

# GAO Highlights

Highlights of [GAO-14-698](#), a report to congressional committees

## Why GAO Did This Study

As part of its Automotive Industry Financing Program, funded through the Troubled Asset Relief Program (TARP), Treasury provided \$17.2 billion of assistance to Ally Financial (formerly known as GMAC). Ally Financial is a large financial holding company, the primary business of which is auto financing.

TARP's authorizing legislation mandates that GAO report every 60 days on TARP activities. This report examines (1) the status of Treasury's investments in Ally Financial and its efforts to wind down those investments and (2) the financial condition of Ally Financial.

To address these issues, GAO reviewed and analyzed available industry, financial, and regulatory data from 2009 through June 2014. GAO also reviewed rating agency analyses, Treasury reports and documentation detailing Treasury's investments in Ally Financial and its divestments from the company, as well as Ally Financial's financial filings and reports. GAO also interviewed officials from the Federal Deposit Insurance Corporation (FDIC), Federal Reserve, and Treasury, and representatives from Ally Financial.

GAO provided a draft of this report to FDIC, the Federal Reserve, Treasury, and Ally Financial. Treasury generally concurred with GAO's findings. Ally Financial provided technical comments, which GAO has incorporated, as appropriate. FDIC and the Federal Reserve did not provide comments.

GAO makes no recommendations in this report.

View [GAO-14-698](#). For more information, contact A. Nicole Clowers at (202) 512-8678 or [clowersa@gao.gov](mailto:clowersa@gao.gov).

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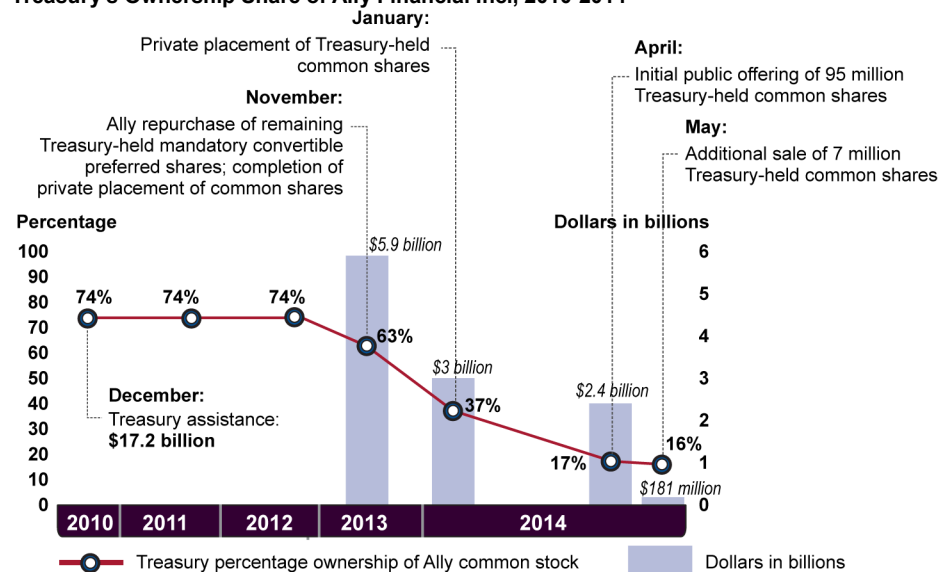
## TROUBLED ASSET RELIEF PROGRAM

### Government's Exposure to Ally Financial Lessens as Treasury's Ownership Share Declines

## What GAO Found

The Department of the Treasury (Treasury) reduced its ownership stake in Ally Financial Inc. (Ally Financial) from 74 percent in October 2013, to 16 percent as of June 30, 2014. As shown in the figure below, the pace of Treasury's reduction in its ownership share of Ally Financial accelerated in 2013 and corresponds with two key events. First, in November 2013, the Board of Governors of the Federal Reserve System (Federal Reserve) did not object to Ally Financial's resubmitted 2013 capital plan, which allowed Ally Financial to repurchase preferred shares from Treasury and complete a private placement of common shares. Second, in December 2013 the bankruptcy proceedings of Ally Financial's mortgage subsidiary, Residential Capital LLC (ResCap), were substantially resolved. The confirmed Chapter 11 plan broadly released Ally Financial from any and all legal claims by ResCap and, subject to certain exceptions, all other third parties, in exchange for \$2.1 billion in cash from Ally Financial and its insurers. As of June 30, 2014, Treasury had received \$17.8 billion in sales proceeds and interest and dividend payments on its total assistance to Ally Financial of \$17.2 billion.

Treasury's Ownership Share of Ally Financial Inc., 2010-2014



Source: GAO summary of information from Treasury and Ally Financial Inc. | GAO-14-698

Ally Financial's financial condition has continued to stabilize in late 2013 and early 2014 as illustrated by multiple capital, profitability, and liquidity measures. For example, Ally Financial's capital ratios have remained above regulatory minimum levels since 2009, which indicates that it is in a better position to absorb financial losses. In addition, the company raised significant levels of common equity through private and public share offerings. According to recent credit rating agency analyses, Ally Financial is competitive in automotive financing, particularly in the floor-plan business segment, which focuses on dealer financing. However, analysts reported that the company faces potential competitive challenges, such as the loss of certain exclusive relationships with General Motors Company and Chrysler Group LLC.