

## Rating Report

### Report Date:

July 9, 2010

### Previous Report:

April 1, 2009



Insight beyond the rating.

# Ally Financial Inc.

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## The Company

Ally Financial Inc. (formerly GMAC Inc.) is one of the world's largest automotive financial services companies with approximately \$179.4 billion of assets. The Company was founded in 1919 as a wholly owned subsidiary of General Motors Corporation. Ally Financial is the preferred source of financing for GM, Chrysler, Saab and Thor Industries vehicles and dealers.

## Recent Actions

### February 12, 2010

Rates GMAC \$2.0 billion Senior Guaranteed Notes at BB (low)

### January 19, 2010

Upgrades to BB (low), Stable

## Rating

Issuing Entity	Debt	Rating	Trend
Ally Financial Inc.	Issuer and Long-Term Debt	BB (low)	Stable
Ally Financial Inc.	Short-Term Instruments	R-4	Stable
Ally Financial Inc.	Senior Notes, Guaranteed by FDIC	AAA	Stable

\*please see page 13 for a complete list of ratings.

## Rating Rationale

DBRS's ratings of Ally Financial Inc. (Ally or the Company), and certain related subsidiaries, reflect the substantially improved financial profile of Ally, which was formally, GMAC, Inc. and the positive development towards restoring solid underlying profitability. Critical to the rating, liquidity and capitalization have improved, while risk, most notably at Residential Capital LLC (ResCap), continues to be taken out of the balance sheet. Furthermore, the ratings consider Ally's renewed focus on its Auto Finance division, which boasts significant franchise strength, stable and more predictable asset quality measures, and solid historic operating performance.

Moreover, the ratings consider the significant support received from the U.S. Treasury (UST). This support has allowed Ally to continue to perform the duties of providing credit to a key sector of the U.S. economy, the customers of the US OEMs. The capital infusions from UST allowed the Company to absorb significant losses generated in 2009, yet remain solidly capitalized and liquid. As a result of the various actions, the UST now has a 56% share of common ownership in Ally. While DBRS acknowledges the strengthening of the capital base, DBRS views the quality of capital as weak, owed to the dominance of high-cost MCPs and TRUPs in the capital stack. The limited equity capital, the preponderance of the high-cost securities, and the resulting lower earnings and capital generation abilities constrains the rating. (Continued on page 2)

## Rating Considerations

### Strengths

- (1) Significant franchise strength in the core Auto Finance division
- (2) Sound credit risk and servicing capabilities in the core auto financing business
- (3) Strengthened capital position derived from support provided by the U.S. Treasury

### Challenges

- (1) Reestablishing a pattern of reliable earnings
- (2) Executing on transformation to bank funded model
- (3) Managing the remaining risks at ResCap.
- (4) Reducing reliance on government support

## Financial Information

### Ally Financial Inc.

	For the 3 months ended March 31,			For the year ended December 31,			
	2010	2009	2009	2008	2007	2006	2005
(USD millions)							
Net financing revenue	744	477	2,037	925	3,783	4,604	5,307
Net income	162	(675)	(10,298)	1,868	(2,332)	2,125	2,282
Total assets	179,427	179,552	172,306	189,476	248,939	287,439	320,557
Total liabilities	158,879	157,531	151,467	167,622	233,374	270,875	298,872
Total debt	97,885	113,424	98,313	126,321	193,148	236,985	254,698
Total equity	20,548	22,021	20,839	21,854	15,565	14,369	21,685
<b>Profitability (%)</b>							
Net income margin	5.1%	-18.7%	-76.6%	10.2%	-11.0%	9.2%	10.7%
IBPT margin	58.8%	48.2%	46.6%	81.6%	42.9%	50.7%	57.7%
Return on average assets	0.4%	-1.5%	-5.8%	1.0%	-0.9%	0.7%	0.7%
Return on average equity	3.1%	-12.0%	-42.5%	8.6%	-15.0%	14.8%	10.5%
Tangible equity/tangible assets	11.2%	11.6%	11.8%	10.9%	5.7%	4.4%	6.0%
Debt/equity (x)	4.8	5.2	4.7	5.8	12.4	16.5	11.7

Source: Ally SEC filings, SNL Financial, DBRS



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## **Rating Rationale** (Continued from Page 1)

The Company has made progress in restoring underlying earnings. For the first quarter of 2010, Ally reported core pre-tax income of \$564 million compared to a sizeable loss of \$482 million a year ago. Importantly, after three years of declining profitability, DBRS views the results as an affirmation that management is taking appropriate actions to improve underlying performance and the results of these steps are indeed being realized. In addition to the aforementioned, the improved performance is partially attributed to the improving operating environment, the increasing trend in auto sales volumes, strong used-vehicle pricing and stabilization in labor markets. Important to the rating, Ally's core Auto Finance franchise remains strong. With a pre-tax income of \$846 million, the Global Automotive segment reported its fifth consecutive profitable quarter in 1Q10.

The ratings also reflect the decreased risk posed by ResCap as the mortgage business continues to shrink. Over the past several years, Ally has taken substantial, and often painful, steps to minimize the risks inherent in ResCap. Indeed, total assets or risk exposure within ResCap is now more manageable at approximately \$20 billion as of year end 2009, down from the 2006 peak of \$136 billion. The reduction in risk was not without sacrifice. During 4Q09 Ally recognized a pre-tax charge of approximately \$3.8 billion, with \$3.3 billion related to mortgage write-downs and \$500 million related to repurchase reserve expense. Mortgage related losses totaled a sizeable \$7.1 billion in 2009. Positively however, this most recent quarter, the Mortgage Operations reported its first profitable quarter since 2006, with pre-tax income from continuing operations of \$175 million. Furthermore, ResCap required no additional capital support during the quarter, this is a welcome change, given the size and scale of support provided in the past. DBRS sees the segment's results as validation of the Company's risk reduction measures are now taking hold and are moving ResCap towards self-sustainability. However, although greatly reduced and rather manageable, risk remains.

Ally's improving and evolving liquidity and funding position are factored in the ratings. Ally continues to shift its funding model to a bank funded platform. To this end, net deposits increased \$900 million in 1Q10 to \$32.9 billion on strong CD retention rates. Nonetheless, wholesale funding, excluding off-balance sheet securitizations, is still prominent at 76% of total funding. Importantly, access to liquidity has improved. Ally was able to access the unsecured debt markets, successfully issuing over \$5.0 billion of senior unsecured notes and over \$10.0 billion of asset-backed notes, thus far this year. While access to funding has improved, refinancing risks remain as the Company has approximately \$13 billion of unsecured debt maturities through 2011. Success in further improving liquidity and funding profiles will be viewed positively.

The Stable trend reflects DBRS's expectations that the Company will continue to face significant obstacles, which include reestablishing a pattern of solid earnings, further diversifying and strengthening its funding profile, continuing growth in deposits at Ally Bank, and managing the uncertainties surrounding sales volumes of the OEM partners. Ultimately, Ally faces the challenge of decreasing its reliance on governmental support. Over the long term, positive rating momentum could result should Ally return to an acceptable level of profitability, while illustrating asset quality measures consistent with historic levels. Further, improvement in the capital and funding profile, which includes a noteworthy reduction in the amount of TRUPS and MCPs in the capital stack, in conjunction with an enlarged common equity share will be viewed as an important factor which could result in upward ratings migration.

## **Rating Considerations Details**

### **Strengths**

#### **(1) Significant franchise strength in the core Auto Finance division**

Ally has the size, the scale, and the expertise required to effectively compete in the global automotive-financing marketplace. At March 31, 2010, Ally had \$179.4 billion of assets and more than 15 million customers worldwide. DBRS views Ally's ability to offer manufacturer-supported financing and its relationship with GM and Chrysler dealers as strengths, and a clear competitive advantage over many of its bank peers. To further diversify the franchise, Ally continues to seek origination diversification to enhance the franchise. Although these relationships do not add significant revenues, a level of



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diversification, beyond historic levels has been gained through its relationship with Chrysler, and to a lesser extent, through its preferred provider status of Saab and Thor Industries vehicles.

**(2) Sound credit risk and servicing capabilities in core auto financing business**

Although the credit performance of Ally's core auto financing business has been impacted by the economic environment and high levels of unemployment, loan performance continues to remain within DBRS's tolerance levels. The overall acceptable credit performance reflects the Company enhanced approach to underwriting and its more efficient collection processes. Moreover, credit performance is also benefiting from the decision in 2008 to curtail leasing activity as exposure to the more volatile used-vehicle market is reduced. Importantly, Ally's credit metrics in the U.S. auto portfolio moderated in 1Q10, and DBRS expects further improvement as 2010 progresses, yet credit costs are likely to remain above historical levels.

**(3) Strengthened capital position derived from support provided by the U.S. Treasury**

The significant support received from the U.S. Treasury (UST) is a noteworthy factor considered in the ratings. This support has allowed Ally to remain well-capitalized and liquid so that it can continue to provide credit to a key sector of the U.S. economy, the U.S. OEM dealers and customers. As a result of the various actions, the UST now has a 56% share of common ownership in Ally. In DBRS's view, this support affords Ally the time needed to transform its funding model, refocus on its core Auto Finance business, and remove balance sheet risks related to its legacy mortgage assets.

**Challenges**

**(1) Reestablishing a pattern of reliable earnings**

Although Ally returned to profitability in 1Q10, DBRS sees reestablishing a pattern of reliable earnings as an ongoing task. Ally's profitability has been pressured by elevated funding costs, the high cost of capital provided, and by losses generated at ResCap. Moreover, financing revenues are likely to remain subdued as auto industry sales volumes are expected to remain below recent historic averages. Increased deposit funding will help in reducing funding costs and enhancing margins partially offsetting this pressure. Furthermore, earnings should benefit from lower loss provisioning, while the strong used-vehicle market lowers loss severities and vehicle depreciation on the declining leasing portfolio. Earnings should also benefit from reduced losses at ResCap given the smaller residential mortgage loan portfolio.

**(2) Executing on transformation to bank funded model**

Ally remains reliant on wholesale funding, with 76% of total funding, excluding off-balance sheet securitizations, through wholesale sources. To reduce its dependence on this often less reliable source of funding, Ally's funding model is evolving to a bank funded model. To that end, Ally has made good progress in growing its deposit base from \$19.8 billion at year end 2008 to \$32.9 billion at March 31, 2010. DBRS views this strategy shift positively; as it will improve margins and reduce the Company's vulnerability to volatile credit markets. However, given the intense competition for retail deposits, DBRS sees execution on this transformation as taking time.

**(3) Managing remaining risks at ResCap.**

While Ally has taken noteworthy steps to reduce the risk inherent in ResCap, the Mortgage Operations segment still represents a key risk; which include the risk of additional capital support for ResCap given its limited common equity position. Among the actions were a sizeable mortgage write-down, an increase in the repurchase reserve expense and the disposal of the international mortgage assets, all of which have reduced Ally's exposure to further outsized losses from ResCap should the U.S. housing market sustain a second significant decline in home prices. Further, indirect risks related to ResCap, such as repurchase risk remains as a noteworthy risk. To this end, the repurchase settlement between ResCap and Freddie Mac related to repurchase claims is viewed positively by DBRS as it further reduces ResCap related risk to Ally.

**(4) Reducing reliance on governmental support**

Since the fall of 2008 the U.S. Treasury has infused \$16.3 billion of capital into the Company. While DBRS acknowledges the benefits afforded to Ally from this support, in the longer-term, DBRS sees Ally's key challenge as to reposition itself as a strong stand-alone entity independent of government support and ownership. DBRS believes that the support afforded the Company by the U.S. Treasury, in



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conjunction with the refocusing on the core Global Automotive Finance business, and the de-risking actions of the legacy mortgage assets will allow the Company to ultimately meet this challenge.

## Rating Drivers

### What factors would have positive rating implications?

Improvement in the capital structure including reduction of costly forms of capital would result in upward ratings pressure. A solid pattern of consistent earnings and expansion of the bank funded model could result in upward ratings migration.

### What factors would have negative rating implications?

Sizeable losses, especially in the Company's Auto Finance segment, could add negative rating pressure. Evidence of a weakening of franchise strength in the core Auto Finance Segment or reduction in deposit funding would have a negative rating impact.

## Franchise Strength

Ally's franchise is once again on a positive track. The overall business and franchise were weakened by the disruption in the capital markets, the downturn in housing market, and the turmoil in the U.S. auto industry. However, over the more recent past, the Company's core Global Auto Finance segment has demonstrated its substantial franchise strength. This franchise is enhanced by the exclusive operating agreement with GM and more recently by Ally being named the preferred source of subvented financing for Chrysler, Saab and Thor Industries.

Ally's business is primarily organized into two primary lines of business: Global Automotive Services and Mortgage Operations, which includes Residential Capital LLC (ResCap).

### *Global Automotive Services*

Global Automotive Services offers a wide range of financial services and products to retail automotive consumers, auto dealers, and other commercial businesses. Global Automotive Services consists of three separate reportable segments – North American Automotive Finance, International Automotive Finance and Insurance Operations. Products and services offered by the segments include the purchase of retail installment sales contracts and leases, offering term loans to dealers, financing of dealer inventories, fleet leasing and vehicle remarketing services.

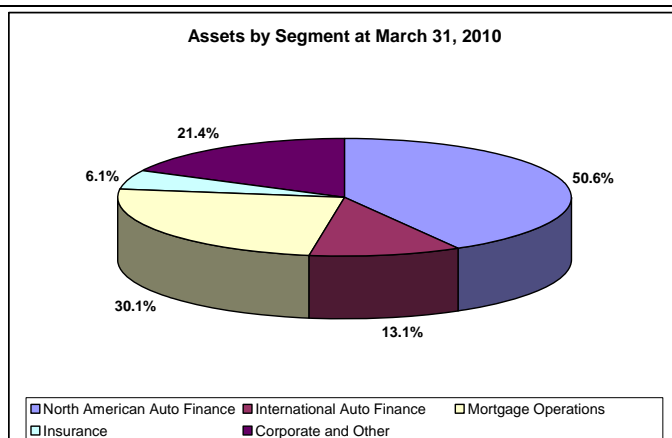
### *North American Automotive Services*

The segment provides automotive financing services to consumers, and to automotive dealers and other businesses in the U.S. and Canada. In 2009, the segment financed 488,000 new GM vehicles or 27% of GM retail sales. The improved liquidity and funding position of Ally has allowed the Company to increase market share. During the first quarter, despite less than half of retail originations being driven by manufacturer incentive programs, U.S. retail sales penetration increased to 33.5% of GM sales and 42.1% of Chrysler sales, DBRS sees this as evidence that the Company's solid competitive position and its ability to leverage its strong relationship with auto dealers. Moreover, Ally maintains its dominant market position in financing dealership inventory (floorplan). At quarter-end, Ally financed 87.7% of U.S. GM dealer stock, while market share with U.S. Chrysler dealerships increased to 76.4% from zero a year ago. While floorplan lending adds a level of dealership loyalty, it also adds a level of very low risk assets to the balance sheet.

As discussed above, Ally is the exclusive lender on retail incentive loans for both GM and Chrysler. The agreements with both manufacturers expire in 2013. The incentive on these retail loans is typically in the form of interest subvention. Historically, this support has been a material part of revenue, creating direct financial exposure to GM and now, to a lesser extent, Chrysler. The level of this support remains noteworthy; interest supplements and other support costs totaled nearly \$1.2 billion or 8.8% of total financing revenue and other interest income for 2009.

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Source: Ally Financial

*International Automotive Finance*

The International Automotive Finance operations include all of Ally's retail and dealer financing operations outside of the U.S. and Canada. For 2009, the segment financed 352,000 new GM vehicles or 14% of GM international retail sales. The Company streamlined the international operations in 2009, focusing on regions in which management believes offer the most significant opportunities for return on equity. As a result, the majority of new originations will be focused on Germany, Brazil, the United Kingdom, Mexico and its joint venture in China. The segment had \$19.4 billion in total assets at March 31, 2010, and recorded income from continuing operations of \$21 million in 1Q10.

*Insurance*

Ally has rationalized its Insurance segment, disposing of its U.S. property and casualty business in early 2010. Going forward, the segment will focus on dealer-centric products such as extended service contracts and dealer inventory insurance. At March 31, 2010, the segment had \$9.1 billion of assets and recorded net income from continuing operations of \$122 million. DBRS sees this business as adding a level of diversification.

*Mortgage Operations*

Ally's Mortgage Operations segment, which includes the ResCap subsidiary, engages in the origination, purchase, servicing, sale and securitization of residential mortgage loans and related-products. The Company continues to focus on removing the risk of legacy mortgage assets by disposing of business lines and loan portfolios when attractive pricing is available. To that end, in 1Q10 Ally reached an agreement to sell the European mortgage origination and servicing business of ResCap. This business has been particularly problematic over the past three years. The segment has been loss making the past three years culminating in an outsized loss of \$7.1 billion in 2009. Importantly, in 1Q10 the segment rebounded to its first profit since 2006, reporting income from continuing operations of \$166 million.

Due to the still challenging market conditions, the Company has significantly reduced the production of all loans that do not conform to the guidelines of the government agencies. In 1Q10 the segment originated \$12.6 billion, or 95% of total mortgage production, of residential mortgages that were either prime conforming mortgages or eligible for government programs. Ally's mortgage servicing operations remain the fifth largest servicer in the U.S., with a serviced portfolio of 2.6 million receivables totaling \$378.9 billion at March 31, 2010.

**Earnings Profile**

Ally's earnings have been significantly impacted by the current environment. Indeed, Ally has been loss making in two of the last three years, including an outsized after-tax loss of \$10.3 billion in 2009. While the auto finance segment has been pressured by higher credit costs, lower volume and volatility in the used-vehicle market, the majority of the losses were generated by Mortgage Operations which generated \$15.2



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billion of losses over the past three years. DBRS sees reestablishing a pattern of solid earnings as a key challenge. However, as discussed above, the Company continues to make progress in achieving this ongoing task. To this end, Ally significantly improved results for the first quarter of 2010, as core pretax income increased to \$564 million. Importantly, DBRS sees the positive trends in results as evidence that the Company's performance is realizing the benefits of management's restructuring actions.

Revenues continue to rebound, with total net revenue (revenues net of interest expense and depreciation on operating leases) increasing to \$6.3 billion in 2009, from \$4.0 billion in 2008 (net of gain on extinguishment of debt and impairment on operating leases). The sizeable year-on-year improvement was attributed to gains on assets sales, lower funding costs due to reduced debt levels and lower interest rate environment, and reduced depreciation expense on operating leases. Further, the ongoing improving environment continued into 1Q10. DBRS sees net revenue generation as improving in 2010, as the Company increases retail market share in both GM and Chrysler sales, vehicle sales volume growth and funding costs decline owed to deposits increasing as a percentage of the funding mix.

Credit costs are a noteworthy component of the income statement. Provisions for credit losses increased 77% to \$6.0 billion in 2009, driven by the negative valuation adjustment on legacy mortgage assets reclassified to HFS from HFI. However, provisions for loans losses declined substantially in 1Q10 enhancing profitability. For 1Q10, provisions were \$145 million or \$650 million less than the comparable quarter a year ago. Reduced provisioning for the residential mortgage book owed to the marks taken in 4Q09, lower loss frequency and loss severity in the retail auto portfolio and the improved financial health of GM dealers were key factors in the lower provisioning level. DBRS sees credit costs moderating in 2010 as loss frequency and severity in the retail auto loan book continue to improve, while the marks on the legacy mortgage assets provide a substantial buffer from any further losses should the housing market deteriorate further.

The Global Automotive Services has sizable earnings generation ability. After recording a loss in 2008, Global Automotive Services returned to profitability in 2009, with income from continuing operations of \$602 million. More importantly, in DBRS's view, with pre-tax income from continuing operations of \$846 million in 1Q10, the Global Automotive segment reported its fifth consecutive profitable quarter, further demonstrating the strong recovery in the Company's core operations. The quarter's improved results were driven by increased profitability in the North American operations while International returned to a small profit in the quarter. The results benefited from solid origination volumes on improving penetration, lower provisioning expense and favorable remarketing gains due to the robust used vehicle market. Further, the Insurance operations benefited from improving auto sales volumes. DBRS sees profitability in the Global Automotives segment as continuing to improve through 2010 as credit costs are tempered and origination volumes continue to recover. Moreover, margins in the segment are expected to continue to improve as more new originations are executed at the Bank.

The severity of the downturn in the U.S. housing market combined with a traditional focus on non-prime residential lending has resulted in Ally's Mortgage Operations incurring significant losses totaling \$15.2 billion over the past three years. In 2009, Mortgage Operations incurred a substantial loss from continuing operations of \$7.1 billion, driven by charges related to legacy mortgage assets. On a positive note however, the Mortgage Operations segment reported \$175 million of pre-tax income from continuing operations for 1Q10, the first profitable quarter since 2006. Results were driven by strong servicing income, lower provisioning expense and reduced repurchase reserve expense. Importantly to DBRS, the positive results in this segment validates actions taken to reduce the risk of the legacy mortgage portfolios and move ResCap towards self-sustainability, thereby limiting the capital drag on Ally.

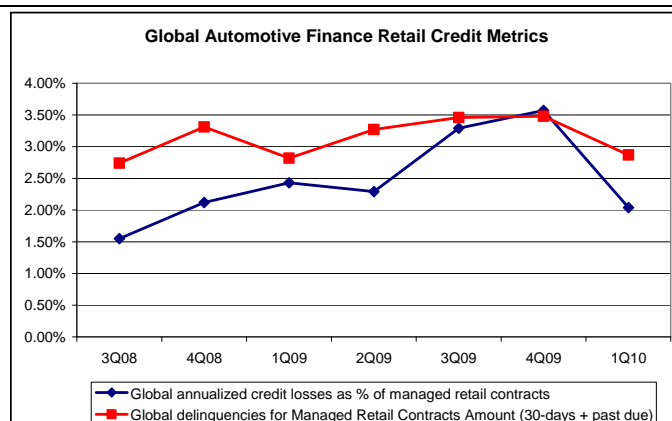
### **Risk Profile and Asset Quality**

DBRS views Ally's risk appetite as reduced and appropriate. Credit metrics in the Company's core Auto Finance business continue to stabilize, helped by the strong recovery in the used vehicle market, ongoing improvements in collection efficiencies and, importantly, improved performance of the more recent vintages.



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Source: Company presentations

Further, losses in the retail contract portfolio improved in 1Q10 due to lower loss severity owed to the strong used-vehicle market and a decrease in loss frequency. Within the North American business the loss per vehicle (serviced basis) improved 30%, to \$8,951 from \$12,747 in 4Q08, demonstrating the impact of the recovery of used-vehicle prices on loss severity. On a managed basis, net losses declined to a low 2.04% in 1Q10 from 3.57% in 4Q09. DBRS notes that while 4Q09 represents the peak of the current cycle, charge-offs increased in both 3Q09 and 4Q09 owed to a change in charge-off policy to comply with bank holding company guidelines.

The run-off legacy sub-prime Nuwell portfolio totaled \$3.5 billion at March 31, 2010, or just 8.0% of the total retail auto loan book. Despite its relative small size, the portfolio has an outsized impact on credit metrics. Excluding the Nuwell portfolio, credit losses in 1Q10 were 1.30% in line with pre-recession loss levels. Meanwhile, retail contracts 30-days or more past due were 2.22%, when excluding the Nuwell portfolio, compared to 2.87% for the entire retail portfolio.

DBRS anticipates net charge-offs will continue to moderate in 2010, as loss severities remain favorable and loss frequency slows as poor performing vintages continue to run-off. Ally continues to hold solid U.S. consumer allowance coverage (allowance for loan losses-to-net charge-offs), which increased to 36.1% at quarter end compared to 28.0% a year ago.

Ally's \$14.0 billion net retail lease portfolio exposes the Company to market risk, should the value of the vehicle be less than Ally's estimated residual value on the balance sheet. This risk was evident in 2008, as lease residual performance was significantly impacted by higher fuel prices, reduced consumer spending, reduced availability of credit and an oversupply of vehicles. As a result, Ally incurred a \$1.2 billion pre-tax impairment charge. Since early 2009 used vehicle values at auction have recovered and residual values have stabilized on Ally's balance sheet.

The dealer floorplan loan book continues to illustrate solid credit performance, despite the tumultuous year for U.S. auto dealers. Net losses in the U.S. wholesale (dealer floorplan) loan portfolio continue remained very low at 0.22% for 2009.

Within the residential mortgage book, portfolio performance continues to be negatively impacted by ongoing home price deflation and high unemployment levels. At March 31, 2010, the total face value of the residential mortgage book was \$30.7 billion, however, as a result of the markdowns and allowance for loan losses the net carrying value of the book is \$21.7 billion. DBRS views the marks and loan loss allowances as providing a substantial cushion from additional sizeable losses should unemployment remain high resulting in further deterioration in home prices.

Given the current environment, DBRS sees repurchase risk, especially at ResCap, as remaining a noteworthy risk. To this end, the Company recorded a \$573 million mortgage repurchase reserve expense in ResCap as part of the actions towards the legacy mortgage assets in December 2009. At March 31, 2010, Ally's rep and warranty reserve was \$890 million, a decline of 30% from year end 2009. DBRS views the level of



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repurchase reserve as acceptable, as Ally took a significant step in reducing this exposure by reaching a settlement with Freddie Mac in 1Q10 regarding future representation and warranty claims.

## **Capitalization**

Capitalization has improved as a result of various actions taken by the U.S. Treasury and efforts undertaken by management to remove risk from the balance sheet. Total equity, at March 31, 2010, was \$20.5 billion, increasing from \$14.4 billion at year end 2006. Importantly, equity increased at the same time the balance sheet has declined by \$108 billion to \$179 billion.

In December 2009, the U.S. Treasury invested total capital of \$3.79 billion into the Company. The Treasury investment, which was in the form of \$2.5 billion in Trust Preferred Securities (TRUPs) and \$1.25 billion in Mandatory Convertible Preferred Securities (MCPs) allowed the Company's to fulfill its requirements under the Federal Reserve's SCAP program. After this capital infusion, U.S. Treasury holds aggregate \$11.4 billion of MCPs, \$2.67 billion of TRUPs and 56% of Ally's common stock. DBRS acknowledges the strengthening of the capital base, nonetheless, DBRS views the quality of capital as weak due to the outsized presence of high-cost MCPs and TRUPs in the capital stack and the lower loss absorption ability of the securities. Ultimately, improvement in the capital structure, including a noteworthy decline in MCPs and TRUPs, will be viewed favorably by DBRS.

Regulatory capital ratios are solid and have improved. At March 31, 2010, the Company's Tier 1 capital ratio was 14.9%, and total capital ratio was 16.4%. The Company agreed to maintain a minimum total risk-based capital ratio of 15% at the parent level and a Tier 1 leverage ratio of 15% at the Bank as a condition of the Company receiving a 23a exemption from the Federal Reserve, allowing Ally to originate auto finance receivables and floorplan receivables at its Bank subsidiary. Capital will be impacted by FAS 166/167; however, Ally has elected the deferral option for regulatory capital purposes, as such the impact is not expected until 3Q10. Ally anticipates regulatory capital ratios will decline no more than 15 basis points at year end 2010, due to this accounting change, partially offset by the disposition of its international mortgage assets.

Leverage has benefited from the increase in capital and the reduction in the size of the balance sheet. Indeed, leverage (total assets-to-total equity) decreased to 8.7 times (x) at March 31, 2010, from a very high 16.0x at year end 2007. Furthermore, debt-to-equity ratio continues to trend well, falling to 4.8x from 12.4x at year end 2007. Leverage has been positively impacted by the capital infusions from the Treasury, the sizeable private debt exchange completed in late 2008 and the ongoing reduction in the balance sheet.

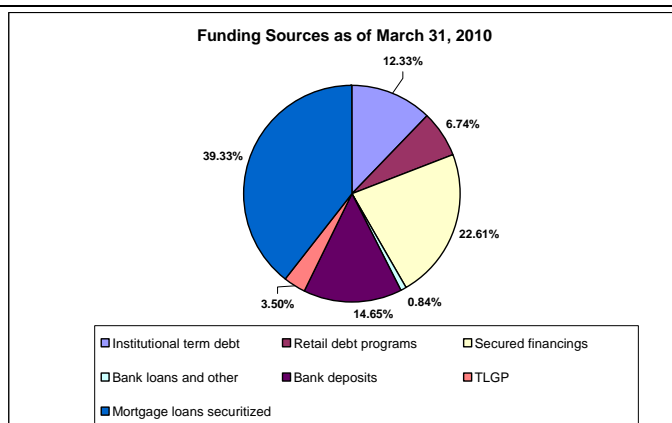
## **Liquidity and Funding**

Liquidity and funding continue to evolve as Ally makes progress towards shifting its funding model to a bank funded platform. To this end, during the first quarter, over 60% of new auto originations were executed out of the Bank. With this focus, deposits are becoming a more substantial part of the overall funding stack and are now 15% of total funding, as compared to 6% at year-end 2008. The deposit base increased to \$32.9 billion at March 31, 2010, up from \$19.8 billion at year-end 2008. Positively, the quality of deposits is also improving. Retail deposits now account for 60% of total deposits, yet given the prominence of internet sourced deposits, the stickiness of these deposits may be less than that of more traditional retail deposits. Ally has a significant amount of CD's maturing in 2010. DBRS considers retention of these deposits key to the development of the funding profile. During the first quarter, Ally retained 69% of maturing CDs.

Notwithstanding the increase in deposits, Ally remains reliant on wholesale funding given 76% of total funding, excluding off-balance sheet securitizations, is wholesale sourced. DBRS considers this concentration in the wholesale funding markets as a fundamental weakness, given the fickleness of these markets. The volatility of the markets, which was illustrated during the most recent credit cycle, if renewed can put significant stress on the ability to support the Company's franchise. As such, DBRS views reducing this reliance through the transformation in the Company's funding model a key medium-term challenge.

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Source: Ally Financial

Ally's access to funding and liquidity has improved. Since year-end, the Company has executed a number of non-government sponsored transactions, including more than \$10.0 billion of automotive-related asset securitizations and over \$5.0 billion of unsecured debt. Importantly, the unsecured debt issuances were the first successful transactions executed by the Company without a U.S. government guarantee since May 2007. DBRS sees the return of the Company to the unsecured debt markets as recognition of the substantial progress management in restructuring and repositioning the Company. Moreover, DBRS considers the return to both the non-government supported secured and unsecured markets as the initial steps necessary to reduce the Company's reliance on government support.

Secured debt is still prominent. At quarter end, approximately 49% of the \$97 billion of debt outstanding was secured, however this has improved from 58% at year-end 2008. While still elevated, the reduction in secured funding as a share of the debt stack adds a degree of financial flexibility. Of note encumbered assets have declined from 63% at year end 2008, to 47% at March 31, 2010, again illustrating the improved financial profile.

Given the \$4.4 billion of unsecured long-term funding maturing in 2010, and \$9.5 billion falls due in 2011, DBRS sees the Company as having sizeable refinancing pressure. However, the reduced level of asset originations and the overall smaller balance sheet will partially mitigate refinancing pressure as funding needs are reduced. Short-term funding, which is more sensitive to sudden shifts in market confidence, remains low at 7.8% of total wholesale funding.

With \$14.3 billion of availability on \$32.2 billion of total committed facilities, the Company continues to maintain sufficient access to credit. In addition, since the quarter end, Ally Bank closed on a \$7.0 billion committed secured revolving credit facility. The facility will provide liquidity to support key areas of the business, including dealer floorplan financing and retail automotive financing and leasing. Further, Ally Bank continues to diversify funding by successfully executing in the ABS marketplace. Since September 2009, the Bank has completed seven U.S. auto securitization transactions, totaling \$5.7 billion. Importantly, this includes several public issuances outside of TALF. Liquidity was enhanced by the \$5.8 billion of capacity maintained by Ally Bank at the FHLB as of the end of March 2010.



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**Financial Information**

**Ally Financial Inc.**

	<b>For the year ended December 31</b>				
	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
<b>Earnings and Outlook (USD millions)</b>					
Total financing revenue and other interest income	13,444	18,918	22,741	24,985	22,876
Net financing revenue	2,037	925	3,783	4,604	5,307
Provisions for losses	6,043	3,410	3,097	2,000	1,074
IBPT	6,261	15,435	9,747	12,673	13,203
Net income	(10,298)	1,868	(2,332)	2,125	2,282
<b>Annual Growth Rates (%)</b>					
Total financing revenue and other interest income	-28.9%	-16.8%	-9.0%	9.2%	n.a.
Net financing revenue	120.2%	-75.5%	-17.8%	-13.2%	n.a.
Net income	-651.3%	-180.1%	-209.7%	-6.9%	-21.7%
<b>Profitability (%)</b>					
Net interest margin	0.1%	0.0%	0.9%	0.4%	0.9%
Net income margin	-76.6%	9.9%	-10.3%	8.5%	10.0%
IBPT margin	46.6%	81.6%	42.9%	50.7%	57.7%
Return on average assets	-5.8%	1.0%	-0.9%	0.7%	0.7%
Return on average managed assets	-3.4%	0.5%	-0.6%	0.5%	0.5%
Return on average equity	-42.5%	8.6%	-15.0%	14.8%	10.5%
Efficiency ratio	122.3%	60.8%	85.5%	72.7%	74.2%
<b>Risk Profile (USD millions)</b>					
Loan loss reserve (LLR)	2,445	3,433	2,755	3,576	3,085
Net charge-offs	7,099	2,249	2,393	1,530	1,338
<b>Asset Quality – Owned (%)</b>					
Net charge-offs/average loans	6.8%	1.7%	1.3%	0.7%	0.6%
Provisions/average loans	5.8%	2.5%	1.7%	1.0%	0.5%
Reserves/net charge-offs (x)	34.4%	152.6%	115.1%	233.7%	230.6%
Reserves/IBPT	39.1%	22.2%	28.3%	28.2%	23.4%
<b>Capitalization (USD millions)</b>					
Total assets	172,306	189,476	248,939	287,439	320,557
Total liabilities	151,467	167,622	233,374	270,875	298,872
Total debt	98,313	126,321	193,148	236,985	254,698
Total equity	20,839	21,854	15,565	14,369	21,685
Intangible assets and goodwill	526	1,417	1,589	1,886	2,477
Tangible equity	20,313	20,437	13,976	12,483	19,208
Residual interests	471	773	1,457	1,591	1,803
Adjusted equity	20,007	19,935	13,029	11,449	18,036
Mortgage Servicing Rights (MSRs)	3,554	2,848	4,703	4,930	4,015
<b>Balance Sheet Ratios (%)</b>					
Tangible equity/tangible assets	11.8%	10.9%	5.7%	4.4%	6.0%
Residual interests/equity	2.3%	3.5%	9.4%	11.1%	8.3%
MSRs/equity	17.1%	13.0%	30.2%	34.3%	18.5%
Debt/capitalization	82.5%	85.3%	92.5%	94.3%	92.2%
<b>Balance Sheet Ratios (x)</b>					
Debt/equity	4.7	5.8	12.4	16.5	11.7
Debt/equity + LLR	4.2	5.0	10.5	13.2	10.3
Debt/adjusted equity + LLR	4.9	6.3	14.8	20.7	14.1
<b>Liquidity (USD millions)</b>					
Unrestricted cash	14,788	15,151	17,677	15,459	15,424
<b>Liquidity Measures (x)</b>					
EBITDA/pre-tax earnings	n.a.	6.2	n.a.	11.3	6.7
EBITDA/interest expense	0.8	1.9	1.3	1.6	1.8
Debt/EBITDA	17.2	8.1	11.6	9.9	11.0

Source: Company 10-Ks, SNL Financial, DBRS, Adjusted equity = Tangible equity - 0.65 \* residual interests



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	<u>1Q10</u>	<u>4Q09</u>	<u>3Q09</u>	<u>2Q09</u>	<u>1Q09</u>	<u>4Q08</u>
<b>Earnings and Outlook (USD millions)</b>						
Total financing revenue and other interest income	3,160	3,108	3,417	3,639	3,610	4,078
Net financing revenue	744	603	574	295	477	(426)
Provisions for losses	145	3,432	704	1,161	795	1,251
IBPT	1,858	1,505	2,109	1,026	1,740	10,857
Net income	162	(4,953)	(767)	(3,903)	(675)	7,462
<b>Annual Growth Rates (%)</b>						
Total financing revenue and other interest income	1.7%	-9.0%	-6.1%	0.8%	-11.5%	-17.6%
Net financing revenue	23.4%	5.1%	94.6%	-38.2%	-212.0%	-184.2%
Net income	-103.3%	545.8%	-80.3%	478.2%	-109.0%	-395.8%
<b>Profitability (%)</b>						
Net interest margin	0.7%	0.1%	0.2%	-0.2%	-0.2%	-1.4%
Net income margin	5.1%	-159.4%	-22.4%	-107.3%	-18.7%	183.0%
IBPT margin	58.8%	48.4%	61.7%	28.2%	48.2%	266.2%
Return on average assets	0.4%	-11.3%	-1.7%	-8.6%	-1.5%	14.9%
Return on average managed assets	n.a.	-6.9%	-1.0%	-5.0%	-0.8%	n.a.
Return on average equity	3.1%	-86.6%	-12.3%	-59.9%	-12.0%	191.9%
Efficiency ratio	92.7%	148.5%	116.4%	151.1%	97.4%	26.2%
<b>Risk Profile (USD millions)</b>						
Loan loss reserve (LLR)	2,480	2,445	2,974	3,301	3,645	3,433
Net charge-offs	316	3,841	1,034	1,620	604	794
<b>Asset Quality – Owned (%)</b>						
Net charge-offs/average loans	n.a.	n.a.	4.0%	6.2%	2.1%	n.a.
Provisions/ average loans	0.6%	1.5%	2.7%	4.4%	2.9%	4.2%
Provisions/net charge-offs	196.2%	15.9%	71.9%	50.9%	150.9%	108.1%
Reserves/IBPT	133.5%	162.5%	141.0%	321.7%	209.5%	31.6%
<b>Capitalization (USD millions)</b>						
Total assets	179,427	172,306	178,254	181,248	179,552	189,476
Total liabilities	158,879	151,467	153,313	155,202	157,531	167,622
Total debt	97,885	98,313	102,041	105,175	113,424	126,321
Total equity	20,548	20,839	24,941	26,046	22,021	21,854
Intangible assets and goodwill	534	526	686	709	1,407	1,417
Tangible equity	20,014	20,313	24,255	25,337	20,614	20,437
Residual interests	0	471	609	662	510	1,001
Adjusted equity	20,014	20,007	23,859	24,907	20,283	19,786
Mortgage Servicing Rights (MSRs)	3,543	3,554	3,243	3,509	2,587	2,848
<b>Balance Sheet Ratios (%)</b>						
Tangible equity/tangible assets	11.2%	11.8%	13.7%	14.0%	11.6%	10.9%
Residual interests/equity	0.0%	2.3%	2.4%	2.5%	2.3%	4.6%
MSRs/equity	17.2%	17.1%	13.0%	13.5%	11.7%	13.0%
Debt/capitalization	82.7%	82.5%	80.4%	80.2%	83.7%	85.3%
<b>Balance Sheet Ratios (x)</b>						
Debt/equity	4.8	4.7	4.1	4.0	5.2	5.8
Debt/equity + LLR	4.3	4.2	3.7	3.6	4.4	5.0
Debt/adjusted equity + LLR	4.9	4.9	4.3	4.2	5.6	6.4
<b>Liquidity (USD millions)</b>						
Unrestricted cash	14,670	14,788	14,225	18,655	13,333	15,151
<b>Liquidity Measures (x)</b>						
EBITDA/pre-tax earnings	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBITDA/interest expense	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Debt/EBITDA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Source: Company 10-Ks, SNL Financial, DBRS, Adjusted equity = Tangible equity - 0.65 \* residual interests



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**Rating Table**

Issuing Entity	Debt	Rating	Trend
Ally Financial Inc.	Issuer and Long-Term Debt	BB (low)	Stable
Ally Financial Inc.	Short-Term Instruments	R-4	Stable
Ally Financial Inc.	Senior Notes, Guaranteed by FDIC	AAA	Stable
General Motors Acceptance Corporation of Canada, Limited	Long-Term Debt*	BB (low)	Stable
General Motors Acceptance Corporation of Canada, Limited	Commercial Paper*	R-4	Stable
General Motors Acceptance Corporation (N.Z.) Limited	Medium & Long-Term Debt	BB (low)	Stable
General Motors Acceptance Corporation (N.Z.) Limited	Commercial Paper	R-4	Stable
General Motors Acceptance Corporation, Australia	Medium & Long-Term Debt	BB (low)	Stable
General Motors Acceptance Corporation, Australia	Commercial Paper	R-4	Stable
GMAC Bank GmbH	Medium & Long-Term Debt	BB (low)	Stable
GMAC Bank GmbH	Commercial Paper	R-4	Stable
GMAC International Finance B.V.	Medium & Long-Term Debt	BB (low)	Stable
GMAC International Finance B.V.	Commercial Paper	R-4	Stable
General Motors Acceptance Corporation (U.K.) plc	Commercial Paper	R-4	Stable
GMAC, Australia (Finance) Limited	Commercial Paper	R-4	Stable

\* Guaranteed by Ally Financial Inc.

**Rating History**

Issuing Entity	Debt	Current	2009	2008	2007	2006
Ally Financial Inc.	Issuer and Long-Term Debt	BB (low)	CCC	CCC	BB(high)	BBB(low)
Ally Financial Inc.	Short-Term Instruments	R-4	R-5	R-5	R-4	R-3
Ally Financial Inc.	Senior Notes, Guaranteed by FDIC	AAA	AAA	NR	NR	NR
General Motors Acceptance Corporation of Canada, Limited	Long-Term Debt	BB (low)	CCC	CCC	BB(high)	BBB(low)
General Motors Acceptance Corporation of Canada, Limited	Commercial Paper	R-4	R-5	R-5	R-4	R-3
General Motors Acceptance Corporation (N.Z.) Limited	Medium & Long-Term Debt	BB (low)	CCC	CCC	BB(high)	BBB(low)
General Motors Acceptance Corporation (N.Z.) Limited	Commercial Paper	R-4	R-5	R-5	R-4	R-3
General Motors Acceptance Corporation, Australia	Medium & Long-Term Debt	BB (low)	CCC	CCC	BB(high)	BBB(low)
General Motors Acceptance Corporation, Australia	Commercial Paper	R-4	R-5	R-5	R-4	R-3
GMAC Bank GmbH	Medium & Long-Term Debt	BB (low)	CCC	CCC	BB(high)	BBB(low)
GMAC Bank GmbH	Commercial Paper	R-4	R-5	R-5	R-4	R-3
GMAC International Finance B.V.	Medium & Long-Term Debt	BB (low)	CCC	CCC	BB(high)	BBB(low)
GMAC International Finance B.V.	Commercial Paper	R-4	R-5	R-5	R-4	R-3
General Motors Acceptance Corporation (U.K.) plc	Commercial Paper	R-4	R-5	R-5	R-4	R_3
GMAC, Australia (Finance) Limited	Commercial Paper	R-4	R-5	R-5	R-4	R-3



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Note:

All figures are in U.S. dollars unless otherwise noted.

For the definition of Issuer Rating, please refer to Rating Definitions under Rating Policy on [www.dbrs.com](http://www.dbrs.com).

Issuer ratings apply to all general senior unsecured obligations of the issuer in question.

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