

COMERICA INC /NEW/
Form 10-Q
October 31, 2008
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2008

or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number 1-10706

Comerica Incorporated

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(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
Incorporation or organization)

38-1998421
(I.R.S. Employer
Identification No.)

Comerica Bank Tower

1717 Main Street, MC 6404

Dallas, Texas

75201

(Address of principal executive offices)

(Zip Code)

(214) 462-6831

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "accelerated filer," "large accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

\$5 par value common stock:

Comerica Incorporated

Outstanding as of October 27, 2008: 150,485,890 shares

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COMERICA INCORPORATED AND SUBSIDIARIES

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Forward-Looking Statements

This report includes forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. In addition, the Corporation may make other written and oral communication from time to time that contain such statements. All statements regarding the Corporation's expected financial position, strategies and growth prospects and general economic conditions expected to exist in the future are forward-looking statements. The words, anticipates, believes, feels, expects, estimates, seeks, strives, plans, intends, outlook, forecast, possible, assume, achievable, potential, strategy, goal, aspiration, outcome, continue, remain, maintain, trend, objective, and various similar expressions, or future or conditional verbs such as will, would, should, could, might, can, may or similar expressions, as they relate to the Corporation or its management, are intended to identify forward-looking statements.

The Corporation cautions that forward-looking statements are subject to numerous assumptions, risks and uncertainties, which change over time. Forward-looking statements speak only as of the date the statement is made, and the Corporation does not undertake to update forward-looking statements to reflect facts, circumstances, assumptions or events that occur after the date the forward-looking statements are made. Actual results could differ materially from those anticipated in forward-looking statements and future results could differ materially from historical performance.

Table of Contents**Part I. FINANCIAL INFORMATION****Item 1. Financial Statements****CONSOLIDATED BALANCE SHEETS***Comerica Incorporated and Subsidiaries*

(in millions, except share data)

	September 30, 2008 (unaudited)	December 31, 2007	September 30, 2007 (unaudited)
ASSETS			
Cash and due from banks	\$ 1,404	\$ 1,440	\$ 1,271
Federal funds sold and securities purchased under agreements to resell	3	36	129
Other short-term investments	247	373	293
Investment securities available-for-sale	8,158	6,296	4,942
Commercial loans	28,604	28,223	27,392
Real estate construction loans	4,565	4,816	4,759
Commercial mortgage loans	10,588	10,048	9,994
Residential mortgage loans	1,863	1,915	1,892
Consumer loans	2,644	2,464	2,397
Lease financing	1,360	1,351	1,319
International loans	1,931	1,926	1,843
Total loans	51,555	50,743	49,596
Less allowance for loan losses	(712)	(557)	(512)
Net loans	50,843	50,186	49,084
Premises and equipment	668	650	635
Customers liability on acceptances outstanding	21	48	39
Accrued income and other assets	3,809	3,302	3,629
Total assets	\$ 65,153	\$ 62,331	\$ 60,022
LIABILITIES AND SHAREHOLDERS EQUITY			
Noninterest-bearing deposits	\$ 12,094	\$ 11,920	\$ 11,290
Money market and NOW deposits	13,553	15,261	14,814
Savings deposits	1,279	1,325	1,402
Customer certificates of deposit	8,147	8,357	8,010
Institutional certificates of deposit	3,670	6,147	5,049
Foreign office time deposits	802	1,268	1,355
Total interest-bearing deposits	27,451	32,358	30,630
Total deposits	39,545	44,278	41,920
Short-term borrowings	3,625	2,807	2,813
Acceptances outstanding	21	48	39
Accrued expenses and other liabilities	1,486	1,260	1,276
Medium- and long-term debt	15,376	8,821	8,906

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Total liabilities	60,053	57,214	54,954
Common stock - \$5 par value:			
Authorized - 325,000,000 shares			
Issued - 178,735,252 shares at 9/30/08, 12/31/07 and 9/30/07	894	894	894
Capital surplus	586	564	551
Accumulated other comprehensive loss	(129)	(177)	(238)
Retained earnings	5,379	5,497	5,475
Less cost of common stock in treasury - 28,249,360 shares at 9/30/08, 28,747,097 shares at 12/31/07 and 27,725,572 shares at 9/30/07	(1,630)	(1,661)	(1,614)
Total shareholders equity	5,100	5,117	5,068
Total liabilities and shareholders equity	\$ 65,153	\$ 62,331	\$ 60,022

See notes to consolidated financial statements.

Table of Contents**CONSOLIDATED STATEMENTS OF INCOME (unaudited)***Comerica Incorporated and Subsidiaries*

<i>(in millions, except per share data)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
INTEREST INCOME				
Interest and fees on loans	\$ 634	\$ 895	\$ 2,037	\$ 2,628
Interest on investment securities	99	52	288	140
Interest on short-term investments	2	5	10	18
Total interest income	735	952	2,335	2,786
INTEREST EXPENSE				
Interest on deposits	141	294	576	864
Interest on short-term borrowings	30	29	78	75
Interest on medium- and long-term debt	98	126	297	333
Total interest expense	269	449	951	1,272
Net interest income	466	503	1,384	1,514
Provision for loan losses	165	45	494	104
Net interest income after provision for loan losses	301	458	890	1,410
NONINTEREST INCOME				
Service charges on deposit accounts	57	55	174	164
Fiduciary income	49	49	152	147
Commercial lending fees	17	19	53	52
Letter of credit fees	19	16	52	47
Foreign exchange income	11	11	33	30
Brokerage fees	10	11	30	32
Card fees	15	14	45	40
Bank-owned life insurance	11	8	29	27
Net securities gains	27	4	63	4
Net gain on sales of businesses				3
Other noninterest income	24	43	88	112
Total noninterest income	240	230	719	658
NONINTEREST EXPENSES				
Salaries	192	207	594	628
Employee benefits	46	49	141	145
Total salaries and employee benefits	238	256	735	773
Net occupancy expense	40	34	114	102
Equipment expense	15	15	46	45
Outside processing fee expense	26	23	77	67
Software expense	18	16	57	46
Customer services				