ALLY FINANCIAL INC., RUSSELL HUTCHINSON

Proposal and Comment Information

Title: Regulatory Capital Rules: Regulatory Capital and Standardized Approach for Risk-weighted Assets, R-1888

Comment ID: FR-2026-0008-01-C191

Submitter Information

Organization Name: Ally Financial Inc.

Organization Type: Company

Name: Russell Hutchinson

Submitted Date: 06/17/2026

Russ Hutchinson
Chief Financial Officer

601 S Tryon Street
26th Floor
Charlotte, NC 28202

T + 980 312 6757
M + 917 593 3898
russ.hutchinson@ally.com

June 17, 2026

By Electronic Submission

Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, D.C. 20551
Attention: Benjamin W. McDonough, Secretary

Federal Deposit Insurance Corporation
550 17th Street NW
Washington, D.C. 20429
Attention: Jennifer M. Jones, Deputy Executive Secretary; Comments—RIN 3064–AG23

Office of the Comptroller of the Currency
400 7th Street SW, Suite 3E-218
Washington, D.C. 20219
Attention: Chief Counsel's Office, Comment Processing

Re: Regulatory Capital Rule: Regulatory Capital and Standardized Approach for Risk-Weighted Assets (Federal Reserve Docket No. R-1888, RIN 7100-AH21; FDIC RIN 3064-AG23; Docket ID OCC-2026-0034, RIN 1557-AF49)

Ladies and Gentlemen:

Ally Financial Inc. ("Ally," "we," "our," or "us") appreciates the opportunity to comment on the Notice of Proposed Rulemaking[1] issued by the Board of Governors of the Federal Reserve System (the "Federal Reserve"), the Office of the Comptroller of the Currency (the "OCC") and the Federal Deposit Insurance Corporation (the "FDIC"), which would revise the risk-based

---

1 Federal Reserve System, Department of the Treasury – Office of the Comptroller of the Currency, Federal Deposit Insurance Corporation, Regulatory Capital Rules: Regulatory Capital and Standardized Approach for Risk-Weighted Assets, 91 FR 15332 (March 27, 2026).

capital treatment of certain exposure categories under the standardized approach (this proposal is referred to hereafter as the "RSA Proposal"; the revised standardized approach it proposes is referred to hereafter as the "RSA").

Ally supports the agencies' objectives of modernizing the regulatory capital framework for banks of all sizes, streamlining capital requirements and better aligning regulatory capital with risk while maintaining the safety and soundness of the banking system.

Whereas Ally submitted a comment letter in 2024 in respect of the agencies' prior proposal in which we voiced a number of overarching concerns, including unintended negative consequences to consumers and small businesses, we have no such concerns in respect of the RSA Proposal, which we believe succeeds in achieving a more streamlined framework that better aligns the underlying risk of the business to capital requirements. We commend the agencies' efforts on the RSA Proposal, and are grateful for the opportunity to submit comments that we believe support and align with the agencies' objectives.

This letter specifically addresses Question 13 of the RSA Proposal regarding categories for retail exposures. For the reasons discussed below, we recommend that the agencies create a separate category for consumer automotive loans and leases.

Ally is uniquely well positioned to provide input on the treatment of consumer automotive exposures under the RSA Proposal's revised standardized approach. Ally operates one of the largest dedicated automotive finance platforms in the United States. We originated a total of approximately 1.3 million and 1.2 million automotive loans and operating leases during the years ended December 31, 2025, and 2024, respectively. We originated total automotive loans and operating leases of $43.7 billion and $39.2 billion during the years ended December 31, 2025, and 2024, respectively. Our views are further informed by decades of experience, deep dealer relationships, and a business model centered on consumer auto lending and leasing, through which Ally serves millions of retail customers and tens of thousands of dealers.

Recommendations

The agencies should create a separate risk weight category for consumer automotive loans and leases.

Question 13 of the RSA Proposal states that "The agencies seek comment on whether to create a separate category, or separate categories, for retail exposures in the proposed standardized approach."[2]

[2] Question 13 reads in full: "The agencies seek comment on whether to create a separate category, or separate categories, for retail exposures in the proposed standardized approach. What would be the advantages and disadvantages of creating a separate category for retail exposures? What are the

Ally recommends that the agencies create a separate category for consumer automotive loans and leases based on the definition of "Regulatory Retail Exposure" in the agencies' complementary regulatory capital proposal[3] for an expanded risk-based approach for Category I and II banking organizations (the "ERBA framework"), and that such category be assigned a risk weight lower than 90%.

Under the RSA Proposal, most retail exposures fall into a catch-all category that is assigned a risk weight of 90%, despite extensive data evidence that different categories of collateralized and uncollateralized retail exposures vary in terms of default probability, loss severity, and cyclicality.

The RSA Proposal's framework should reflect the distinct risk profile of consumer automotive lending compared to general unsecured retail credit. Establishing a distinct category under the RSA framework for consumer automotive loans and leases would better align capital requirements with actual economic risk.

Key aspects of consumer auto loans and leases that differentiate them from other types of retail exposures include the following characteristics:

- primarily secured by recoverable collateral with observable market values;
- short- or medium-term duration;
- fully amortizing; and
- historically characterized by lower Exposure at Default (EAD) and Loss Given Default (LGD) than unsecured consumer credit, with favorable performance relative to other asset classes during the 2008 Global Financial Crisis.

Moreover, consumers have historically prioritized auto loan and lease payments relative to other consumer payments during periods of economic stress.

Applying a 90% risk weight to Ally's consumer auto loans and leases would be inconsistent with Ally's observed loss data and Ally's stress testing projections. Ally's high

---

appropriate criteria for defining retail exposures (for example, the criteria used to define retail exposures under the expanded risk-based proposal)? What risk weight would be appropriate for retail exposures for covered banking organizations? In a revised treatment where retail exposures are segregated into their own risk-weight category, would it be appropriate to set a 100 percent risk weight for other assets (not including retail exposures) and why? Please provide relevant data to support your views, including information on the historical loss rates and risk characteristics of retail exposures."

3 Federal Reserve, OCC, FDIC, Regulatory Capital Rule: Category I and II Banking Organizations, Banking Organizations With Significant Trading Activity, and Optional Adoption for Other Banking Organizations, 91 Fed. Reg. 14952 (March 27, 2026).

quality retail auto portfolio is characterized by strong borrower credit profiles, low realized loss rates, meaningful recovery rates, and short contractual tenors, which allow portfolio risk to reprice and roll off rapidly. As such, applying a 90% risk weight to consumer auto loans and leases:

- treats them as economically closer to unsecured consumer credit than to other secured retail exposures;
- creates incongruency with other consumer assets in the RSA proposal, like residential mortgages, that reflect an element of risk sensitivity;
- overstates loss severity relative to long-run empirical performance; and
- creates capital inefficiency for banks (like Ally) whose consumer auto loan portfolios consist predominantly of prime-credit exposures.

For Ally and similarly situated banks, applying a 90% risk weight to consumer auto loans and leases would result in a risk weighted asset requirement for such exposures far in excess of their empirical risk and the ERBA framework. An indirect consequence would be an undue constraint on credit availability to consumers.

Creating a separate category for this segment would also help ensure cross-approach consistency between the RSA and ERBA frameworks to avoid regulatory arbitrage and unintended credit contraction.

Based on the foregoing, we recommend that the agencies:

1. Create a separate category in the RSA framework for consumer automotive loans and leases, based on the ERBA framework's definition of 'Regulatory Retail Exposure', defined as an exposure that meets the following criteria:

   (a) the exposure is to a natural person or an SME and the sum of the notional amount of the exposure, and the notional amounts of all other retail exposures to the obligor and to its affiliates, does not exceed $1 million, as adjusted pursuant to § ___.4;

   (b) the exposure is either (i) a closed end installment loan or (ii) a lease; and

   (c) either :

      (i) in the case of a loan, the exposure is secured by a perfected security interest in the financed automobile; or

      (ii) in the case of a lease, the [BANKING ORGANIZATION] or an affiliate is the titled owner of the leased automobile.

2. Assign a risk weight of 85%, which would be consistent with 75% risk weight for non-transactor regulatory retail exposure under the ERBA framework (including loss attributed to operational risk) and reflective of historical empirical loss experience for the consumer auto asset class.[4]

Conclusion

Creating a separate category for consumer auto loans/leases, and a lower risk weight for this category, would result in benefits to consumers, as the reduced capital requirements would result in lower internal cost of funds which would, in turn, be transmitted through to consumers in the form of more competitive pricing, including lower interest rates and more favorable lease terms. The resulting increase in lending capacity would expand the availability of prudently underwritten credit for vehicle purchases and leases. More broadly, enhanced credit availability in this segment would also support broader economic activity by facilitating consumers' acquisition of both new and used vehicles, contributing to the stability and efficiency of automotive markets.

We appreciate the agencies' consideration of our comments on the RSA Proposal. If you have any questions, please contact me at russ.hutchinson@ally.com.

Respectfully submitted,

Russell Hutchinson
Chief Financial Officer

4 We submit that this would be consistent with the agencies' observation in Footnote 39 of the RSA Proposal that operational risk represents approximately 12 percent of risk-weighted assets for traditional lending under the expanded risk-based approach.