	17,680	13,550
Mortgage servicing rights	-	952
Premiums receivable and other insurance assets	1,613	1,609
Other assets	9,589	11,908
Assets of operations held-for-sale	516	32,176
Total assets	\$ 151,167	\$ 182,347
Liabilities		
Deposit liabilities		
Noninterest-bearing	\$ 60	\$ 1,977
Interest-bearing	53,290	45,938
Total deposit liabilities	53,350	47,915
Short-term borrowings	8,545	7,461
Long-term debt	69,465	74,561
Interest payable	888	932
Unearned insurance premiums and service revenue	2,314	2,296
Accrued expenses and other liabilities	2,397	6,585
Liabilities of operations held-for-sale	-	22,699
Total liabilities	136,959	162,449
Equity		
Common stock and paid-in capital	20,939	19,668
Mandatorily convertible preferred stock held by U.S. Department of Treasury	-	5,685
Preferred stock	1,255	1,255
Accumulated deficit	(7,710)	(7,021)
Accumulated other comprehensive (loss) income	(276)	311
Total equity	14,208	19,898
Total liabilities and equity	\$ 151,167	\$ 182,347

The Notes to Consolidated Financial Statements accompanying Ally's consolidated balance sheet in its 2013 Form 10-K are an integral part of Ally's audited consolidated financial statements.

Consolidated Statement of Income

The following table presents Ally's consolidated statement of income from the 2013 Form 10-K for each of the three years ended December 31:

Year ended December 31, (\$ in millions)	2013	2012	2011
Financing revenue and other interest income			
Interest and fees on finance receivables and loans	\$ 4,529	\$ 4,539	\$ 4,189
Interest on loans held-for-sale	20	98	180
Interest on trading assets	-	10	8
Interest and dividends on available-for-sale investment securities	325	292	350
Interest-bearing cash	10	24	15
Operating leases	3,209	2,379	1,929
Total financing revenue and other interest income	8,093	7,342	6,671
Interest expense			
Interest on deposits	654	645	615
Interest on short-term borrowings	63	71	61
Interest on long-term debt	2,602	3,336	3,930
Total interest expense	3,319	4,052	4,606
Depreciation expense on operating lease assets	1,995	1,399	941
Net financing revenue	2,779	1,891	1,124
Other revenue			
Servicing fees	126	409	525
Servicing asset valuation and hedge activities, net	(213)	(4)	(434)
Total servicing (loss) income, net	(87)	405	91
Insurance premiums and service revenue earned	1,012	1,055	1,153
Gain on mortgage and automotive loans, net	55	379	229
Loss on extinguishment of debt	(59)	(148)	(64)
Other gain on investments, net	180	146	258
Other income, net of losses	383	737	621
Total other revenue	1,484	2,574	2,288
Total net revenue	4,263	4,465	3,412
Provision for loan losses	501	329	161
Noninterest expense			
Compensation and benefits expense	1,019	1,106	993
Insurance losses and loss adjustment expenses	405	454	452
Other operating expenses	1,981	2,062	1,983
Total noninterest expense	3,405	3,622	3,428
Income (loss) from continuing operations before income tax expense	357	514	(177)
Income tax (benefit) expense from continuing operations	(59)	(856)	42
Net income (loss) from continuing operations	416	1,370	(219)
(Loss) income from discontinued operations, net of tax	(55)	(174)	62
Net income (loss)	\$ 361	\$ 1,196	\$ (157)

Statement continues on the next page.

Year ended December 31, (\$ in millions except per share data)	2013	2012	2011
Net (loss) income attributable to common shareholders			
Net income (loss) from continuing operations \$	416 \$	1,370 \$	(219)
Preferred stock dividends - U.S. Department of Treasury	(543)	(535)	(534)
Impact of repurchase of mandatorily convertible preferred stock held by U.S. Department of Treasury and elimination of share adjustment right (a)	(240)	—	-
Preferred stock dividends	(267)	(267)	(260)
Impact of preferred stock conversion or amendment	-	-	32
Net (loss) income from continuing operations attributable to common shareholders (b)	(634)	568	(981)
(Loss) income from discontinued operations, net of tax	(55)	(174)	62
Net (loss) income attributable to common shareholders	\$ (689) \$	394 \$	(919)
Basic weighted-average common shares outstanding	1,355,375	1,330,970	1,330,970
Diluted weighted-average common shares outstanding (b)	1,355,375	1,330,970	1,330,970
Basic earnings per common share			
Net (loss) income from continuing operations	\$ (468) \$	427 \$	(738)
(Loss) income from discontinued operations, net of tax	(41)	(131)	47
Net (loss) income	\$ (509) \$	296 \$	(691)
Diluted earnings per common share (b)			
Net (loss) income from continuing operations	\$ (468) \$	427 \$	(738)
(Loss) income from discontinued operations, net of tax	\$ (41) \$	(131) \$	47
Net (loss) income	\$ (509) \$	296 \$	(691)

(a) Refer to Note 17 to the Consolidated Financial Statements in Ally's 2013 Form 10-K for further detail.

(b) Due to the antidilutive effect of converting the Fixed Rate Cumulative Mandatorily Convertible Preferred Stock into common shares and the net loss from continuing operations attributable to common shareholders for 2013, and 2011, respectively, net (loss) income from continuing operations attributable to common shareholders and basic weighted-average common shares outstanding were used to calculate basic and diluted earnings per share.

The Notes to Consolidated Financial Statements accompanying Ally's consolidated statement of income in its 2013 Form 10-K are an integral part of Ally's audited consolidated financial statements.

1. Capital

As a bank holding company, AFI and its wholly owned state-chartered banking subsidiary, Ally Bank, are subject to risk-based and leverage capital requirements issued by U.S. banking regulators that require AFI and Ally Bank to maintain regulatory capital ratios above minimum levels. 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 AFI and Ally Bank. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, AFI and Ally Bank must each meet specific capital guidelines that involve quantitative measures of its assets and certain off-balance sheet items. AFI and Ally Bank's capital amounts and classifications are also subject to qualitative judgments by the regulators about components, risk-weightings, and other factors.

A risk-based capital ratio is the ratio of a banking organization's regulatory capital (numerator) to its risk-weighted assets (denominator). Under the existing Basel I capital rules, regulatory capital is divided into two tiers: Tier 1 capital and Tier 2 capital. Tier 1 capital generally consists of common equity, minority interests, qualifying noncumulative preferred stock, and the fixed-rate cumulative preferred stock sold to the U.S. Department of Treasury ("Treasury") under the Troubled Asset Relief Program ("TARP"), less goodwill and other adjustments. Tier 2 capital generally consists of perpetual preferred stock not qualifying as Tier 1 capital, limited amounts of subordinated debt and the allowance for loan losses, and other adjustments. The amount of Tier 2 capital may not exceed the amount of Tier 1 capital. Total regulatory capital is the sum of Tier 1 and Tier 2 capital. Under

the existing Basel I (as defined in the following paragraphs) capital rules, risk-weighted assets are determined by allocating assets and specified off-balance sheet financial instruments into several broad risk weight categories with higher risk weights (expressed in percentages) assigned to asset classes that present greater perceived risk. Under the existing Basel I capital rules, banking organizations are required to maintain a minimum Total risk-based capital ratio (Total capital to risk-weighted assets) of 8% and a Tier 1 risk-based capital ratio (Tier 1 capital to risk-weighted assets) of 4%.

The U.S. banking regulators also have established minimum leverage capital ratio requirements. The Tier 1 leverage ratio is defined as Tier 1 capital divided by adjusted quarterly average total assets (which reflect adjustments for disallowed goodwill and certain intangible assets). Under the existing Basel I capital rules, the minimum U.S. Tier 1 leverage ratio is 3% or 4% depending on factors specified in the regulations.

Under the U.S. banking regulators' existing regulations, a banking organization 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 Tier 1 leverage ratio equals or exceeds 5%, unless subject to a regulatory directive to maintain higher capital levels. To maintain AFI's status as a financial holding company, AFI and Ally Bank must remain "well-capitalized" and "well-managed," as defined under the Federal Reserve's Regulation Y, 12 C.F.R. Part 225 (2014).

As discussed in the following, the U.S. banking regulators have issued the U.S. Basel III final rules to replace the existing Basel I capital rules. Effective January 1, 2015, the "well-capitalized" standard for AFI and Ally Bank will be revised to reflect the higher capital requirements in the U.S. Basel III final rules.

In the context of capital planning and stress testing, the U.S. banking regulators have also developed a measure of capital called "Tier 1 common," which is defined as Tier 1 capital less noncommon elements, including qualifying perpetual preferred stock, minority interests in subsidiaries, trust preferred securities, and mandatorily convertible preferred securities. Tier 1 common is used by the U.S. banking regulators, investors, and analysts to assess and compare the quality and composition of Ally's capital with the capital of other financial services companies. Also, bank holding companies with total consolidated assets of \$50 billion or more, such as Ally, must develop and maintain a capital plan annually, and the capital plan must include, among other elements, a discussion of how Ally will maintain a pro forma Tier 1 common risk-based capital ratio (Tier 1 common to risk-weighted assets) above 5% under expected conditions and certain stressed scenarios.

On October 29, 2010, Ally Bank, AFI, IB Finance Holding Company, LLC (a subsidiary of AFI and the direct parent company of Ally Bank), and the FDIC entered into a Capital and Liquidity Maintenance Agreement ("CLMA"). The effective date of the CLMA was August 24, 2010. 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 AFI and Ally Bank's capital ratios at December 31, 2013 and December 31, 2012:

December 31, (\$ in millions)	2013		2012		Required minimum	Well-capitalized minimum
	Amount	Ratio	Amount	Ratio		
Risk-based capital						
Tier 1 (to risk-weighted assets)						
Ally Financial Inc.	\$ 15,165	11.79 %	\$ 20,232	13.13 %	4.00 %	6.00 %
Ally Bank	15,159	16.73	14,136	16.26	4.00	6.00
Total (to risk-weighted assets)						
Ally Financial Inc.	\$ 16,405	12.76 %	\$ 21,669	14.07 %	8.00 %	10.00 %
Ally Bank	15,809	17.45	14,827	17.06	8.00	10.00
Tier 1 leverage (to adjusted quarterly average assets) (a)						
Ally Financial Inc. (b)	\$ 15,165	10.23 %	\$ 20,232	11.16 %	3.00-4.00%	
Ally Bank (c)	15,159	15.77	14,136	15.30	15.00	5.00 %
Tier 1 common (to risk-weighted assets)						
Ally Financial Inc.	\$ 11,366	8.84 %	\$ 10,749	6.98 %	n/a	n/a
Ally Bank	15,159	16.73	14,136	16.26	n/a	n/a

n/a = not applicable

- (a) Federal regulatory reporting guidelines require the calculation of adjusted quarterly average assets using a daily average methodology.
(b) Currently, there is no Tier 1 leverage component in the definition of "well-capitalized" for a bank holding company.
(c) Ally Bank, in accordance with the CLMA, is required to maintain a Tier 1 leverage ratio of at least 15%.

At December 31, 2013, AFI and Ally Bank were "well-capitalized" and met all capital requirements to which each was subject.

2. Basel Capital Accord

The existing risk-based capital standards adopted by the U.S. banking regulators are based on the Basel Committee's Basel I capital accord ("Basel I"). The U.S. banking regulators adopted Basel I in 1989. It generally applies to U.S. insured depository institutions and bank holding companies. In 2004, the Basel Committee published a revision to Basel I known as Basel II. The goal of Basel II is to provide more risk-sensitive approaches for calculating risk-weighted assets (the denominator of a banking organization's risk-based capital ratio) and promote enhanced risk management practices among large internationally active U.S. banking organizations ("Advanced Approaches"). U.S. banking regulators published final Basel II rules in December 2007. Basel II's more risk-sensitive approaches for calculating risk-weighted assets for credit risk and operational risk are referred to in the United States as the "Advanced Approaches" capital rules. Ally is not subject to the Advanced Approaches capital rules.

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. The U.S. Basel III final rules represent substantial revisions to the existing regulatory capital standards for U.S. banking organizations. Ally will become subject to the U.S. Basel III final rules beginning 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.

Once fully phased in, the U.S. Basel III final rules will subject Ally to 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%. Ally will also be subject to a 2.5% Common Equity Tier 1 capital conservation buffer. Failure to maintain such buffers will result in restrictions on Ally's

ability to make capital distributions, including dividend payments and stock repurchases and redemptions, and pay discretionary bonuses to executive officers. In addition to these new risk-based capital standards, the U.S. Basel III final rules require Advanced Approaches banking organizations to comply with a minimum Basel III supplementary leverage ratio of 3%. Ally is not an Advanced Approaches banking organization and therefore will not be subject to the Basel III supplementary leverage ratio requirement. The U.S. Basel III final rules subject 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 AFI and Ally Bank will be revised to reflect the higher capital requirements in the U.S. Basel III final rules.

In addition to introducing new capital ratios, the U.S. Basel III final rules revise the eligibility criteria for regulatory capital instruments and provide 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, certain new items will be deducted from Common Equity Tier 1 capital and certain existing deductions from regulatory capital will be modified. Among other things, the U.S. Basel III final rules require (a) significant investments in the common shares of unconsolidated financial institutions; (b) mortgage-servicing rights; and (c) certain deferred tax assets that exceed specified individual and aggregate thresholds to be deducted from Common Equity Tier 1 capital.

Beginning on January 1, 2015, the U.S. Basel III final rules will replace the existing Basel I-based approach for calculating risk-weighted assets with the U.S. Basel III standardized approach that, among other things, modifies certain existing risk weights and introduces new methods for calculating risk-weighted assets of certain types of assets and exposures. In December 2013, the Federal Reserve made technical revisions to the market risk capital rule, which only applies to banking organizations with significant trading assets and liabilities. Ally is not subject to the market risk capital rule.

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

3. Capital Planning and Stress Tests

In December 2011, the Federal Reserve adopted a capital plan rule for large bank holding companies. The capital planning regime requires AFI to submit a proposed capital plan to the Federal Reserve every January, which the Federal Reserve must take action on by the following March. The proposed capital plan must include a description of all planned capital actions over a nine-quarter planning horizon, including issuance of any debt or equity capital instrument, any capital distribution, and any similar action that the Federal Reserve determines could have an impact on AFI's consolidated capital. The proposed capital plan must also include a discussion of how AFI will maintain capital above the U.S. Basel III minimum regulatory capital ratios that are phased in over the nine-quarter planning horizon, and above a Tier 1 common equity-to-total risk-weighted assets ratio of 5%, and serve as a source of strength to Ally Bank. The Federal Reserve's capital plan rule requires that AFI receive no objection from the Federal Reserve before making a capital distribution. If the Federal Reserve objects to the capital plan, or if certain material events occur after approval of a plan, AFI must submit a revised capital plan within 30 days. In addition, even with an approved capital plan, AFI must seek the approval of the Federal Reserve before

making a capital distribution if, among other factors, AFI would not meet its regulatory capital requirements after making the proposed capital distribution.

In October 2012, U.S. banking regulators issued final rules to implement the capital stress testing requirements in the Dodd-Frank Act. The Federal Reserve's final rule requires AFI to conduct semi-annual (annual and mid-cycle) company-run stress tests under baseline, adverse, and severely adverse economic scenarios over a planning horizon that spans nine quarters. The FDIC's final rule requires Ally Bank to conduct an annual company-run stress test under baseline, adverse, and severely adverse economic scenarios over a planning horizon that spans nine quarters. Under these rules, AFI and Ally Bank are required to submit the results of these stress tests to regulators and publicly disclose the summary results of the stress tests under the severely adverse economic scenario. In addition, the Federal Reserve will also publish, by March 31 of each calendar year, summary results of Dodd-Frank supervisory stress tests conducted by the Federal Reserve of each large bank holding company, including AFI. The Dodd-Frank stress tests are intended to provide supervisors with forward-looking information to help identify downside risk and the potential effect of adverse conditions on capital adequacy.

As part of the Federal Reserve's annual Comprehensive Capital Analysis and Review ("CCAR"), the Dodd-Frank stress tests required under the Federal Reserve's final rule are integrated into the capital planning process in the Federal Reserve's capital plan rule. In November 2013, the Federal Reserve issued instructions for the 2014 CCAR and the 2014 supervisory stress test scenarios. On January 6, 2014, AFI and Ally Bank submitted the 2014 capital plan and stress tests as required by the rules and the 2014 CCAR instructions. The Federal Reserve announced that it did not object to Ally's capital plan on March 26, 2014.

4. Funding and Liquidity

Ally's funding strategy largely focuses on the diversification of funding programs that include a mix of retail and brokered deposits, public and private asset-backed securitizations, committed credit facilities, and public unsecured debt. These funding programs are managed across products, markets, and investors. The diversity of Ally's funding sources enhances funding flexibility, limits dependence on any one source, and results in a more cost-effective funding strategy over the long term.

As part of Ally's overall transformation from an independent financial services company to a bank holding company in 2008, Ally took actions to further diversify and develop more stable funding sources and, in particular, embarked upon initiatives to grow its consumer deposit-taking capabilities within Ally Bank. In addition, Ally began distinguishing its liquidity management strategies between bank funding and nonbank funding.

Maximizing bank funding continues to be the cornerstone of Ally's long-term liquidity strategy. Since Ally became a bank holding company, it has made significant progress in migrating retail asset acquisitions and commercial originations to Ally Bank and growing Ally Bank's retail deposit base. Retail deposits provide a low-cost source of funds that are less sensitive to interest rate changes, market volatility, or changes in Ally's credit ratings, than other funding sources. At December 31, 2013, Ally Bank had total external deposits of \$52.9 billion, which constituted about 40% of Ally's total funding. This compares to just 24% on December 31, 2009.

In addition to building a larger deposit base, Ally continues to remain active in the securitization markets to finance Ally Bank's automotive financing portfolios. For example, during 2013, Ally issued \$4.5 billion in secured funding backed by automotive retail installment sale contracts and retail leases as well as dealer floorplan automotive loans of Ally Bank. Continued structural efficiencies in securitizations combined with favorable capital market conditions have resulted in a reduction in the cost of funds achieved through secured funding transactions, making them a very attractive source of funding. In addition, for retail installment sale contracts and retail leases, the term structure of the transaction locks in funding for a specified pool of retail installment sale contracts and leases for substantially the life of the underlying assets. Once a pool of retail installment sale contracts is selected and placed into a securitization, the underlying assets and corresponding debt amortize simultaneously, resulting in committed and matched funding for the life of the assets. Ally manages the execution risk arising from secured funding by maintaining a diverse investor base and maintaining committed secured facilities.

As Ally has shifted its focus to migrating assets to Ally Bank and growing its bank funding capabilities, Ally's reliance on parent company liquidity has consequently been reduced. Funding sources at AFI generally consist of demand notes, longer-term unsecured debt, asset-backed securitizations, and private committed credit facilities. In 2013, AFI issued \$3.1 billion of unsecured debt through several issuances and raised \$4.1 billion through four public securitization transactions comprised of non-prime retail automotive finance collateral. At December 31, 2013, Ally had \$5.5 billion and \$5.2 billion of outstanding unsecured long-term debt with maturities in 2014 and 2015, respectively. To fund these maturities, Ally expects to use a combination of existing liquidity and opportunistic new issuances.

These strategies have allowed Ally to build and maintain a conservative liquidity position. Total available liquidity at AFI was \$13.3 billion and Ally Bank had \$5.9 billion of available liquidity at December 31, 2013. AFI liquidity is defined as the liquidity of Ally's consolidated operations, less the liquidity of Ally Bank and the regulated subsidiaries of Ally Insurance Holdings Inc. ("Ally Insurance Holdings"). Absolute levels of liquidity decreased as a result of liability and equity management transactions. At the same time, these strategies have also resulted in a cost of funds improvement of approximately 94 basis points since the first quarter of 2012. Looking forward, given Ally's liquidity and capital position and improved credit ratings, Ally expects that its cost of funds will continue to decline over time.

5. Troubled Asset Relief Program

As part of the Automotive Industry Financing Program created under TARP, which was established by Treasury under the Emergency Economic Stabilization Act of 2008 ("EESA"), AFI has entered into agreements pursuant to which Treasury has made investments in AFI. As a result of these investments, subject to certain exceptions, AFI and its subsidiaries are generally prohibited from paying certain dividends or distributions on, or redeeming, repurchasing, or acquiring any AFI common stock without the consent of Treasury. AFI further agreed that until Treasury ceases to hold AFI common stock, AFI will comply with certain restrictions on executive perquisites and compensation. AFI must also take all necessary action to ensure that its corporate governance and benefit plans with respect to senior executive officers comply with Section 111(b) of the EESA as implemented by any guidance or regulation under the EESA, as amended by the American Recovery and Reinvestment Act of 2009, as implemented by the Interim Final Rule issued by Treasury on June 15, 2009, and any rulings, limitations, or restrictions implemented or issued by the Office of the Special Master for TARP Compensation.

D. Description of Derivative and Hedging Activities

Derivatives are instruments that derive their value from underlying asset prices, indices, reference rates, and other inputs, or a combination of these factors. Derivatives may be listed or traded on an exchange or they may be privately negotiated contracts, which are usually referred to as over-the-counter derivatives.

Ally enters into derivative transactions, including interest-rate, foreign currency, and equity swaps, futures, forwards, options, and swaptions, in connection with its market risk management activities. Derivative instruments are used to manage interest-rate risk relating to specific groups of assets and liabilities, including automotive receivables and debt. Ally uses foreign exchange contracts to mitigate foreign-currency risk associated with foreign currency-denominated debt, foreign exchange transactions, and its net investment in foreign subsidiaries. In addition, Ally also enters into equity option contracts to manage exposure to the equity markets. Ally's primary objective for utilizing derivatives is to manage interest-rate risk associated with fixed- and variable-rate assets and liabilities, foreign-exchange risks related to foreign-currency-denominated assets and liabilities, and market risks related to the investment portfolio.

1. Interest Rate Risk

Ally executes interest-rate swaps to modify the exposure to interest-rate risk by converting certain fixed-rate instruments to a variable rate and certain variable-rate instruments to a fixed rate. Ally monitors the mix of fixed- and variable-rate assets and liabilities. When it is cost-effective to do so, Ally may enter into interest-rate swaps, forwards, futures, options, and swaptions to achieve the desired mix of fixed- and variable-rate assets and debt. Some of these hedges may qualify for hedge accounting treatment, including hedges of fixed-rate debt obligations, portfolios of automotive retail installment sale contracts ("RISC"), and expected future interest payments of certain secured debt obligations. Economic hedges have also been entered into to mitigate interest-rate risk from the debt portfolio, net fixed versus variable interest-rate exposure, and exposure to fixed-rate automotive receivables.

2. Foreign Currency Risk

Ally enters into derivatives to mitigate the risk associated with variability in cash flows related to various foreign currency exposures. While Ally has reduced the foreign exchange exposure to net investments in foreign operations through the sales of discontinued international businesses, foreign-currency forwards have been entered into with external counterparties to hedge foreign exchange exposure on AFI's net investments. A cross-currency swap and foreign-currency forwards are utilized to economically hedge foreign exchange exposure on foreign-currency-denominated debt. A centralized-lending program is also used to manage liquidity for the subsidiary businesses, but as of December 31, 2013, this activity is immaterial given the limited international operations.

Except for the remaining net investment hedges, Ally generally has 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.

3. Market Risk

Ally enters into equity options to economically hedge its exposure to the equity markets. Ally purchases options to assume a long position on certain equities and writes options to assume a short position.

4. Counterparty Credit Risk

Derivatives contain an element of credit risk if counterparties are unable to meet the terms of the agreements. Credit risk associated with derivatives is measured as the net replacement cost should the counterparties that owe Ally 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.

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

Finally, certain derivatives contain provisions that require Ally to either post additional collateral or immediately settle any outstanding liability balances upon the occurrence of a specified credit risk-related event.

E. Memberships in Material Payment, Clearing, and Settlement Systems

To facilitate its business, Ally maintains memberships with and participates in certain payment, clearing, and settlement systems, which are also known as financial market utilities (“FMUs”). FMUs permit Ally to provide payment services to clients and customers, and to engage in derivatives transactions as needed to manage risk, secure funding, and meet the needs of its clients and customers. In this context, “membership” means that Ally has direct access to these FMUs.

The following table lists the material payment, clearing, and settlement systems in which Ally maintains a direct membership.

Type	FMU	Description of Services
Payment Systems	Fedwire Funds Service	Electronic payment system for cash in the United States
	FedACH Services	Electronic payment system for batched payment services and the electronic exchange of debit and credit transactions through the Automated Clearing House (“ <u>ACH</u> ”) network
International Messaging Utility	SWIFT (The Society for Worldwide Interbank Financial Telecommunication)	Telecommunication platform for the exchange of standardized financial messages between financial institutions, between financial institutions and market infrastructures, and between financial institutions and their corporate clients and customers

F. Description of Non-U.S. Operations

During 2012, Ally decided to sell substantially all of its international businesses. In 2013, Ally completed the sale of its U.K.-based insurance operations that provided VSCs and insurance products internationally. Also in 2013, Ally sold its Canadian automotive finance operations, Ally Credit Canada Limited and ResMor Trust. During the second quarter of 2013, Ally sold its Mexican insurance business, ABA Seguros, S.A. de C.V. Also during the second quarter of 2013, Ally completed the sale of its automotive finance operations in Europe and the majority of Latin America. The transaction included European operations in Germany, the United Kingdom, Italy, Sweden, Switzerland, Austria, Belgium, France, and the Netherlands, and Latin America operations in Mexico, Chile, and Colombia. During the fourth quarter of 2013, Ally completed the sale of its Latin American automotive finance operations by selling its operations in Brazil. As of December 31, 2013, Ally's 40% interest in a motor vehicle finance joint venture in China is the only remaining component of the disposal group for which the sale has not been completed. Ally expects to complete the sale of the joint venture in China during the first quarter of 2015.

Upon completion of the sale of the joint venture in China, Ally's non-U.S. operations will be limited to the following:

- Motors Insurance Corporation ("MIC"), an insurance unit based in the United States, operating through a Canadian branch ("Canadian Branch"), engages in the underwriting of VSCs, wholesale vehicle inventory insurance, and a tire road hazard program throughout Canada; and a third party administration unit responsible for marketing, sales, and policy and claim administration of VSCs and tire road hazard contracts as well as a maintenance program for GM Canada. The Canadian Branch is not a separate legal entity but a branch of MIC.
- Ally International Insurance Company Ltd., a subsidiary of Ally Insurance Holdings, is a Bermuda reinsurance company with a 50% quota share reinsurance agreement for the VSC business underwritten by the Canadian Branch of MIC.
- Limited non-automotive corporate finance activity in Canada, which is managed from the United States.
- A small number of companies engaged in the process of liquidating portfolios of assets from Ally's prior non-U.S. operations.

At December 31, 2013, after excluding the pending sale of the joint venture in China, Ally had approximately \$0.8 billion in non-U.S. assets or less than 1% of Ally's total consolidated assets.

G. Material Supervisory Authorities

As a participant in the banking and insurance industries, Ally is subject to extensive regulation and supervision under U.S. federal and state laws.

1. Holding Company Supervision

As a bank holding company and financial holding company under the BHC Act, AFI is subject to supervision and examination by the Federal Reserve and the Consumer Financial Protection Bureau (for certain consumer protection purposes). Under the system of “functional regulation” established by the BHC Act, the Federal Reserve serves as the primary regulator of the consolidated Ally organization, and coordinates with the primary regulators of Ally's U.S. nonbank subsidiaries with respect to the activities of those subsidiaries. Such “functionally regulated” nonbank subsidiaries include the insurance company subsidiaries of Ally Insurance Holdings (“Insurance Subsidiaries”).

2. Ally Bank

Ally Bank is a Utah state-chartered nonmember bank, and a member of the FDIC. Ally Bank is supervised and examined by the FDIC's New York regional office, the Utah Department of Financial Institutions (“UDFI”), and the Consumer Financial Protection Bureau (for certain consumer protection purposes).

3. State Supervision

AFI and Ally Bank hold sales finance company licenses in a number of states. Accordingly, AFI and Ally Bank may be subject to examination by state banking departments or other applicable regulatory authorities in connection with the activities authorized by and conducted pursuant to such licenses.

4. Insurance Subsidiaries

The Insurance Subsidiaries are subject to certain minimum aggregate capital requirements and net asset and dividend restrictions under applicable state insurance laws, as well as the rules and regulations promulgated by various U.S. regulatory agencies. Under various state 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. The Insurance Subsidiaries 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 VSCs and GAP products. The Canadian Branch of MIC is also regulated by Canada's Office of the Superintendent of Financial Institutions under a similar regulatory regime.

Additional information on Ally's supervision and regulation can be found in Ally's '34 Act Reports, including the sections on “Certain Regulatory Matters” and “Risks Related to Regulation” on pages 4-10 and 11-14, respectively, of the 2013 Form 10-K.

H. Principal Officers

1. Principal Officers of AFI

- **Michael A. Carpenter, Chief Executive Officer**
Michael Carpenter was named Chief Executive Officer of AFI in November 2009 and has served on its Board of Directors since May 2009. He oversees all strategy and operations to focus on strengthening the core businesses, while positioning the company for long-term growth.
- **Jeffrey J. Brown, President and Chief Executive Officer of Dealer Financial Services**
Jeffrey Brown was appointed President and Chief Executive Officer of Ally's Dealer Financial Services business in May 2014. In this role, Brown oversees the company's automotive finance, insurance, vehicle remarketing, and servicing operations. Brown joined AFI in March 2009 as Corporate Treasurer, and had served as Senior Executive Vice President of Finance and Corporate Planning of AFI since June 2011.
- **Christopher A. Halmy, Chief Financial Officer**
Christopher Halmy was named Chief Financial Officer of AFI in November 2013. In this role, he oversees all of the finance, treasury, and corporate strategy activities of the company. Halmy joined AFI in 2009 and had served as Corporate Treasurer since 2011.
- **David J. DeBrunner, Vice President, Chief Accounting Officer, and Corporate Controller**
David DeBrunner was named Vice President, Chief Accounting Officer, and Controller of AFI in September 2007. In this role, he is responsible for the company's accounting, external reporting, financial controls, tax, and finance shared services.
- **Brian M. Gunn, Chief Risk Officer**
Brian Gunn was named Chief Risk Officer of AFI in November 2011. In this role, Gunn has overall responsibility for achieving an appropriate balance between risk and return, mitigating unnecessary risk and protecting the company's financial returns. Gunn joined AFI in 2008 as Chief Risk Officer for the Global Automotive Services business where he was responsible for overseeing disciplined risk processes, governance, and analytics in support of Ally's efforts to diversify and grow its automotive product lines.
- **William B. Solomon, Jr., Group Vice President and General Counsel**
William Solomon was named Group Vice President and General Counsel of Ally in 2004. In this role, Solomon has responsibility for providing all legal services to Ally through the oversight of outside counsel and a 60-member Legal Staff. He is also responsible for the secretary's office, the licensing department, and Ally's record and information management activity.

2. Principal Officers of Ally Bank

- **Barbara A. Yastine, Chairman, Chief Executive Officer and President**
Barbara Yastine was named Chief Executive Officer and President of Ally Bank in May 2012. She also continues as Chair of Ally Bank, a position she assumed when she joined AFI in 2010. Yastine is a seasoned executive with diverse experience in financial services.

She joined AFI in May 2010 as Chief Administrative Officer, where she had oversight for the risk, compliance, legal, and technology functions, as well as serving as Ally Bank Chair.

- **Diane E. Morais, Deposits and Line of Business Integration Executive**

Diane Morais is the Deposits and Line of Business Integration Executive for Ally Bank. In this role, she is responsible for overseeing the overall growth and profitability of the deposit business, including Ally Bank marketing strategies, customer experience, product and pricing optimization, customer contact centers, and back office operations. Morais also oversees Ally Bank's Community Reinvestment Act activities. In addition to being a member of the Ally Bank Board of Directors, she serves as the primary liaison between Ally Bank and other key business areas to evaluate opportunities for growth and ensure strategic alignment.

- **David P. Shevsky, Chief Risk Officer**

David Shevsky was named Chief Risk Officer for Ally Bank in June 2011. In this role he is responsible for recommending and administering risk management policies, processes, and systems to ensure that the organization operates within stated risk-return characteristics. The position spans the entire organization and covers credit, market, and operational risk. Prior to becoming the Chief Risk Officer for Ally Bank, Shevsky was the AFI Loan Review Executive.

- **James N. Young, Chief Financial Officer**

James Young has served as Chief Financial Officer of Ally Bank since May of 2011. He joined Ally Bank's Board of Directors in November 2013. Previously Young served as Chief Financial Officer for the mortgage operations of AFI and Residential Capital, LLC.

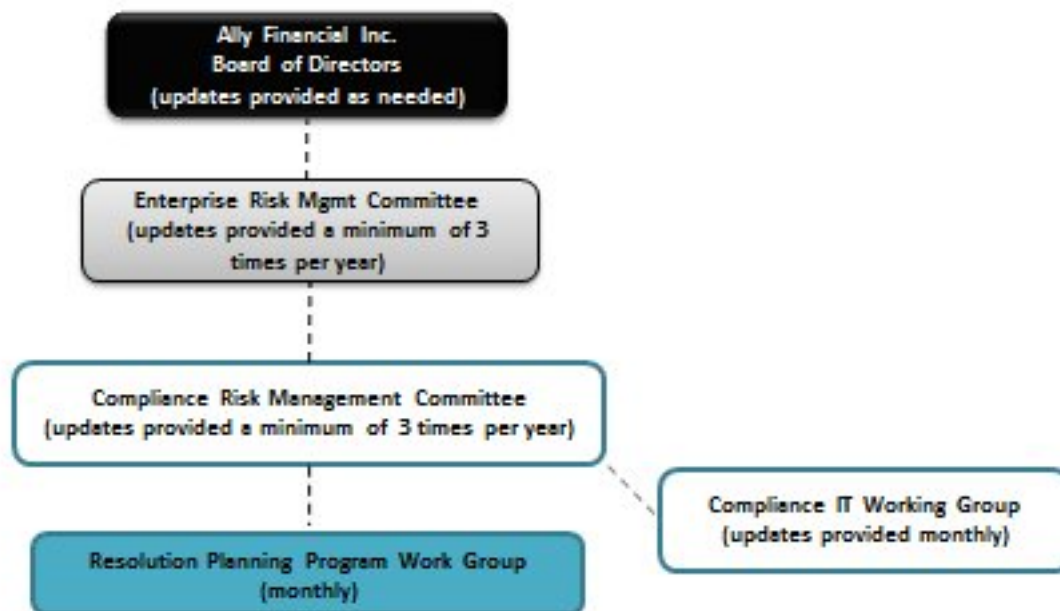
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I. Resolution Planning Corporate Governance Structure and Processes Related to Resolution Planning

1. Corporate Governance and Oversight

Corporate governance and management oversight are fundamental to Ally's resolution planning process, and are conducted through a network that includes the Board of Directors of AFI, senior management committees, management councils, legal entity and business line management, and key functions.

Governance and oversight begin with the Board of Directors of AFI, which serves as the overall "Champion" for the resolution planning process:



The management committees and councils involved in the governance, oversight, and development of the Section 165 Plan include the following committees and councils at AFI

- Enterprise Risk Management Committee (“ERMC”) Management level committee established by the Ally Financial Inc. Chief Risk Officer (CRO) and is responsible for oversight of Senior Management's responsibility to implement Ally's risk profile within tolerances set by the RCC and executing Ally's risk and compliance programs. The equivalent Ally Bank committee is the Risk Management Committee (RMC).
- Compliance Risk Management Committee (“CRMC”) A joint management level committee of AFI and Ally Bank responsible for oversight of the AFI and Bank Enterprise Compliance Risk Management Program.

- Resolution Planning Program Work Group (“RPP Work Group”)

The RPP Work Group, which is managed by the Resolution Planning Program Team (“RPP Team”) and chaired by the Resolution Planning Program Officer, is comprised of subject matter experts representing lines of business and enterprise functions within Ally.
- Compliance IT Working Group

A work group consisting of compliance and information technology leaders assembled to review compliance IT-related initiatives.

2. Resolution Planning Process

The RPP Team actively works to develop and maintain the Section 165 Plan and to ensure it contains the information required by the Section 165 Rule, the Supervisory Guidance, and other materials and feedback provided by the Federal Reserve and the FDIC. The RPP Team maintains enterprise-wide policy and program documents, which outline the processes and procedures for coordinating the various work streams in the business lines and enterprise functions in the development and maintenance of the Section 165 Plan. In the course of its regular activities, the RPP Team:

- Evaluates the resolution planning Rules and Supervisory Guidance provided by the Federal Reserve and the FDIC and developed additional assumptions internally
- Together with appropriate legal resources, coordinates the review of such things as the impact of counterparties' and vendors' contractual rights on the resolution planning process and the Section 165 Plan
- Reviews potential resolution strategies for AFI and Ally Bank and, in consultation with appropriate internal and external resources, identifies the resolution strategies set forth in the Section 165 Plan
- Based on information from, among other sources, Ally's material management information systems, identifies Ally's Material Entities, Core Business Lines, Critical Operations (if any, including any Critical Operations identified by the Federal Reserve and the FDIC)
- Reviews Ally's Core Business Lines, and Critical Operations (if any) to determine how they could best be maintained, sold, or wound down in a rapid and orderly manner
- Identifies and reviews potential impediments to the resolution strategies set forth in the Section 165 Plan and their potential mitigants
- Reports on the RPP Team's resolution planning activities and the activities of the RPP Work Group at least three times per year to the CRMC and the ERMC, and on an as-needed basis to the full AFI Board of Directors

The Section 165 Plan was presented to subject matter experts in the business lines and enterprise functions who provided plan content, for review and approval. Following these reviews, the Section 165 Plan was presented to the ERMC for review and approval, and finally, to the Board of Directors of AFI for review and approval.

3. Board Approval and Submission

As required by the Section 165 Rule, the AFI Board of Directors approved the Section 165 Plan on December 4, 2014. Ally submitted the Section 165 Plan to the Federal Reserve on December 19, 2014.

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J. Description of Material Management Information Systems

Ally extensively leveraged its material management information systems (“MIS”) in the preparation and production of the Section 165 Plan. Ally's material MIS are composed of both internally-developed applications and vendor software packages, some of which are externally hosted, that interface with strategic data provisioning systems for each major line of business and support function. Ally's material MIS are used to support critical business operations and to provide reporting and analytics for Ally's risk, capital, liquidity, and financial management activities. The same MIS are also used to support regulatory reporting and ad-hoc information requests.

Ally's material MIS are governed by architecture standards supported by an Architecture Review Board to drive consistency, facilitate efficiency, and enforce appropriate controls regarding the flow of critical data. Changes to MIS are governed under a documented Ally change methodology and process.

To ensure the quality of the data in its material MIS, Ally maintains an Enterprise Data Governance policy supported by approved Standards for managing critical data elements. An Enterprise Data Governance Council, chaired by Ally's Data Governance Executive and composed of Data Stewards across all lines of business and enterprise functions, oversees Ally's data governance activities and champions continuous improvement initiatives.

Ally has a business continuity program that has prepared the organization for a broad array of situations. Ally utilizes multiple data centers to provide alternate processing capabilities and remote data backup of key centralized systems. Disaster recovery plans of key systems are tested annually. There are also high frequency data back-ups for individual workstations and remote branch servers to the data centers. Temporary alternate workspaces, both fixed site and mobile office trailer, are under contract through a third-party provider and are regularly tested. Ally also has a high capacity virtual private network to allow for secure work-from-home system access should the need arise.

Ally has implemented an Identity and Access Management system to provide and remove access to key systems. Privileged access is reviewed quarterly by hiring managers and audited to ensure proper access rights are granted.

Information security policy and standards, built on an international framework and adhering to regulatory expectations for the financial services sector, have been established and deployed throughout the company to ensure systems and desktops are maintained and assessed utilizing a risk-based approach.

K. High-Level Description of Resolution Strategy

1. Assumptions

The Section 165 Rule has mandated the use of certain assumptions by Ally in the preparation of the Section 165 Plan. In particular, the Section 165 Plan assumes that Ally has experienced a sudden, unforeseen idiosyncratic event that triggers a liquidity crisis and results in “material financial distress” or failure and that such idiosyncratic event may occur at a time when general macroeconomic conditions are consistent with either baseline, adverse, or severely adverse economic scenarios. In addition, the Section 165 Plan assumes - in all economic scenarios - that there will be no extraordinary government support or assistance and that unsecured funding is unavailable to Ally.

In the baseline scenario, the Section 165 Plan also assumes that:

- U.S. financial markets are functioning normally for other market participants
- Other market participants are in good financial condition and have not been adversely affected by the idiosyncratic event that caused the failure of Ally

With respect to the adverse and severely adverse scenarios, the Section 165 Plan assumes that macroeconomic conditions at the time of failure are consistent with the assumptions set forth by the Federal Reserve for those scenarios for purposes of 2014 annual stress tests required under the Dodd-Frank stress testing rules and the Capital Plan rule. Those assumptions are set forth in detail in the Federal Reserve publication, *2014 Supervisory Scenarios for Annual Stress Tests Required under the Dodd-Frank Stress Testing Rules and the Capital Plan Rule*, at 2-3 (Supervisory Adverse Scenario) and 3-4 (Supervisory Severely Adverse Scenario (November 1, 2013), which is available on the internet at <http://www.federalreserve.gov/bankinfo/reg/bcreg20131101a1.pdf>.

The circumstances leading to an actual failure of a financial institution such as Ally are likely to differ, perhaps substantially so, from the assumptions on which the Section 165 Plan is premised. These differences might materially alter the specific strategies and choices made and undertaken in the course of an actual resolution. Ally considered a variety of strategies or options during the development of the Section 165 Plan. Each of those strategies or options considered:

- The different insolvency regimes to which the Material Entities would be subject
- The contractual terms of contracts and transactions (e.g., qualified financial contracts) with counterparties, how those contracts would be affected, and the actions those counterparties might take in response to Ally's material financial distress

Finally, the Section 165 Plan itself has been developed to satisfy the following requirements:

- Ensure the rapid and orderly resolution of Ally in a manner that avoids systemic risk to the U.S. financial system and the U.S. economy
- Protect Ally Bank in the event one or more of Ally's other Material Entities fails
- Minimize disruption to Ally's customers and to the financial markets generally

- Ensure that Ally Bank continues to receive all necessary Critical Services, as defined in the IDI Rule, during the pendency of its resolution
- Ensure that depositors have access to their insured deposits at Ally Bank within one business day of Ally Bank's failure (two business days if the failure occurs on a day other than Friday)
- Enable the FDIC to resolve Ally Bank without taxpayer support and at least-cost to the Deposit Insurance Fund
- Ensure the continuation and funding of Critical Operations (if any) identified by Ally and/or by the Federal Reserve and the FDIC
- Preserve the value of Ally's Core Business Lines, to the greatest extent possible, subject to the foregoing requirements.

In the unlikely event that AFI became subject to a resolution, the Section 165 Plan contemplates that AFI, Ally Servicing LLC ("Ally Servicing"), AFI US LLC, and GMAC Wholesale would seek protection under Chapter 11 of the Bankruptcy Code, and that the Director of the Michigan Department of Insurance and Financial Services ("Michigan Insurance Commissioner") would initially impose administrative supervision with respect to MIC, and subsequently ask MIC's Board of Directors to consent to rehabilitation proceedings. A Chapter 11 filing and the imposition of rehabilitation would make possible the orderly sale and disposition or, if necessary, the wind down of Ally's Automotive Finance Core Business Line and Insurance Core Business Line. A Chapter 11 filing would also enable Ally to continue its operations, and make possible the continued provision of services to Ally Bank by AFI and Ally Servicing LLC.

In each of the baseline, adverse and severely adverse scenarios, AFI anticipates that the Automotive Finance Core Business Line will be sold, subject to Bankruptcy Court approval, under Section 363 of the Bankruptcy Code. Further, in each of the baseline, adverse and severely adverse scenarios, AFI anticipates that the Michigan Insurance Commissioner prepares for and executes a sale process for Ally Insurance, identifying a buyer between Day 90 and 180 of the Resolution Period or, if in coordination with the auction of the Automotive Finance Core Business Line, between Day 30 and Day 60 of the Resolution Period.

In the unlikely event that Ally Bank became subject to a resolution, Ally Bank would be placed into receivership by the UDFI and the FDIC would be appointed as receiver. Placing Ally Bank into a receivership potentially would allow Ally Bank to continue to provide operational support to the rest of the Ally organization. In a receivership, the FDIC would use its traditional resolution powers under the Federal Deposit Insurance Act, including the creation of a bridge bank if necessary, to make possible the orderly sale and disposition or, if required by the circumstances, the wind down of Ally Bank's deposits and Direct Banking Core Business Line.

In each of the baseline, adverse and severely adverse scenarios, Ally Bank anticipates that the FDIC's preferred resolution strategy would be the sale of Ally Bank in a purchase and assumption transaction over the resolution weekend.

2. Potential Purchasers

Ally believes that its Core Business Lines would attract potential purchasers. Potential purchasers under the Section 165 Plan include multiple, diverse, and not necessarily overlapping potential purchasers such as U.S. and global financial institutions (including financial institutions affiliated with the motor vehicle manufacturers), private equity funds, and insurance companies.

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