



# Ally Financial Inc.

## Basel III Public Disclosures

As of and for the three months ended March 31, 2024

# Road Map

Ally Financial Inc. • Basel III Public Disclosures

## References to Ally Financial Inc.'s SEC Filings

The SEC filings of Ally Financial Inc. contain information relevant to the disclosure requirements set forth under U.S. Basel III. The following is a mapping of the disclosure topics addressed within this regulatory disclosure report to the Ally Financial Inc. Quarterly Report on Form 10-Q for the three months ended March 31, 2024, and the Annual Report on Form 10-K for the year ended December 31, 2023.

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# Index of Defined Terms

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| Term            | Definition                                                                                                                                                         |
|-----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Basel Committee | Basel Committee on Banking Supervision                                                                                                                             |
| BHC             | Bank holding company                                                                                                                                               |
| BHC Act         | Bank Holding Company Act of 1956, as amended                                                                                                                       |
| Board           | Board of Directors                                                                                                                                                 |
| CD              | Certificate of deposit                                                                                                                                             |
| CECL            | Accounting Standards Update 2016-13 (and related Accounting Standards Updates), or current expected credit loss                                                    |
| CFPB            | Consumer Financial Protection Bureau                                                                                                                               |
| CRA             | Community Reinvestment Act of 1977, as amended                                                                                                                     |
| CVA             | Credit valuation adjustment                                                                                                                                        |
| Dodd-Frank Act  | Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, as amended                                                                                      |
| ERM             | Enterprise Risk Management                                                                                                                                         |
| FDI Act         | Federal Deposit Insurance Act, as amended                                                                                                                          |
| FDIC            | Federal Deposit Insurance Corporation                                                                                                                              |
| FDICIA          | Federal Deposit Insurance Corporation Improvement Act of 1991, as amended                                                                                          |
| FHC             | Financial holding company                                                                                                                                          |
| FHLB            | Federal Home Loan Bank                                                                                                                                             |
| FRB             | Federal Reserve Bank, or Board of Governors of the Federal Reserve System, as the context requires                                                                 |
| GAP             | Guaranteed asset protection                                                                                                                                        |
| GDP             | Gross domestic product of the United States of America                                                                                                             |
| GLB Act         | Gramm-Leach-Bliley Act of 1999, as amended                                                                                                                         |
| HTC             | Historic tax credit                                                                                                                                                |
| IB Finance      | IB Finance Holding Company, LLC                                                                                                                                    |
| LIHTC           | Low-income housing tax credit                                                                                                                                      |
| MD&A            | Management's Discussion and Analysis of Financial Condition and Results of Operations                                                                              |
| NMTC            | New market tax credit                                                                                                                                              |
| OTC             | Over-the-counter                                                                                                                                                   |
| PCA             | Prompt corrective action                                                                                                                                           |
| RC              | Risk Committee of the Ally Board of Directors                                                                                                                      |
| RWA             | Risk-weighted asset                                                                                                                                                |
| SEC             | U.S. Securities and Exchange Commission                                                                                                                            |
| SPE             | Special-purpose entity                                                                                                                                             |
| SSFA            | Simplified Supervisory Formula Approach                                                                                                                            |
| STSA            | Enterprise Stress Testing and Scenario Analysis                                                                                                                    |
| Tailoring Rules | The rules implementing Title IV of the Economic Growth, Regulatory Relief, and Consumer Protection Act, as amended                                                 |
| TLAC            | Total loss-absorbing capacity                                                                                                                                      |
| U.S. Basel III  | The rules implementing the 2010 Basel III capital framework in the United States as well as related provisions of the Dodd-Frank Act, as amended from time to time |
| U.S. GAAP       | Accounting Principles Generally Accepted in the United States of America                                                                                           |
| UDFI            | Utah Department of Financial Institutions                                                                                                                          |
| VIE             | Variable interest entity                                                                                                                                           |
| VSC             | Vehicle service contract                                                                                                                                           |

# Basel III Public Disclosures

Ally Financial Inc.

## Introduction

Ally Financial Inc. (together with its consolidated subsidiaries unless the context otherwise requires, Ally, the Company, we, us, or our) is a financial-services company with the nation's largest all-digital bank and an industry-leading automotive financing and insurance business, driven by a mission to "Do It Right" and be a relentless ally for customers and communities. The Company serves 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 corporate finance business that offers capital for equity sponsors and middle-market companies. Ally is a Delaware corporation and is registered as a BHC under the BHC Act and an FHC under the GLB Act.

As a BHC, Ally is subject to regulation, supervision and examination by the FRB. Ally must also comply with regulatory risk-based and leverage capital requirements, as well as various safety and soundness standards imposed by the FRB, and is subject to certain statutory restrictions concerning the types of assets or securities it may own and the activities in which it may engage. Ally Bank, our banking subsidiary, is a member of the Federal Reserve System and is subject to regulation, supervision and examination by the FRB, and as a Utah chartered bank, by the UDFI.

In July 2013, the U.S. banking agencies finalized rules implementing the 2010 Basel III capital framework in the United States as well as related provisions of the Dodd-Frank Act, which represented substantial revisions to the prior regulatory capital standards for U.S. banking organizations. These rules have been amended by the U.S. banking agencies from time to time and, collectively with such amendments, are referred to herein as U.S. Basel III. As described below, U.S. Basel III requires qualitative and quantitative disclosures regarding a banking institution's regulatory capital, risk exposures, risk-management practices, and capital adequacy. This report also includes information on the methodologies used to calculate RWAs. The disclosure requirement applies to banking organizations with total consolidated assets of \$50 billion or more that are not a consolidated subsidiary of a BHC that is subject to these disclosure requirements. This report is designed to satisfy these requirements and should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2023, our Quarterly Report on Form 10-Q for the three months ended March 31, 2024, and our Consolidated Financial Statements for Holding Companies - FR Y-9C for March 31, 2024. The disclosures included in this report are not required to be and have not been audited by our independent auditors.

From time to time we have made, and in the future will make, 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. 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. You should not place undue reliance on any forward-looking statement and should consider all uncertainties and risks discussed in this report and those under Item 1A, Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2023, as well as those provided in any subsequent SEC filings. Forward-looking statements apply only as of the date they are made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances that arise after the date the forward-looking statement was made.

Unless the context otherwise requires, references herein to our income statement mean the Consolidated Statement of Income included in the Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2023, or the Condensed Consolidated Statement of Comprehensive Income included in the Condensed Consolidated Financial Statements in our Quarterly Report on Form 10-Q for the three months ended March 31, 2024, as applicable. Unless the context otherwise requires, references herein to our balance sheet mean the Consolidated Balance Sheet included in the Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2023, or the Condensed Consolidated Balance Sheet included in the Condensed Consolidated Financial Statements in our Quarterly Report on Form 10-Q for the three months ended March 31, 2024, as applicable.

## Basis of Presentation and Consolidation

Our accounting and reporting policies conform to U.S. GAAP. Additionally, where applicable, the policies conform to the accounting and reporting guidelines prescribed by bank regulatory authorities.

Refer to Note 1 to the Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2023, for further information on our basis of presentation and consolidation. There are no significant differences in the basis of consolidation between our Annual Report on Form 10-K for the year ended December 31, 2023, our Quarterly Report on Form 10-Q for the three months ended March 31, 2024, and this report.

## Basel Capital Accord

The FRB and other U.S. banking agencies have adopted risk-based and leverage capital rules that establish minimum capital-to-asset ratios for BHCs, like Ally, and depository institutions, like Ally Bank.

The risk-based capital ratios are based on a banking organization's RWAs, which are generally determined under the standardized approach applicable to Ally and Ally Bank by (1) assigning on-balance-sheet exposures to broad risk-weight categories according to the counterparty or, if relevant, the guarantor or collateral (with higher risk weights assigned to categories of exposures perceived as representing greater risk), and (2) multiplying off-balance-sheet exposures by specified credit conversion factors to calculate credit equivalent amounts and

# Basel III Public Disclosures

Ally Financial Inc.

assigning those credit equivalent amounts to the relevant risk-weight categories. The leverage ratio, in contrast, is based on an institution's average unweighted on-balance-sheet exposures.

Under U.S. Basel III, Ally and Ally Bank must maintain a minimum Common Equity Tier 1 risk-based capital ratio of 4.5%, a minimum Tier 1 risk-based capital ratio of 6%, and a minimum total risk-based capital ratio of 8%. On top of the minimum risk-based capital ratios, Ally and Ally Bank are subject to a capital conservation buffer requirement, which must be satisfied entirely with capital that qualifies as Common Equity Tier 1 capital. Failure to maintain more than the full amount of the capital conservation buffer requirement would result in automatic restrictions on the ability of Ally and Ally Bank to make capital distributions, including dividend payments and stock repurchases and redemptions, and to pay discretionary bonuses to executive officers. U.S. Basel III also subjects Ally and Ally Bank to a minimum Tier 1 leverage ratio of 4%.

The well-capitalized standard for insured depository institutions, such as Ally Bank, reflects the capital requirements under U.S. Basel III.

Ally and Ally Bank are currently subject to the U.S. Basel III standardized approach for counterparty credit risk but not to the U.S. Basel III advanced approaches for credit risk or operational risk. Ally is also not currently subject to the U.S. market-risk capital rule, which applies only to banking organizations with significant trading assets and liabilities.

In July 2023, the U.S. banking agencies issued a proposed rule to customize and implement revisions to the global Basel III capital framework that were approved by the Basel Committee in December 2017 (commonly known as the Basel III endgame or as Basel IV). For regulatory capital, the proposed rule would eliminate the effect of the Tailoring Rules by requiring the recognition of most elements of accumulated other comprehensive income and loss and the application of deductions, limitations, and criteria for specified capital investments, minority interests, and TLAC holdings. For each of the risk-based capital ratios, a large banking organization, like Ally, would calculate and be bound by the lower of two alternatives: one version of the ratio based on an expanded risk-based approach prescribed in the proposed rule and one version of the ratio based on the standardized approach as modified by the proposed rule. All capital buffer requirements, including the stress capital buffer requirement, would apply regardless of whether the expanded risk-based approach or the standardized approach produces the lower ratio. Under the expanded risk-based approach, total RWAs would equal the sum of the RWAs for credit risk, equity risk, operational risk, market risk, and CVA risk as set forth in the proposed rule minus any amount of the banking organization's adjusted allowance for credit losses that is not included in Tier 2 capital and any amount of allocated transfer risk reserves. Under the standardized approach, total RWAs would be calculated using the existing rules with a revised methodology for determining RWAs for market risk, and a required application of the standardized approach for counterparty credit risk for derivative exposures. Category IV firms would be further required under the proposed rule to project their risk-based capital ratios under baseline conditions in their capital plans and related reports using the RWA-calculation approach that results in their binding risk-based capital ratios as of the start of the projection horizon. The proposed rule also would roll back additional elements of the Tailoring Rules by applying to Category IV firms the supplementary leverage ratio, the countercyclical capital buffer, and enhanced public disclosure and reporting requirements. Under the proposed rule, a three-year transition period from July 1, 2025, to June 30, 2028, would apply to the recognition of accumulated other comprehensive income and loss in regulatory capital and the use of the expanded risk-based approach. The phase-in of accumulated other comprehensive income and loss is expected to significantly affect our levels of regulatory capital. While we believe that this would be manageable, we also anticipate that our levels of regulatory capital would need to be gradually increased in advance of and during the proposed transition period. As for the proposed changes to RWAs, while we continue to evaluate the effects of individual provisions and the interplay among them as well as potential management actions in response, the impact is not currently expected to be significant in the aggregate if the proposed rule were adopted in its existing form. Since the proposed rule was issued, we have been engaged with research and advocacy groups to inform the rulemaking process and better understand the impacts of the proposed rule on banking organizations of various sizes and complexities—as well as the competitive environment more broadly—and likewise encourage the U.S. banking agencies to closely study these impacts and their wider implications. Whether and when a final rule may be adopted and take effect, as well as what changes to the proposed rule may be reflected in such a final rule after the comment period, remain unclear.

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Ally Financial Inc.

## Scope of Application

U.S. Basel III applies to Ally Financial Inc.

## Restrictions on Capital

- **Capital Adequacy Requirements** — Ally and Ally Bank are subject to various capital adequacy requirements. For additional information, refer to Note 20 to the Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2023, and Note 18 to the Condensed Consolidated Financial Statements in our Quarterly Report on Form 10-Q for the three months ended March 31, 2024.
- **Limitations on Bank and BHC Dividends and Other Capital Distributions** — Federal and Utah law place a number of conditions, limits, and other restrictions on dividends and other capital distributions that may be paid by Ally Bank to IB Finance, and thus indirectly to Ally. In addition, even if the FRB does not require us to resubmit our capital plan, Ally and IB Finance may be precluded from or limited in paying dividends or other capital distributions without the FRB's approval under certain circumstances—for example, if Ally or IB Finance were to not meet minimum regulatory capital ratios after giving effect to the distributions. FRB supervisory guidance also directs BHCs like us to consult with the FRB prior to increasing dividends, implementing common stock-repurchase programs, or redeeming or repurchasing capital instruments. Further, the U.S. banking agencies are authorized to prohibit an insured depository institution, like Ally Bank, or a BHC, like Ally, from engaging in unsafe or unsound banking practices and, depending upon the circumstances, could find that paying a dividend or other capital distribution would constitute an unsafe or unsound banking practice.
- **Transactions with Affiliates** — Sections 23A and 23B of the Federal Reserve Act and the FRB's Regulation W prevent Ally and its nonbank subsidiaries from taking undue advantage of the benefits afforded to Ally Bank as a depository institution, including its access to federal deposit insurance and the FRB's discount window. Pursuant to these laws, covered transactions—including Ally Bank's extensions of credit to and asset purchases from its affiliates, credit exposures to affiliates arising from derivative transactions, securities lending and borrowing transactions, and acceptance of affiliate-issued debt obligations (other than securities) as collateral—are generally subject to meaningful restrictions. For example, unless otherwise exempted, (1) covered transactions are limited to 10% of Ally Bank's capital stock and surplus in the case of any individual affiliate and 20% of Ally Bank's capital stock and surplus in the case of all affiliates; (2) Ally Bank's credit transactions with an affiliate are generally subject to stringent collateralization requirements; (3) with few exceptions, Ally Bank may not purchase any low quality asset from an affiliate; and (4) covered transactions must be conducted on terms and conditions that are consistent with safe and sound banking practices. In addition, transactions between Ally Bank and an affiliate must be on terms and conditions that are either substantially the same as or more beneficial to Ally Bank than those prevailing at the time for comparable transactions with or involving nonaffiliates.

These laws include an attribution rule that treats a transaction between Ally Bank and a nonaffiliate as a transaction between Ally Bank and an affiliate to the extent that the proceeds of the transaction are used for the benefit of or transferred to the affiliate.

- **Source of Strength** — Ally is required to serve as a source of financial strength for Ally Bank and to commit resources to support Ally Bank in circumstances when Ally might not otherwise elect to do so. The functional regulator of any nonbank subsidiary of Ally, however, may prevent that subsidiary from directly or indirectly contributing its financial support, and if that were to preclude Ally from serving as an adequate source of financial strength, the FRB may instead require the divestiture of Ally Bank and impose operating restrictions pending such a divestiture.
- **Enforcement Authority** — The FRB possesses extensive authorities and powers to regulate and supervise the conduct of Ally's businesses and operations. If the FRB were to take the position that Ally or any of its subsidiaries have violated any law or commitment or engaged in any unsafe or unsound practice, formal or informal enforcement and other supervisory actions could be taken by the FRB against Ally, its subsidiaries, and institution-affiliated parties (such as directors, officers, and agents). The UDFI and the FDIC have similarly expansive authorities and powers over Ally Bank and its subsidiaries. For example, the FRB, the UDFI, or the FDIC could order us to cease and desist from engaging in specified activities or practices or could affirmatively compel us to correct specified violations or practices. Some or all of these governmental authorities also would have the power, as applicable, to issue administrative orders against us that can be judicially enforced, to direct us to increase capital and liquidity, to limit our dividends and other capital distributions, to restrict or redirect the growth of our assets, businesses, and operations, to compel us to change our practices and remediate harm alleged to have been suffered by consumers or others, to assess civil money penalties against us, to remove our officers and directors, to require the divestiture or the retention of assets or entities, to terminate deposit insurance, or to force us into bankruptcy, conservatorship, or receivership. These actions could directly affect not only Ally, its subsidiaries, and institution-affiliated parties but also Ally's counterparties, stockholders, and creditors and its commitments, arrangements, and other dealings with them.

## Bank Holding Company, Financial Holding Company, and Depository Institution Status

Ally and IB Finance are BHCs under the BHC Act, and Ally has elected to be an FHC under the GLB Act. IB Finance is a direct subsidiary of Ally and the direct parent of Ally Bank, which is a commercial bank that is organized under the laws of the State of Utah and whose deposits are insured by the FDIC under the FDI Act. As BHCs, Ally and IB Finance are subject to regulation, supervision, and examination by the FRB. Ally Bank is a member of the Federal Reserve System and is subject to regulation, supervision, and examination by the FRB, the UDFI, the FDIC, and the CFPB. Ally Bank is required to file periodic reports with regulators concerning its financial condition.

# Basel III Public Disclosures

Ally Financial Inc.

Total assets of Ally Bank were \$182.4 billion at March 31, 2024, based on its Call Report filing. Ally Bank's deposits are insured by the FDIC.

The FRB and other U.S. banking agencies have adopted risk-based and leverage capital rules that establish minimum capital-to-asset ratios for BHCs, like Ally, and depository institutions, like Ally Bank.

The risk-based capital ratios and the Tier 1 leverage ratio play a central role in PCA, which is an enforcement framework used by the U.S. banking agencies to constrain the activities of depository institutions based on their levels of regulatory capital. Five categories have been established using thresholds for the Common Equity Tier 1 risk-based capital ratio, the Tier 1 risk-based capital ratio, the total risk-based capital ratio, and the Tier 1 leverage ratio: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized. FDICIA generally prohibits a depository institution from making any capital distribution, including any payment of a cash dividend or a management fee to its BHC, if the depository institution would become undercapitalized after the distribution. An undercapitalized institution is also subject to growth limitations and must submit and fulfill a capital restoration plan. Although BHCs are not subject to the PCA framework, the FRB is empowered to compel a BHC to take measures—such as the execution of financial or performance guarantees—when PCA is required in connection with one of its depository-institution subsidiaries. At March 31, 2024, Ally Bank met the capital ratios required to be well capitalized under the PCA framework.

At March 31, 2024, Ally and Ally Bank were in compliance with their regulatory capital requirements. For additional discussion of capital adequacy requirements, refer to Note 18 to the Condensed Consolidated Financial Statements in our Quarterly Report on Form 10-Q for the three months ended March 31, 2024.

## Insurance Companies

Some of our insurance operations—including in the United States, Canada, and Bermuda—are subject to certain minimum aggregate capital requirements, net asset and dividend restrictions, and rules and regulations promulgated by various U.S. and foreign regulatory agencies. Under state and foreign insurance laws, dividend distributions may be made only from statutory unassigned surplus with approvals required from applicable regulatory authorities for dividends in excess of statutory limitations. Our insurance operations are also subject to applicable state and foreign laws generally governing insurance companies, as well as laws addressing products that are not regulated as insurance, such as VSCs and GAP waivers.

## Investments in Ally

Because Ally Bank is an insured depository institution and Ally and IB Finance are BHCs, direct or indirect control of us—whether through the ownership of voting securities, influence over management or policies, or other means—is subject to approvals, conditions, and other restrictions under federal and state laws. Refer to the section above titled *Bank Holding Company, Financial Holding Company, and Depository Institution Status* for additional information. These laws may differ in their purposes, definitions and presumptions of control, and restrictions, which for example is the case as between the BHC Act and the Change in Bank Control Act. Investors are responsible for ensuring that they do not, directly or indirectly, acquire control of us in contravention of these laws.

## Surplus of Insurance Subsidiaries and Subsidiary Regulatory Capital

At March 31, 2024, Ally did not have any subsidiaries whose regulatory capital was less than the minimum required regulatory capital amount.

At March 31, 2024, the aggregate capital surplus of insurance subsidiaries was \$1.1 billion.

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Ally Financial Inc.

## Capital Structure

The following table presents Ally Financial Inc.'s capital components under U.S. Basel III at March 31, 2024.

| (\$ in millions)                                                | March 31, 2024   |
|-----------------------------------------------------------------|------------------|
| <b>Common Equity Tier 1 capital</b>                             |                  |
| Common stock and related surplus                                | \$ 15,134        |
| Retained earnings                                               | 188              |
| CECL phase-in adjustment (a)                                    | 296              |
| Accumulated other comprehensive loss                            | (3,989)          |
| Adjustments and deductions made to Common Equity Tier 1 capital | 3,276            |
| <b>Total Common Equity Tier 1 capital</b>                       | <b>14,905</b>    |
| <b>Other Tier 1 capital</b>                                     |                  |
| Additional Tier 1 capital elements                              | 2,324            |
| Adjustments and deductions made to Tier 1 capital               | (58)             |
| <b>Total Tier 1 capital</b>                                     | <b>17,171</b>    |
| <b>Tier 2 capital</b>                                           |                  |
| Tier 2 capital elements                                         | 695              |
| Includable allowance for loan and lease losses                  | 1,994            |
| Adjustments and deductions made to Tier 2 capital               | (58)             |
| <b>Total Tier 2 capital</b>                                     | <b>2,631</b>     |
| <b>Total capital (b)</b>                                        | <b>\$ 19,802</b> |

- (a) On January 1, 2020, we adopted CECL. We elected 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 phased 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. Refer to Note 18 to the Condensed Consolidated Financial Statements in our Quarterly Report on Form 10-Q for the three months ended March 31, 2024, for further information.
- (b) For more information, refer to Schedule HC-R of our FR Y-9C for March 31, 2024.

Ally has issued a variety of capital instruments to meet its regulatory capital requirements and to maintain a strong capital base. The terms and conditions of Ally's significant capital instruments are described as follows.

## Common Stock

\$0.01 par value; shares authorized 1,100,000,000; issued 514,161,006; and outstanding 303,977,972.

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Ally Financial Inc.

## Preferred Stock

The following table summarizes information about our Series B and Series C preferred stock.

|                                         |    | March 31, 2024                  |
|-----------------------------------------|----|---------------------------------|
| <b>Series B preferred stock (a)</b>     |    |                                 |
| Issuance date                           |    | April 22, 2021                  |
| Carrying value (\$ in millions)         | \$ | 1,335                           |
| Par value (per share)                   | \$ | 0.01                            |
| Liquidation preference (per share)      | \$ | 1,000                           |
| Number of shares authorized             |    | 1,350,000                       |
| Number of shares issued and outstanding |    | 1,350,000                       |
| Dividend/coupon                         |    |                                 |
| Prior to May 15, 2026                   |    | 4.700%                          |
| On and after May 15, 2026               |    | Five Year Treasury<br>+ 3.868%  |
| <b>Series C preferred stock (a)</b>     |    |                                 |
| Issuance date                           |    | June 2, 2021                    |
| Carrying value (\$ in millions)         | \$ | 989                             |
| Par value (per share)                   | \$ | 0.01                            |
| Liquidation preference (per share)      | \$ | 1,000                           |
| Number of shares authorized             |    | 1,000,000                       |
| Number of shares issued and outstanding |    | 1,000,000                       |
| Dividend/coupon                         |    |                                 |
| Prior to May 15, 2028                   |    | 4.700%                          |
| On and after May 15, 2028               |    | Seven Year Treasury<br>+ 3.481% |

- (a) We may, at our option, redeem the Series B and Series C shares on any dividend payment date on or after May 15, 2026, or May 15, 2028, respectively, or at any time within 90 days following a regulatory event that precludes the instruments from being included in additional Tier 1 capital.

## Subordinated Debt

Qualifying subordinated debt included in Tier 2 capital was \$695 million at March 31, 2024. The qualifying subordinated debt represents subordinated debt issued by Ally with an original term to maturity of five years or greater. The subordinated debt had a carrying value of \$1.5 billion at March 31, 2024, coupon rates ranging from 5.75% to 6.70%, and maturity dates ranging from 2025 to 2033.

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Ally Financial Inc.

## Capital Adequacy

Ally has a capital-management framework that adheres to the FRB's capital plan rule for an effective capital adequacy process, as well as broader FRB risk management and capital management related supervisory guidance.

Capital adequacy assessment and management is conducted at both the enterprise and at Ally Bank and frameworks have been established at both levels. Governance and oversight for each level is provided by the respective Boards, committees, and management structures.

## Enterprise Risk Management Framework

The primary goals of Ally's ERM framework are to ensure that the outcomes of Ally's risk-taking activities are consistent with Ally's risk appetite and strategies, and that there is an appropriate balance between risk taking and reward, without jeopardizing targeted capital and liquidity levels.

Ally's risk-management framework is applied on an enterprise-wide basis and includes the following key components: Governance & Organization, Strategy & Risk Appetite, and Risk Management Processes, including Risk Identification and Measurement, Risk Mitigation and Control, and Risk Monitoring and Reporting.

The ERM framework also establishes guidance for maintaining a strong risk-management culture throughout Ally. Ally's risk culture is grounded in a top-down risk-governance structure, originating with the RC, and implemented through other Board and management committees down through business-line committees, councils, members of enterprise management teams, and business-line management teams. Equally important is the bottom-up and cross business identification, assessment, and management of risks to provide information and reporting to senior management to appropriately manage and control risk exposures within Ally's established risk appetite.

To effectively manage and monitor the risks of Ally, the ERM framework also defines multiple layers of defense that clarify the general roles and responsibilities of the business-line risk owners, independent risk-management function, and internal audit function. This "multiple layers of defense" approach directly supports the balance between risk and return to protect Ally's target capital and liquidity levels. Each layer has specific responsibilities with respect to the effectiveness of Ally's governance, risk management, and internal controls.

Risk appetite is also integral to ERM. It guides decisions on the types and amount of risk Ally is willing to accept in executing on its strategic priorities and business objectives. Ally uses a combination of risk appetite statements and measures to provide the basis for risk reporting to Ally management and the Boards. In order to assess capital adequacy, risk appetite includes processes to compare current and projected capital levels (from baseline forecasting and stress testing) to regulatory well-capitalized minimums as well as internal targets and minimums. In addition, the ERM framework highlights specific processes for appropriate governance, oversight, and accountability for risk appetite.

Ally's risk-appetite metrics are monitored by the ERM function, and reported to the ERM Committee and the RC. Detailed risk-appetite metrics are also reported throughout the organization to various management committees.

## Capital Planning Practices

The objectives of the capital-planning process are to maintain capital levels that are commensurate with Ally's risk profiles, maintain capital above the minimum regulatory capital ratios and internal minimums, and continue to serve as a source of strength for Ally's depository institution, Ally Bank. In addition, we will continue to maintain capital levels that enable us to meet our obligations to creditors and counterparties and remain a viable finance intermediary during stressful conditions.

The capital-adequacy process provides a comprehensive structure to manage capital adequacy across the entire organization. The process documents key processes related to assessing the adequacy of Ally's capital and planning for short-term and long-term capital needs. It also incorporates related efforts inclusive of stress testing, material risk identification, risk appetite, modeling, and corporate governance.

The capital-adequacy process is designed to be a central integration point for decision-making processes internal to the organization. Outputs from the capital-adequacy process are used to inform and improve risk appetite and related risk guardrails, as well as initiate capital discussions and potential capital decisions based on established triggers (such as internal capital targets, internal goals/minimums, and regulatory minimums).

## Enterprise-Wide Stress Testing & Capital Planning

Ally's enterprise-wide stress-testing process measures risks throughout the organization, reflecting a required or internally driven set of economic scenarios, and ultimately influences Ally's risk-management and capital-planning practices.

Ally conducts various stress tests each year including severe stresses of macroeconomic conditions and idiosyncratic stresses that are more specific to Ally. The results of each stress test are integrated into our capital adequacy assessment and decision-making.

Ally has established a centrally coordinated enterprise stress-testing process, with close engagement of senior management and the Boards throughout the process. Ally's STSA team is a dedicated team within the independent risk-management function that develops and facilitates stress tests based on an established set of methodologies and appropriately tailored assumptions across Ally and its subsidiaries. A

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centrally managed process helps ensure effective oversight and control, and is conducive to providing consistent output that can inform strategic decisions on an ongoing basis.

The STSA team coordinates the development of scenarios, analyzes and challenges results and supporting documentation, as well as prepares summary reporting materials for internal and external parties.

The following table presents Ally's RWAs by exposure type calculated under U.S. Basel III at March 31, 2024.

| (\$ in millions)                                                                    | March 31, 2024 |
|-------------------------------------------------------------------------------------|----------------|
| Exposures to government-sponsored enterprises                                       | \$ 4,114       |
| Exposures to depository institutions and foreign banks                              | 139            |
| Exposures to public-sector entities                                                 | 348            |
| Corporate exposures                                                                 | 31,830         |
| Retail exposures                                                                    | 84,331         |
| Residential mortgage exposures                                                      | 9,325          |
| High volatility commercial real estate loans                                        | 474            |
| Past-due loans                                                                      | 1,811          |
| Other assets (a)                                                                    | 16,468         |
| Securitization exposures                                                            | 2,260          |
| Equity exposures                                                                    | 3,429          |
| Other off-balance sheet items (b)                                                   | 4,990          |
| Over-the-counter derivatives                                                        | 15             |
| Risk-weighted assets before deduction for excess allowance of loan and lease losses | 159,534        |
| Excess allowance for loan and lease losses                                          | (1,186)        |
| Total standardized risk-weighted assets (c)                                         | \$ 158,348     |

(a) Includes investments in operating leases with an RWA amount of \$8.7 billion.

(b) Includes equity commitments with an RWA amount of \$170 million.

(c) For more information, refer to Schedule HC-R of our FR Y-9C for March 31, 2024.

The following table summarizes the capital ratios for Ally and its depository subsidiary, Ally Bank.

| March 31, 2024      | Common Equity<br>Tier 1<br>capital ratio | Tier 1<br>capital ratio | Total risk-based<br>capital ratio |
|---------------------|------------------------------------------|-------------------------|-----------------------------------|
| Ally Financial Inc. | 9.41 %                                   | 10.84 %                 | 12.51 %                           |
| Ally Bank           | 11.53                                    | 11.53                   | 12.80                             |

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## Capital Conservation Buffer

As part of U.S. Basel III, Ally must maintain a capital conservation buffer in order to not be subject to any limitation on distributions and discretionary bonus payments. The capital conservation buffer is composed solely of Common Equity Tier 1 capital and is equal to the lowest of the reported Common Equity Tier 1, Tier 1, or total capital ratios, minus the minimum capital requirement for each respective ratio.

While the capital conservation buffer requirement for Ally Bank is fixed at 2.5% of RWAs, the capital conservation buffer requirement for a Category IV firm, like Ally, is equal to its stress capital buffer requirement. The stress capital buffer requirement for Ally, in turn, is the greater of 2.5% and the result of the following calculation: (1) the difference between Ally's starting and minimum projected Common Equity Tier 1 capital ratios under the severely adverse scenario in the supervisory stress test, plus (2) the sum of the dollar amount of Ally's planned common stock dividends for each of the fourth through seventh quarters of its nine-quarter capital planning horizon, as a percentage of RWAs. As of March 31, 2024, the stress capital buffer requirement for Ally was 2.5%.

Failure to maintain more than the full amount of the capital conservation buffer requirement would result in restrictions on the ability of Ally to make capital distributions, including dividend payments and stock repurchases and redemptions, and to pay discretionary bonuses to executive officers.

At March 31, 2024, Ally's capital conservation buffer was 4.51%, which exceeded the requirement. Accordingly, Ally is not subject to any limitations on distributions and discretionary bonus payments on the basis of the capital conservation buffer, and it is also not subject to a maximum payout amount equal to eligible retained income multiplied by the applicable maximum payout ratio.

Eligible retained income is defined under U.S. Basel III as the greater of 1) net income for the four preceding calendar quarters, net of distributions and associated tax effects not already reflected in net income, and 2) average net income over the four preceding calendar quarters. At March 31, 2024, our net income for the four preceding calendar quarters was \$858 million, and distributions related to repurchases of and cash dividends on common stock and dividends on preferred stock were \$518 million, resulting in net income in excess of distributions of \$340 million. At March 31, 2024, our average net income over the four preceding calendar quarters was \$215 million. Based on these amounts, our eligible retained income at March 31, 2024, was \$340 million.

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## Credit Risk

For qualitative discussion surrounding our credit-risk-management policies, procedures, and practices, refer to the Risk Management section within MD&A in our Quarterly Report on Form 10-Q for the three months ended March 31, 2024, and our Annual Report on Form 10-K for the year ended December 31, 2023.

For a description of our accounting policies for (i) determining past due or delinquency status, (ii) placing loans on nonaccrual status, (iii) returning loans to accrual status, (iv) estimating our allowance for loan and lease losses, and (v) charging-off uncollectible amounts, refer to the section titled *Significant Accounting Policies* within Note 1 to the Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2023.

The following tables present information about our significant asset classes exposed to credit risk, with total balances delineated by counterparty type, domicile, and remaining contractual maturity. The information presented below excludes the unused portion of commitments that are unconditionally cancelable by us. As of March 31, 2024, we had \$17.9 billion of unfunded commitments related to unconditionally cancelable arrangements.

| March 31, 2024 (\$ in millions)                               | Counterparty type |               |                   |            |            | Domicile      |          |            | Quarterly average |  |
|---------------------------------------------------------------|-------------------|---------------|-------------------|------------|------------|---------------|----------|------------|-------------------|--|
|                                                               | Banks             | Public sector | Corporate & other | Retail     | Total      | United States | Non-U.S. | Total      |                   |  |
| Exposure                                                      |                   |               |                   |            |            |               |          |            |                   |  |
| Debt securities (a)                                           | \$ 483            | \$ 5,407      | \$ 22,449         | \$ —       | \$ 28,339  | \$ 28,221     | \$ 118   | \$ 28,339  | \$ 28,475         |  |
| Finance receivables and loans, net of unearned income (b) (c) | —                 | 1             | 34,476            | 104,001    | 138,478    | 138,406       | 72       | 138,478    | 139,053           |  |
| Operating leases                                              | —                 | —             | —                 | 8,731      | 8,731      | 8,731         | —        | 8,731      | 8,955             |  |
| Over-the-counter derivative contracts (at fair value)         | 8                 | —             | 3                 | —          | 11         | 11            | —        | 11         | 22                |  |
| Unfunded commitments                                          | —                 | —             | 13,937            | 145        | 14,082     | 14,069        | 13       | 14,082     | 12,733            |  |
| Total credit risk exposures                                   | \$ 491            | \$ 5,408      | \$ 70,865         | \$ 112,877 | \$ 189,641 | \$ 189,438    | \$ 203   | \$ 189,641 | \$ 189,238        |  |

- (a) Includes available-for-sale securities presented at fair value of \$23.7 billion and held-to-maturity securities presented at amortized cost of \$4.7 billion.  
(b) Refer to the Risk Management section within MD&A in our Quarterly Report on Form 10-Q for the three months ended March 31, 2024, for state concentration risk of our consumer and commercial loan portfolios.  
(c) Excludes a liability of \$160 million related to basis adjustments for loans in closed portfolios with active fair value hedges under the portfolio layer method. Refer to Note 19 to the Condensed Consolidated Financial Statements in our Quarterly Report on Form 10-Q for the three months ended March 31, 2024, for additional information.

| March 31, 2024 (\$ in millions)                               | One year or less | After one year through five years | After five years | Total      |
|---------------------------------------------------------------|------------------|-----------------------------------|------------------|------------|
| Exposure                                                      |                  |                                   |                  |            |
| Debt securities (a)                                           | \$ 468           | \$ 2,701                          | \$ 25,170        | \$ 28,339  |
| Finance receivables and loans, net of unearned income (b) (c) | 22,091           | 58,140                            | 58,247           | 138,478    |
| Operating leases                                              | 2,537            | 6,194                             | —                | 8,731      |
| Over-the-counter derivative contracts (at fair value)         | 3                | 8                                 | —                | 11         |
| Unfunded commitments                                          | 3,887            | 9,593                             | 602              | 14,082     |
| Total credit risk exposures                                   | \$ 28,986        | \$ 76,636                         | \$ 84,019        | \$ 189,641 |

- (a) Includes available-for-sale securities presented at fair value of \$23.7 billion and held-to-maturity securities presented at amortized cost of \$4.7 billion.  
(b) Credit card receivables that have no stated maturity are classified as one year or less.  
(c) Excludes a liability of \$160 million related to basis adjustments for loans in closed portfolios with active fair value hedges under the portfolio layer method. Refer to Note 19 to the Condensed Consolidated Financial Statements in our Quarterly Report on Form 10-Q for the three months ended March 31, 2024, for additional information.

The following table presents the amortized cost of loans in our held-for-investment portfolio that are 90 days or more past due.

| March 31, 2024 (\$ in millions)                 | Consumer automotive (a) | Consumer mortgage | Consumer other | Commercial  | Total         |
|-------------------------------------------------|-------------------------|-------------------|----------------|-------------|---------------|
| Loans 90 days or more past due — nonaccrual     | \$ 406                  | \$ 35             | \$ 91          | \$ —        | \$ 532        |
| Loans 90 days or more past due — still accruing | —                       | —                 | —              | —           | —             |
| <b>Total loans 90 days or more past due</b>     | <b>\$ 406</b>           | <b>\$ 35</b>      | <b>\$ 91</b>   | <b>\$ —</b> | <b>\$ 532</b> |

- (a) Excludes basis adjustments for loans in closed portfolios with active hedges under the portfolio layer method at March 31, 2024. Refer to Note 19 to the Condensed Consolidated Financial Statements in our Quarterly Report on Form 10-Q for the three months ended March 31, 2024, for additional information.

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The following table presents an analysis of the activity in our allowance for loan losses. The amounts in the table below do not include our reserve for unfunded commitments, which was \$6 million as of March 31, 2024. For additional information about our allowance for loan losses and reserve for unfunded commitments, refer to Note 1 to the Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2023.

| <i>(\$ in millions)</i>                         | <b>Consumer<br/>automotive</b> | <b>Consumer<br/>mortgage</b> | <b>Consumer<br/>other</b> | <b>Commercial</b> | <b>Total</b> |
|-------------------------------------------------|--------------------------------|------------------------------|---------------------------|-------------------|--------------|
| Allowance at January 1, 2024                    | \$ 3,083                       | \$ 21                        | \$ 293                    | \$ 190            | \$ 3,587     |
| Charge-offs                                     | (688)                          | (1)                          | (68)                      | (1)               | (758)        |
| Recoveries                                      | 211                            | 1                            | 6                         | 1                 | 219          |
| Net charge-offs                                 | (477)                          | —                            | (62)                      | —                 | (539)        |
| Write-downs from transfers to held-for-sale (a) | (5)                            | —                            | —                         | —                 | (5)          |
| Provision for credit losses                     | 449                            | —                            | 60                        | (2)               | 507          |
| Allowance at March 31, 2024                     | \$ 3,050                       | \$ 21                        | \$ 291                    | \$ 188            | \$ 3,550     |
| Finance receivables and loans at amortized cost |                                |                              |                           |                   |              |
| Ending balance                                  | \$ 83,406                      | \$ 18,441                    | \$ 1,962                  | \$ 34,151         | \$ 137,960   |

- (a) Consumer automotive includes a \$5 million reduction of allowance from the completion of a retail securitization transaction during the three months ended March 31, 2024, resulting in the deconsolidation of the assets and liabilities from our Condensed Consolidated Balance Sheet. Refer to Note 10 to the Condensed Consolidated Financial Statements in our Quarterly Report on Form 10-Q for the three months ended March 31, 2024, for further information.

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## Counterparty Credit Risk

Counterparty credit risk is the risk that a counterparty to a financial transaction may be unable or unwilling to fulfill its contractual obligation, which could potentially lead to financial losses for Ally. Counterparty credit risk at Ally arises primarily from conventional treasury activities including derivatives and securities financing transactions.

Credit risk associated with derivative financial instruments is measured as the net replacement cost should the counterparties that owe us under the contract completely fail to perform under the terms of those contracts, with adjustments to reflect the exchange of collateral for margined transactions.

### Risk Reduction

We manage our risk to financial counterparties through internal credit analysis, limits, and monitoring. Additionally, derivatives and repurchase agreements are entered into with approved counterparties using industry standard agreements.

We execute certain OTC derivatives, such as interest rate caps and floors, using bilateral agreements with financial counterparties. Bilateral agreements generally require both parties to post collateral in the event the fair values of the derivative financial instruments meet posting thresholds established under the agreements. If either party defaults on the obligation, the secured party may seize the collateral. Payments related to the exchange of collateral for OTC derivatives are recognized as collateral.

We also execute certain derivatives, such as interest rate swaps, with clearinghouses, which require us to post and receive collateral. For these clearinghouse derivatives, these payments are recognized as settlements rather than collateral.

Certain derivative instruments contain provisions that require us to either post additional collateral or immediately settle any outstanding liability balances upon the occurrence of a specified credit-risk-related event. No such specified credit-risk-related events occurred during the first quarter of 2024.

### Counterparty Exposures

We placed cash and noncash collateral with counterparties totaling \$1 million and \$569 million, respectively, supporting our derivative positions at March 31, 2024. Noncash collateral includes amounts placed at clearinghouses. We received cash collateral from counterparties totaling \$11 million at March 31, 2024, in support of derivative positions.

Derivative instruments are presented on our balance sheet on a gross basis using fair value. We also present the fair value and notional amounts based on whether the instruments qualify for and are designated as accounting hedges, and further disaggregate derivatives by type of contract within those two categories. Refer to Note 19 to the Condensed Consolidated Financial Statements in our Quarterly Report on Form 10-Q for the three months ended March 31, 2024. At March 31, 2024, this included total derivatives of \$12 million in an asset position, \$11 million in a liability position, and of a \$40.1 billion notional amount. These derivative asset and liability positions included \$2 million and \$10 million, respectively, of derivatives with no offsetting arrangements. For derivatives with offsetting arrangements, at March 31, 2024, there was \$1 million of both net derivative assets and net derivative liabilities after consideration of financial instruments and collateral received or pledged. For additional information about offsetting assets and liabilities, refer to Note 22 to the Condensed Consolidated Financial Statements in our Quarterly Report on Form 10-Q for the three months ended March 31, 2024.

Ally's credit derivatives at March 31, 2024, consisted of various retail automotive-loan purchase agreements with certain counterparties. As part of those agreements, we may be required to pay the counterparty at agreed upon measurement dates and determinable amounts if actual credit performance of the acquired loans on the measurement date is better than what was estimated at the time of acquisition. These credit derivatives had a gross negative fair value of \$10 million at March 31, 2024, and due to their nature, do not have a notional amount or carry potential future exposure to counterparty credit risk for Ally. The maximum potential amount of undiscounted future payments that could be required under these credit derivatives was \$24 million as of March 31, 2024.

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## Credit Risk Mitigation

Credit risk is defined as the risk of loss arising from an obligor not meeting its contractual obligations to us. Credit risk includes consumer credit risk, commercial credit risk, and counterparty credit risk. Credit risk is a major source of potential economic loss to us. Credit risk is monitored by the executive leadership team and our associates, and is regularly reported to and reviewed with the RC. Management oversees credit decisioning, account servicing activities, and credit-risk-management processes, and manages credit risk exposures within our risk appetite. In addition, our Loan Review Group provides an independent assessment of the quality of our credit portfolios and credit-risk-management practices and reports its findings to the RC on a regular basis.

To mitigate risk, we have implemented specific policies and practices across business lines, utilizing both qualitative and quantitative analyses. This reflects our commitment to maintaining an independent and ongoing assessment of credit risk and credit quality. Our policies require an objective and timely assessment of the overall quality of the consumer and commercial loan and operating lease portfolios. This includes the identification of relevant trends that affect the collectability of the portfolios, microsegments of the portfolios that are potential problem areas, loans and operating leases with potential credit weaknesses, and the assessment of the adequacy of internal credit risk policies and procedures. Our consumer and commercial loan and operating lease portfolios are subject to periodic stress tests, which include economic scenarios whose severity mirrors those developed and distributed by the FRB to assess how the portfolios may perform in a severe economic downturn. In addition, we establish and maintain underwriting policies and limits across our portfolios and higher risk segments (for example, nonprime) based on our risk appetite.

Another important aspect to managing credit risk involves the need to carefully monitor and manage the performance and pricing of our loan products with the aim of generating appropriate risk-adjusted returns. When considering pricing, various granular risk-based factors are considered such as expected loss rates, loss volatility, anticipated operating costs, and targeted returns on equity. We carefully monitor credit losses and trends in credit losses relative to expected credit losses at contract inception. We closely monitor our loan performance and profitability in light of forecasted economic conditions and manage credit risk and expectations of losses in the portfolio.

We manage credit risk based on the risk profile of the borrower, the source of repayment, the underlying collateral, and current market and economic conditions. We monitor the credit risk profile of individual borrowers, various segmentations (for example, geographic region, product type, industry segment), as well as the aggregate portfolio. We perform quarterly analyses of the consumer automotive, consumer mortgage, consumer other, and commercial portfolios to assess the adequacy of the allowance for loan losses based on historical, current, and anticipated trends. Refer to Note 8 to the Condensed Consolidated Financial Statements in our Quarterly Report on Form 10-Q for the three months ended March 31, 2024, for additional information.

Additionally, we utilize numerous collection strategies to mitigate loss and provide ongoing support to customers in financial distress. We have enhanced our collection strategies to include customized messaging, digital communication, and proactive monitoring of vendor performance. We may offer several types of assistance to aid our customers based on their willingness and ability to repay their loan. As part of certain programs, we offer loan modifications to qualified borrowers, including payment extensions, interest rate concessions, and principal forgiveness.

Furthermore, we manage our credit exposure to financial counterparties based on the risk profile of the counterparty. Within our policies we have established standards and requirements for managing counterparty risk exposures in a safe and sound manner. Counterparty credit risk is derived from multiple exposure types including derivatives, securities trading, securities financing transactions, lending arrangements, and certain cash balances. For more information on derivative counterparty credit risk, refer to Note 19 to the Condensed Consolidated Financial Statements in our Quarterly Report on Form 10-Q for the three months ended March 31, 2024.

We hold various sovereign debt securities for which the related eligible guarantees by the issuers are recognized for the purposes of reducing capital requirements. At March 31, 2024, we also had \$5 million of consumer automotive loans held for sale for which we recognized an irrevocable standby letter of credit as an eligible guarantee, resulting in an RWA amount of \$1 million after the application of this credit risk mitigant. At March 31, 2024, none of our credit risk exposures were covered by credit derivatives to reduce capital requirements, and an insignificant amount of our credit exposures related to letters of credit we issued were covered by eligible financial collateral.

## Loan and Lease Exposure

The risks inherent in our loan and operating lease exposures are largely driven by changes in the overall economy (including GDP trends and inflationary pressures), used vehicle and housing prices, unemployment levels, real personal income, household savings, and their impact on our borrowers. The potential financial statement impact of these exposures varies depending on the accounting classification and future expected disposition strategy. We retain most of our consumer automotive and credit card loans as they complement our core business model, but we do sell loans from time to time on an opportunistic basis. We ultimately manage the associated risks based on the underlying economics of the exposure. Our operating lease residual risk may be more volatile than credit risk in stressed macroeconomic scenarios. While all operating leases are exposed to potential reductions in used vehicle values, only those where we take possession of the vehicle are affected by potential reductions in used vehicle values.

For detailed information on the significant asset classes affected by our loan and lease exposure, refer to the Risk Management section within MD&A in our Quarterly Report on Form 10-Q for the three months ended March 31, 2024.

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## Securitization

U.S. Basel III defines a traditional securitization exposure as follows:

- All or a portion of the credit risk of one or more underlying exposures is transferred to one or more third parties other than through the use of credit derivatives or guarantees;
- The credit risk associated with the underlying exposures has been separated into at least two tranches reflecting different levels of seniority;
- Performance of the securitization exposures depends upon the performance of the underlying exposures;
- All or substantially all of the underlying exposures are financial exposures;
- The underlying exposures are not owned by an operating company; and
- The underlying exposures are not owned by a small business investment company or related to a community development investment.

Synthetic securitization exposures are those that meet the above criteria but through the use of one or more credit derivatives or guarantees. Resecuritization is a securitization with more than one underlying exposures in which one or more of the underlying exposures is a securitization exposure.

Ally is both an originator and investor in the securitization market. We securitize, transfer, and service consumer and commercial automotive loans, and notes secured by operating leases (collectively referred to as financial assets) through the use of SPEs that are often VIEs and may or may not be consolidated on our balance sheet. As an originator, the majority of the securitizations that are consolidated on our balance sheet are risk weighted according to the underlying assets. Securitization activities act as a source of liquidity and cost-efficient funding while also reducing our credit exposure beyond any economic interest we may retain.

For all VIEs in which we are involved, we assess whether we are the primary beneficiary of the VIE on an ongoing basis. In circumstances where we have both the power to direct the activities that most significantly impact the VIEs' performance and the obligation to absorb losses or the right to receive the benefits of the VIE that could be significant, we would conclude that we are the primary beneficiary of the VIE and would consolidate the VIE (also referred to as on-balance sheet). In situations where we are not deemed to be the primary beneficiary of the VIE, we do not consolidate the VIE and only recognize our interests in the VIE (also referred to as off-balance sheet).

In the case of a consolidated on-balance-sheet VIE used for a securitization, the underlying assets remain on our balance sheet with the corresponding obligations to third-party beneficial interest holders reflected as debt. We recognize income on the assets and interest expense on the debt issued by the VIE on an accrual basis. We reserve for expected losses on the assets primarily under CECL. Consolidation of the VIE precludes us from recording an accounting sale on the transaction.

In securitizations where we are not determined to be the primary beneficiary of the VIE, we must determine whether we achieve a sale for accounting purposes. To achieve a sale for accounting purposes, the financial assets being transferred must be legally isolated, not be constrained by restrictions from further transfer, and be deemed to be beyond our control. We would deem the transaction to be an off-balance-sheet securitization if the preceding three criteria for sale accounting are met. If we were to fail any of these three criteria for sale accounting, the transfer would be accounted for as a secured borrowing, consistent with the preceding paragraph regarding on-balance sheet VIEs.

The gain or loss recognized on off-balance-sheet securitizations take into consideration any assets received or liabilities assumed, including any retained interests, and servicing assets or liabilities (if applicable), which are initially recorded at fair value at the date of sale. Upon the sale of the financial assets, we recognize a gain or loss on sale for the difference between the assets and liabilities recognized, and the assets derecognized. The financial assets obtained from off-balance-sheet securitizations are primarily reported as cash or if applicable, retained interests. Retained interests are classified as securities or as other assets depending on their form and structure. The estimate of the fair value of the retained interests and servicing requires us to exercise significant judgment about the timing and amount of future cash flows from the interests. For a discussion on fair value estimates, refer to Note 21 to the Condensed Consolidated Financial Statements in our Quarterly Report on Form 10-Q for the three months ended March 31, 2024.

Gains or losses on off-balance-sheet securitizations are reported in gain on mortgage and automotive loans, net, in our income statement.

We retain the right to service our consumer and commercial automotive loan securitizations. We may receive servicing fees for off-balance-sheet securitizations based on the securitized asset balances and certain ancillary fees, all of which are reported in other income, net of losses in our income statement. Typically, the fee we are paid for servicing represents adequate compensation, and consequently, does not result in the recognition of a servicing asset or liability.

We generally hold certain conditional repurchase options specific to securitizations that allow us to repurchase assets from the securitization entity. The majority of the securitizations provide us, as servicer, with a call option that allows us to repurchase the remaining transferred financial assets or redeem outstanding beneficial interests at our discretion once the asset pool reaches a predefined level, which represents the point where servicing becomes administratively burdensome (a clean-up call option). The repurchase price is typically the

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discounted securitization balance of the assets plus accrued interest when applicable. We generally have discretion regarding when or if we will exercise these options, but we would do so only when it is in our best interest.

Other than our customary representation and warranty provisions, these securitizations are nonrecourse to us, thereby transferring the risk of future credit losses to the extent the beneficial interests in the SPE are held by third parties. Representation and warranty provisions generally require us to repurchase assets or indemnify the investor or other party for incurred losses to the extent it is determined that the assets were ineligible or were otherwise defective at the time of sale. We did not provide any non-contractual financial support to any of these entities during the first quarter of 2024.

Assets intended to be securitized off-balance sheet are accounted for as loans held-for-sale and are valued using internally developed valuation models when observable market prices are not available, which is often the case. The models utilize prepayment, default, and discount rate assumptions to price the loans on a discounted cash flow basis.

## Risk Management

Our securitization activity exposes us primarily to the credit risk and performance of the underlying assets. For qualitative discussion surrounding our credit-risk-management policies, procedures, and practices, refer to the Risk Management section within MD&A in our Quarterly Report on Form 10-Q for the three months ended March 31, 2024. To mitigate the retained risk in securitization activities, Ally utilizes credit enhancements including cash reserves, overcollateralization, and subordinate notes.

## Securitization Exposures

The following table represents Ally's off-balance sheet securitization exposures, including delinquencies and net credit losses.

| <b>At and for the three months ended March 31, 2024 (\$ in millions)</b> | <b>Total amount</b> | <b>Amount 60 days or more past due</b> | <b>Net credit losses</b> |
|--------------------------------------------------------------------------|---------------------|----------------------------------------|--------------------------|
| Consumer automotive                                                      | \$ 2,444            | \$ 13                                  | \$ 4                     |
| Total securitization exposures                                           | \$ 2,444            | \$ 13                                  | \$ 4                     |

Ally did not have any synthetic securitization exposures at March 31, 2024.

## Securitization Activity

During the three months ended March 31, 2024, we completed an off-balance sheet securitization backed by \$1.1 billion of retail automotive loans. We received cash proceeds of \$1.1 billion related to this sale. In connection with this transaction, we reduced our allowance for loan losses by approximately \$15 million through provision for credit losses, and recognized no additional gain or loss on the sale.

## Purchased Investment Securities

As an investor, Ally has purchased investment securities that meet the regulatory definition of a securitization. These securities are accounted for as either available for sale or held to maturity, and measured at fair value or amortized cost less allowance for credit losses, respectively, on our balance sheet. The fair value of available-for-sale securities is based on observable market prices, when available. We classify our securities as Level 1 when fair value is determined using quoted prices available for the same instruments trading in active markets. We classify our securities as Level 2 when fair value is determined using prices for similar instruments trading in active markets. We perform pricing validation procedures for our available-for-sale securities.

## Other Securitization Exposures

As of March 31, 2024, our securitization exposures included commercial loans and unfunded lending commitments made to SPEs and secured by underlying financial exposures. These arrangements are designed to meet the needs of our clients for long-term financing of assets or working capital, and qualify for us as traditional securitizations for regulatory capital purposes.

## Regulatory Capital Approach

We utilize the SSFA to determine the risk weight of certain securitization exposures. The SSFA method considers our seniority in the securitization structure and risk factors inherent in the underlying assets.

The following table represents Ally's securitizations that were risk weighted using the SSFA by underlying exposure type as of March 31, 2024.

| <b>March 31, 2024 (\$ in millions)</b> | <b>Exposure amount</b> |
|----------------------------------------|------------------------|
| Mortgage-backed residential securities | \$ 4,685               |
| Asset-backed securities                | 443                    |
| Other securitization exposures         | 5,027                  |
| Total                                  | \$ 10,155              |

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The following table represents Ally's securitizations that were risk weighted using the SSFA by risk-weight band as of March 31, 2024.

| <b>March 31, 2024</b> (\$ in millions) | <b>Exposure<br/>amount</b> | <b>SSFA risk-<br/>weighted assets</b> |
|----------------------------------------|----------------------------|---------------------------------------|
| <b>Risk-weight category</b>            |                            |                                       |
| 20% – <50% risk weighting (a)          | \$ 10,109                  | \$ 2,023                              |
| 50% – <100% risk weighting             | 24                         | 14                                    |
| 250% – 1250% risk weighting            | 22                         | 223                                   |
| <b>Total</b>                           | <b>\$ 10,155</b>           | <b>\$ 2,260</b>                       |

(a) Exposures with a risk weight equal to 20% were \$10.1 billion.

At March 31, 2024, Ally did not have any resecuritization exposures.

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## Equities Not Subject to the Market-Risk Rule

Equity securities that have a readily determinable fair value are recorded at fair value with changes in fair value recorded in earnings and reported in other gain on investments, net in our income statement. These investments are included in equity securities on our balance sheet. In some instances, we may account for equity securities using the net asset value practical expedient to estimate fair value. Realized gains and losses on the sale of equity securities with a readily determinable fair value and equity securities measured using the net asset value practical expedient are determined using the specific identification method and are reported in other gain on investments, net in our income statement. Details of our policy for the valuation of investment securities can be found in Note 1 to the Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2023.

Our nonmarketable equity investments include investments in FHLB and FRB stock held to meet regulatory requirements and other equity investments that do not have a readily determinable fair value. Our investments in FHLB and FRB stock are carried at cost, less impairment, if any. Our remaining nonmarketable equity investments are recorded at cost, less impairment and adjusted for observable price changes under the measurement alternative provided under U.S. GAAP. These investments, along with our investments in FHLB and FRB stock, are included in nonmarketable equity investments in other assets on our balance sheet. Investments recorded under the measurement alternative are also reviewed at each reporting period to determine if any adjustments are required for observable price changes in identical or similar securities of the same issuer. As conditions warrant, we review these investments, as well as investments in FHLB and FRB stock, for impairment and adjust the carrying value of the investment if it is deemed to be impaired. Adjustments related to observable price changes or impairment on securities using the measurement alternative and FHLB and FRB stock are recorded in earnings and reported in other income, net of losses, in our income statement. Realized gains and losses on the sale of nonmarketable equity investments are also recorded in earnings and reported in other income, net of losses, in our income statement.

Our equity-method investments primarily include equity investments related to the CRA, which do not have a readily determinable fair value. The majority of these investments are accounted for using the equity method of accounting and are included in equity-method investments within other assets on our balance sheet.

Our proportional amortization investments include tax equity investments related to the CRA, for which the primary return to us is the tax credits and other tax benefits we receive. We have elected to apply the proportional amortization method to qualifying tax equity investments within our LIHTC, NMTC, and HTC programs. Under the proportional amortization method, the costs of qualifying tax equity investments are amortized in proportion to the allocation of tax credits and other tax benefits in each period to the total tax benefits expected to be obtained over the life of the investment, and the investment amortization, tax credits, and other tax benefits received are presented on a net basis as a component of income tax expense in our income statement. Proportional amortization investments are included within other assets on our balance sheet. Refer to Note 1 to the Condensed Consolidated Financial Statements in our Quarterly Report on Form 10-Q for the three months ended March 31, 2024, for additional information.

Under U.S. Basel III, a banking organization may apply a 100% risk weight to equity exposures deemed non-significant. Equity exposures are considered non-significant when the total aggregate adjusted carrying value of the equity exposures do not exceed 10 percent of total capital. Ally's equity exposures do not exceed 10 percent of total capital and are considered non-significant.

The table below presents the carrying value, fair value, and RWAs by risk-weight category for equity investments on our balance sheet.

| <b>March 31, 2024 (\$ in millions)</b> | <b>Risk-weight category</b> | <b>Carrying value (a)</b> | <b>Risk-weighted assets</b> |
|----------------------------------------|-----------------------------|---------------------------|-----------------------------|
| Equity exposures                       |                             |                           |                             |
| FRB stock                              | — %                         | \$ 411                    | \$ —                        |
| FHLB stock                             | 20 %                        | 230                       | 46                          |
| Community development equity exposures | 100 %                       | 2,250                     | 2,250                       |
| Non-significant equity exposures (b)   | 100 %                       | 1,133                     | 1,133                       |
| <b>Total</b>                           |                             | <b>\$ 4,024</b>           | <b>\$ 3,429</b>             |

(a) Amounts represent the fair value of equity securities with readily determinable fair values, as well as investments recorded in other assets accounted for under the equity method, the proportional amortization method, or at cost less impairment and adjusted for observable price changes under the measurement alternative provided under U.S. GAAP.

(b) Includes publicly traded equity securities with a cost basis of \$870 million.

Total net unrealized losses on equity securities recognized on our balance sheet were \$123 million at March 31, 2024. Total net realized gains arising from sales and liquidations of equity securities were \$17 million for the three months ended March 31, 2024.

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## Interest Rate Risk for Non-Trading Activities

We are exposed to interest rate risk arising from changes in interest rates related to financing, investing, and cash management activities. Interest rate risk arises from the mismatch between assets and the related liabilities used for funding. We enter into various financial instruments, including derivatives, to maintain the desired level of exposure to the risk of interest rate and other fluctuations.

Interest rate risk represents one of our most significant exposures to market risk. We actively monitor the level of exposure to movements in interest rates and take actions to mitigate adverse impacts these movements may have on future earnings. We use a sensitivity analysis of net financing revenue as our primary metric to measure and manage the interest rate risk of our financial instruments.

The execution of our current business strategy generally results in shorter-duration, fixed-rate consumer automotive loans comprising the majority of our assets and liquid, floating-rate retail deposits comprising the majority of our liabilities. This, in turn, results in a structurally liability sensitive balance sheet as our floating-rate retail deposits reprice faster than our fixed-rate consumer automotive loans when interest rates change. We prepare forward-looking baseline forecasts of pretax net financing revenue as well as anticipated future business growth, actions to alter our asset/liability positioning, and interest rates based on the implied forward curve. The analysis is highly dependent upon a variety of assumptions, one of the most significant being the repricing characteristics of retail deposits with both contractual and non-contractual maturities. We monitor industry and competitive repricing activity along with other business and market factors when developing deposit pricing assumptions.

Modeled simulations are then used to assess changes in pretax net financing revenue in multiple interest rate scenarios relative to the baseline forecast. The changes in net financing revenue relative to the baseline are defined as the sensitivity. Our simulations incorporate contractual cash flows and assumed repricing characteristics for assets, liabilities, and off-balance sheet exposures and incorporate the assumed effects of changing interest rates on the prepayment and attrition rates of certain assets and liabilities. Our simulations do not assume any specific future actions are taken to mitigate the impacts of changing interest rates.

These simulations measure the potential changes in our pretax net financing revenue over the following 12 months. We test a number of alternative rate scenarios, including immediate and gradual parallel shocks to the implied forward curve. We also evaluate nonparallel shocks to interest rates and stresses to certain term points on the yield curve in isolation to capture and monitor a variety of risks.

Simulation results are driven by underlying models and assumptions that are based on trend behavior and other historical information. The underlying models and assumptions, including retail deposit pricing, are regularly monitored and evaluated, and may be updated accordingly as observed trends materialize. As a result, if future trends or behaviors deviate from those reflected in the models, actual sensitivities may vary—perhaps significantly—from those that are modeled. For example, the pace and magnitude of changes in the federal-funds rate during the last two years has challenged models like ours whose historical data is largely derived from a more stable rate environment. During the first quarter of 2024, we updated our liquid deposit repricing assumptions, increasing our liability sensitivity to instantaneous rate increases. Actual sensitivities may differ for other reasons as well, including unplanned changes in balance sheet composition, timing of asset and liability repricing, the yield curve, customer behavior, macroeconomic conditions, the competitive environment, and management strategies. Accordingly, we do not treat the sensitivities as forecasts of net financing revenue but instead use them as a tool in managing interest rate risk.

In a stable rate scenario that assumes spot rates as of March 31, 2024, remain constant through the simulation, net financing revenue over the next 12 months is expected to decrease by \$22 million versus the baseline forecast, due to the shape of the implied forward curve.

The following table presents the pretax dollar impact to baseline forecasted net financing revenue over the next 12 months assuming various parallel shocks to the implied forward curve.

| (\$ in millions)         | March 31, 2024 |               |
|--------------------------|----------------|---------------|
|                          | Gradual (a)    | Instantaneous |
| Change in interest rates |                |               |
| +200 basis points        | \$ 147         | \$ 9          |
| +100 basis points        | 71             | 5             |
| -100 basis points        | (87)           | (56)          |

(a) Gradual changes in interest rates are recognized over 12 months.

In 2024, the implied forward curve has increased and remained higher for a longer period. During the first quarter of 2024, fixed-rate asset balances decreased primarily due to closing the sale of Ally Lending and our cash balances increased. Refer to Note 2 to the Condensed Consolidated Financial Statements in our Quarterly Report on Form 10-Q for the three months ended March 31, 2024, for additional information about our sale of Ally Lending. Additionally, we saw a shift from CDs to liquid deposits. The impact of these changes is reflected in our baseline net financing revenue forecast. As of March 31, 2024, we view the balance sheet as being modestly asset-sensitive in the near-term to changes in interest rates, as we expect the assumed repricing of our assets and pay-fixed swaps to modestly outpace the assumed repricing of our liabilities. Within the 12-month horizon, we expect the balance sheet to revert to liability sensitive.

Our interest-rate risk position is influenced by the impact of hedging activity, which primarily consists of interest rate swaps designated as fair value hedges of certain fixed-rate assets and fixed-rate debt instruments. Additionally, we use interest rate floor contracts designated as

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cash flow hedges on certain floating-rate assets. The size, maturity, and mix of our hedging activities are adjusted as our balance sheet, asset liability management objectives, and the interest rate environment evolve over time. Our hedging strategies, however, are not designed to eliminate all interest-rate risk, and we were adversely affected from high interest rates in 2023 and 2024.

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