ally®

DO IT RIGHT.

2016 ANNUAL REPORT

DO IT RIGHT.

Dear Shareholders,

2016 was another transformational year for our company. We achieved solid results across a number of dimensions, we strengthened both operationally and financially, and we head into 2017 with substantial momentum to continue delivering results for our shareholders, customers, communities, and employees.

Our company took several critical steps to put in place the building blocks that will drive deeper customer relationships, improve and diversify earnings growth, and further position Ally as the leading digital financial services company.

We responded directly to what our customers were asking for by expanding our product offerings, starting with the acquisition of TradeKing, an innovative digital wealth management company. We also introduced Ally Home, a direct mortgage offering, and the Ally CashBack credit card, both key consumer banking products.

Ally's deposit franchise was again recognized with multiple industry accolades and posted record deposit growth of $12.5 billion in 2016. Our leading auto finance business continued its expansion into new products such as Transportation and Equipment Finance, and delivered strong risk-adjusted returns while providing best-in-class service to our more than 18,000 dealer relationships across the United States.

Financially, Ally posted strong annual earnings in 2016, including a 10 percent core return on tangible common equity (Core ROTCE) and adjusted earnings per share (Adjusted EPS) growth of 8 percent to $2.16 per share. We initiated a common stock dividend and share buyback program, returning capital to common shareholders for the first time since becoming a public company. Additionally, we remained hyper-focused on the efficient use of shareholder capital, growing adjusted tangible book value per share more than 6 percent to $26.15.

The digital and customer-centric foundation we've established reflects the new way of banking, and is built to deliver strong and sustainable growth. Supporting this foundation is a talented associate base and culture rooted in integrity and accountability. These core principles are reflected in our "Do It Right" brand campaign, which represents the first explicit alignment of Ally's culture, strategy and brand promise.

2016 FINANCIAL RESULTS

Ally delivered solid financial results in 2016 by relentlessly serving our 5.6 million customers, being prudent stewards of shareholder capital and executing on our operational objectives. We reported full year pre-tax income from continuing operations of $1.6 billion, up $188 million compared to 2015. Ally's balance sheet expanded over $5 billion driven by strong loan growth, closing 2016 with total assets of $163.7 billion. Net interest margin expanded by 6 basis points to 2.63 percent in 2016 as declines in lease revenue were offset by higher retail auto yields and increased deposit funding.

NOTE: 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 U.S. GAAP measures: core return on tangible common equity, adjusted earnings per share, and adjusted tangible book value per share. These measures are used by management and we believe are useful to investors in assessing the company's operating performance and capital measures. Refer to the 2016 Financial Highlights later in this document for a Reconciliation to GAAP.

Earnings growth in 2016 was impressive with Adjusted EPS up 8 percent from 2015. Full year Core ROTCE, which was only 3 percent in 2013, grew to 10 percent in 2016. We also returned more than $400 million of capital to common shareholders through dividends and share repurchases in the second half of 2016.

The robust deposit growth at Ally Bank is a critical component of our improving profitability. In 2016, we increased total deposits by 19 percent to $79.0 billion, while reducing the cost of those deposits. This growth came from existing customers looking to increase their relationship with Ally, and from the more than 150,000 new customers we added during the year.

Operationally, we continued to navigate shifting auto industry dynamics and demonstrate the adaptability of our auto business. As manufacturers direct more subvented loan and lease volume to their captive lending arms, Ally's full credit spectrum approach and breadth of products continues to resonate with dealers and customers in the marketplace. We have successfully increased our retail loan portfolio by intensifying our focus on a broader spectrum of dealers and customers to offset a decline in the traditional subvented products. Optimizing shareholder capital is foundational for us, and we have executed on our strategy to drive higher risk-adjusted returns over purely volume.

2016 FINANCIAL HIGHLIGHTS

$2.16
ADJUSTED EARNINGS PER SHARE

$12.5 BILLION
TOTAL DEPOSIT GROWTH

10%
CORE ROTCE

Our commercial auto business remains a market leader, anchored by the experience of our national sales force, our rich history in the auto industry, and an unmatched product offering and level of service. Commercial auto balances were robust in 2016, closing the year at $38.9 billion, up $4.0 billion year-over-year. Our unique relationships with our dealers, and our ability to understand their operations, are competitive advantages and drivers of our leading position in this specialized market. Commercial auto lending remains an attractive low-risk market for us with net losses in the portfolio at less than or equal to one basis point for five consecutive years.

Our Corporate Finance business, which has been primarily providing secured loans to middle-market companies for over 18 years, grew its portfolio 24 percent in 2016. This business leverages our expertise in serving middle market businesses and consistently delivers attractive risk-adjusted returns. We see this as an attractive area for future growth and diversification.

We are proud of our financial accomplishments in 2016 and Ally's future opportunities are even brighter. We can now approach our consumer and commercial banking customers with the most comprehensive set of products in our history. Our balance sheet will continue to benefit from strong deposit growth as we expect to refinance only a small amount of the nearly $12 billion of high cost unsecured debt maturities between 2017 and 2020, leading to significant interest expense efficiencies in the coming years. Moreover, generational shifts and powerful trends toward online and mobile banking act as external catalysts further supporting our growth path. Our well established and industry leading digital banking platform uniquely positions us to benefit from these secular trends.

Few competitors have an earnings trajectory like Ally. While markets remain optimistic about changes in the corporate tax regime, regulatory environment, or interest rate backdrop, we expect strong earnings growth that is not reliant on those external factors. Coupled with a relentless focus on delivering an exceptional customer experience, our franchise is well positioned for improved and sustainable financial performance with a long runway for growth.

EXPANDING OUR PRODUCT SUITE

The success of Ally Bank's deposit franchise is driven by our alignment with desires of the modern banking consumer: transparency, simplicity, self-directed functionality delivered digitally, fair rates and fees, and high customer service expectations.

By executing on our value proposition, we have created strong demand from customers who have enthusiastically asked to do more with us. This demand was first addressed in Spring 2016 with the acquisition of TradeKing, a unique cultural fit and an important component in our digital product evolution. TradeKing's fee-based income business model, complementary customer base, and exceptional service, aligned favorably with Ally's objectives. We remain excited about the opportunities of this business and look forward to its rebranding under the Ally umbrella in early 2017.

Our top requested product by deposit customers was an Ally credit card – so we delivered. A natural extension of our product portfolio, the Ally CashBack credit card offers a competitive rewards program, highlighted by an industry leading 10% cash bonus for rewards deposited into an eligible Ally Bank account. As a co-branded credit card, this product allows us to address a customer need, diversify our revenue, and provide optionality to expand in the future.

In late 2016, we announced the launch of Ally Home, our direct-to-consumer home loan product. As the largest consumer asset class with a massive addressable market, mortgage is a cornerstone banking product and an attractive long term growth opportunity for us.

The addition of key products to our segment-leading deposit franchise, including Ally Home, Ally CashBack credit card and new investment services, join together to create a strong and competitive digital product portfolio that addresses the needs of our customers and paves the way for deeper and broader customer relationships.

THE ALLY BRAND

In less than a decade, Ally has transformed from a captive auto finance company to a diversified digital financial services provider. As we have grown and continued to navigate new challenges and approach new opportunities, there has been one constant – a relentless commitment to do right by our customers. To reflect that commitment, we introduced the "Do It Right" campaign

in 2016, a unified brand approach that encapsulates Ally's culture, strategy, and brand promise.

As a relatively new player compared to other top 25 bank holding companies, Ally's brand is a critical competitive differentiator. The significant investments we've made in the brand, along with the expansion of our product portfolio at Ally Bank, engaging activities such as the Lucky Penny initiative, and the receipt of numerous industry accolades, resulted in record brand awareness of 57 percent in 2016, up from 45 percent only two years ago. This serves as affirmation from our customers and reflects the tremendous progress we've made with a brand that was little more than a blank sheet of paper less than ten years ago.

LEADING CULTURE

2016 highlighted the importance of integrity and accountability in financial services. While the "Do It Right" campaign was an effective branding initiative for Ally, its message is very much rooted in our culture and the collective accountability that permeates everything we do. This culture, the guiding principles of Ally, is reflected in what we call our LEAD core values:

LOOK EXTERNALLY

EXECUTE WITH EXCELLENCE

ACT WITH PROFESSIONALISM

DELIVER RESULTS

Ally's LEADing culture is of the utmost importance to me and the responsibility of every associate at Ally, every day. It is this culture that provides the roadmap for us to "Do It Right" for our customers and in our communities.

Community engagement is an important aspect of our culture. We have continued to invest in our communities and our associates volunteered more than 20,000 hours through our annual "Giving Back" month in November as well as throughout the year.

We have also elevated the importance of diversity and inclusion at Ally. I believe that by embracing, leveraging and celebrating our differences, we can better achieve our strategic objectives and drive value for associates, communities and shareholders.

At Ally, our 7,600 dedicated associates work tirelessly to "Do It Right" for our customers, company and communities and I'm so proud to lead such a motivated team every day.

DO GIVING RIGHT.

Ally and our associates continue to make real and meaningful impacts in people's lives and in the communities in which we live and work. Giving back is a foundation of our culture and we demonstrated a strong commitment to our communities throughout 2016.

Giving Back in 2016

- Celebrated five years of Giving Back Month in November with record employee donations and volunteerism
- Launched "Give Five with Ally" campaign to include customer and community participation, raising $40,000 for key charity relationships
- Sixth year sponsoring "TIME Dealer of the Year" which honors auto dealers and their long-standing commitment to community service
- 20,000+ employee volunteer hours across the nation

Advancing Financial Education

- Provided over 100,000 consumers with basic financial education through Wallet Wise program since 2011
- Participated in Money Smart Week nationally with strategic partnership in core business centers

Working Together

- Partnered with auto dealers across the country to support 254 community organizations
- Supported Dress for Success with donations of 2,600 pieces of women's accessories and clothing
- Assembled and distributed hundreds of food baskets to Veterans of America housing complex during LEAD event

FOUNDATION FOR THE FUTURE

The financial and operational progress we made last year has created a solid foundation for long-term growth in shareholder value. Financially, we are now free from high cost preferred dividends and have demonstrated substantial deposit growth that will expand margins as expensive unsecured debt matures in the coming years. Operationally, we can approach customers with a powerful and diverse digital product suite while continuing to provide the best-in-class service that our customers expect.

The strength and consistent earnings power of the franchise has not yet been realized and I firmly believe the complexion of Ally today represents a unique and compelling opportunity for shareholders. Our goal is to grow Adjusted EPS at a 15 percent compound annual growth rate (CAGR) over the next three years while delivering approximately $5 billion of annual net financing revenue by 2019. We have the right ingredients to grow earnings, expand return on equity, grow book value per share, diversify operationally, strengthen the franchise and drive long term value for our owners.

The secular trends towards online banking are significant and provide a tailwind that supports our strategic direction and financial path. The building blocks of a leading digital financial services company are squarely in place. As we approach our customers with a clear sense of purpose and steadfast determination to "Do It Right", I could not be more excited by the opportunities that lie ahead.

Thank you for your continued support of Ally.

Jeffrey Brown,
Chief Executive Officer

2016 FINANCIAL HIGHLIGHTS

The following information includes reconciliations of non-GAAP financial measures presented in the CEO letter and certain other financial highlights. NOTE: Numbers may not foot due to rounding.

1. CORE PRE-TAX INCOME

($ millions)	FY 2016	FY 2015	FY 2014
GAAP net income	**$ 1,067**	**$ 1,289**	**$ 1,150**
(Loss) / income from disc. ops., net of tax	(44)	392	225
Income tax expense	470	496	321
OID amortization expense[1]	59	59	186
Core pre-tax income	**$ 1,640**	**$ 1,452**	**$ 1,432**
Repositioning items[2]	11	349	187
Core pre-tax income, ex. repositioning items[3]	**$ 1,651**	**$ 1,801**	**$ 1,619**

(1) Includes accelerated OID expense of $2 million in 2016, $14 million in 2015, and $14 million in 2014

(2) Repositioning items are primarily related to the extinguishment of high-cost legacy debt

(3) Core pre-tax income as presented excludes the impact of repositioning items, OID amortization expense, income tax expense and discontinued operations

2. ADJUSTED EPS

($ per share)	FY 2016	FY 2015	FY 2014
GAAP EPS (diluted)	**$ 2.15**	**$ (2.66)**	**$ 1.83**
Capital Actions (Series A and G)	-	4.90	-
(Loss) / income from disc. ops., net of tax	(0.09)	0.81	0.47
OID expense, net of tax	0.08	0.08	0.25
Repositioning/other[1]	(0.16)	0.48	0.07
Adjusted EPS	**$ 2.16**	**$ 2.00**	**$ 1.68**

(1) Repositioning/other items are primarily related to the extinguishment of high-cost legacy debt & discrete tax items

3. ADJUSTED TANGIBLE BOOK VALUE PER SHARE

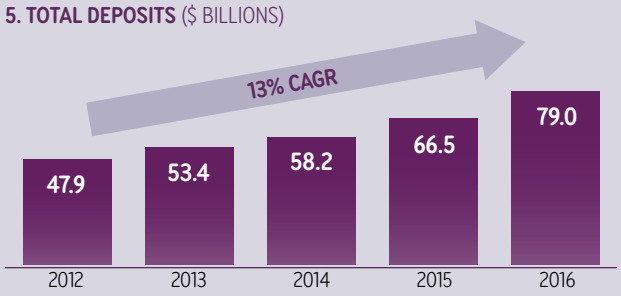
($ per share)	FY 2016	FY 2015	FY 2014
GAAP shareholder's equity	**$ 28.5**	**$ 27.9**	**$ 32.1**
Preferred equity & goodwill	(0.6)	(1.5)	(2.7)
Tangible common equity	27.9	26.4	29.4
Tax-effect bond OID (tax rate of 25% in 2016, 34% prior)	(1.7)	(1.8)	(1.9)
Series G discount	-	-	(4.9)
Adjusted tangible book value per share	**$ 26.2**	**$ 24.6**	**$ 22.7**

4. CORE RETURN ON TANGIBLE COMMON EQUITY (ROTCE)

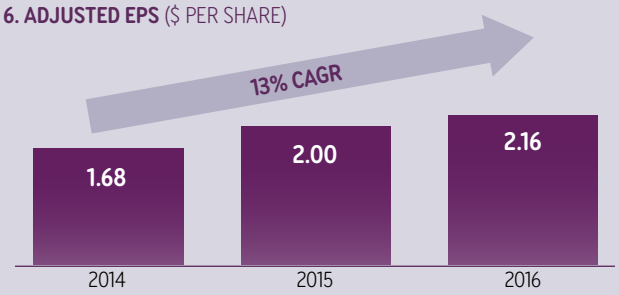
($ millions)	FY 2016	FY 2015	FY 2014
GAAP net income	**$ 1,067**	**$ 1,289**	**$ 1,150**
Preferred dividends	(30)	(2,571)	(268)
GAAP net income available to common	$ 1,037	$ (1,282)	$ 882
(Loss) / income form disc. ops., net of tax	(44)	392	225
OID expense	59	59	186
Repositioning items	11	349	187
OID & repositioning tax (35% in 2016, 34% prior)	(24)	(139)	(127)
Significant discrete tax items, Series G actions & other	(84)	2,394	(103)
Core net income available to common shareholders	**$ 1,043**	**$ 990**	**$ 800**
GAAP shareholder's equity[1]	$ 13,378	$ 14,419	$ 14,804
Preferred equity[1]	(348)	(976)	(1,255)
Goodwill & intangibles[1]	(160)	(27)	(27)
Tangible common equity	$ 12,870	$ 13,416	$ 13,522
Unamortized core OID[1]	(1,276)	(1,327)	(1,441)
Net deferred tax asset[1]	(1,182)	(1,583)	(1,923)
Normalized common equity	**$ 10,412**	**$ 10,506**	**$ 10,157**
Core ROTCE	**10.0%**	**9.4%**	**7.9%**

(1) Calculated using 2 period average

5. TOTAL DEPOSITS ($ BILLIONS)



6. ADJUSTED EPS ($ PER SHARE)



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