Ally Financial Inc.
NYSE: ALLY
www.ally.com/about

Ally Financial Reports First Quarter 2024 Financial Results

$0.42 GAAP EPS	**4.5%** RETURN ON COMMON EQUITY	**$171 million** PRE-TAX INCOME	**$2.0 billion** GAAP TOTAL NET REVENUE
$0.45 ADJUSTED EPS[1]	**6.5%** CORE ROTCE[1]	**$183 million** CORE PRE-TAX INCOME[1]	**$2.0 billion** ADJUSTED TOTAL NET REVENUE[1]

NOTABLE ITEMS

- Announced Michael Rhodes as CEO starting April 29
- Successfully closed sale of Ally Lending | Total CET1 benefit of ~15 bps
- Deconsolidated $1.1 billion of retail auto loans through securitization market | CET1 benefit of 6 bps, and includes a $15 million pre-tax earnings benefit recognized through provision expense
- Revised FDIC special assessment; incremental fee of ~$10 million in 1Q'24 - excluded from adjusted metrics

OPERATIONAL HIGHLIGHTS

- Record 3.8 million consumer auto applications driving $9.8 billion of origination volume
- Retail auto originated yield[1] of 10.92% with 40% of volume within highest credit quality tier
- 227 bps retail auto net charge-offs, in-line with guidance
- Insurance earned premiums of $349 million | Continued momentum with new P&C OEM relationships
- $145.1 billion of retail deposits, up $2.9 billion sourced from 3.1 million retail depositors, up 103 thousand quarter over quarter
- 1.2 million active credit cardholders | Balanced approach to growth with compelling return profile
- Corporate Finance HFI portfolio of $10.1 billion and record 1Q profitability | 25-year anniversary

CEO COMMENTS

“Ally’s financial and operating results in the first quarter reflect the strength and scale of our market leading franchises,” said Interim Chief Executive Officer and President, Dealer Financial Services, Doug Timmerman. "Our teammates remain focused on what we can control, caring for our customers and communities, and consistently executing against our strategic priorities, driving long-term shareholder value.”

“Dealer financial services continues to demonstrate the benefits of its high-tech, high-touch approach as we decisioned a single quarter record 3.8 million consumer auto applications. Consumer originations totaled nearly $10 billion with 40% of retail auto volume coming from our highest credit quality tier, positioning us for very attractive risk-adjusted returns going forward. Within Insurance, earned premiums of $349 million were also a record, and our comprehensive product suite resulted in new OEM relationships that will drive continued momentum in fee revenue.”

“At Ally Bank, now serving more than 3 million deposit customers, we continue to prioritize delivering best in class digital experiences and strengthening the overall customer value proposition. Our 15-year history and strong brand reputation led to nearly $3 billion of retail deposit growth while adding more than 100 thousand customers in the first quarter.”

“In March, we announced Michael Rhodes as Ally’s next CEO. I want to express my gratitude to the Board and our team for placing their trust in me during this interim period. Ally’s culture is unmatched, and I truly believe we have never been more operationally sound. The whole team and I look forward to welcoming Michael at the end of the month and supporting him as we capitalize on our momentum and execute against our long-term strategic priorities.”

First Quarter 2024 Financial Results

($ millions except per share data)	1Q 24	4Q 23	1Q 23	*Increase / (Decrease) vs.* 4Q 23	1Q 23
GAAP Net Income Attributable to Common Shareholders	$ 129	$ 49	$ 291	163 %	(56) %
Core Net Income Attributable to Common Shareholders[1]	$ 139	$ 137	$ 250	1 %	(44) %
GAAP Earnings per Common Share	$ 0.42	$ 0.16	$ 0.96	162 %	(56) %
Adjusted EPS[1]	$ 0.45	$ 0.45	$ 0.82	1 %	(45) %
Return on GAAP Shareholder's Equity	4.5 %	1.8 %	10.8 %	154 %	(58) %
Core ROTCE[1]	6.5 %	6.9 %	12.5 %	(6) %	(48) %
GAAP Common Shareholder's Equity per Share	$ 37.28	$ 37.83	$ 36.75	(1) %	1 %
Adjusted Tangible Book Value per Share[1]	$ 32.89	$ 33.36	$ 31.59	(1) %	4 %
GAAP Total Net Revenue	$ 1,986	$ 2,067	$ 2,100	(4) %	(5) %
Adjusted Total Net Revenue[1]	$ 1,989	$ 2,006	$ 2,047	(1) %	(3) %

[1] 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: Adjusted Earnings per Share (Adjusted EPS), Adjusted Total Net Revenue, Core Pre-Tax Income, Core Net Income Attributable to Common Shareholders, Core OID, Core Return on Tangible Common Equity (Core ROTCE), Estimated Retail Auto Originated Yield, Tangible Common Equity, Net Financing Revenue (excluding Core OID) and Adjusted Tangible Book Value per Share (Adjusted TBVPS). 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 release.

Discussion of First Quarter 2024 Results

Net income attributable to common shareholders was $129 million in the quarter, compared to $291 million in the first quarter of 2023. The decrease was driven by lower net financing revenue, higher provision for credit losses, and higher noninterest expenses, partially offset by higher other revenue.

Net financing revenue was $1.5 billion, down $146 million year over year primarily driven by higher funding costs, partially offset by the strength in retail auto loan pricing, higher floating rate asset yields, and loan growth.

Other revenue increased $32 million year over year to $530 million, driven by continued momentum across Insurance, SmartAuction and Passthrough offerings. Adjusted other revenue[A], excluding the change in fair value of equity securities, of $519 million increased $86 million year over year, in part due to a $41 million downward adjustment to the value of certain equity investments in the prior year period.

Net interest margin ("NIM") of 3.13% decreased 38 bps year over year. Excluding Core OID[A], NIM of 3.16% was also down 38 bps year over year, primarily driven by higher funding costs due to the elevated rate environment, which was partially offset by higher retail auto and floating rate asset yields.

Provision for credit losses increased $61 million year over year to $507 million, reflecting higher net charge-offs, partially offset by a reserve release related to the deconsolidation of retail auto loans through a securitization transaction.

Noninterest expense increased $42 million year over year primarily driven by Insurance, and includes an incremental expense from a revised FDIC special assessment.

[A]Represents a non-GAAP financial measure. Refer to the Definitions of Non-GAAP Financial Measures and Other Key Terms and Reconciliation to GAAP later in this press release.

First Quarter 2024 Financial Results

				Increase/(Decrease) vs.	
($ millions except per share data)	1Q 24	4Q 23	1Q 23	*4Q 23*	*1Q 23*
(a) Net Financing Revenue	$ 1,456	$ 1,493	$ 1,602	$ *(37)*	$ *(146)*
Core OID[1]	13	13	11	*1*	*2*
Net Financing Revenue (excluding Core OID)[1]	1,469	1,506	1,613	*(36)*	*(144)*
(b) Other Revenue	530	574	498	*(44)*	*32*
Change in Fair Value of Equity Securities[2]	(11)	(74)	(65)	*63*	*54*
Adjusted Other Revenue[1]	519	500	433	*19*	*86*
(c) Provision for Credit Losses	507	587	446	*(80)*	*61*
Repositioning[3]	—	16	—	*(16)*	—
Adjusted Provision for Credit Losses[1]	507	603	446	*(96)*	*61*
(d) Noninterest Expense	1,308	1,416	1,266	*(108)*	*42*
Repositioning[3]	(10)	(187)	—	*177*	*(10)*
Noninterest Expense (excluding Repositioning)[1]	1,298	1,229	1,266	*69*	*32*
Pre-Tax Income (a+b-c-d)	**$ 171**	**$ 64**	**$ 388**	**$ *107***	**$ *(217)***
Income Tax Expense (Benefit)	14	(13)	68	*27*	*(54)*
Net Loss from Discontinued Operations	—	(1)	(1)	*1*	*1*
Net Income	**$ 157**	**$ 76**	**$ 319**	**$ *81***	**$ *(162)***
Preferred Dividends	28	27	28	*1*	—
Net Income Attributable to Common Shareholders	**$ 129**	**$ 49**	**$ 291**	**$ *80***	**$ *(162)***
GAAP EPS (diluted)	**$ 0.42**	**$ 0.16**	**$ 0.96**	**$ *0.26***	**$ *(0.54)***
Core OID, Net of Tax[1]	0.03	0.03	0.03	*0.00*	*0.00*
Change in Fair Value of Equity Securities, Net of Tax[3]	(0.03)	(0.19)	(0.17)	*0.16*	*0.14*
Repositioning, Discontinued Ops., and Other, Net of Tax[3]	0.02	0.45	0.00	*(0.42)*	*0.02*
Adjusted EPS[1]	**$ 0.45**	**$ 0.45**	**$ 0.82**	**$ *0.00***	**$ *(0.37)***

(1) Represents a non-GAAP financial measure. Refer to the Definitions of Non-GAAP Financial Measures and Other Key Terms and Reconciliation to GAAP later in this press release.
(2) Impacts the Insurance, Corporate Finance and Corporate and Other segments. The change reflects fair value adjustments to equity securities that are reported at fair value. Management believes the change in fair value of equity securities should be removed from select financial measures because it enables the reader to better understand the business's ongoing ability to generate revenue and income.
(3) Contains non-GAAP financial measures and other financial measures. See pages 5 and 6 for definitions.
Note: Repositioning items represent costs associated with the sale of Ally Lending in 4Q'23 and the FDIC Special Assessment in 4Q'23 and 1Q'24.

Pre-Tax Income by Segment

($ millions)	1Q 24	4Q 23	1Q 23	Increase/(Decrease) vs. 4Q 23	Increase/(Decrease) vs. 1Q 23
Automotive Finance	$ 322	$ 294	$ 442	$ 28	$ (120)
Insurance	70	129	92	(59)	(22)
Dealer Financial Services	**$ 392**	**$ 423**	**$ 534**	**$ (31)**	**$ (142)**
Corporate Finance	90	79	72	11	18
Mortgage Finance	25	24	21	1	4
Corporate and Other	(336)	(462)	(239)	126	(97)
Pre-Tax Income from Continuing Operations	**$ 171**	**$ 64**	**$ 388**	**$ 107**	**$ (217)**
Core OID[1]	13	13	11	1	2
Change in Fair Value of Equity Securities[2,3]	(11)	(74)	(65)	63	54
Repositioning and Other[3]	10	172	—	(162)	10
Core Pre-Tax Income[1]	**$ 183**	**$ 174**	**$ 335**	**$ 9**	**$ (151)**

(1) Represents a non-GAAP financial measure. Refer to the Definitions of Non-GAAP Financial Measures and Other Key Terms and Reconciliation to GAAP later in this press release.
(2) Change in fair value of equity securities primarily impacts the Insurance, Corporate Finance, and Corporate and Other segments. Reflects equity fair value adjustments which requires change in the fair value of equity securities to be recognized in current period net income.
(3) Contains non-GAAP financial measures and other financial measures. See pages 5 and 6 for definitions.

Discussion of Segment Results

Auto Finance

Pre-tax income of $322 million was down $120 million year over year, primarily driven by higher net charge-offs and noninterest expense.

Net financing revenue of $1,314 million was down $8 million year over year, driven by elevated funding costs, largely offset by higher yields and commercial assets. Ally's retail auto portfolio yield, excluding the impact from hedges, increased 99 bps year over year to 8.65% as the portfolio turns over and reflects higher originated yields from recent periods.

Provision for credit losses of $448 million increased $97 million year over year, driven by higher retail net charge-offs. The retail auto net charge-off rate was 2.27%.

Noninterest expense of $641 million was up $35 million year over year primarily driven by servicing-related expenses from normalized delinquencies and overall growth in the portfolio.

Consumer auto originations of $9.8 billion included $6.6 billion of used retail volume, or 67% of total originations, $2.4 billion of new retail volume, and $0.7 billion of leases. Estimated retail auto originated yield[B] was 10.92% in the quarter with 40% of originations in the highest credit quality tier.

End-of-period auto earning assets increased $2.5 billion year over year from $113.6 billion to $116.1 billion. End-of-period consumer auto earning assets of $92.3 billion decreased $2.0 billion year over year, driven by a decline in lease assets and retail auto loan sales in recent periods. End-of-period commercial earning assets of $23.8 billion were $4.5 billion higher year over year, driven by higher new vehicle inventory.

Insurance

Pre-tax income of $70 million was down $22 million year over year, driven by a $48 million decrease in the change in fair value of equity securities. Core pre-tax income[C] of $53 million increased $26 million year over year, which was supported by $349 million of earned premiums in the quarter, representing the highest quarter since IPO. Insurance losses of $112 million were up $24 million year over year, driven by portfolio growth and higher insured vehicle values, GAP losses, and higher weather losses.

Written premiums were $354 million, up 15% year over year, driven by growth in both P&C and F&I premiums.

Total investment income, excluding the change in fair value of equity securities[D], was $47 million, up $14 million year over year driven by higher realized investment gains.

[B] Estimated Retail Auto Originated Yield is a forward-looking non-GAAP financial measure determined by calculating the estimated average annualized yield for loans originated during the period. Refer to the Definitions of Non-GAAP Financial Measures and Other Key Terms and Reconciliation to GAAP later in this press release.
[C] Represents a non-GAAP financial measure. Refer to the Definitions of Non-GAAP Financial Measures and Other Key Terms and Reconciliation to GAAP later in this press release.
[D] Change in the fair value of equity securities to be recognized in current period net income. Refer to the Definitions of Non-GAAP Financial Measures and Other Key Terms and Reconciliation to GAAP later in this press release.

Discussion of Segment Results

Corporate Finance

Pre-tax income of $90 million was up $18 million year over year driven by lower provision expense and higher net financing revenue, partially offset by lower other revenue.

Net financing revenue increased $8 million year over year to $111 million primarily driven by higher average asset balances and higher income spreads. Other revenue of $23 million was down $6 million year over year due to lower fee income in the current period.

Provision benefit of $1 million in the quarter drove provision expense down $16 million year over year primarily driven by no reserve builds on specific exposures within the quarter.

The held-for-investment loan portfolio of $10.1 billion continues to be nearly entirely comprised of loans with a first lien position. Loans secured by commercial real estate of $1.4B continue to perform well.

Mortgage Finance

Pre-tax income of $25 million was up $4 million year over year, driven by lower noninterest expense reflecting the benefit of the variable cost direct-to-consumer partnership model.

Net financing revenue was down $2 million year over year to $52 million, reflecting lower asset balances. Other revenue increased $2 million year over year to $6 million.

Direct-to-consumer originations totaled $233 million in the quarter, reflective of the current market environment.

Existing Ally Bank deposit customers accounted for more than 70% of the quarter's direct-to-consumer origination volume, highlighting the strong customer value proposition.

Capital, Liquidity & Deposits

Capital

Ally paid a $0.30 per share quarterly common dividend, which was unchanged year over year. Ally's board of directors approved a $0.30 per share common dividend for the second quarter of 2024. Ally did not repurchase any shares on the open market during the quarter.

Ally's Common Equity Tier 1 (CET1) capital ratio was 9.4%, and risk weighed assets (RWA) decreased from $161.6 billion in the fourth quarter of 2023 to $158.5 billion. Within the quarter, we closed on the sale of Ally Lending, which in total generated 15 bps of CET1 and executed a securitization transaction that generated 6 bps of CET1. These benefits were partially offset by CECL phase-in, worth 18 bps in the quarter. The full phase-in of CECL is expected to be completed in the first quarter of 2025.

Liquidity & Funding

Liquid cash and cash equivalents[E] totaled $7.4 billion, up from $6.5 billion at the end of the fourth quarter. Highly liquid securities were $20.9 billion and unused pledged borrowing capacity at the FHLB and FRB was $13.8 billion and $26.3 billion, respectively. Total current available liquidity[F] was $68.3 billion, equal to 5.8x uninsured deposit balances.

Deposits represented 90% of Ally's funding portfolio.

Deposits

Retail deposits increased to $145.1 billion, up $6.6 billion year over year and up $2.9 billion quarter over quarter. Total deposits were $155.1 billion and Ally maintained industry-leading customer retention[G] at 96%.

The average retail portfolio deposit rate was 4.25%, up 109 bps year over year and up 10 bps quarter over quarter.

Ally Bank continues to demonstrate strong customer acquisition with 103 thousand net new deposit customers, now totaling 3.1 million customers, up 12% year over year. Millennials and younger customers continue to comprise the largest generation segment of new customers, accounting for 73% of new customers in the quarter. Approximately 10% or 315 thousand deposit customers maintained an Ally Invest, Ally Home or Ally Credit Card relationship.

[E] Cash & cash equivalents may include the restricted cash accumulation for retained notes maturing within the following 30 days and returned to Ally on the distribution date. See page 18 of the Financial Supplement for more details.
[F] Total liquidity includes cash & cash equivalents, highly liquid securities and current unused borrowing capacity at the FHLB, and FRB Discount Window. See page 18 of the Financial Supplement for more details.
[G] See definitions of non-GAAP financial measures and other key terms later in this document for more details.

Definitions of Non-GAAP Financial Measures and Other Key Terms

Ally believes the non-GAAP financial measures defined here are important to the reader of the Consolidated Financial Statements, but these are supplemental to and not a substitute for GAAP measures. See Reconciliation to GAAP below for calculation methodology and details regarding each measure.

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. 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) adjusts for tax-effected repositioning and other which are primarily related to the extinguishment of high-cost legacy debt, strategic activities and significant other one-time items, (4) change in fair value of equity securities, (5) excludes significant discrete tax items that do not relate to the operating performance of the core businesses, and adjusts for preferred stock capital actions that have been taken by the company to normalize its capital structure, as applicable for respective periods. See page 6 for calculation methodology and details.

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.

(1) 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, tax-effected repositioning and other which are primarily related to the extinguishment of high-cost legacy debt, strategic activities and significant other one-time items, change in fair value of equity securities, significant discrete tax items, and preferred stock capital actions, as applicable for respective periods.

(2) In the denominator, GAAP shareholder's equity is adjusted for goodwill and identifiable intangibles net of DTL, Core OID balance, and net DTA.

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 Rep and warrant expense, Insurance segment expense, and repositioning and other which are primarily related to the extinguishment of high-cost legacy debt, strategic activities and significant other one-time items, as applicable for respective periods. In the denominator, total net revenue is adjusted for Core OID and Insurance segment revenue. See Reconciliation to GAAP on page 7 for calculation methodology and details.

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, as applicable for respective periods.

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 and other primarily related to the extinguishment of high-cost legacy debt and strategic activities and significant other, preferred stock capital actions, significant discrete tax items and tax-effected changes in equity investments measured at fair value, as applicable for respective periods. See Reconciliation to GAAP on page 6 for calculation methodology and details.

Core Original Issue Discount (Core OID) Amortization Expense is a non-GAAP financial measure for OID, and is believed by management to help the reader better understand the activity removed from: Core pre-tax income (loss), Core net income (loss) attributable to common shareholders, Adjusted EPS, Core ROTCE, Adjusted efficiency ratio, Adjusted total net revenue, and Net financing revenue (excluding Core OID). Core OID is primarily related to bond exchange OID which excludes international operations and future issuances. See page 7 for calculation methodology and details.

Core Outstanding Original Issue Discount Balance (Core OID balance) is a non-GAAP financial measure for outstanding OID and is believed by management to help the reader better understand the balance removed from Core ROTCE and Adjusted TBVPS. Core OID balance is primarily related to bond exchange OID which excludes international operations and future issuances. See page 7 for calculation methodology and details.

Core Pre-Tax Income is a non-GAAP financial measure that adjusts pre-tax income from continuing operations by excluding (1) Core OID, and (2) change in fair value of equity securities (change in fair value of equity securities impacts the Insurance and Corporate Finance segments), and (3) Repositioning and other which are primarily related to the extinguishment of high-cost legacy debt, strategic activities and significant other one-time items, as applicable for respective periods or businesses. Management believes core pre-tax income can help the reader better understand the operating performance of the core businesses and their ability to generate earnings. See the Pre-Tax Income by Segment Table on page 3 for calculation methodology and details.

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. See page 6 for calculation methodology & details.

Net Interest Margin (excluding Core OID) is calculated using a non-GAAP measure that adjusts net interest margin by excluding Core OID. The Core OID balance is primarily related to bond exchange OID which excludes international operations and future issuances. Management believes net interest margin ex. Core OID is a helpful financial metric because it enables the reader to better understand the business' profitability and margins.

Net Financing Revenue (excluding Core OID) is calculated using a non-GAAP measure that adjusts net financing revenue by excluding Core OID. The Core OID balance is primarily related to bond exchange OID which excludes international operations and future issuances. Management believes net financing revenue ex. Core OID is a helpful financial metric because it enables the reader to better understand the business' ability to generate revenue.

Adjusted Other Revenue is a non-GAAP financial measure that adjusts GAAP other revenue for OID expenses, repositioning, and change in fair value of equity securities. Management believes adjusted other revenue is a helpful financial metric because it enables the reader better understand the business' ability to generate other revenue.

Adjusted Total Net Revenue is a non-GAAP financial measure that management believes is helpful for readers to understand the ongoing ability of the company to generate revenue. For purposes of this calculation, GAAP net financing revenue is adjusted by excluding Core OID to calculate net financing revenue ex. core OID. GAAP other revenue is adjusted for OID expenses, repositioning, and change in fair value of equity securities to calculate adjusted other revenue. Adjusted total net revenue is calculated by adding net financing revenue ex. core OID to adjusted other revenue.

Adjusted Noninterest Expense is a non-GAAP financial measure that adjusts GAAP noninterest expense for repositioning items. Management believes adjusted noninterest expense is a helpful financial metric because it enables the reader better understand the business' expenses excluding nonrecurring items.

Adjusted Provision for Credit Losses is a non-GAAP financial measure that adjusts GAAP provision for credit losses for repositioning items. Management believes adjusted provision for credit losses is a helpful financial metric because it enables the reader to better understand the business's expenses excluding nonrecurring items.

Estimated Retail Auto Originated Yield is a financial measure determined by calculating the estimated average annualized yield for loans originated during the period. At this time there currently is no comparable GAAP financial measure for Estimated Retail Auto Originated Yield and therefore this forecasted estimate of yield at the time of origination cannot be quantitatively reconciled to comparable GAAP information.

Net Charge-Off Ratios are annualized net charge-offs divided by average outstanding finance receivables and loans excluding loans measured at fair value and loans held-for-sale.

Accelerated issuance expense (Accelerated OID) is the recognition of issuance expenses related to calls of redeemable debt.

Customer retention rate is the annualized 3-month rolling average of 1 minus the monthly attrition rate; excludes escheatment.

Repositioning is primarily related to the extinguishment of high-cost legacy debt, strategic activities, restructuring, and significant other one-time items.

Corporate and Other primarily consists of activity related to centralized corporate treasury activities such as management of the cash and corporate investment securities and loan portfolios, short- and long-term debt, retail and brokered deposit liabilities, derivative instruments, the amortization of the discount associated with new debt issuances and bond exchanges, and the residual impacts of our corporate FTP and treasury ALM activities. Corporate and Other also includes certain equity investments, the management of our legacy mortgage portfolio, and reclassifications and eliminations between the reportable operating segments. Subsequent to June 1, 2016, the revenue and expense activity associated with Ally Invest was included within the Corporate and Other segment. Subsequent to October 1, 2019, the revenue and expense activity associated with Ally Lending was included within the Corporate and Other segment. Ally Lending was moved to Assets of Operations Held for Sale on December 31, 2023. The sale of Ally Lending closed on March 1, 2024. Subsequent to December 1, 2021, the revenue and expense activity associated with Fair Square was included within the Corporate and Other segment.

Change in fair value of equity securities impacts the Insurance, Corporate Finance and Corporate and Other segments. The change reflects fair value adjustments to equity securities that are reported at fair value. Management believes the change in fair value of equity securities should be removed from select financial measures because it enables the reader to better understand the business' ongoing ability to generate revenue and income.

Estimated impact of CECL on regulatory capital per final rule issued by U.S. banking agencies - In December 2018, the FRB and other U.S. banking agencies approved a final rule to address the impact of CECL on regulatory capital by allowing BHCs and banks, including Ally, the option to phase in the day-one impact of CECL over a three-year period. In March 2020, the FRB and other U.S. banking agencies issued an interim final rule that became effective on March 31, 2020 and provided an alternative option for banks to temporarily delay the impacts of CECL, relative to the incurred loss methodology for estimating the allowance for loan losses, on regulatory capital. A final rule that was largely unchanged from the March 2020 interim final rule was issued by the FRB and other U.S. banking agencies in August 2020, and became effective in September 2020. For regulatory capital purposes, these rules permitted us to delay recognizing the estimated impact of CECL on regulatory capital until after a two-year deferral period, which for us extended through December 31, 2021. Beginning on January 1, 2022, we are required to phase in 25% of the previously deferred estimated capital impact of CECL, with an additional 25% to be phased in at the beginning of each subsequent year until fully phased in by the first quarter of 2025. Under these rules, firms that adopt CECL and elect the five-year transition will calculate the estimated impact of CECL on regulatory capital as the day-one impact of adoption plus 25% of the subsequent change in allowance during the two-year deferral period, which according to the final rule approximates the impact of CECL relative to an incurred loss model. We adopted this transition option during the first quarter of 2020, and beginning January 1, 2022, are phasing in the regulatory capital impacts of CECL based on this five-year transition period.

Reconciliation to GAAP

Adjusted Earnings per Share

Numerator ($ millions)		1Q 24	4Q 23	1Q 23
GAAP Net Income Attributable to Common Shareholders		**$ 129**	**$ 49**	**$ 291**
Discontinued Operations, Net of Tax		—	1	1
Core OID		13	13	11
Repositioning and Other		10	172	—
Change in the Fair Value of Equity Securities		(11)	(74)	(65)
Tax on: Core OID & Change in Fair Value of Equity Securities (21% tax rate)		(3)	(23)	11
Significant Discrete Tax Items		—	—	—
Core Net Income Attributable to Common Shareholders	**[a]**	**$ 139**	**$ 137**	**$ 250**
Denominator				
Weighted-Average Common Shares Outstanding - *(Diluted, thousands)*	**[b]**	**308,421**	**306,730**	**303,448**
Adjusted EPS	**[a] ÷ [b]**	**$ 0.45**	**$ 0.45**	**$ 0.82**

Core Return on Tangible Common Equity (ROTCE)

Numerator ($ millions)		1Q 24	4Q 23	1Q 23
GAAP Net Income Attributable to Common Shareholders		**$ 129**	**$ 49**	**$ 291**
Discontinued Operations, Net of Tax		—	1	1
Core OID		13	13	11
Repositioning and Other		10	172	—
Change in Fair Value of Equity Securities		(11)	(74)	(65)
Tax on: Core OID & Change in Fair Value of Equity Securities (21% tax rate)		(3)	(23)	11
Core Net Income Attributable to Common Shareholders	**[a]**	**$ 139**	**$ 137**	**$ 250**
Denominator (Average, $ millions)				
GAAP Shareholder's Equity		**$ 13,712**	**$ 13,296**	**$ 13,119**
Preferred Equity		(2,324)	(2,324)	(2,324)
GAAP Common Shareholder's Equity		**$ 11,388**	**10,972**	**$ 10,795**
Goodwill & Identifiable Intangibles, Net of Deferred Tax Liabilities (DTLs)		(723)	(803)	(898)
Tangible Common Equity		$ 10,664	$ 10,169	$ 9,896
Core OID Balance		(786)	(799)	(835)
Net Deferred Tax Asset (DTA)		(1,278)	(1,378)	(1,059)
Normalized Common Equity	**[b]**	**$ 8,600**	**$ 7,992**	**$ 8,002**
Core Return on Tangible Common Equity	**[a] ÷ [b]**	**6.5 %**	**6.9%**	**12.5 %**

Adjusted Tangible Book Value per Share

Numerator ($ millions)		1Q 24	4Q 23	1Q 23
GAAP Shareholder's Equity		**$ 13,657**	**$ 13,766**	**$ 13,378**
Preferred Equity		(2,324)	(2,324)	(2,324)
GAAP Common Shareholder's Equity		**$ 11,333**	**$ 11,442**	**$ 11,054**
Goodwill and Identifiable Intangible Assets, Net of DTLs		(720)	(727)	(895)
Tangible Common Equity		10,613	10,715	10,159
Tax-effected Core OID Balance (21% tax rate)		(616)	(626)	(656)
Adjusted Tangible Book Value	**[a]**	**$ 9,997**	**$ 10,089**	**$ 9,504**
Denominator				
Issued Shares Outstanding *(period-end, thousands)*	**[b]**	**303,978**	**302,459**	**300,821**
Metric				
GAAP Common Shareholder's Equity per Share		**$ 37.28**	**$ 37.83**	**$ 36.75**
Goodwill and Identifiable Intangible Assets, Net of DTLs per Share		(2.37)	(2.40)	(2.97)
Tangible Common Equity per Share		$ 34.91	$ 35.43	$ 33.77
Tax-effected Core OID Balance (21% tax rate) per Share		(2.03)	(2.07)	(2.18)
Adjusted Tangible Book Value per Share	**[a] ÷ [b]**	**$ 32.89**	**$ 33.36**	**$ 31.59**

Adjusted Efficiency Ratio

Numerator ($ millions)		1Q 24	4Q 23	1Q 23
GAAP Noninterest Expense		$ 1,308	$ 1,416	$ 1,266
Insurance Expense		(343)	(321)	(315)
Repositioning and Other		(10)	(187)	—
Adjusted Noninterest Expense for Adjusted Efficiency Ratio	**[a]**	**$ 955**	**$ 908**	**$ 951**
Denominator ($ millions)				
Total Net Revenue		**$ 1,986**	**$ 2,067**	**$ 2,100**
Core OID		13	13	11
Insurance Revenue		(413)	(450)	(407)
Adjusted Net Revenue for Adjusted Efficiency Ratio	**[b]**	**$ 1,586**	**$ 1,630**	**$ 1,704**
Adjusted Efficiency Ratio	**[a] ÷ [b]**	**60.2 %**	**55.7 %**	**55.8 %**

Original Issue Discount Amortization Expense ($ millions)

	1Q 24	4Q 23	1Q 23
GAAP Original Issue Discount Amortization Expense	**$ 17**	**$ 16**	**$ 15**
Other OID	(3)	(3)	(3)
Core Original Issue Discount (Core OID) Amortization Expense	**$ 13**	**$ 13**	**$ 11**

Outstanding Original Issue Discount Balance ($ millions)

	1Q 24	4Q 23	1Q 23
GAAP Outstanding Original Issue Discount Balance	**$ (815)**	**$ (831)**	**$ (878)**
Other Outstanding OID Balance	35	39	48
Core Outstanding Original Issue Discount Balance (Core OID Balance)	**$ (779)**	**$ (793)**	**$ (830)**

($ millions)

Net Financing Revenue (Excluding Core OID)

		1Q 24	4Q 23	1Q 23
GAAP Net Financing Revenue	[w]	$ 1,456	$ 1,493	$ 1,602
Core OID		13	13	11
Net Financing Revenue (Excluding Core OID)	[a]	$ 1,469	$ 1,506	$ 1,613

Adjusted Other Revenue

		1Q 24	4Q 23	1Q 23
GAAP Other Revenue	[x]	$ 530	$ 574	$ 498
Change in Fair Value of Equity Securities		(11)	(74)	(65)
Adjusted Other Revenue	[b]	$ 519	$ 500	$ 433

Adjusted Total Net Revenue

		1Q 24	4Q 23	1Q 23
Adjusted Total Net Revenue	[a]+[b]	$ 1,989	$ 2,006	$ 2,047

Adjusted Provision for Credit Losses

		1Q 24	4Q 23	1Q 23
GAAP Provision for Credit Losses	[y]	$ 507	$ 587	$ 446
Repositioning		—	16	—
Adjusted Provision for Credit Losses	[c]	$ 507	$ 603	$ 446

Adjusted NIE (Excluding Repositioning)

		1Q 24	4Q 23	1Q 23
GAAP Noninterest Expense	[z]	$ 1,308	$ 1,416	$ 1,266
Repositioning		(10)	(187)	—
Adjusted NIE (Excluding Repositioning)	[d]	$ 1,298	$ 1,229	$ 1,266

Core Pre-Tax Income

		1Q 24	4Q 23	1Q 23
Pre-Tax Income	[w]+[x]-[y]-[z]	$ 171	$ 64	$ 388
Core Pre-Tax Income	[a]+[b]-[c]-[d]	$ 183	$ 174	$ 335

Insurance Non-GAAP Walk to Core Pre-Tax Income

($ millions)	1Q 2024			1Q 2023		
	GAAP	Change in the fair value of equity securities	Non-GAAP[1]	GAAP	Change in the fair value of equity securities	Non-GAAP[1]
Insurance						
Premiums, Service Revenue Earned and Other	$ 349	$ —	$ 349	$ 309	$ —	$ 309
Losses and Loss Adjustment Expenses	112	—	112	88	—	88
Acquisition and Underwriting Expenses	231	—	231	227	—	227
Investment Income and Other	64	(17)	47	98	(65)	33
Pre-Tax Income from Continuing Operations	$ 70	$ (17)	$ 53	$ 92	$ (65)	$ 27

[1]Non-GAAP line items walk to Core Pre-Tax Income, a non-GAAP financial measure that adjusts Pre-Tax Income.

Additional Financial Information

For additional financial information, the first quarter 2024 earnings presentation and financial supplement are available in the Events & Presentations section of Ally's Investor Relations Website at http://www.ally.com/about/investor/events-presentations/.

About Ally Financial Inc.

Ally Financial Inc. (NYSE: ALLY) is a financial services company with the nation's largest all-digital bank and an industry-leading auto financing business, driven by a mission to "Do It Right" and be a relentless ally for customers and communities. The company serves approximately 11 million customers through a full range of online banking services (including deposits, mortgage, and credit card products) and securities brokerage and investment advisory services. The company also includes a robust corporate finance business that offers capital for equity sponsors and middle-market companies, as well as auto financing and insurance offerings. For more information, please visit www.ally.com.

For more information and disclosures about Ally, visit https://www.ally.com/#disclosures.

For further images and news on Ally, please visit http://media.ally.com.

Forward-Looking Statements

This earnings release and related communications should be read in conjunction with the financial statements, notes, and other information contained in our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K. This information is preliminary and based on company and third-party data available at the time of the release or related communication.

This earnings release 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 statements about the outlook for financial and operating metrics and performance and future capital allocation and actions. 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, 2023, 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.

This earnings release and related communications contain specifically identified non-GAAP financial measures, which supplement the results that are reported according to 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 release.

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. The term "partnerships" means business arrangements rather than partnerships as defined by law.

Contacts:

Sean Leary	Peter Gilchrist
Ally Investor Relations	Ally Communications (Media)
704-444-4830	704-644-6299
sean.leary@ally.com	peter.gilchrist@ally.com