

# Ally Financial Inc. Strategic Actions Update

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## Forward-Looking Statements and Additional Information

The following should be read in conjunction with the financial statements, notes and other information contained in the Company's 2011 Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K.

This information is preliminary and based on company data available at the time of the presentation

In the presentation that follows and related comments by Ally Financial Inc. ("Ally") management, the use of the words "expect," "anticipate," "estimate," "forecast," "initiative," "objective," "plan," "goal," "project," "outlook," "priorities," "target," "intend," "evaluate," "pursue," "seek," "may," "would," "could," "should," "believe," "potential," "continue," or similar expressions is intended to identify forward-looking statements. All statements herein and in related management comments, other than statements of historical fact, including without limitation, statements about future events and financial performance, are forward-looking statements that involve certain risks and uncertainties. While these statements represent our current judgment on what the future may hold, and we believe these judgments are reasonable, these statements are not guarantees of any events or financial results, and Ally's actual results may differ materially due to numerous important factors that are described in the most recent reports on SEC Forms 10-K, 10-Q and 8-K for Ally, each of which may be revised or supplemented in subsequent reports filed with the SEC. Such factors include, among others, the following: the approval of the bankruptcy court and the timely consummation of Residential Capital LLC's proposed bankruptcy plan, including the settlement agreements contemplated therein; maintaining the mutually beneficial relationship between Ally and General Motors ("GM"), and Ally and Chrysler Group LLC ("Chrysler"); the profitability and financial condition of GM and Chrysler; the ability to secure low cost funding; our ability to realize the anticipated benefits associated with being a bank holding company, and the increased regulation and restrictions that we are now subject to; any additional future impact resulting from delayed foreclosure sales or related matters; the potential for legal liability resulting from claims related to the sale of private-label mortgage-backed securities; risks related to potential repurchase obligations due to alleged breaches of representations and warranties in mortgage securitization transactions; changes in U.S. government-sponsored mortgage programs or disruptions in the markets in which our mortgage subsidiaries operate; continued challenges in the residential mortgage markets; the potential for deterioration in the residual value of off-lease vehicles; disruptions in the market in which we fund our operations, with resulting negative impact on our liquidity; changes in our accounting assumptions that may require or that result from changes in the accounting rules or their application, which could result in an impact on earnings; changes in the credit ratings of Ally or its subsidiaries, Chrysler, or GM; changes in economic conditions, currency exchange rates or political stability in the markets in which we operate; and changes in the existing or the adoption of new laws, regulations, policies or other activities of governments, agencies and similar organizations (including as a result of the Dodd-Frank Act and Basel III).

Investors are cautioned not to place undue reliance on forward-looking statements. Ally undertakes no obligation to update publicly or otherwise revise any forward-looking statements except where expressly required by law. Reconciliation of non-GAAP financial measures included within this presentation are provided in this presentation.

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



## Overview of Strategic Actions

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- **Mortgage actions designed to achieve “soft landing” for ResCap and resolve Ally’s legacy mortgage issues**
  - ResCap proposing prearranged Chapter 11 bankruptcy plan, subject to court approval
    - Agreement to sell servicing platform and other assets to Nationstar
    - Settlement agreement reached between ResCap and Ally
    - Support from other important creditor groups
  - Plan supported by Ally and ResCap with involvement of various external advisors
    - Ally is being advised by Evercore, Kirkland & Ellis and Mayer Brown
  - Close coordination with regulators and other key stakeholders
  - Maintains stability for one of the top servicers in the mortgage industry
- **Launched process to pursue strategic alternatives for all international businesses**
  - Auto finance, insurance, and banking and deposit operations in Europe, U.K., Latin America, Mexico and Canada
  - Priority to protect interests of dealers and manufacturers
  - Ally is being advised by Citi and Evercore

**Supports plan to repay additional third of taxpayer investment by year end**



## ResCap Actions

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- **ResCap filed for bankruptcy protection in the Southern District of New York**
  - Comprehensive Chapter 11 plan (the “Plan”) will be filed and include proposed asset sales and settlements and provides for substantial recoveries for ResCap creditors
  - ResCap expected to operate in the normal course of business
- **Entered into an Asset Purchase Agreement with Nationstar for approximately \$3.1 billion of ResCap’s assets**
  - Includes mortgage origination and servicing business, mortgage servicing rights (“MSR”) and servicer advances
  - \$2.3 billion purchase price
- **Comprehensive settlement agreement reached between Ally and ResCap**
  - Subject to confirmation of Plan by bankruptcy court
  - Ally providing cash contribution and other consideration to ResCap estate (see following page)
  - Contains provision to release Ally from debtor and third party claims
- **\$1.6 billion debtor-in-possession (“DIP”) financing**
  - \$1.45 billion from Barclays
  - \$150 million from Ally
- **Plan is supported by other important third party creditor groups**
  - Junior secured note holders
  - Private label securitization (“PLS”) investors





## Settlement Agreement

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- **As part of Chapter 11 Plan and settlement agreement, Ally will provide significant value to the ResCap estate:**
  - Contribute \$750 million of cash
  - Stalking horse bid for up to \$1.6 billion of held for sale mortgage loans
    - Currently marked at 45% of UPB
    - Subject to higher and better offers in auction process
  - Provide \$150 million secured DIP financing primarily for GNMA buyouts
  - Continue indemnification of current ResCap directors and officers
  - Continue support of ResCap’s consumer origination through Ally Bank until Plan confirmation
  - Continue to utilize ResCap as a servicer
  - Assume obligations under the pension sponsored by GMAC Mortgage Group LLC
  - Agreement to negotiate potential sale of Ally Bank’s MSR in conjunction with ResCap’s other asset sale
- **The settlement agreement, subject to court approval, provides for the release of:**
  - All claims between Ally and ResCap
  - All claims against Ally from ResCap’s creditors (such as rep & warrant and other litigants)





## Key Benefits to Ally

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- ✓ **Expected to address mortgage overhang and uncertainty which could have persisted for years**
  - \$3.2 billion of ResCap bond maturities outstanding
  - Significant claims relating to legacy ResCap PLS
  - Earnings volatility inherent in mortgage business
  - Further streamlines the balance sheet and reduces risk weighted assets (“RWA”)
    - ResCap will be deconsolidated from Ally’s balance sheet as of May 14, 2012
    - Pro forma Tier 1 Capital ratio expected to improve to 13.7% due to RWA reduction
- ✓ **Allows for continued positive momentum in leading auto finance franchise**
- ✓ **Sharpens management focus towards U.S. auto finance and deposit businesses**
- ✓ **Provides clarity for customers, regulators and the financial community**
- ✓ **Creates a path to long term improvement of credit ratings and cost of funds**

**Further strengthening Ally’s leading U.S. auto finance and direct bank franchises**



## Expected Earnings Impact

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### Upfront Earnings Impact

- Ally expects to incur charges of approximately \$1.3 billion in conjunction with the ResCap bankruptcy process

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#### Estimated ResCap-related Charge (\$ millions)

Cash contribution	\$	750
Equity write down of ResCap interest		400
Rep & Warrant liability reserve		130
Other		30
<b>Total</b>	<b>\$</b>	<b>1,310</b>

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### Ongoing Earnings Impact

- Near term earnings run rate will be impacted by loss of mortgage related revenue
- More auto-focused business will result in less volatile earnings stream
- Lower run rate expenses and improved cost of funds will partially offset lower mortgage revenue
  - Potential for future restructuring charges





## Expected Capital and Liquidity Impact

Ally Capital (\$ billions)	1Q 2012		Pro Forma <sup>(1)</sup>	
	Amount	Ratio	Amount	Ratio
Total Capital	\$ 23.0	14.5%	\$ 21.7	14.8%
Tier 1 Capital	21.4	13.5%	20.1	13.7%
Tier 1 Common	11.9	7.5%	10.6	7.2%
Tier 1 Contingent Common <sup>(2)</sup>	17.6	11.1%	16.3	11.1%
Risk Weighted Assets	158.5		146.5	
Total Assets	186.4		170.7	

(1) Based on \$1.3 billion ResCap-related charge and deconsolidation of ResCap assets

(2) Assumes full conversion of Mandatorily Convertible Preferred ("MCP") to common equity

### Capital Impact

- Capital ratios expected to remain relatively unchanged as ResCap-related charge offset by lower RWA
  - Expect RWA to decline by \$12.0 billion and total assets by \$15.7 billion as a result of deconsolidation
- Actions expected to address contingent mortgage risks which materially impacted “stress test” results
- Basel III projected ratios improve due to lower MSR deductions

### Liquidity Impact

- Ally liquidity metrics remain strong and are modestly improved on a pro forma basis
  - Removal of additional future ResCap support from consolidated liquidity requirements

Note: Pro Forma numbers are based on current expectations and numerous assumptions that are subject to change





## Redefining Ally's Mortgage Business

### Balance Sheet

- Mortgage assets comprise less than 9% of balance sheet and will diminish over time

<b>Ally Mortgage Assets (\$ billions)</b>	<b>Origination and Servicing</b>	<b>Legacy Portfolio &amp; Other</b>	<b>Total 1Q 2012</b>
Ally Bank held-for-investment	\$ 3.0	\$ 6.3	\$ 9.3
Ally Bank held-for-sale	1.8	-	1.8
Ally Bank warehouse lines	1.4	-	1.4
Ally Bank MSR	1.3	-	1.3
Other assets <sup>(1)</sup>	0.1	0.5	0.6
<b>Total Ally Mortgage Assets<sup>(2)</sup></b>	<b>\$ 7.6</b>	<b>\$ 6.8</b>	<b>\$ 14.4</b>

(1) Includes Ally Bank cash, accounts receivable and other assets, as well as ResMor Trust, disc ops and intercompany eliminations

(2) Does not include potential purchase of up to \$1.6 billion of ResCap HFS loans which would occur at the sale date

### Originations

- Expect continued originations prior to Plan confirmation and sale date
  - Ally Bank will now sell loans directly to Fannie and Freddie rather than through ResCap

### Servicing

- Ally Bank will manage its MSR with subservicing provided by ResCap or other third parties
  - Potential future sale of Ally Bank MSR

### Rep & Warrant

- Established Rep & Warrant reserve of approximately \$130 million at Ally Bank that replaces a reserve previously held at ResCap





## Primary Intercompany Agreements

Secured Facilities <sup>(1)</sup> (\$ millions)	as of May 14, 2012	
	Secured Debt Outstanding	Total Capacity
Senior Secured Credit Facility	\$ 747	\$ 747
Line of Credit	380	380
Line of Credit - DIP Financing <sup>(2)</sup>	-	150
<b>Total</b>	<b>\$ 1,127</b>	<b>\$ 1,277</b>

(1) Existing \$250 million secured facility through BMMZ will be repaid in full through the Barclays DIP facility

(2) Ally's DIP facility capacity may be increased to \$220 million in certain circumstances

### Loan Purchase and Sale Agreement

- Ally Bank has the ability to sell FHA and VA Ginnie Mae insurable loans to ResCap

### Subservicing Agreement

- ResCap will continue to service existing portfolio and new Ally Bank production

### Shared Services Agreement

- Ally and ResCap entered into an agreement to continue to provide certain functions for one another until sale date





## Ally's International Businesses

- Retaining the core of the franchise in the U.S.-based operations
- International presence spans 15 countries

<b>Ally Assets</b> (\$ billions) <sup>(1)(2)</sup>	<b>Carry Value</b>
	<b>1Q 2012</b>
Europe – Auto Finance	\$ 9.4
Latin America – Auto Finance	7.0
Other International – Auto Finance	0.9
International Insurance	1.4
Canada – Auto Finance, Insurance, Deposits	15.3
Total International Businesses	\$ 34.0
Total ResCap	15.7
Total International and ResCap	\$ 49.7
Total Remaining Ally Operations	\$ 136.6
Ally Consolidated	\$ 186.4

(1) Represents legal entity assets excluding managerial reporting adjustments

(2) Europe, Latin America and Other International Auto Finance includes assets of continuing operations only





## Conclusion

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- **ResCap filing and strategic actions will enable Ally to repay U.S. Treasury investment in a timely manner**
- **Focused on further growing and investing in our leading U.S.-based automotive services and direct banking franchises**
- **Successful execution of actions will strengthen financial profile**
- **Positions Ally to be a specialized finance company and leader in its segments**

