

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

February 19, 2020
Date of Report (Date of earliest event reported)

Commission file number: 1-3754

ALLY FINANCIAL INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

38-0572512
(I.R.S. Employer
Identification No.)

Ally Detroit Center
500 Woodward Ave.
Floor 10, Detroit, Michigan
48226
(Address of principal executive offices)
(Zip Code)

(866) 710-4623
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	ALLY	New York Stock Exchange
8.125% Fixed Rate/Floating Rate Trust	ALLY PRA	New York Stock Exchange
Preferred Securities, Series 2 of GMAC Capital Trust I		

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01 Other Events.

The Company will hold a conference call on February 19, 2020 at 8:00 a.m. EST related to its acquisition of Cardholder Management Services, Inc. (the **Acquisition**). The investor presentation made available in connection with the conference call and the Acquisition is attached hereto as Exhibit 99.1 and is incorporated by reference herein.

Forward Looking Statements

This filing and related communications contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements can be identified by the fact that they do not relate strictly to historical or current facts. Forward-looking statements often use words such as “believe,” “expect,” “anticipate,” “intend,” “pursue,” “seek,” “continue,” “estimate,” “project,” “outlook,” “forecast,” “potential,” “target,” “objective,” “trend,” “plan,” “goal,” “initiative,” “priorities,” or other words of comparable meaning or future-tense or conditional verbs such as “may,” “will,” “should,” “would,” or “could.” Forward-looking statements convey our expectations, intentions, or forecasts about future events, circumstances, or results. All forward-looking statements, by their nature, are subject to assumptions, risks, and uncertainties, which may change over time and many of which are beyond our control. You should not rely on any forward-looking statement as a prediction or guarantee about the future. Actual future objectives, strategies, plans, prospects, performance, conditions, or results may differ materially from those set forth in any forward-looking statement. Any forward-looking statement made by us or on our behalf speaks only as of the date that it was made.

*Some of the factors that may cause actual results or other future events or circumstances to differ from those in forward-looking statements are described in our Annual Report on Form 10-K for the year ended December 31, 2018, our subsequent Quarterly Reports on Form 10-Q or Current Reports on Form 8-K, or other applicable documents that are filed or furnished with the U.S. Securities and Exchange Commission (collectively, our **SEC filings**). Factors that could cause actual results to differ from those included in forward-looking statements include those specifically related to our planned acquisition of Cardholder Management Services, Inc. and our associated outlook for various financial and operating metrics, in addition to the factors described in our SEC filings, including: (1) the risk that necessary regulatory approvals may not be obtained, may be delayed, or may be obtained subject to burdensome conditions; (2) the occurrence of any other fact, event, or circumstance that could give rise to a delay in closing the Acquisition or the termination of the merger agreement; (3) any adverse reactions or changes to customer, counterparty, regulatory, or employee relationships, including any adverse impact on our brand or reputation; (4) any adverse market reactions affecting our access to the capital markets or our investor relations generally; (5) any deterioration or weakness in economic conditions that affects households or consumers; (6) any change in the regulatory or political environment that adversely impacts the business of lending to households and consumers; (7) risks and uncertainties associated with inaccurate financial and operational assumptions, incomplete or failed due diligence, lower-than-expected performance, higher-than-expected costs, difficulties related to integration, the loss of key employees, and the diversion of management’s attention from other business activities; and (8) potential litigation in connection with the Acquisition. We do not undertake to update any forward-looking statement to reflect the impact of events, circumstances, or results that arise after the date that the statement was made, except as required by applicable securities laws. You, however, should consult further disclosures (including disclosures of a forward-looking nature) that we may make in any subsequent SEC filings.*

Item 9.01 Financial Statements and Exhibits.**(d) Exhibits**

The following exhibits are filed as part of this Report.

<u>Exhibit No.</u>	<u>Description of Exhibits</u>
99.1	Investor Presentation, dated February 19, 2020
104	The cover page from this Current Report on Form 8-K, formatted in inline XBRL

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ALLY FINANCIAL INC.
(Registrant)

Dated: February 19, 2020

/s/ Jeffrey A. Belisle

Jeffrey A. Belisle
Associate General Counsel and Corporate Secretary

Ally Financial Inc.

Announcing Ally's acquisition of CardWorks

February 19, 2020



Contact Ally Investor Relations at (866) 710-4623 or investor.relations@ally.com

Forward-Looking Statements and Additional Information

This presentation and related communications contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements can be identified by the fact that they do not relate strictly to historical or current facts. Forward-looking statements often use words such as "believe," "expect," "anticipate," "intend," "pursue," "seek," "continue," "estimate," "project," "outlook," "forecast," "potential," "target," "objective," "trend," "plan," "goal," "initiative," "priorities," or other words of comparable meaning or future-tense or conditional verbs such as "may," "will," "should," "would," or "could." Forward-looking statements convey our expectations, intentions, or forecasts about future events, circumstances, or results. All forward-looking statements, by their nature, are subject to assumptions, risks, and uncertainties, which may change over time and many of which are beyond our control. You should not rely on any forward-looking statement as a prediction or guarantee about the future. Actual future objectives, strategies, plans, prospects, performance, conditions, or results may differ materially from those set forth in any forward-looking statement. Any forward-looking statement made by us or on our behalf speaks only as of the date that it was made.

Some of the factors that may cause actual results or other future events or circumstances to differ from those in forward-looking statements are described in our Annual Report on Form 10-K for the year ended December 31, 2018, our subsequent Quarterly Reports on Form 10-Q or Current Reports on Form 8-K, or other applicable documents that are filed or furnished with the U.S. Securities and Exchange Commission (collectively, our SEC filings). Factors specifically related to our planned acquisition of CardWorks and our associated outlook for various financial and operating metrics, in addition to the factors described in our SEC filings, include: (1) the risk that necessary regulatory approvals may not be obtained, may be delayed, or may be obtained subject to burdensome conditions; (2) the occurrence of any other fact, event, or circumstance that could give rise to a delay in closing or the termination of the merger agreement, including—if the average price of our stock declines by a specified amount—the founder's exercise of his right to terminate and our decision not to correspondingly increase the consideration; (3) any adverse reactions or changes to customer, counterparty, regulatory, or employee relationships, including any adverse impact on our brand or reputation; (4) any adverse market reactions affecting our access to the capital markets or our investor relations generally; (5) any deterioration or weakness in economic conditions that affects households or consumers; (6) any change in the regulatory or political environment that adversely impacts the business of lending to households and consumers; (7) risks and uncertainties associated with inaccurate financial and operational assumptions, incomplete or failed due diligence, lower-than-expected performance, higher-than-expected costs, difficulties related to integration, the loss of key employees, and the diversion of management's attention from other business activities; and (8) potential litigation in connection with the merger. We do not undertake to update any forward-looking statement to reflect the impact of events, circumstances, or results that arise after the date that the statement was made, except as required by applicable securities laws. You, however, should consult further disclosures (including disclosures of a forward-looking nature) that we may make in any subsequent SEC filings.

This presentation and related communications contain specifically identified non-GAAP financial measures, which supplement the results that are reported according to U.S. generally accepted accounting principles ("GAAP"). These non-GAAP financial measures may be useful to investors but should not be viewed in isolation from, or as a substitute for, GAAP results. Differences between non-GAAP financial measures and comparable GAAP financial measures are reconciled in the presentation.

Unless the context otherwise requires, the following definitions apply. The term "loans" means the following consumer and commercial products associated with our direct and indirect financing activities: loans, retail installment sales contracts, lines of credit, and other financing products excluding operating leases. The term "operating leases" means consumer- and commercial-vehicle lease agreements where Ally is the lessor and the lessee is generally not obligated to acquire ownership of the vehicle at lease-end or compensate Ally for the vehicle's residual value. The terms "lend," "finance," and "originate" mean our direct extension or origination of loans, our purchase or acquisition of loans, or our purchase of operating leases as applicable. The term "consumer" means all consumer products associated with our loan and operating-lease activities and all commercial retail installment sales contracts. The term "commercial" means all commercial products associated with our loan activities, other than commercial retail installment sales contracts.

Acquisition of CardWorks by Ally Financial

CardWorks is a leading non-prime credit card and consumer finance provider in the U.S. with servicing capabilities across the credit spectrum

**Top-20 U.S. Credit Card Issuer
Top-15 U.S. Merchant Acquirer⁽¹⁾**

3.8 million Active Accounts Serviced⁽²⁾

Experienced, Tenured Workforce

**Assets: \$4.7 billion
Deposits: \$2.9 billion⁽³⁾**

Annual Revenues >\$1 billion⁽³⁾
~80% Net Interest Income
~20% Other Revenue

Solid, Cycle-Tested Risk-Adjusted Return Profile

(1) The Nilson Report, rankings apply for years 2013-2018 for Credit Card Issuer and 2018 for Merchant Acquirer.

(2) CardWorks, Inc. management operating reports as of 12-31-2019.

(3) CardWorks, Inc. Consolidated Statements of Financial Condition (Unaudited Financials) for full-year 2019 or period-end 12-31-2019.

Transaction Highlights



Strategic

- > **Acquisition aligned with Ally's long-term strategic objectives**
 - Advances Ally's evolution in becoming a leading full-service financial partner for our customers
- > **Complements Ally's existing offerings, adding a core banking product**
 - Adds proven unsecured capability in credit card, merchant services and full-spectrum servicing
- > **Strong cultural fit and customer-first approach between companies; mature businesses with experienced management teams and associates**
 - CardWorks is a cycle-tested, growing business with 32 years of operating performance



Financial

- > **Enhances Ally's financial profile, adding additional growth opportunity**
 - Accretive to Adjusted EPS⁽¹⁾, Core ROTCE⁽¹⁾ and Core ROA⁽¹⁾
- > **Immediate enhancement and diversification of revenues and earnings**
 - Further optimizes risk-return profile of Ally's balance sheet | Adds 5%+ ROA business
 - Improves ability to drive positive operating leverage and lower efficiency ratio
- > **Ally's enterprise capital targets to remain consistent**
 - Expect to execute up to \$1.0 billion against existing \$1.25 billion share repurchase program⁽²⁾

Grows customer base, expands product capabilities and enhances returns

⁽¹⁾ Represents a non-GAAP financial measure. See page 17 for calculation methodology and details.

⁽²⁾ Ally Board of Directors authorized up to \$1.25 billion in common share repurchases for 3Q 2019 - 2Q 2020. Actions in connection with the repurchase program will be subject to various factors, including Ally's capital and liquidity positions, regulatory and accounting considerations (including Accounting Standards Update 2016 13, Financial Instruments Credit Losses, commonly known as CECL), Ally's financial and operational performance, alternative uses of capital, the trading price of Ally's common stock, and market conditions. The repurchase program does not obligate Ally to acquire a specific dollar amount or number of shares and may be extended, modified, or discontinued at any time.

Transaction Summary

Transaction Consideration

- Aggregate price⁽¹⁾ of \$2.65 billion, subject to final closing equity and other adjustments
- 51% cash (\$1.35 billion) | 49% stock (\$1.30 billion) or 39.5 million shares of Ally common stock⁽²⁾
 - Stock Consideration: 38.15 million shares to CardWorks employees | 1.35 million shares to outside investor
- Price / CardWorks LTM Adj. Net Income⁽¹⁾⁽³⁾: 10x
- Price Adj. for Excess Capital⁽⁴⁾ / CardWorks LTM Adj. Net Income⁽¹⁾⁽³⁾: 6x to 7x
- Price / CardWorks Closing Book Value⁽¹⁾: 1.7x
- Deal IRR⁽⁵⁾: >20%

Management Alignment & Continuity

- CardWorks Chairman and CEO, Don Berman, owns 70% of CardWorks and will receive both cash and stock as his consideration. 100% of the shares received by Mr. Berman will be locked up until the 1st anniversary of closing, thereafter he may sell up to 33% annually
 - Following the exercise of certain employee rights at closing, Mr. Berman will receive 29.91 million shares
- Don Berman to join Ally Financial Board of Directors and executive management team

Synergies

- Expense Synergy: >\$50 million annually | Run-rate achieved by year-end 2021
- Funding Synergy: Additional opportunity to scale Ally's leading deposit platform
- Revenue Synergy: Opportunities across broader customer base & products not included in model

Approvals & Closing

- Requires customary approvals from Board of Governors of the Federal Reserve System (FRB) and Utah Department of Financial Institutions (UDFI)
- Anticipated Closing: Q3 2020

⁽¹⁾ Price reflects Ally's forecast of closing equity and other adjustments, excluding any possible fill-or-kill adjustment. This possible adjustment may arise if Ally's stock price declines by more than 15%, a "fill or kill" termination right is exercised, and Ally elects to "fill" by issuing additional stock. Adjustments to \$2.6 billion purchase price are described in the definitive documents for the transaction. CardWorks book value of equity was \$1.48 billion as of December 31, 2019, according to the CardWorks, Inc. Consolidated Statements of Financial Condition (Unaudited Financials) for full-year 2019 or period-end 12-31-2019.

⁽²⁾ Shares based on Ally's closing share price on February 14, 2020 of \$32.85.

⁽³⁾ Represents a non-GAAP financial measure. See page 21 for calculation methodology and details.

⁽⁴⁾ Adjusted price of \$1.6 billion to \$1.7 billion reflects a normalized capital level for CardWorks below the 12/31/2019 balance, based on publicly traded credit card companies with capital levels of 12% to 15%.

⁽⁵⁾ Includes all non-financing deal impacts including but not limited to: synergies, merger-related charges, and impacts from CECL.

CardWorks: Scalable Engine for Future Growth

Customer-centric culture & disciplined risk management drive solid execution

Established
1987

2.8 M
Customers

1.7 K
Employees

15+ Years
Avg. Tenure of
Top 40
Managers

20%
CardWorks
Employees w/
10+ year tenure

1 Consumer Lending

> Credit Card: Market leading, data-driven card provider

- Top-20 U.S. card issuer⁽¹⁾ with 2.8 million active credit card accounts
- CardWorks strong customer NPS and satisfaction scores well-above industry averages
- \$3.4 billion in balances | 630 average FICO | Revolving balance customer profile

> Recreational Lending: Growing indirect lending portfolio

- \$0.7 billion of marine, RV and other | Low-teens yield | Low-single digit loss

2 Servicing & Recovery

> Credit card and installment loan servicer across entire credit spectrum

- 3.8 million active customer accounts | 24/7 customer service
- Fee-based activities provide stable, diversified revenue source
- Third-party collections, recovery, fraud prevention and portfolio management capability
- Track record of converting & servicing large portfolios | Meaningful expansion capacity

3 Merchant Services

> Credit and debit transaction provider – top-15 merchant acquirer⁽¹⁾

- National coverage and relationships with 42 independent sales organizations
- Over \$32 billion in credit card transactions processed across 85,000 merchants

> Full-spectrum merchant service capabilities

- Customizable and personalized services across broad merchant categories

Note: Financial and operational metrics as of full-year or period-end 12-31-2019 from CardWorks, Inc. (Unaudited Financials) unless otherwise noted.

(1) The Nilson Report, rankings apply for years 2013-2018 for Credit Card Issuer and 2018 for Merchant Acquirer.

ally do it right.

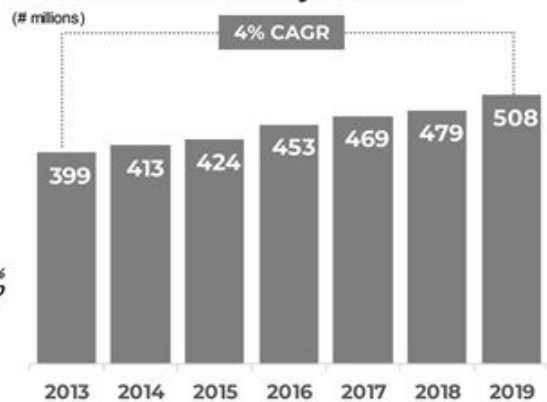
CardWorks: Total Addressable Market

Growing credit card market with meaningful expansion opportunities

U.S. Credit Card Industry: Balances⁽¹⁾



U.S. Credit Card Industry: Accounts⁽¹⁾



CardWorks: Target Market



(1) Source: Federal Reserve Bank of New York – 4Q balances and accounts shown for each year.

CardWorks: Financial Profile⁽¹⁾

Steady Growth, Positioned for Ongoing Expansion

CardWorks Balance Sheet

(\$ billions)

- Credit Card
- Recreational Lending
- Other Assets



Solid Financial Performance Over Time

CardWorks Adjusted Pretax Income⁽²⁾

(\$ millions)



CardWorks GAAP Pretax Income

2014	2015	2016	2017	2018	2019
\$262	\$246	\$235	(\$93)	\$286	\$277

Credit Card RoA Profile⁽³⁾

22-24%

Net Margin

+

5-6%

Fee & Interchange Revenue

-

12-14%

Net Charge-offs

-

2-3%

Other Provision

-

6-7%

Expenses

=

5%+

After-Tax RoA

(1) CardWorks, Inc. Consolidated Statements of Financial Condition (Audited Financials) for full-year 2014-2018; full-year 2019 Unaudited Financials.

(2) Represents a non-GAAP financial measure. Adjusted to exclude legacy award expense associated with 2017 capital raise. See page 21 for calculation methodology and details.

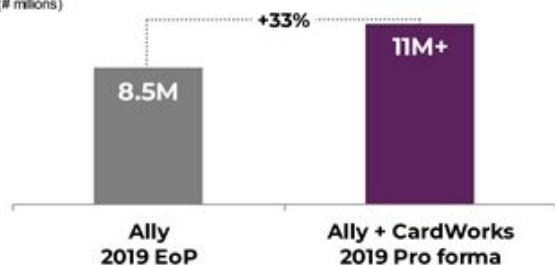
(3) Source: CardWorks, Inc. Consolidated Statements of Financial Condition (Audited Financials) for full year 2016 - 2018, full-year 2019 Unaudited Financials. Credit Card Return on average assets (RoA) profile based on average Credit Card Gross Receivables. After-Tax RoA utilizes a U.S. Federal Statutory Corporate Income Tax Rate of 35% for 2017 and a 21% rate for 2018 - 2019.

Ally + CardWorks: Pro forma Combination (2019)

Significantly Expands Customers

Total Customers

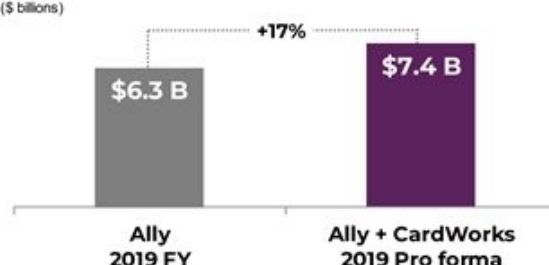
(# millions)



Diversifies & Expands Revenues

Adjusted Total Net Revenue⁽¹⁾

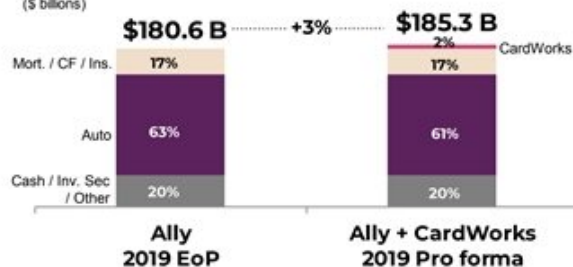
(\$ billions)



Modest Growth of Assets

Balance Sheet

(\$ billions)



Improves Earnings Power

Core Pretax Income⁽¹⁾

(\$ billions)



Note: Segments include cash, securities and other assets related to each segment's reported balance sheet.

Note: Pro forma results reflect aggregated stand-alone company results and do not incorporate any deal-related impacts, including transaction fees and expenses, amortization of intangibles, or expense or revenue synergies.

(1) Represents a non-GAAP financial measure. See pages 17 and 20 for calculation methodology and details.

(2) CardWorks, Inc. Consolidated Statements of Financial Condition (Unaudited Financials) for full-year 2019 or period-end 12-31-2019.

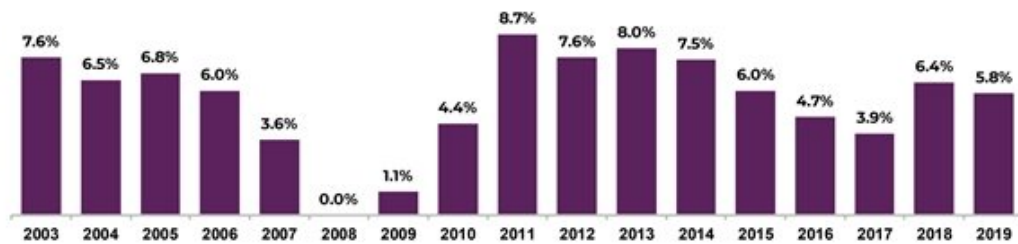
ally do it right.

CardWorks: Profitable Across Cycles

- > CardWorks has generated solid returns across a variety of macroeconomic environments
- > Growth trends reflect operating discipline and proactive balance sheet management
- > Credit and underwriting utilize decades of experience in disciplined, data-first approach

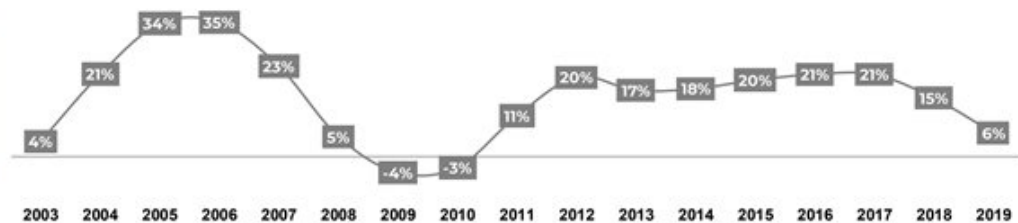
CardWorks: Adjusted Return on Average Assets⁽¹⁾

**Solid,
Cycle-Tested
Returns**



CardWorks: YoY Average Asset Growth Trends

**Disciplined,
Adaptive
Growth
Model**



Source: CardWorks, Inc. Consolidated Statements of Financial Condition (Audited Financials) for full-year 2003-2018; full-year 2019 Unaudited Financials

(1) Represents a non-GAAP financial measure. Adjusted to exclude legacy equity award expense associated with a 2017 capital raise. See page 21 for calculation methodology and details.

Ally: Enhanced Profitability Metrics

CardWorks acquisition to be accretive to Ally's return profile

Deal Related Items

@ Closing

Loan Mark: Credit card portfolio at par, including appropriate reserve
 CECL Reserve: Increase ALLL to 160% of NCO's
 Ally Adjusted TBVPS Dilution⁽¹⁾⁽²⁾: 10% | Ally GAAP BVPS Dilution⁽²⁾: 6%
 - Includes deal and integration costs, intangibles, goodwill and CECL reserve build

Ongoing

To be excluded from Ally's Core Results: Deal & Integration Costs of \$100 million through 2022, Legacy Equity Award and Other⁽³⁾ of \$95 million through 2022 and Day 1 CECL and reserve impacts
To be included in Ally's Core Results: Amortization of intangibles of \$212 million through 2027
 - Incorporates expense of purchase credit card relationship ("PCCR"), technology, trademarks and customer relationships

Ally Financial Outlook: Accretive Impacts

Core ROTCE⁽¹⁾

2021 – 2022

+ 100 – 150 bps

Adjusted EPS Accretion⁽¹⁾

Up to +100 bps

Core RoA⁽¹⁾

+ 10 bps

Metrics reflect steady coverage rate assumption under CECL methodology

(1) Represents a non-GAAP financial measure. See pages 17, 18 and 19 for details.

(2) Dilution calculation based on anticipated close in Q3 2020.

(3) Includes expense associated with legacy 2017 equity award activity issued in conjunction with capital raise and other employee retention amounts.

Ally: Steady and Improved 2020 Financial Outlook

2020 Outlook		
	Ally Stand-Alone	Ally + CardWorks
Adjusted EPS⁽¹⁾ Growth	↑ 10 - 15% YoY	↑ 10 - 15% YoY
Core ROTCE⁽¹⁾	12 - 13%	12 - 13%
Adjusted Total Net Revenue⁽¹⁾	↑ 6 - 9% YoY	↑ 10 - 15% YoY
Adjusted Efficiency Ratio⁽¹⁾	↓ 50 - 150bps YoY	↓ 150 - 250bps YoY
Full-Year NCO %	Retail Auto:	Low-end 1.4 - 1.6%
	Consolidated:	Low-end 1.4 - 1.6% 0.9% - 1.0%

Metrics reflect steady coverage rate assumption under CECL methodology

(1) Represents a non-GAAP financial measure. See pages 17 and 18 for details.

Ally: Disciplined Capital Management

Dynamic and effective deployment of shareholder capital

Ally: Q1 2014 → Q4 2019

\$3.3B

Increase in Ally's Adjusted Tangible Book Value⁽¹⁾ to \$13.1B

33%

Increase in Ally's Adjusted Tangible Book Value⁽¹⁾

Ally: Since Mid-2016

\$3.8B

Common Stock Repurchases and Dividends Paid

22.6%

Net Decrease in Common Shares Outstanding

(1) Represents a non-GAAP financial measure. See page 19 for details.

Ally: Strategic Priorities

Relentless Customer Focus and 'Do It Right' Culture



- Ongoing optimization of market leading Auto and Insurance business lines
- Sustained growth in customers and optimization of deposit funding profile
- Expand consumer product offerings
- Efficient capital deployment & disciplined risk management
- Steady execution along earnings growth path

Acquisition advances execution against our consistent set of strategic priorities
Enhances Ally's ability to drive long-term shareholder value

Supplemental



CardWorks: Stand-alone Financial Statements⁽¹⁾

CardWorks Stand-alone Financials							
(\$ millions)		2014	2015	2016	2017	2018	2019
Income Statement	Net Financing Revenue	\$ 422	\$ 504	\$ 636	\$ 756	\$ 811	\$ 859
	Other Revenue	166	157	199	219	249	230
	Total Revenue	\$ 588	\$ 661	\$ 835	\$ 974	\$ 1,061	\$ 1,088
	Provision for loan losses	155	222	405	521	466	463
	Adjusted noninterest expense ⁽²⁾	171	194	195	225	242	282
	Adjusted Pretax Income ⁽²⁾	\$ 262	\$ 246	\$ 235	\$ 229	\$ 353	\$ 343
	Legacy equity award expense related to 2017 capital raise	-	-	-	322	67	66
	Pretax Income / (Loss)	\$ 262	\$ 246	\$ 235	\$ (93)	\$ 286	\$ 277
	Income tax expense	101	92	88	25	73	71
	Net income / (Loss)	\$ 161	\$ 154	\$ 147	\$ (118)	\$ 214	\$ 206
Key Balance Sheet Items	Cash	\$ 245	\$ 310	\$ 367	\$ 416	\$ 836	\$ 697
	Investment securities	43	39	39	44	54	126
	Credit card receivables	1,902	2,317	2,878	3,220	3,341	3,422
	Other consumer receivables	172	200	290	403	549	678
	Allowance for loan losses	(204)	(256)	(408)	(539)	(557)	(570)
	Other assets	192	204	285	600	372	319
	Total Assets	\$ 2,351	\$ 2,815	\$ 3,451	\$ 4,143	\$ 4,595	\$ 4,673
Key Metrics	CardWorks Adjusted ROA⁽²⁾	7.5%	6.0%	4.7%	3.9%	6.4%	5.8%
	Credit Card NCO %	8.2%	7.9%	9.6%	12.7%	13.5%	13.0%
	Other Consumer NCO %	1.2%	1.6%	1.2%	1.4%	1.5%	2.0%
	Consolidated NCO %	7.6%	7.4%	8.9%	11.5%	11.9%	11.3%

(1) Source: CardWorks, Inc. Consolidated Statements of Financial Condition (Audited Financials) for full year 2014 – 2018; full-year 2019 Unaudited Financials at the time of disclosure.

(2) Represents a non-GAAP financial measure. Adjusted to exclude legacy equity award expense associated with 2017 capital raise. See page 21 for calculation methodology.

Notes on Non-GAAP and Other Financial Measures

The following are non-GAAP financial measures which Ally believes are important to the reader of the Consolidated Financial Statements, but which are supplemental to, and not a substitute for, GAAP measures: Core Net Income Attributable to Common Shareholders, Adjusted Earnings per Share (Adjusted EPS), Core Return on Tangible Common Equity (Core ROTCE), Adjusted Total Net Revenue, Adjusted Efficiency Ratio, Core original issue discount (Core OID) amortization expense and Core outstanding original issue discount balance (Core OID balance), Adjusted Tangible Book Value per Share (Adjusted TBVPS), and Core Return on Average Assets (Core ROA). These measures are used by management and we believe are useful to investors in assessing the company's operating performance and capital. Refer to the Definitions of Non-GAAP Financial Measures and Other Key Terms, and Reconciliation to GAAP later in this document.

- 1) **Core net income attributable to common shareholders** is a non-GAAP financial measure that serves as the numerator in the calculations of Adjusted EPS and Core ROTCE and that, like those measures, is believed by management to help the reader better understand the operating performance of the core businesses and their ability to generate earnings. Core net income attributable to common shareholders adjusts GAAP net income attributable to common shareholders for discontinued operations net of tax, tax-effected Core OID expense, tax-effected repositioning items primarily related to the extinguishment of high-cost legacy debt and strategic activities, preferred stock capital actions, significant discrete tax items and tax-effected changes in equity investments measured at fair value.
- 2) **Adjusted earnings per share (Adjusted EPS)** is a non-GAAP financial measure that adjusts GAAP EPS for revenue and expense items that are typically strategic in nature or that management otherwise does not view as reflecting the operating performance of the company. Management believes Adjusted EPS can help the reader better understand the operating performance of the core businesses and their ability to generate earnings.
 - a) In the numerator of Adjusted EPS, GAAP net income attributable to common shareholders is adjusted for the following items: (1) excludes discontinued operations, net of tax, as Ally is primarily a domestic company and sales of international businesses and other discontinued operations in the past have significantly impacted GAAP EPS, (2) adds back the tax-effected non-cash Core OID, (3) excludes equity fair value adjustments (net of tax) related to ASU 2016-01 which requires change in the fair value of equity securities to be recognized in current period net income as compared to periods prior to 1/1/18 in which such adjustments were recognized through other comprehensive income, a component of equity, (4) excludes significant discrete tax items that do not relate to the operating performance of the core businesses and (5) tax-effected repositioning items primarily related to strategic activities.
- 3) **Tangible Common Equity** is a non-GAAP financial measure that is defined as common stockholders' equity less goodwill and identifiable intangible assets, net of deferred tax liabilities. Ally considers various measures when evaluating capital adequacy, including tangible common equity. Ally believes that tangible common equity is important because we believe readers may assess our capital adequacy using this measure. Additionally, presentation of this measure allows readers to compare certain aspects of our capital adequacy on the same basis to other companies in the industry. For purposes of calculating Core return on tangible common equity (Core ROTCE), tangible common equity is further adjusted for Core OID balance and net deferred tax asset.
- 4) **Core return on tangible common equity (Core ROTCE)** is a non-GAAP financial measure that management believes is helpful for readers to better understand the ongoing ability of the company to generate returns on its equity base that supports core operations. For purposes of this calculation, tangible common equity is adjusted for Core OID balance and net DTA. Ally's Core net income attributable to common shareholders for purposes of calculating Core ROTCE is based on the actual effective tax rate for the period adjusted for significant discrete tax items including tax reserve releases, which aligns with the methodology used in calculating adjusted earnings per share.
 - a) In the numerator of Core ROTCE, GAAP net income attributable to common shareholders is adjusted for discontinued operations net of tax, tax-effected Core OID, fair value adjustments (net of tax) related to ASU 2016-01 which requires change in the fair value of equity securities to be recognized in current period net income as compared to periods prior to 1/1/18 in which such adjustments were recognized through other comprehensive income, a component of equity, significant discrete tax items and tax-effected repositioning items primarily related to strategic activities.
 - b) In the denominator, GAAP shareholder's equity is adjusted for goodwill and identifiable intangibles net of DTL, Core OID balance, and net DTA.
- 5) **Adjusted Total Net Revenue** is a non-GAAP financial measure that adjusts GAAP net financing revenue by excluding Core OID expense and adjusts GAAP other revenue by excluding equity fair value adjustments related to ASU 2016-01 which requires change in the fair value of equity securities to be recognized in current period net income as compared to periods prior to 1/1/18 in which such adjustments were recognized through other comprehensive income, a component of equity.

Notes on Non-GAAP and Other Financial Measures

- 1) **Adjusted efficiency ratio** is a non-GAAP financial measure that management believes is helpful to readers in comparing the efficiency of its core banking and lending businesses with those of its peers. In the numerator of Adjusted efficiency ratio, total noninterest expense is adjusted for Insurance segment expense and Rep and warrant expense. In the denominator, total net revenue is adjusted for Insurance segment revenue and Core OID.
- 2) **Core original issue discount (Core OID) amortization expense** is a non-GAAP financial measure for OID, primarily related to bond exchange OID which excludes international operations and future issuances.
- 3) **Core outstanding original issue discount balance (Core OID balance)** is a non-GAAP financial measure for outstanding OID, primarily related to bond exchange OID which excludes international operations and future issuances.
- 4) **Core return on average assets (Core ROA)** is a non-GAAP financial measure that management believes is helpful for readers to better understand the ongoing ability of the company to generate returns on its asset base that supports core operations. Ally's Core net income attributable to common shareholders for purposes of calculating Core ROA is based on the actual effective tax rate for the period adjusted for significant discrete tax items including tax reserve releases, which aligns with the methodology used in calculating adjusted earnings per share.
 - a) In the numerator of Core ROA, GAAP net income attributable to common shareholders is adjusted for discontinued operations net of tax, tax-effected Core OID, fair value adjustments (net of tax) related to ASU 2016-01 which requires change in the fair value of equity securities to be recognized in current period net income as compared to periods prior to 1/1/18 in which such adjustments were recognized through other comprehensive income, a component of equity, significant discrete tax items and tax-effected repositioning items primarily related to strategic activities.
- 5) **Net charge-off ratios** are calculated as annualized net charge-offs divided by average outstanding finance receivables and loans excluding loans measured at fair value and loans held-for-sale.
- 6) **CardWorks: Adjusted Return on Average Assets (CW Adj. ROA)** is a non-GAAP financial measure that management believes is helpful for readers to better understand the ongoing ability of the company to generate returns on its asset base that support core operations. For purposes of this calculation, CardWorks net income is adjusted for tax-effected equity transaction & compensation expense related to strategic capital raise activity prior to Ally's acquisition of CardWorks, Inc. CW Adj. RoA utilizes a U.S. Federal Statutory Corporate Income Tax Rate of 35% for 2017 and a 21% rate for 2018 – 2019.
- 7) **About CardWorks Inc.** - Founded in 1987, CardWorks is a consumer finance lender and servicer, and a people-centric, compliance-focused organization enabled by data and technology. CardWorks is a leading servicer of nationally-branded MasterCard/Visa cards, private label cards, secured cards, and other unique products, as well as secured and unsecured installment loans. Merrick Bank, founded in 1997 as a wholly owned subsidiary of CardWorks, is an FDIC insured top-20 U.S. issuer of Visa® branded credit cards. Merrick Bank also provides finance options to consumers through marine and recreational vehicle dealers throughout the country. While Merrick Bank specializes in non-prime consumer lending, it is also a top-15 U.S. credit card merchant acquirer, clearing approximately \$32 billion in transaction volume per year for 85,000 merchants and 42 independent sales organizations. For more information, visit www.cardworks.com and www.merrickbank.com.

Ally: GAAP to Core Results – Adjusted TBVPS

Adjusted Tangible Book Value per Share ("Adjusted TBVPS")

	FY 2019	1Q 2014	Inc. / (Dec.)
Numerator (\$ billions)			
GAAP shareholder's equity	\$ 14.4	\$ 14.5	\$ (0.0)
Preferred equity	-	(1.3)	1.3
GAAP common shareholder's equity	\$ 14.4	\$ 13.2	\$ 1.2
Goodwill and identifiable intangibles, net of DTLs	(0.5)	(0.0)	(0.4)
Tangible common equity	14.0	13.2	0.8
Tax-effected Core OID balance			
(21% tax rate starting 4Q17, 35% starting 1Q16; 34% prior)	(0.8)	(1.0)	0.1
Series G discount	-	(2.3)	2.3
Adjusted tangible book value	[a] \$ 13.1	\$ 9.9	\$ 3.3
Denominator			
Issued shares outstanding (period-end, thousands)	[b] 374,332	479,768	(105,436)
Metric			
GAAP shareholder's equity per share	\$ 38.5	\$ 30.1	\$ 8.4
Preferred equity per share	-	(2.6)	2.6
GAAP common shareholder's equity per share	\$ 38.5	\$ 27.5	\$ 11.0
Goodwill and identifiable intangibles, net of DTLs per share	(1.2)	(0.1)	(1.1)
Tangible common equity per share	37.3	27.5	9.8
Tax-effected Core OID balance			
(21% tax rate starting 4Q17, 35% starting 1Q16; 34% prior) per share	(2.2)	(2.0)	(0.2)
Series G discount per share	-	(4.9)	4.9
Adjusted tangible book value per share	[a] / [b] \$ 35.1	\$ 20.5	\$ 14.5

Adjusted tangible book value per share (Adjusted TBVPS) is a non-GAAP financial measure that reflects the book value of equity attributable to shareholders even if Core OID balance were accelerated immediately through the financial statements. As a result, management believes Adjusted TBVPS provides the reader with an assessment of value that is more conservative than GAAP common shareholder's equity per share. Adjusted TBVPS generally adjusts common equity for: (1) goodwill and identifiable intangibles, net of DTLs, and (2) tax-effected Core OID balance to reduce tangible common equity in the event the corresponding discounted bonds are redeemed/tendered and (3) Series G discount which reduces tangible common equity as the company has normalized its capital structure.

Note: In December 2017, tax-effected Core OID balance was adjusted from a statutory U.S. Federal tax rate of 35% to 21% ("rate") as a result of changes to U.S. tax law. The adjustment conservatively increased the tax-effected Core OID balance and consequently reduced Adjusted TBVPS as any acceleration of the non-cash charge in future periods would flow through the financial statements at a 21% rate versus a previously modeled 35% rate.

Ally: GAAP to Core Results

(\$ millions)	FY 2019			
	GAAP	Core OID & Repositioning Items	Change in the fair value of equity securities	Non-GAAP ⁽¹⁾
Consolidated Ally				
Net financing revenue	\$ 4,633	\$ 29	\$ -	\$ 4,662
Total other revenue	1,761	-	(89)	1,672
Total net revenue	\$ 6,394	\$ 29	\$ (89)	\$ 6,334
Provision for loan losses	998	-	-	998
Noninterest expense	3,429	-	-	3,429
Pre-tax income from continuing operations	\$ 1,967	\$ 29	\$ (89)	\$ 1,907
Consolidated CardWorks				
Net financing revenue	\$ 859	\$ -	\$ -	\$ 859
Total other revenue	230	-	-	230
Total net revenue	\$ 1,088	\$ -	\$ -	\$ 1,088
Provision for loan losses	463	-	-	463
Noninterest expense	348	66	-	282
Pre-tax income from continuing operations	\$ 277	\$ 66	\$ -	\$ 343
Ally + CardWorks 2019 Pro Forma				
Total net revenue	\$ 7,482	\$ 29	\$ (89)	\$ 7,422
Pre-tax income from continuing operations	\$ 2,244	\$ 95	\$ (89)	\$ 2,250

<u>Original issue discount amortization expense</u>	
(\$ millions)	
	FY 2019
Core original issue discount (Core OID) amortization expense ⁽¹⁾	\$ 29
Other OID	13
GAAP original issue discount amortization expense	\$ 42

CardWorks: GAAP to Adjusted Results

CardWorks: Adjusted Return on Average Assets

(\$ millions)

Numerator

GAAP pretax income / (loss)

Legacy expense related to strategic capital raise activity

Adjusted pretax income

Normalized tax rate - utilizes a U.S. Federal Statutory

Corporate Income Tax Rate

(21% tax rate in 2017; 35% for 2018-2019)

Adjusted net income

memo:

Legacy expense related to strategic capital raise activity

and tax expense

GAAP net income

Denominator (2-period average)

GAAP Average Assets

CardWorks: Adjusted Return on Average Assets

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
GAAP pretax income / (loss)															\$ (93)	\$ 286	\$ 277
Legacy expense related to strategic capital raise activity															322	67	66
Adjusted pretax income															\$ 229	\$ 353	\$ 343
Normalized tax rate - utilizes a U.S. Federal Statutory Corporate Income Tax Rate (21% tax rate in 2017; 35% for 2018-2019)															(80)	(74)	(72)
Adjusted net income															\$ 149	\$ 279	\$ 271
memo: Legacy expense related to strategic capital raise activity and tax expense															(267)	(66)	(66)
GAAP net income															(\$118)	\$214	\$206
Denominator (2-period average)																	
GAAP Average Assets															\$ 445	\$ 540	\$ 725
CardWorks: Adjusted Return on Average Assets															7.6%	6.5%	6.8%

CardWorks: Adjusted Return on Average Assets (CW Adj. ROA) is a non-GAAP financial measure that management believes is helpful for readers to better understand the ongoing ability of the company to generate returns on its asset base that support core operations. For purposes of this calculation, CardWorks, Inc. net income is adjusted for tax-effected legacy equity transaction and equity plan compensation expense related to a capital raise activity prior to Ally's acquisition of CardWorks, Inc. Adjusted after-tax RoA utilizes a U.S. Federal Statutory Corporate Income Tax Rate of 35% for 2017 and a 21% rate 2018 and 2019 forward.

CardWorks - Adjusted Noninterest Expense

(\$ millions)

GAAP noninterest expense

Legacy expense related to strategic capital raise activity

CardWorks - Adjusted Noninterest Expense

	2017	2018	2019
GAAP noninterest expense	\$ 546	\$ 308	\$ 347
Legacy expense related to strategic capital raise activity	(322)	(67)	(66)
CardWorks - Adjusted Noninterest Expense	\$ 225	\$ 242	\$ 282

CardWorks: Adjusted Noninterest Expense is a non-GAAP financial measure that management believes is helpful for readers to better understand the core operating expense of the company that support core operations. For purposes of this calculation, CardWorks, Inc. GAAP noninterest expense is adjusted for legacy equity transaction and equity plan compensation expense related to a capital raise activity prior to Ally's acquisition of CardWorks, Inc.