Ally Financial Inc.
Resolution Plan

Public Section
December 31, 2015

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Public Section

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 and "material financial distress" or failure. 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.

In addition, on December 16, 2014, the FDIC released Guidance for Covered Insured Depository Institution Resolution Plan Submissions (Guidance), applicable to 2015 Covered Insured Depository Institutions (CIDI) Resolution Plan submissions. The Guidance provided that defined obstacles must be mitigated with developed project plans, the CIDI must fail and the CIDI Resolution Plan should be detailed and demonstrate how the selected strategy is both reasonable and least costly to the Deposit Insurance Fund (DIF).

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, the Supervisory Guidance and the Guidance.

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II. Overview of Ally

Ally is a leading, independent, diversified, financial services firm with $151.8 billion in assets at December 31, 2014. Founded in 1919 as General Motors Acceptance Corporation ("GMAC"), Ally is a leading automotive financial services company with approximately 95 years of experience providing a broad array of financial products and services, primarily 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 $57.9 billion of external deposits at December 31, 2014, including $48.0 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 strong and longstanding relationships with automotive dealers and serves the financial needs of almost 17,000 dealers, including over 10,000 dealers outside of the General Motors Company ("GM") and Fiat Chrysler Automobiles US LLC ("Chrysler") channels ("Non-GM/Chrysler"), and approximately 4.4 million of their retail customers with a wide range of financial services and insurance products. 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 GM as well as other manufacturers, including Chrysler, providing Ally with an extensive understanding of the operating needs of these dealers relative to other automotive finance companies. In addition, we have established relationships with thousands of Non-GM/Chrysler dealers through our customer-centric approach and specialized incentive programs.

Ally Bank, Ally's direct banking platform, is focused on the continued prudent expansion of assets and further building a stable deposit base through growing and deepening relationships with its over 1 million primary customers driven by Ally's compelling brand and strong value proposition. Ally Bank raises deposits directly from customers through the direct banking via the internet, telephone, mobile, and mail channels. Ally Bank offers a full spectrum 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 Bank funded $29.8 billion of finance receivables, RISCs, and operating leases during 2014. Additionally, during 2014, the deposit base at Ally Bank grew $5.0 billion, an increase of over 9% from December 31, 2013.

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. 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 Non-GM/Chrysler channel, which has resulted in new standard, used and leased vehicle financing volume.

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, 2014 ("2014 Form 10-K"). Unless otherwise indicated, such information speaks only as of the date of the periods presented in the 2014 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 2014 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 2014 Form 10-K may modify, update, and supersede information contained in the 2014 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 2014 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.

II.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
Ally Financial Inc.	**Ally Financial Inc.** (Automotive finance) **Ally Bank** (FDIC-insured U.S. bank) **Motors Insurance Corporation** (Insurance company) **Ally Servicing LLC** (Auto accounts servicer)	**AFI US LLC** (Staffing entity for AFI) **GMAC Wholesale Mortgage Corp.** (Staffing entity for Ally Bank)

On or before January 1, 2016, Ally intends to move all of AFI US LLC's employees to Ally Financial. Following this transfer, AFI US LLC will have no further impact on AFI's resolution. Ally will then pursue the dissolution of AFI US LLC under state law in the ordinary course of business. In addition, under the resolution plan for AFI, if Ally Bank were to enter into resolution before this transfer takes place, AFI US LLC will transfer all of its employees to AFI during the Runway Period.

Despite its name, GMAC Wholesale Mortgage Corp. ("GMAC Wholesale") does not operate as a business entity in the mortgage market. On or before January 1, 2016, Ally intends to move all of GMAC Wholesale's employees to Ally Bank. Following this transfer, GMAC Wholesale will have no further impact on Ally Bank's resolution. Ally will then pursue the dissolution of GMAC Wholesale under state law in the ordinary course of business. In the event Ally Bank fails prior to this transfer, GMAC Wholesale's employees will be transferred to Ally Bank during the Runway Period.

As part of Ally's ongoing resolution planning process, this list of Ally's Material Entities is subject to ongoing evaluation and updates.

II.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 almost 17,000 automotive dealerships and approximately 4.0 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, 2014, the Automotive Finance Core Business Line had $113.20 billion of assets, and it generated $3.6 billion of total net revenue in 2014.

Ally manages commercial account servicing for the approximately 4,210 dealers that utilize its floorplan inventory lending or other commercial loans. Ally also provides consumer asset servicing for a $77.6 billion portfolio at December 31, 2014. 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 2014, Ally financed an average of $30.6 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 2014, Ally acquired approximately 1.5 million retail installment sale contracts and leases totaling approximately $41.0 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.

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 2014, Ally and others, including dealers, fleet rental companies, financial institutions, and GM, utilized SmartAuction to sell 373,000 vehicles to dealers and other commercial customers. SmartAuction served as the remarketing channel for approximately 51% of Ally's off-lease vehicles during 2014.

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 $7.2 billion of assets at December 31, 2014, and generated $1.0 billion of total earned insurance premiums and service revenue in 2014.

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 2014, these insurance products were purchased by approximately 3,600 dealers. Among U.S. GM franchised dealers in the United States to whom Ally provides floorplan financing, its wholesale insurance product penetration rate is approximately 83%. 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, IRAs deposit products, as well as an online checking product. Ally Bank has established a strong and growing retail banking franchise that is based on a promise of being straightforward, and offering high-quality customer service. Ally Bank's products and services are designed to develop long-term customer relationships and capitalize on the shift in consumer preference for direct banking.

As of December 31, 2014, Ally Bank had $57.9 billion of total external deposits, including $48.0 billion of retail deposits. The continued growth of our retail base, combined with favorable capital market conditions and a lower interest rate environment, have contributed to a reduction in Ally’s consolidated cost of funds of approximately 125 basis points since the first quarter of 2012. 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.

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

AFI's 2014 Form 10-K, 1Q 2015 Form 10-Q, 2Q 2015 Form 10-Q, and 3Q 2015 Form 10-Q include detailed financial reporting. Unless noted to the contrary, the following financial statements were extracted from the 2014 Form 10-K. Please see the 2014 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 2014 Form 10‑K as of December 31, 2014 and December 31, 2013:

December 31, *($ in millions)*	**2014**	2013
Assets		
Cash and cash equivalents		
Noninterest-bearing	**$ 1,348**	$ 1,315
Interest-bearing	**4,228**	4,216
Total cash and cash equivalents	**5,576**	5,531
Investment securities	**16,137**	17,083
Loans held-for-sale, net of unearned income	**2,003**	35
Finance receivables and loans, net		
Finance receivables and loans, net of unearned income	**99,948**	100,328
Allowance for loan losses	**(977)**	(1,208)
Total finance receivables and loans, net	**98,971**	99,120
Investment in operating leases, net	**19,510**	17,680
Premiums receivable and other insurance assets	**1,695**	1,613
Other assets	**7,302**	9,589
Assets of operations held-for-sale	**634**	516
Total assets	**$ 151,828**	$ 151,167
Liabilities		
Deposit liabilities		
Noninterest-bearing	**$ 64**	$ 60
Interest-bearing	**58,158**	53,290
Total deposit liabilities	**58,222**	53,350
Short-term borrowings	**7,062**	8,545
Long-term debt	**66,558**	69,465
Interest payable	**477**	888
Unearned insurance premiums and service revenue	**2,375**	2,314
Accrued expenses and other liabilities	**1,735**	2,397
Total liabilities	**136,429**	136,959
Equity		
Common stock and paid-in capital	**21,038**	20,939
Preferred stock	**1,255**	1,255
Accumulated deficit	**(6,828)**	(7,710)
Accumulated other comprehensive (loss) income	**(66)**	(276)
Total equity	**15,399**	14,208
Total liabilities and equity	**$ 151,828**	$ 151,167

The Notes to Consolidated Financial Statements accompanying Ally's consolidated balance sheet in its 2014 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 2014 Form 10-K for each of the three years in the period ended December 31, 2014.

Year ended December 31, *($ in millions)*	**2014**	2013	2012
Financing revenue and other interest income			
Interest and fees on finance receivables and loans	$ **4,457**	$ 4,529	$ 4,539
Interest on loans held-for-sale	**1**	20	98
Interest on trading assets	**—**	—	10
Interest and dividends on available-for-sale investment securities	**367**	325	292
Interest-bearing cash	**8**	10	24
Operating leases	**3,558**	3,209	2,379
Total financing revenue and other interest income	**8,391**	8,093	7,342
Interest expense			
Interest on deposits	**664**	654	645
Interest on short-term borrowings	**52**	63	71
Interest on long-term debt	**2,067**	2,602	3,336
Total interest expense	**2,783**	3,319	4,052
Depreciation expense on operating lease assets	**2,233**	1,995	1,399
Net financing revenue	**3,375**	2,779	1,891
Other revenue			
Servicing fees	**31**	126	409
Servicing asset valuation and hedge activities, net	**—**	(213)	(4)
Total servicing income (loss), net	**31**	(87)	405
Insurance premiums and service revenue earned	**979**	1,012	1,055
Gain on mortgage and automotive loans, net	**7**	55	379
Loss on extinguishment of debt	**(202)**	(59)	(148)
Other gain on investments, net	**181**	180	146
Other income, net of losses	**280**	383	737
Total other revenue	**1,276**	1,484	2,574
Total net revenue	**4,651**	4,263	4,465
Provision for loan losses	**457**	501	329
Noninterest expense			
Compensation and benefits expense	**947**	1,019	1,106
Insurance losses and loss adjustment expenses	**410**	405	454
Other operating expenses	**1,591**	1,981	2,062
Total noninterest expense	**2,948**	3,405	3,622
Income (loss) from continuing operations before income tax expense	**1,246**	357	514
Income tax expense (benefit) from continuing operations	**321**	(59)	(856)
Net income (loss) from continuing operations	**925**	416	1,370
Income (loss) from discontinued operations, net of tax	**225**	(55)	(174)
Net income	$ **1,150**	$ 361	$ 1,196

Statement continues on the next page.

Year ended December 31, *(in dollars)*	**2014**	2013	2012
Basic earnings per common share			
Net income (loss) from continuing operations	$ **1.36**	$ (1.51)	$ 1.38
Income (loss) from discontinued operations, net of tax	**0.47**	(0.13)	(0.42)
Net income (loss)	$ **1.83**	$ (1.64)	$ 0.96
Diluted earnings per common share			
Net income (loss) from continuing operations	$ **1.36**	$ (1.51)	$ 1.38
Income (loss) from discontinued operations, net of tax	**0.47**	(0.13)	(0.42)
Net income (loss)	$ **1.83**	$ (1.64)	$ 0.96

Refer to Note 20 to the Consolidated Financial Statements in Ally's 2014 Form 10-K for further detail.

The Notes to Consolidated Financial Statements accompanying Ally's consolidated statement of income in its 2014 Form 10-K are an integral part of Ally's audited consolidated financial statements.

1. Capital

As a bank holding company (BHC), Ally and our 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 us to maintain regulatory capital ratios above minimum levels. On January 1, 2015, the capital standards applicable to Ally transitioned from a framework based on the 1988 Basel I capital accord to one based on the 2010 Basel III capital framework.

Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary action by regulators that, if undertaken, could have a direct material effect on the consolidated financial statements or the results of operations and financial condition of Ally and Ally Bank. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, we must meet specific capital guidelines that involve quantitative measures of our capital, assets and certain off-balance sheet items. These measures and related classifications, which are used in our risk-based and leverage capital ratios, are also subject to qualitative judgments by the regulators about the components of capital, the risk-weightings of our assets and other exposures, and other factors. The U.S. banking regulators also use these ratios and guidelines as part of the capital planning and stress testing processes.

A risk-based capital ratio is the ratio of a banking organization's regulatory capital (numerator) to its risk-weighted assets (denominator). Under the capital framework effective until December 31, 2014 (U.S. Basel I), regulatory capital was divided into two tiers: Tier 1 capital and Tier 2 capital. Tier 1 capital generally consisted of common equity, minority interests, and qualifying noncumulative preferred stock, less goodwill and other adjustments. Tier 2 capital generally consisted 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 was not permitted to exceed the amount of Tier 1 capital. Total regulatory capital was the sum of Tier 1 and Tier 2 capital. Under U.S. Basel I, risk-weighted assets were determined by allocating assets and specified off-balance sheet financial instruments into several broad risk weight categories with higher risk weights (expressed in percentage) assigned to asset classes that present greater perceived risk. Under U.S. Basel I, banking organizations were 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 U.S.

Basel I, the minimum U.S. Tier 1 leverage ratio was 3% or 4% depending on factors specified in the regulations.

In order for Ally to maintain its status as a financial holding company, Ally and its bank subsidiary, Ally Bank, must remain "well-capitalized" and "well-managed," as defined under applicable law. Under the regulations in effect as of December 31, 2014, in order to be "well-capitalized," a BHC, such as Ally, must have a Tier 1 risk-based capital ratio of at least 6% and a Total risk-based capital ratio of at least 10%, while an insured depository institution was "well-capitalized" if it had a Tier 1 risk-based capital ratio of at least 6%, a Total risk-based capital ratio of at least 10%, and a Tier 1 leverage ratio of at least 5%, unless subject to a regulatory directive to maintain higher capital levels. 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 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 interest in subsidiaries, trust preferred securities, and mandatory convertible preferred securities. Tier 1 common is used by 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, BHCs with total consolidated assets of $50 billion or more, such as Ally, must develop and maintain a capital plan annually, and among other elements, the capital plan must include a discussion of how we 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.

During 2010, Ally, IB Finance Holding Company, LLC, Ally Bank, and the FDIC entered into a Capital and Liquidity Maintenance Agreement (CLMA). The CLMA was restated on July 13, 2015. 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.

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The following table summarizes our capital ratios under the U.S. Basel I capital framework.

December 31, (*$ in millions*)	**2014** Amount	**2014** Ratio	2013 Amount	2013 Ratio	Required minimum		Well-capitalized minimum
Risk-based capital							
Tier 1 (to risk-weighted assets)							
Ally Financial Inc.	**$ 16,389**	**12.55%**	$ 15,165	11.79%	4.00%		6.00
Ally Bank	**16,022**	**16.89**	15,159	16.73	4.00		6.00
Total (to risk-weighted assets)							
Ally Financial Inc.	**$ 17,294**	**13.24%**	$ 16,405	12.76%	8.00%		10.00
Ally Bank	**16,468**	**17.36**	15,809	17.45	8.00		10.00
Tier 1 leverage (to adjusted quarterly average assets) (a)							
Ally Financial Inc.	**$ 16,389**	**10.94%**	$ 15,165	10.23%	3.00-4.00%		(b)
Ally Bank	**16,022**	**15.44**	15,159	15.77	15.00	(c)	5.00%
Tier 1 common (to risk-weighted assets)							
Ally Financial Inc.	**$ 12,588**	**9.64%**	$ 11,366	8.84%	n/a		n/a
Ally Bank	**16,022**	**16.89**	15,159	16.73	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) As of December 31, 2014, here was 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, 2014, AFI and Ally Bank were “well-capitalized” and met all capital requirements to which each was subject.

2. 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 substantial revisions to the existing regulatory capital standards for U.S. banking organizations. Ally became subject to U.S. Basel III beginning on January 1, 2015. Certain aspects of U.S. Basel III, including the new capital buffers and regulatory capital deductions, will be phased in over several years.

U.S. Basel III subjects 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%. 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 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.

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, MSRs, 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 U.S. Basel I-based 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.

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

3. Capital Planning and Stress Tests

As a BHC with $50 billion or more of consolidated assets, Ally is required to conduct periodic internal stress tests, is subject to an annual supervisory stress test conducted by the FRB, and must submit an annual capital plan to the Board of Governors of the Federal Reserve System (FRB). In October 2014, the FRB issued instructions and scenarios for the 2015 capital planning and stress test processes.

Ally’s capital plan must include a description of all planned capital actions over a nine-quarter planning horizon. The capital plan must also include a discussion of how Ally will maintain capital above the minimum regulatory capital ratios 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 FRB must approve Ally's capital plan before Ally may take any capital action. Even with an approved capital plan, Ally must seek the approval of the FRB before making a capital distribution if, among other factors, Ally would not meet its regulatory capital requirements after making the proposed capital distribution. Ally submitted the 2015 capital plan to the FRB on January 5, 2015 with planned capital actions. The Federal Reserve announced that it did not object to Ally's capital plan on March 11, 2015. In addition, Ally Bank submitted the results of its annual company-run stress test to the FDIC on January 5, 2015. Ally Bank must also conduct a stress test under the severely adverse economic scenario, and summary results of this test must be publicly disclosed.

On July 5, 2015, Ally submitted the results of its semi-annual stress test to the FRB and publicly disclosed summary results of the stress test under the most severe scenario in accordance with regulatory requirements.

On October 17, 2014, the FRB issued a final rule that modifies the capital plan rule and stress testing requirements. Among other things, beginning in 2016, bank holding companies must submit their capital plans and stress testing results to the FRB on or before April 5 of each year.

4. Funding and Liquidity

Ally's funding strategy largely focuses on maintaining a diversified mix of retail and brokered deposits, public and private asset-backed securitizations, committed credit facilities, and public unsecured debt. These funding sources are managed across products, markets, and investors to enhance funding flexibility, limit dependence on any one source and result in a more cost-effective long term funding strategy.

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

Maximizing bank funding continues to be the cornerstone of our long-term liquidity strategy. We have made significant progress in growing the assets and retail deposit base of Ally Bank since becoming a BHC. Retail deposits provide a low-cost source of funds that are less sensitive to interest rate changes, market volatility, or changes in our credit ratings than other funding sources. At December 31, 2014, deposit liabilities totaled $58.3 billion, which constituted 44% of our total funding. This compares to just 29% at December 31, 2010.

In addition to building a larger deposit base, we continue to remain active in the securitization markets to finance Ally Bank's automotive loan portfolios. During 2014, we issued $11.6 billion in secured funding backed by retail automotive loans and leases as well as dealer floorplan automotive loans of Ally Bank. Continued structural efficiencies in securitizations combined with favorable 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. Additionally, for retail loans and leases, the term structure of the transaction locks in funding for a specified pool of loans and leases for the life of the underlying assets. Once a pool of retail automotive loans 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 asset. We manage the execution risk arising from secured funding by maintaining a diverse investor base and maintaining committed secured facilities.

As we have shifted our focus to migrating assets to Ally Bank and growing our bank funding capabilities, our reliance on parent company liquidity has consequently been reduced. Funding sources at the parent company generally consist of longer-term unsecured debt, asset-backed securitizations, and private committed credit facilities. In 2014, we issued nearly $3.1 billion of unsecured debt through several issuances and raised $2.7 billion through three public securitization transactions comprised of non-prime retail automotive loan collateral. At December 31, 2014, we had $4.9 billion and $1.9 billion of outstanding unsecured long-term debt with maturities in 2015 and 2016, respectively. To fund these maturities, we expect to use a combination of existing liquidity and opportunistic new issuances.

The strategies outlined above have allowed us to build and maintain a conservative liquidity position. Total available liquidity at December 31, 2014 for the parent company and Ally Bank was $8.8 billion and $7.8 billion, respectively. Parent company liquidity is defined as liquidity from consolidated operations less liquidity at Ally Bank and the regulated subsidiaries of Ally Insurance's holding company. 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 consolidated cost of funds improvement of approximately 125 basis points since the first quarter of 2012.

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. In December 2014, Treasury sold all of its remaining shares of Ally common stock, resulting in Ally's exit from TARP.

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II.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 derivative financial instruments 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 and certain of our executive share-based compensation plans.

1. Interest Rate Risk

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 liabilities. Ally executes interest rate swaps, forwards, futures, options, and swaptions to modify its exposure to interest rate risk by converting certain fixed-rate instruments to a variable-rate and certain variable-rate instruments to a fixed-rate. 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 Exchange Risk

Ally enters into derivative financial instrument contracts 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 and disposals of discontinued international businesses, foreign-currency forwards have been entered into with external counterparties as net investment hedges of foreign exchange exposure on its remaining investments in foreign subsidiaries.

Ally's remaining foreign subsidiaries in wind-down maintain both assets and liabilities in local currencies. These local currencies are generally the subsidiaries' functional currencies for accounting purposes. Foreign-currency-exchange-rate gains and losses arise when the assets or liabilities of our subsidiaries are denominated in currencies that differ from its functional currency. In addition, Ally's equity is impacted by the cumulative translation adjustments resulting from the translation of foreign subsidiary results; this impact is reflected in accumulated other comprehensive income (loss).

Ally utilizes a cross-currency swap to economically hedge foreign exchange exposure on foreign-currency-denominated debt by converting the funding currency to Ally's functional currency. This swap was entered into concurrent with the debt issuance with the terms of the derivative matching the terms of the underlying debt.

Ally also enters into foreign currency forwards to economically hedge its foreign denominated debt, its centralized lending program, and foreign-denominated third party loans. The hedge of foreign denominated debt was entered into concurrent with the debt issuance with the terms of the derivative matching the terms of the underlying debt. The centralized lending program manages liquidity for Ally's subsidiary businesses, but as of December 31, 2014, this activity is immaterial. Foreign-currency-denominated loan agreements are executed with Ally's foreign subsidiaries in their local currencies. Ally evaluates its foreign-currency exposure resulting from intercompany lending and manages currency risk exposure by entering into foreign-currency derivatives with external counterparties. The remaining foreign-currency derivatives, such as hedges of foreign-denominated third party loans, are recorded at fair value with changes recorded as income offsetting the gains and losses on the associated foreign-currency transactions.

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.

During the year ended December 31, 2014, Ally also entered into prepaid equity forward contracts to economically hedge the price risk associated with certain of its executive share-based compensation plans. The prepaid equity forward contracts are hybrid instruments containing an embedded forward contract, which is considered a derivative instrument. The embedded derivative instrument is bifurcated from the host contract and is recorded at fair value with changes in fair value recorded in compensation and benefits expense.

4. Counterparty Credit Risk

Derivative financial instruments contain an element of credit risk if counterparties are unable to meet the terms of the agreements. Credit risk associated with 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 certain counterparties. The agreements require both parties to maintain collateral in the event the fair market 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 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.

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II.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 ("PCS") systems, which are also known as financial market utilities ("FMUs"). FMUs provide the infrastructure for transferring, clearing, and settling payments, securities, and other financial transactions among financial institutions. PCS systems 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 (AFI or its affiliates) has direct access to these PCS systems.

The following table lists the material payment, clearing, and settlement systems in which Ally maintains a direct membership. PCS systems may be used via direct membership or indirect membership through other Ally entity, correspondent bank, custodian, or prime brokerage.

Direct Membership in Material Payment, Clearing and Settlement Systems (AFI or its affiliates)

Type	PCS	Description of Services
Payment Systems	Fedwire Funds Service ("Fedwire Funds")	Electronic payment system for cash in the United States
Payment Systems	FedACH Services ("FedACH")	Electronic payment system for batched payment services and the electronic exchange of debit and credit transactions through the Automated Clearing House ("ACH") network
International Messaging Utility	The Society for Worldwide Interbank Financial Telecommunication ("SWIFT")	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

Indirect Membership in Material Payment, Clearing and Settlement Systems

Type	System	Description of Services
Clearing System	Chicago Mercantile Exchange ("CME")	Provides clearing and settlement services for futures, options, and over-the-counter derivative products
Clearing System	The Depository Trust & Clearing Corporation ("DTCC")	Central securities depository providing depository and book-entry services for eligible securities and other financial assets to its participants, which are principally banks and broker-dealers
Clearing System	Fedwire Securities Service ("Fedwire Securities")	Conducts issuance, transfer, and settlement for all marketable Treasury securities, for many federal government agency and GSE securities, and for certain international organizations' securities

II.F. Description of Non-U.S. Operations

During 2012, Ally decided to sell substantially all of its international businesses. During the first quarter of 2013, Ally completed the sale of its U.K.-based insurance operations that provided VSCs and insurance products internationally. Also in the first quarter of 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. During the first quarter of 2015 Ally sold its 40% interest in a motor vehicle finance joint venture in China.

Ally's non-U.S. operations are 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, 2014, after excluding the pending sale of the joint venture in China, Ally had approximately $0.6 billion in non-U.S. assets or less than 1% of Ally's total consolidated assets.

II.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 2-7 and 8-11, respectively, of the 2014 Form 10-K.

II.H. Principal Officers

1. Principal Officers of AFI

- **Jeffrey J. Brown, Chief Executive Officer**
  Jeffrey Brown was named Chief Executive Officer of AFI in February 2015 and also appointed to its Board of Directors in February 2015. 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 and was appointed President and Chief Executive Officer of Dealer Financial Services in May 2014.

- **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.

- **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 an approximately 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

- **Diane E. Morais, Chair, President, and Chief Executive Officer**
  Diane Morais was named Chair, President, and Chief Executive Officer of Ally Bank in March 2015. Prior to that appointment, Morais was the Deposits and Line of Business Integration Executive for Ally Bank. In the latter role, she was 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

- **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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II.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 board and 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). In 2015 the ERMC's charter responsibilities were formally revised to explicitly identify the review and approval of Ally's Section 165 Plan, in addition to providing governance for Ally's resolution planning activities.

- **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 Enterprise Risk Director, Resolution Planning, is comprised of subject matter experts representing lines of business and enterprise functions within AFI and Ally Bank.

2. Resolution Planning Process

The RPP Team actively works to develop and maintain the Section 165 Plan, so that the Section 165 Plan 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 defines projects, including responses to information requests as well as Section 165 Plan drafting, and coordinates various workstreams in Ally Legal Entities, LoBs and EFs in the development and maintenance of the Plans. In carrying out its duties, the RPP Team shall have the authority to assign tasks, impose deadlines and processes for responses, etc. throughout Ally.

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 develops additional assumptions internally

- Together with appropriate internal legal resources, coordinates the review of such impacts of resolution to Ally's various third party relationships (customers, vendors, counterparties, etc.)

- Reviews potential resolution strategies for Ally and, in consultation with appropriate internal and external resources, identifies the resolution strategies to set forth in the Section 165 Plan

- Based on information from, among other sources, Ally's management information systems, identifies Ally's Material Entities, Core Business Lines, and Critical Operations (if any; including any critical operations potentially identified by the Federal Reserve and FDIC)

- Reviews Ally's Core Business Lines and Critical Operations (if any) to determine how they could be best to 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 quarterly to 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 8, 2015. Ally submitted the Section 165 Plan to the Federal Reserve on December 18, 2015.

II.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 enterprise 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.

II.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 one or more sudden, unforeseen idiosyncratic event that triggers a liquidity crisis and results in "material financial distress" or failure and that such idiosyncratic financial losses or liquidity events resulting in "material financial distress" or failure and that such idiosyncratic events 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 events 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 the 2015 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, *2015 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 (October 23, 2014), which is available on the internet at http://www.federalreserve.gov/newsevents/press/bcreg/bcreg20141023a1.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.,* vendor contracts, 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 60 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 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 of Ally Bank's assets 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 with respect to the automotive finance assets, financial institutions affiliated with the motor vehicle manufacturers), and investors such as private equity funds, and insurance companies.

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