Ally Financial Inc.

Liquidity Coverage Ratio Disclosure

For the quarterly period ended September 30th, 2019

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Introduction

Company Overview

Ally Financial Inc. (together with its consolidated subsidiaries unless the context otherwise requires, Ally, the Company, or we, us, or our) is a leading digital financial-services company. As a customer-centric company with passionate customer service and innovative financial solutions, we are relentlessly focused on “Doing It Right” and being a trusted financial-services provider to our consumer, commercial, and corporate customers. We are one of the largest full-service automotive-finance operations in the country and offer a wide range of financial services and insurance products to automotive dealerships and consumers. Our award-winning online bank (Ally Bank, Member FDIC and Equal Housing Lender) offers mortgage-lending services and a variety of deposit and other banking products, including savings, money-market, and checking accounts, certificates of deposit (CDs), and individual retirement accounts (IRAs). Additionally, we offer securities-brokerage and investment-advisory services through Ally Invest. Our robust corporate-finance business offers capital for equity sponsors and middle-market companies.

We are a Delaware corporation and are registered as a bank holding company (BHC) under the Bank Holding Company Act of 1956, as amended, and a financial holding company (FHC) under the Gramm-Leach-Bliley Act of 1999, as amended.

Liquidity Coverage Ratio (LCR)

The Liquidity Coverage Ratio (LCR) is a regulatory mandated liquidity metric that is designed to promote the short-term resilience of the liquidity risk profile of large and internationally active banking organizations, thereby improving the banking sector’s ability to absorb shock arising from financial and economic stress.

The FRB and other U.S. banking agencies have adopted the LCR consistent with international standards developed by the Basel Committee on Banking Supervision (Basel Committee). The LCR complements the enhanced prudential standards for managing liquidity risk.

Ally is subject to a modified and less stringent version of the LCR that applies to BHCs with $50 billion or more but less than $250 billion in total consolidated assets that are not internationally active. The modified LCR requires Ally to maintain an amount of high-quality liquid assets (HQLA) equal to calculated net cash outflows over a prospective 30 calendar-day stress period where the net cash outflows are multiplied by a factor of 0.7. Ally is required to calculate its LCR on a monthly basis. There is no requirement for a standalone LCR calculation for Ally Bank. Additionally, LCR disclosure regulations (LCR

Disclosure Requirements) require Ally to publicly disclose quantitative information about its LCR calculation and a qualitative discussion of the factors that have a significant effect on its LCR.

The final LCR regulations (LCR Rules) defines which instruments constitute HQLAs and prescribes the methodology for calculating total net cash outflows, including the application of standardized cash inflow and outflow factors.

During October 2019, the Federal Reserve finalized revisions to its regulatory framework which would tailor regulatory requirements based on a banking organization's asset size and other supplementary measures. Those revisions would exempt Ally from complying with the LCR Rules and LCR Disclosure Requirements and Ally would cease publication of this disclosure in future time periods following the effective date of those revisions.

Composition of Eligible HQLA

As set forth in the LCR Rules, HQLA is comprised of Level 1 and Level 2 assets.

Level 1 assets are typically of the highest quality and are most liquid. They include excess central bank reserves, less the reserve requirement, and marketable securities backed by sovereigns and central banks, such as U.S. Treasuries and GNMAs. There is no limit on the extent to which Ally can hold Level 1 assets.

Level 2 assets are comprised of Level 2A and Level 2B assets. Level 2A assets mostly include qualifying government-sponsored enterprise (GSE) backed securities, such as agency debentures and agency guaranteed residential mortgage backed securities (RMBS). Level 2B assets include corporate bonds and equities that meet certain conditions. Historically, Level 2 assets have proven to be a stable source of liquidity, but not to the same degree as Level 1 assets. Level 2 assets may not in aggregate account for more than 40% of Ally's stock of HQLA. Level 2B assets may not account for more than 15% of Ally's total stock of HQLA.

All other securities, including asset-backed securities (ABS) and non-agency mortgage-backed securities (MBS) are excluded from HQLA. Securities not meeting the HQLA requirements that mature within 30 days of the calculation date are treated as cash inflows.

For Ally's 3Q19 HQLA composition, refer to the top of the table on page 6.

Main Drivers of the LCR

Ally's 3Q19 average modified LCR was 124%, which exceeds the regulatory required minimum of 100%. The ratio is down from the 125% reported in 2Q19 due to higher net cash outflows. The main drivers in our LCR are attributed to the composition and size of our HQLA portfolio and net cash outflows.

We seek to optimize HQLA while efficiently managing liquidity across the company. In doing so, Ally encumbers securities through repurchase agreements and by pledging securities to the Federal Home Loan Bank (FHLB). A portion of these encumbered securities may be part of Ally's restricted HQLA as a result of the LCR level 2 liquid asset cap.

Deposits are Ally's largest outflows and reflect retail and brokered deposits. Our second largest outflow is from unsecured wholesale funding.

Over 50% of Ally's inflows come from the retail cash inflow category which captures retail customer loan payments on automotive and mortgage assets.

The following table represents Ally's 3Q19 average modified LCR calculated in accordance with the LCR Rules and LCR Disclosure Requirements.

Ally Financial Inc

July 2019 to September 2019 (In millions of U.S. Dollars)		AVERAGE UNWEIGHTED AMOUNT	AVERAGE WEIGHTED AMOUNT
HIGH-QUALITY LIQUID ASSETS			
1	Total eligible high-quality liquid assets (HQLA), of which:	26,367	23,495
2	Eligible level 1 liquid assets	7,636	7,636
3	Eligible level 2A liquid assets	18,554	15,771
4	Eligible level 2B liquid assets	177	88
CASH OUTFLOW AMOUNTS			
5	Deposit outflow retail customers and counterparties, of which:	120,472	9,740
6	Stable retail deposit outflow	55,747	1,672
7	Other retail funding	47,027	5,382
8	Brokered deposit outflow	17,698	2,685
9	Unsecured wholesale funding outflow, of which:	3,259	3,176
10	Operational deposit outflow	110	28
11	Non-operational deposit funding outflow	2,812	2,812
12	Unsecured debt outflow	337	337
13	Secured funding and asset exchange outflow	3,122	1,071
14	Additional outflow requirements, of which:	5,611	737
15	Outflow related to derivatives and other collateral requirements	112	81
16	Outflow related to credit and liquidity facilities including unconsolidated structured transactions and mortgage commitments	5,499	656
17	Other contractual funding obligation outflow	784	784
18	Other contingent funding obligations outflow	-	-
19	**Total Cash Outflows**	**133,247**	**15,509**
CASH INFLOW AMOUNTS			
20	Secured lending and asset exchange inflow	273	273
21	Retail Cash Inflow	1,647	823
22	Unsecured wholesale cash inflow	175	88
23	Other cash inflows, of which:	41	41
24	Net Derivative Cash Inflow	19	19
25	Securities Cash Inflow	21	21
26	Broker-dealer segregated inflow	-	-
27	Other cash inflow	-	-
28	**Total Inflows**	**2,136**	**1,224**
			Average Amount(1)
29	**HQLA AMOUNT**		12,441
30	**TOTAL NET CASH OUTFLOW AMOUNT EXCLUDING THE MATURITY MISMATCH ADD-ON**		9,999
31	**MATURITY MISMATCH ADD-ON**		-
32	**TOTAL NET CASH OUTFLOW AMOUNT**		9,999
34	**LIQUIDITY COVERAGE RATIO (%)**		124%

(1) The amounts reported in this column may not equal the calculation of those amounts using component amounts reported in rows 1-28 due to technical factors such as the application of the level 2 liquid asset caps, the total inflow cap and for depository institution holding companies subject to subpart G of this part, the application of the modification of total net cash outflows

Concentration of Funding Sources

Sources of funding include both retail and brokered deposits and secured and unsecured market-based funding across various maturity, interest rate, and investor profiles. Additional liquidity is available through a pool of unencumbered highly liquid securities, borrowing facilities, repurchase agreements, as well as funding programs supported by the FRB and the FHLB of Pittsburgh.

Derivative Exposures and Potential Collateral Calls

Ally enters into derivative instruments, such as interest rate, foreign-currency, and equity swaps, futures, forwards, and options in connection with our risk-management activities. Our primary objective for utilizing derivative financial instruments is to manage interest rate risk associated with our fixed- and variable-rate assets and liabilities, foreign exchange risks related to our foreign-currency denominated assets and liabilities, and other market risks related to our investment portfolio.

Additionally, Ally may at times be required to post collateral in the form of variation and/or initial margin primarily due to the change in the fair value of the underlying derivative contract.

Liquidity Risk Management Function

Ally defines liquidity risk as the risk that an institution's financial condition or overall safety and soundness is adversely affected by an inability, or perceived inability, to meet its financial obligations, and to withstand unforeseen liquidity stress events. Liquidity risk can arise from a variety of institution specific or market-related events that could have a negative impact on cash flows available to the organization. Effective management of liquidity risk facilitates an organization's preparedness to meet cash flow obligations caused by unanticipated events. Managing liquidity needs and contingent funding exposures has proven essential to the solvency of financial institutions.

The Asset-Liability Committee (ALCO) is chaired by the Corporate Treasurer and is responsible for overseeing Ally's funding and liquidity strategies. Corporate Treasury is responsible for managing our liquidity positions within limits approved by ALCO and the Risk Committees of the Board (RC). As part of managing liquidity risk, we prepare periodic forecasts depicting anticipated funding needs and sources of funds with oversight and monitoring by the Liquidity Risk Group within Corporate Treasury. Corporate Treasury executes our funding strategies and manages liquidity under baseline economic projections as well as more severely stressed macroeconomic environments.

Forward-Looking Statements

This report 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—such as our statements about targets and expectations for various financial and operating metrics. 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. 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”). Any forward-looking statement made by us or on our behalf speaks only as of the date that it was made. 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.