Ally Financial Inc.
Form S-1/A
March 27, 2014
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As filed with the Securities and Exchange Commission on March 27, 2014

Registration No. 333-173198

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 11

TO

FORM S-1

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

ALLY FINANCIAL INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**6172**	**38-0572512**
		(I.R.S. Employer Identification Number)

(State or Other Jurisdiction of Incorporation or Organization)

(Primary Standard Industrial Classification Code Number)

200 Renaissance Center

P.O. Box 200

Detroit, MI 48265-2000

(866) 710-4623

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant s Principal Executive Offices)

David J. DeBrunner

Vice President, Chief Accounting Officer, and Corporate Controller

Ally Financial Inc.

200 Renaissance Center

P.O. Box 200

Detroit, MI 48265-2000

(866) 710-4623

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent For Service)

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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, as amended (the Securities Act), check the following box. ¨

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer ¨	Accelerated filer ¨
Non-accelerated filer x (Do not check if a smaller reporting company)	Smaller reporting company ¨

CALCULATION OF REGISTRATION FEE

Title Of Each Class Of Securities To Be Registered	**Amount to be Registered(1)**	**Proposed Maximum Offering Price Per Unit (2)**	**Proposed Maximum Aggregate Offering Price (2)**	**Amount Of Registration Fee**
Common Stock, par value $0.01 per share	109,250,000	$28.00	$3,059,000,000	$393,999.2(3)

(1) Includes 14,250,000 shares of common stock that the underwriters have the option to purchase pursuant to their over-allotment option.
(2) Estimated solely for the purpose of computing the amount of the registration fee pursuant to Rule 457(a) under the Securities Act.
(3) Of this amount, $11,610 has been previously paid.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this preliminary prospectus is not complete and may be changed. The selling stockholder may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and the selling stockholder is not soliciting offers to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion, Dated March 27, 2014

PRELIMINARY PROSPECTUS

95,000,000 Shares

ALLY FINANCIAL INC.

COMMON STOCK

The United States Department of the Treasury (the selling stockholder or Treasury) is offering 95,000,000 shares of common stock of Ally Financial Inc. (Ally). See Principal and Selling Stockholders. Ally Financial Inc. will not receive any of the proceeds from the sale of shares of common stock by the selling stockholder.

This is our initial public offering and no public market exists for our shares. We anticipate that the initial public offering price will be between $25.00 and $28.00 per share. We have applied to list the common stock on the New York Stock Exchange (the NYSE) under the symbol ALLY .

The selling stockholder has granted the underwriters the right to purchase up to 14,250,000 additional shares of common stock to cover over-allotments, if any, at the public offering price, less the underwriters discount, within 30 days from the date of this prospectus.

Investing in our common stock involves risks. See Risk Factors beginning on page 16 of this prospectus.

	Per Share	Total
Public offering price and proceeds to the selling stockholder	$	$
Underwriting discounts and commissions(1)	$	$

(1)

See Underwriting for a description of compensation payable to the underwriters. Ally has agreed to pay all underwriting discounts and commissions, transfer taxes and transaction fees, if any, applicable to the sale of the common stock and the fees and disbursements of counsel for the selling stockholder incurred in connection with the sale.

Neither the Securities and Exchange Commission nor any state securities regulator has approved or disapproved these securities, or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares of common stock to investors on or about , 2014.

Joint Global Coordinators and Joint Book-Running Managers

Citigroup **Goldman, Sachs & Co.** **Morgan Stanley** **Barclays**

Joint Book-Running Managers

BofA Merrill Lynch **Deutsche Bank Securities** **J.P. Morgan**

Co-Managers

Sandler O Neill + Partners L.P. **Keefe, Bruyette, & Woods** ***A Stifel Company*** **Credit Suisse**

Evercore **RBC Capital Markets** **Scotiabank** **Credit Agricole CIB** **Raymond James** **SOCIETE GENERALE**

Guggenheim Securities **Sanford C. Bernstein** **The Seaport Group**

The date of this prospectus is , 2014

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In this prospectus, unless the context indicates otherwise, Ally, the company, we, us and our refer to Ally Financial Inc. and its direct and indirect subsidiaries on a consolidated basis. None of us, the underwriters, or the selling stockholder have authorized anyone to provide any information other than that contained in this prospectus or in any free writing prospectus prepared by or on behalf of us or to which we have referred you. Neither we nor the underwriters nor the selling stockholder take responsibility for, and can provide any assurance as to the reliability of, any other information that others may give you. The selling stockholder is offering to sell, and seeking offers to buy, shares of common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of the common stock.

INDUSTRY AND MARKET DATA

We obtained the industry, market and competitive position data throughout this prospectus from our own internal estimates and research as well as from industry and general publications and research, surveys, and studies conducted by third parties. Industry publications, studies, and surveys generally state that they have been obtained from sources believed to be reliable, although they do not guarantee the accuracy or completeness of such information.

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PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. This summary may not contain all of the information that you should consider before deciding to invest in our common stock. You should read this entire prospectus carefully, including the Risk Factors section and the consolidated financial statements and the notes to those statements, before making an investment decision.

Overview

Ally is one of the largest providers of automotive financing products, including wholesale loans and retail loans and leases, a leader in direct banking, and the 19th largest bank holding company in the United States based on total assets. We have over 90 years of experience supporting automotive dealers and their retail customers with a premium service model offering a broad array of financial products and services. Our bank subsidiary, Ally Bank, is a leading competitor with a comprehensive consumer value proposition and well-regarded brand in the rapidly growing direct banking market. We had $151.2 billion of total assets and $52.9 billion of bank deposits at December 31, 2013.

Our primary operations are conducted within Dealer Financial Services, which consist of our Automotive Finance operations and Insurance operations. In addition, Ally Bank has successfully built a leading brand offering its customers a full spectrum of innovative savings, checking, and other deposit products and provides us with stable and diversified funding.

Our strategy is to extend our leading 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 our commitment to the automotive industry. We will also seek to broaden and deepen the Ally Bank franchise, prudently growing stable, quality deposits while extending our foundation of innovative products and outstanding customer service.

Dealer Financial Services

Our Dealer Financial Services business is centered around our strong and longstanding relationships with automotive dealers and supports our original equipment manufacturer (OEM) partners and their marketing programs. We serve the financial needs of approximately 16,000 dealers in the United States and approximately 4 million of their retail customers as of December 31, 2013. We have approximately 1,800 automotive finance and 600 insurance employees across the United States focused on serving the needs of our dealer customers with finance and insurance products, expanding the number of overall dealer and automotive manufacturer relationships, and supporting our dealer lending and underwriting functions. In addition, we have over 2,200 employees focused on supporting our automotive servicing operations.

Our Dealer-Centric Business Model

Ally s primary customers are automotive dealers, which are primarily independently owned businesses. As part of the process of selling a vehicle, automotive dealers typically originate loans and leases for their retail customers. Dealers then sell these loans and leases to Ally or another automotive finance provider.

Over our 90 year history, we have successfully differentiated ourselves from our competition by providing premium services for automotive dealers with comprehensive product offerings, and through our nationwide dealer support and sales forces and our unrelenting industry focus. We have multi-generational relationships with many of our dealers and have been a trusted partner through various economic cycles.

Our comprehensive suite of financial products includes new vehicle retail loans and leases, used vehicle loans, floorplan loans, dealer working capital and real estate loans, vehicle service contracts, gap insurance,

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floorplan insurance, and our SmartAuction service for remarketing vehicles. Through this suite of products, we have financing capabilities that follow vehicles from the manufacturer, to the dealer s showroom floor, to the individual retail customer.

We are fully committed to broadly serving the needs of our dealer customers. Our 2,400 dealer-facing employees provide a consistent high level of service at the dealership level. The field service team provides training to the dealers employees related to our financing products and helps the rollout of specialized financing programs to support automobile manufacturer marketing initiatives. In addition, our continued investment in our retail loan application infrastructure has allowed us to access nearly 8 million applications in 2013 and almost 7 million applications in 2012, up from 2 million in 2009.

As part of our premium services to our dealer customers, and to strengthen our relationship with them, we offer market driven programs, such as Ally Dealer Rewards. These programs support increasing business volumes as well as the number of products used by each dealer. During 2013, 70% of our U.S. dealer customers received benefits under the Ally Dealer Rewards program, which was initiated in 2009. As of December 31, 2013, over 5,200 of our automotive dealer customers utilized four or more of our products.

Our dealer-centric business model has led to the development of products and services that profitably support our dealer customers. For example, our proprietary internet-based SmartAuction system supports the remarketing of off-lease and other used vehicles among the nearly 8,500 dealers that are on our system regardless of whether that vehicle was financed by Ally. SmartAuction enabled us to maximize proceeds on the approximately 261,000 vehicles sold through the system during 2013. In addition, our SmartAuction remarketing capabilities provide dealers with additional retail sale opportunities when existing customers decide to replace a vehicle. These retail sale opportunities include the sale of the used vehicle being replaced as well as a new vehicle being obtained, with a potential opportunity for Ally to finance each of these transactions.

Automotive Finance Operations

We have extensive experience providing and servicing automotive loan and lease products to consumers who purchase vehicles from our dealer customer network. According to Experian Automotive, we were one of the largest providers of automotive financing in the United States during 2013, funding one out of every 18 new vehicles that were financed or leased through franchised dealers in the United States. We were also the second largest provider of used vehicle financing for financed retail customers during 2013. We are focused on expanding profitable dealer relationships, prudently increasing earning assets, and delivering higher risk-adjusted returns. As a result of this strategic focus, we funded total retail loan and lease originations in the United States of $37.3 billion during 2013. The bulk of our consumer financing is in the form of fully amortizing, intermediate term installment loans to fund the purchase of new and used vehicles.

According to Experian Automotive, Ally was the fourth largest vehicle lessor in the United States during 2013. Leasing is an important and growing part of our business. It is integral to the business of our automotive dealer customers, and facilitates dealer automotive sales to consumers who prefer recent vintage vehicles and are attracted to the lower monthly payments associated with a lease. Our lease programs are designed to support the return of the vehicle to the dealer at the end of the lease term in order to facilitate the sale or lease of a new vehicle by the dealer. We believe dealers and OEMs value our unique infrastructure and ability to structure innovative lease programs designed to provide a second transaction for the dealer from the sale or lease of the returned off-lease vehicle.

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The following table sets forth our volume of new and used retail automotive loans and leases in the United States:

	Year ended December 31,				
($ in billions)	**2013**	**2012**	**2011**	**2010**	**2009**
New GM/Chrysler Standard	9.8	10.7	13.1	11.8	5.0
Other New Retail	2.2	2.2	1.7	0.7	0.2
Lease	10.6	8.4	7.3	3.9	0.3
Used	9.9	9.6	9.0	4.7	2.3
New GM/Chrysler Subvented	4.8	7.8	9.1	10.5	10.6
Total	37.3	38.7	40.2	31.6	18.4

We provide floorplan inventory lending and other commercial loans to approximately 4,500 dealers in the United States. We were one of the largest providers of automotive floorplan inventory lending in the United States during 2013. As of December 31, 2013, we had $33.8 billion of outstanding commercial loans to our dealer customers consisting primarily of floorplan inventory loans.

Ally is also one of the largest automotive loan servicers in the United States. We provide consumer asset servicing for our $77.7 billion portfolio of retail automotive loans and leases as of December 31, 2013. The extensive infrastructure and experience of our servicing operation are important to our ability to minimize our loan losses and enable us to deliver a favorable customer experience to both our dealers and their retail customers. Our remarketing services, including SmartAuction, efficiently support dealer-to-dealer and other vehicle sale transactions.

In addition, we believe our longstanding relationship with General Motors (GM), as well as relationships with other OEMs, including Chrysler Group LLC (Chrysler), have resulted in particularly strong relationships between us and thousands of dealers, providing us with extensive operating experience relative to other automotive finance providers. We offer primarily standard rate retail loans and leases through our dealers, and we also work with manufacturers to offer new vehicle retail loans and leases at manufacturer-subvented rates. Our strong dealer relationships have allowed us to increase our standard rate retail loan and lease origination volumes. Subvented retail loan origination volumes have decreased to 12.8% of our U.S. originations during 2013, compared to 58.0% in 2009.

Insurance Operations

Our Insurance operations offer both consumer insurance products sold primarily through dealers and commercial insurance products sold to dealers. As part of our focus on offering dealers a broad range of products, we provide vehicle service contracts and maintenance coverages. We also underwrite selected commercial insurance coverages, which primarily insure dealers wholesale vehicle inventory.

Our national insurance platform provides us with a competitive advantage relative to other automotive financing providers, allowing us to design products tailored to our dealer customers, control underwriting, and retain the profits generated by this business. For the year ended December 31, 2013, we had approximately $1.0 billion in total insurance premiums written. We sell insurance products to approximately 4,000 dealers in the United States. Moreover, our Insurance operations maintain high wholesale insurance penetration levels, with approximately 82% of U.S. dealers with Ally floorplan financing also carrying our floorplan insurance. Dealers who receive wholesale financing from Ally are eligible for wholesale insurance incentives, such as automatic eligibility in our preferred insurance programs and increased financial benefits.

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Ally Bank

Ally Bank has achieved sustained franchise momentum in the retail deposits business based upon a highly regarded brand, customer-centric approach, innovative products, competitive pricing, and consumer friendly fee structure. Ally Bank has become a leader in the direct banking market, with consistent and steady expansion of customer relationships. Our direct bank business model caters to the expanding population of technologically comfortable consumers who are increasingly adopting digital technologies to meet their banking preferences. We have distinguished ourselves with consumers with our philosophy of Talk Straight, Do Right, Be Obviously Better, with approximately 784,000 customers and over 1.5 million accounts at December 31, 2013. Ally Bank is consistently recognized for the customer-friendly design and execution of our products, features, delivery channels and service, and has received numerous accolades, including:

- Best Online Bank, Best Checking Account and tied for Best 12-Month CD in MONEY® Magazine s annual Best Banks feature;
- Best bank for No-Fee Accounts by Kiplinger s Personal Finance;
- Ranked second by its customers and among 30 large banks in the American Banker & Reputation Institute Annual Survey;
- Outside In award in customer service design for Ally Mobile Banking by Forrester;
- TNS Choice Award for Direct Banking for achieving superior performance in the online banking segment;
- Stevie Awards for Best Use of Technology in Customer Service, Innovation in Customer Service, and Customer Service Training Team of the Year ;
- Fewest Complaints/Highest Satisfaction by Bank Innovation; and
- Earned the top rating for Checks and Balances: Measuring Checking Accounts Safety and Transparency by The Pew Charitable Trust.

Our retail banking products include savings and money market accounts, certificates of deposit (CD), interest-bearing checking accounts, trust accounts and individual retirement accounts. Ally Bank s competitive direct banking features include online and mobile banking, electronic bill pay, remote deposit, electronic funds transfer nationwide, ATM fee reimbursements and no minimum balance requirements.

We believe Ally Bank is well-positioned to continue to benefit from the consumer-driven shift from branch banking to direct banking. According to a 2013 American Bankers Association survey, the percentage of customers who prefer to do their banking via direct channels (internet, mail, phone, and mobile) increased from 34% to 61% between 2007 and 2013, while those who prefer branch banking declined from 39% to 18% over the same period.

At December 31, 2013, Ally Bank had $52.9 billion of deposits, including $43.2 billion of retail deposits, making Ally Bank the 27th largest FDIC-insured depository institution in the United States by total bank deposits. The growth of our retail deposit base from $7.2 billion at the end of 2008, to $43.2 billion at December 31, 2013, as well as a reduction in the average cost of deposits, has enabled us to reduce our cost of funds. Ally Bank has steadily expanded its loyal customer base through best-in-class customer service, innovative and competitive products, and growing brand awareness. We expect to continue to lower our cost of funds and diversify our overall funding as the deposit base grows.

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The following chart shows the amount and type of Ally Bank s customer deposits and the average retail deposit rate as of the dates indicated:

Our Strengths

Automotive financial services category leader with full product suite.

We are one of the largest providers of automotive financing products, including wholesale loans and retail loans and leases, in the United States and are an integral part of the automotive industry. We believe that our over 90-year history has provided us extensive knowledge of the automotive industry and the financial services needs of its dealers, automotive manufacturers, and retail consumers.

The combination of our full suite of finance and insurance products, premium service standards, market driven programs, dealer training and support, and infrastructure and scale, distinguish us as a preferred and trusted business partner to our dealer customers and puts us in a position to compete effectively with other financial institutions and new entrants to the market.

Market-driven and dealer-centric business model.

Implementation of our market-driven programs, such as Ally Dealer Rewards and SmartAuction, since 2008 have enabled us to grow our Dealer Financial Services business within our existing dealer relationships and expand into new relationships with dealers of various manufacturers. This business model has allowed us to offer more products, expand our dealer base, and strengthen our existing network of dealer relationships. These strong relationships have allowed us to diversify our asset base and decrease our subvented retail loan origination volumes to 12.8% of our U.S. originations during 2013, compared to 58.0% in 2009. In addition, as of December 31, 2013, over 5,200 of our automotive dealer customers utilized four or more of our products and during 2013, 70% of our U.S. dealer customers received benefits under the Ally Dealer Rewards program.

Our 2,400 automotive finance and insurance employees are dedicated to directly supporting the needs of our dealer customers in the United States. This infrastructure allows us to accommodate our growing volume of business and support our existing customers. Our national sales force meets the needs of our dealer customers, expands our market penetration in the dealer network, and supports our existing and new OEM partners. Our

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sales force consists of direct dealer account relationship professionals, supplemental product support coverage professionals, and primary manufacturer relationship account professionals.

Infrastructure scale and breadth.

We believe the scale and breadth of our platform provide us with a significant competitive advantage. We have invested significantly in our technology infrastructure and other initiatives to support our automotive platform to further enhance our dealer and retail customer relationships and increase business volumes. This focus has resulted in increased credit application flow and originations from dealers representing various manufacturers. We are able to access applications with respect to almost all brands sold by U.S. automotive dealerships. In 2013, we had access to nearly 8 million applications compared to almost 7 million applications in 2012 and 2 million applications in 2009. We believe that our scale, breadth of platform and strong market presence across all 50 states differentiate us from others in the auto finance industry. The combination of our extensive infrastructure, our relationships with finance and insurance departments of dealers, and our participation in the major credit application on-line networks, provides us with a strong platform to efficiently grow our consumer business volumes across a broad mix of automotive dealers.

Attractive market opportunities.

We are well-positioned to benefit from continued growth in the automotive finance market as both the U.S. economy and the U.S. Seasonally Adjusted Annualized Rate (SAAR) of vehicle sales continue to rebound from their 2008-2009 recessionary levels. While consumer and business automotive spending has recovered from recent lows, it still remains well below historical average levels. According to U.S. Department of Transportation, the average age of vehicles in the United States has continued to rise and was at an all-time high of 11.4 years in 2013. The chart below shows historical consumer, business and government spending on automobiles as a percentage of U.S. GDP.

Source: Bureau of Economic Analysis, U.S. Department of Commerce.

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The chart below shows historical and projected U.S. SAAR (in millions):

Source: Bureau of Economic Analysis as to 2006-2013 data and Blue Chip Economic Indicators, Vol. 39, No. 2, as to projected 2014-2015 data.

The used vehicle financing market is significant and highly fragmented. We continue to increase our focus on used vehicle financing, primarily through franchised dealers. According to Experian Automotive, over 11.9 million used vehicles were sold by franchised dealers in 2013. The fragmented used vehicle financing segment provides an attractive opportunity that we believe will further expand and support our dealer relationships and increase our volume of retail loan originations.

Leading scalable consumer-focused direct banking franchise.

Our consumer-focused strategy and scalable bank platform position Ally Bank well in the growing direct banking market. We provide a full array of retail banking products to the growing number of customers who choose Ally Bank. Ally Bank provides much of the same functionality as a traditional bank, while seeking to provide superior accessibility, lower fees and better customer service. We also benefit from avoiding the overhead expense of a traditional brick and mortar branch network. We continue to focus on Ally Bank s foundation of innovative, competitive products, and best-in-class service. Our platform is highly scalable. We have consistently benefited from increased operating efficiencies, which have more than supported our continued investment in technology and other competitive differentiators. The Ally Bank brand has attained strong recognition and positions us for further growth. In addition, Ally Bank provides us with a diversified source of stable, low-cost funding.

Strong and streamlined balance sheet and sophisticated risk management.

We believe one of our core strengths is the high quality, short duration, and streamlined nature of our asset base. Our assets are predominately consumer automotive loans and leases and commercial loans to automotive dealers. We have a long history of originating these assets and they have typically performed predictably based on the credit attributes of the loans and leases. These attributes include FICO scores, loan-to-value ratios, and payment-to-income ratios. Since 2008, we have made efforts to significantly streamline our balance sheet to focus on U.S. automotive related assets in order to provide a more predictable earnings stream. These streamlining efforts include selling our automotive finance businesses in Europe, Canada and Latin America and several international insurance businesses, as well as exiting the mortgage origination and servicing business.

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We are prudently expanding automotive originations across the credit spectrum in accordance with our underwriting standards. During 2013 and 2012, we originated $26.7 billion and $30.4 billion of retail automotive loans, respectively. During 2013 and 2012, the loss rate on our U.S. consumer automotive portfolio was 0.72% and 0.53%, respectively.

We believe our many years of experience in the automotive industry, and our rigorous underwriting standards result in the high quality of the leases on our balance sheet. We manage risk using our robust combination of credit metrics, including, among others, FICO scores and proprietary vehicle residual value models. Estimating future vehicle residual values is one of the most important steps of writing a new lease. We have extensive experience in underwriting new leases. This experience and the large volume of off-lease and other used vehicles sold through the SmartAuction system help us set appropriate residual value rates at the time a lease is written. During 2013 and 2012, we originated a total of 331,300 and 273,200 U.S. automotive leases totaling approximately $10.6 billion and $8.4 billion, respectively.

Our commercial automotive financing business consists primarily of wholesale financing in which credit is extended to individual dealers and is secured by vehicles in inventory and, in some circumstances, other assets owned by the dealer or by a personal guarantee. We manage risk in our commercial automotive financing business through our rigorous credit underwriting process which utilizes our proprietary dealer credit evaluation system, our ongoing risk monitoring program, and vehicle inventory audits to verify collateral and dealer compliance with lending agreements. At December 31, 2013, we maintained a portfolio of $33.8 billion of commercial automotive loans. During 2013 and 2012, the loss rate on our U.S. commercial automotive loan portfolio was 0.008% and 0.003%, respectively.

Our balance sheet is well capitalized. At December 31, 2013, we had a Tier 1 capital ratio of 11.8%, and a Tier 1 common ratio of 8.8%. We currently estimate based on Final Basel III rules published in July 2013, that the impact of enhanced Basel III capital requirements on our Tier 1 common capital ratio would be a decline of 20 to 40 basis points on a fully phased-in basis. We believe this capitalization compares favorably to our peers and positions us for future growth.

Access to liquidity.

We have demonstrated strong access to diversified funding and liquidity sources, which are critical to our business. As of December 31, 2013, we had $19.2 billion of current liquidity in the form of cash, highly liquid unencumbered securities, and committed credit facilities.

Ally Bank provides us stable, low-cost deposit funding utilizing an efficient direct-to-consumer delivery model. Deposits accounted for approximately 41% of our funding at the end of 2013, compared to 14% at the end of 2008. We expect the percentage of deposit funding to continue to grow, which will further reduce our cost of funds. We have a diversified source of funding, including unsecured debt markets, unsecured retail term notes, public and private securitizations, committed and uncommitted credit facilities, FHLB advances, CDs, and retail deposits.

Experienced management team.

Our senior management team is comprised of financial professionals with deep operating experience in automotive and consumer finance and banking, and extensive experience managing some of the largest and most successful financial institutions in the world. Our senior management team has successfully led us to consistent profitability in our core Automotive Finance operations and the development of our strong liquidity and capital position following the financial crisis. Furthermore, our senior management team has led our strategic transformation into a U.S.-focused, market-driven and dealer-centric business model, divesting our international businesses and substantially exiting the mortgage origination and servicing business.

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Our Business Strategy

Improve our shareholder return profile and ROE.

Our goal is to achieve a double-digit run-rate Core ROTCE by year-end 2015. We plan to achieve our goal through (a) net interest margin expansion driven by lower funding costs, (b) lower non-interest expense to correspond with our streamlined business model, (c) Ally Bank regulatory normalization and (d) capital normalization at both Ally Financial and Ally Bank. We expect to continue to decrease our overall funding costs through proactive liability management, growing our retail deposit base, increasing the number of loans and leases we originate at Ally Bank and efficiently accessing secured and unsecured wholesale markets as certain higher-cost legacy funding matures. We expect to lower our non-interest expense base by rationalizing our operational footprint to reflect our transformation from a multinational and multi-business line franchise to a domestic auto finance business. Our scalable business platform provides us with operating leverage which will also assist returns as we seek to expand our Automotive Finance operations. We will continue to seek to prudently grow our balance sheet by originating high quality automotive assets across a diversified business mix, which we believe will allow us to generate stable, attractive risk-adjusted returns in a variety of interest rate and credit environments. For additional detail see Business Core ROTCE Improvement .

Expand our dealer relationships through innovative products and premium services.

We believe that our dealer-centric business model, full range of product offerings, and sales organization position us to further broaden our relationships with existing and new dealers, and to originate attractive retail automotive loans, leases, and other products. Our strategies, including market driven programs such as Ally Dealer Rewards and SmartAuction, have been designed and implemented to drive higher business volumes with our dealers. We are also leveraging our existing dealer relationships, product suite, and extensive operating experience to expand our diversified dealer network and prudently expand our automotive originations across the credit spectrum in accordance with our underwriting standards. Furthermore, we have dedicated resources to the underwriting and financing of used vehicle sales that allow us to expand loan origination volume with our existing dealer base.

Continue to grow our leading direct bank franchise.

Ally Bank s strategy is to continue to invest in the development of our well regarded brand and strong consumer value proposition in order to expand the relationship with our growing deposit base. For the year ended December 31, 2013, most of our U.S. wholesale balances and approximately two-thirds of our U.S. consumer automotive originations were funded within the bank. We plan to continue to increase the amount of assets that are funded by the bank. This growth will allow us to more efficiently utilize the bank s capital and to take advantage of the lower cost and greater stability of Ally Bank s funding sources, including deposits. We expect to continue to prudently expand the products Ally Bank offers in order to improve our customers banking experience, broaden our dealer relationships, and expand our funding alternatives.

Maintain a strong balance sheet through disciplined origination, servicing, and risk management.

We will continue to focus primarily on commercial and consumer automotive loans, leases, and related products. These assets performed well through the credit cycle, including the recent financial crisis.

We believe that we maintain strong levels of capital and liquidity relative to our loan and lease portfolio as well as to other bank holding companies. Our strategy is to expand profitable dealer relationships and grow our earning assets, which we believe will allow us to efficiently utilize our capital and enhance our profitability.

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Our History and Strategic Transformation

Ally was formed in 1919 as the captive finance subsidiary of GM. In 2006, a majority ownership interest in Ally was sold to third parties.

We became a bank holding company on December 24, 2008, under the Bank Holding Company Act (BHC Act) and are subject to supervision and examination by the Board of Governors of the Federal Reserve System (FRB). Additionally, our election to become a financial holding company under the BHC Act was approved by the FRB, and became effective on December 20, 2013. Our bank subsidiary, Ally Bank, is supervised by the Federal Deposit Insurance Corporation (FDIC) and the Utah Department of Financial Institutions (DFI). In conjunction with our conversion to a bank holding company, Treasury made its initial investment in Ally as part of the Troubled Asset Relief Program.

Ally has undergone a strategic transformation from a captive finance subsidiary into a focused category leader in U.S. automotive finance. We have substantially streamlined our operations, de-risked our balance sheet, and enhanced our focus on increased risk adjusted returns. As part of that strategy, we have divested our international businesses and have substantially exited the mortgage origination and servicing business.

We have had a long and extensive historical relationship as a financing provider for GM and subsequently with Chrysler, including contractual relationships for manufacturer-subvented retail loan originations. Our over 90-year history has resulted in particularly strong relationships between us and thousands of dealers and provided us with extensive operating experience relative to other automotive finance companies. Our relationships with dealers and transformation to a market-driven business model has substantially diminished our reliance on agreements with GM and Chrysler, which have expired. We entered into a new auto financing agreement with GM that became effective on March 1, 2014 (the GM Agreement), which provides a general framework for dealer and consumer financing related to GM vehicles, as well as with respect to our ongoing participation in GM subvention programs. The GM Agreement does not provide Ally with any exclusivity or similar privileges related to the financing of GM vehicles, whether through subvention programs or otherwise. Our transformation has allowed us to successfully grow our automotive operations and supported the increase in our standard rate retail loan and lease origination volumes and decrease in subvented volumes, which comprised only 12.8% of our U.S. originations during 2013, compared to 58.0% in 2009.

Our Challenges

Our business is subject to challenges described within the Risk Factors section and elsewhere in this Prospectus. Some of these challenges include the following:

- The profitability and financial condition of our operations are heavily dependent upon the performance, operations, and prospects of the overall U.S. automotive market, and also upon GM and Chrysler;

- Our agreements with GM and Chrysler that provided for certain exclusivity privileges have expired. The expiration of these agreements could have a material adverse effect on our operations;

- Our business, financial condition, and results of operations could be adversely affected by regulations to which we are subject as a result of our bank holding company and financial holding company status;

- Our inability to maintain relationships with dealers could have an adverse effect on our business, results of operations, and financial condition;

- Our business requires substantial capital and liquidity, and disruption in our funding sources and access to the capital markets would have a material adverse effect on our liquidity, capital position, and financial condition;

- Our indebtedness and other obligations are significant and could materially and adversely affect our business; and

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The financial services industry is highly competitive. If we are unable to compete successfully or if there is increased competition in the automotive finance and/or insurance markets or generally in the markets for securitizations or asset sales, our business could be negatively affected.

Corporate Information

Our principal executive offices are located at 200 Renaissance Center, P.O. Box 200, Detroit, Michigan 48265-2000 and our telephone number is (866) 710-4623. Our website is www.ally.com. Our website and the information included on, or linked to our website are not part of this prospectus.

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THE OFFERING

Common stock offered by the selling stockholder	95,000,000 shares.
Common stock to be outstanding after this offering	481,500,794 shares.
Over-allotment option	14,250,000 shares from the selling stockholder to cover over-allotments.
Common stock listing	We have applied to list our common stock on the NYSE under the symbol ALLY .
Voting rights	One vote per share.
Use of proceeds	Ally will not receive any proceeds from sale of common stock in the offering.
Dividend policy	We have no current plans to commence payment of a dividend on our common stock. Our payment of dividends on our common stock in the future will be determined by our Board of Directors in its sole discretion and will depend on business conditions, our financial condition, earnings and liquidity, and other factors. Our Fixed Rate Cumulative Perpetual Preferred Stock, Series G (the Series G preferred stock) imposes restrictions on our ability to pay dividends. In addition, so long as any share of our Fixed Rate / Floating Rate Perpetual Preferred Stock, Series A (the Series A preferred stock) remains outstanding, no dividend or distribution may be declared or paid on our common stock unless all accrued and unpaid dividends have been paid on the Series A preferred stock. In addition, any plans to commence payment of dividends on our common stock in the future would be subject to the FRB s review and absence of objection.
Risk factors	See Risk Factors beginning on page 16 of this prospectus for a discussion of risks you should carefully consider before deciding whether to invest in our common stock.

Unless we specifically state otherwise, the information in this prospectus does not take into account shares issuable under our equity compensation incentive plan and does not include 2,789,045 shares of common stock (post-split) relating to unvested phantom shares awards that have been granted and would settle in shares of common stock over time if and as vesting conditions are satisfied. Unless we specifically state otherwise, applicable share, per share and related information in this prospectus for periods on or subsequent to December 31, 2013 has been adjusted retroactively for the 310-for-one stock split on shares of our common stock to be effected prior to the closing of this offering and includes certain vested phantom shares that will be settled in 1,733,319 shares (post-split) of common stock in connection with this offering.

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SUMMARY CONSOLIDATED FINANCIAL AND OTHER DATA

The following summary consolidated financial data of Ally should be read in conjunction with, and are qualified by reference to, Management s Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and notes thereto included elsewhere in this prospectus. The consolidated statement of income data for the years ended December 31, 2013, 2012, and 2011 and the consolidated balance sheet data at December 31, 2013 and 2012 are derived from, and qualified by reference to, our audited consolidated financial statements included elsewhere in this prospectus and should be read in conjunction with those consolidated financial statements and notes thereto. The consolidated statement of income data for the years ended December 31, 2010 and 2009 and the consolidated balance sheet data at December 31, 2011, 2010, and 2009 are derived from our audited consolidated financial statements not included in this prospectus.

	At and for the year ended December 31,				
	2013	2012	2011	2010	2009
	($ in millions)				
Financial statement data					
Statement of income data:					
Total financing revenue and other interest income	**$ 8,093**	$ 7,342	$ 6,671	$ 7,156	$ 8,069
Interest expense	**3,319**	4,052	4,606	4,832	4,876
Depreciation expense on operating lease assets	**1,995**	1,399	941	1,251	2,256
Net financing revenue	**2,779**	1,891	1,124	1,073	937
Total other revenue	**1,484**	2,574	2,288	2,672	3,226
Total net revenue	**4,263**	4,465	3,412	3,745	4,163
Provision for loan losses	**501**	329	161	361	3,584
Total noninterest expense	**3,405**	3,622	3,428	3,621	3,937
Income (loss) from continuing operations before income tax (benefit) expense	**357**	514	(177)	(237)	(3,358)
Income tax (benefit) expense from continuing operations (a)	**(59)**	(856)	42	97	12
Net income (loss) from continuing operations	**416**	1,370	(219)	(334)	(3,370)
(Loss) income from discontinued operations, net of tax	**(55)**	(174)	62	1,363	(6,973)
Net income (loss)	**$ 361**	$ 1,196	$ (157)	$ 1,029	$ (10,343)
	(in millions, except per share data)				
Net (loss) income attributable to common shareholders					
Net income (loss) from continuing operations	**$ 416**	$ 1,370	$ (219)	$ (334)	$ (3,370)
Less: Preferred stock dividends U.S. Department of the Treasury	**543**	535	534	963	(855)
Less: Impact of repurchase of mandatorily convertible preferred stock held by U.S. Department of the Treasury and elimination of share adjustment right	**240**				
Less: Preferred stock dividends	**267**	267	260	282	(370)
Less: Impact of preferred stock conversion or amendment			(32)	616	
Net (loss) income from continuing operations attributable to common shareholders (b)	**(634)**	568	(981)	(2,195)	(4,595)
(Loss) income from discontinued operations, net of tax	**(55)**	(174)	62	1,363	(6,973)
Net (loss) income attributable to common shareholders	**$ (689)**	$ 394	$ (919)	$ (832)	(11,568)
Basic and diluted weighted-average common shares outstanding, prior to giving effect to the stock split (b)	**1,355,375**	1,330,970	1,330,970	800,597	529,392
	(per share data in whole dollars)				
Basic and diluted earnings per common share, prior to giving effect to the stock split					
Net (loss) income from continuing operations	**$ (468)**	$ 427	$ (738)	$ (2,742)	$ (8,677)

(Loss) income from discontinued operations, net of tax		**(41)**		(131)		47		1,703		(13,173)
Net (loss) income	**$**	**(509)**	$	296	$	(691)	$	(1,039)	$	(21,850)

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	At and for the year ended December 31, 2013	2012	2011	2010	2009
			($ in millions)		
Pro forma data (c)					
Basic and diluted earnings per common share					
Net (loss) income from continuing operations	**(1.50)**				
(Loss) income from discontinued operations, net of tax	**(0.13)**				
Net income (loss)	**(1.63)**				
Basic and diluted weighted-average common shares outstanding	**421,899,506**				
Non-GAAP financial measures (d):					
Net income (loss)	**$ 361**	$ 1,196	$ (157)	$ 1,029	$ (10,343)
Add: Original issue discount amortization expense (e)	**249**	336	962	1,300	1,143
Add: Income tax (benefit) expense from continuing operations	**(59)**	(856)	42	97	12
Less: (Loss) income from discontinued operations, net of tax	**(55)**	(174)	62	1,363	(6,973)
Core pretax income (loss) (d)	**$ 606**	$ 850	$ 785	$ 1,063	$ (2,215)
Selected period-end balance sheet data:					
Total assets	**$ 151,167**	$ 182,347	$ 184,059	$ 172,008	$ 172,306
Long-term debt	**$ 69,465**	$ 74,561	$ 92,885	$ 86,703	$ 88,066
Preferred stock	**$ 1,255**	$ 6,940	$ 6,940	$ 6,972	$ 12,180
Total equity	**$ 14,208**	$ 19,898	$ 19,280	$ 20,398	$ 20,794
Financial ratios					
Return on assets (f)					
Net income (loss) from continuing operations	**0.27%**	0.75%	(0.12)%	(0.19)%	(1.89)%
Net income (loss)	**0.23%**	0.65%	(0.09)%	0.58%	(5.81)%
Core pretax income (loss)	**0.39%**	0.46%	0.43%	0.60%	(1.25)%
Return on equity (f)					
Net income (loss) from continuing operations	**2.22%**	7.24%	(1.09)%	(1.62)%	(13.90)%
Net income (loss)	**1.92%**	6.32%	(0.78)%	4.98%	(42.65)%
Core pretax income (loss)	**3.23%**	4.49%	3.91%	5.14%	(9.13)%
Equity to assets (f)	**12.00%**	10.30%	11.10%	11.69%	13.63%
Net interest spread (f)(g)	**1.75%**	1.18%	0.69%	0.81%	0.31%
Net interest spread excluding original issue discount (f)(g)					