

COMERICA INC /NEW/
Form 10-Q
November 01, 2016
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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, 2016

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
(Exact name of registrant as specified in its charter)

Delaware 38-1998421
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) 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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). 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 the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer <input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company <input type="checkbox"/>
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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

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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:

Outstanding as of October 24, 2016: 172,262,981 shares

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Part I. FINANCIAL INFORMATION

Item 1. Financial Statements

CONSOLIDATED BALANCE SHEETS

Comerica Incorporated and Subsidiaries

(in millions, except share data)	September 30, 2016 (unaudited)	December 31, 2015 (unaudited)
ASSETS		
Cash and due from banks	\$ 1,292	\$ 1,157
Interest-bearing deposits with banks	6,748	4,990
Other short-term investments	92	113
Investment securities available-for-sale	10,789	10,519
Investment securities held-to-maturity	1,695	1,981
Commercial loans	31,152	31,659
Real estate construction loans	2,743	2,001
Commercial mortgage loans	9,013	8,977
Lease financing	648	724
International loans	1,303	1,368
Residential mortgage loans	1,874	1,870
Consumer loans	2,541	2,485
Total loans	49,274	49,084
Less allowance for loan losses	(727) (634
Net loans	48,547	48,450
Premises and equipment	528	550
Accrued income and other assets	4,433	4,117
Total assets	\$ 74,124	\$ 71,877
LIABILITIES AND SHAREHOLDERS' EQUITY		
Noninterest-bearing deposits	\$ 31,776	\$ 30,839
Money market and interest-bearing checking deposits	22,436	23,532
Savings deposits	2,052	1,898
Customer certificates of deposit	2,967	3,552
Foreign office time deposits	30	32
Total interest-bearing deposits	27,485	29,014
Total deposits	59,261	59,853
Short-term borrowings	12	23
Accrued expenses and other liabilities	1,234	1,383
Medium- and long-term debt	5,890	3,058
Total liabilities	66,397	64,317
Common stock - \$5 par value:		
Authorized - 325,000,000 shares		
Issued - 228,164,824 shares	1,141	1,141
Capital surplus	2,174	2,173

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Accumulated other comprehensive loss	(292)	(429)
Retained earnings	7,262		7,084	
Less cost of common stock in treasury - 56,096,416 shares at 9/30/16 and 52,457,113 shares at 12/31/15	(2,558)	(2,409)
Total shareholders' equity	7,727		7,560	
Total liabilities and shareholders' equity	\$ 74,124		\$ 71,877	

See notes to consolidated financial statements.

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Comerica Incorporated and Subsidiaries

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions, except per share data)	2016	2015	2016	2015
INTEREST INCOME				
Interest and fees on loans	\$411	\$390	\$1,223	\$1,156
Interest on investment securities	61	54	185	160
Interest on short-term investments	8	4	17	11
Total interest income	480	448	1,425	1,327
INTEREST EXPENSE				
Interest on deposits	10	11	30	33
Interest on medium- and long-term debt	20	15	53	38
Total interest expense	30	26	83	71
Net interest income	450	422	1,342	1,256
Provision for credit losses	16	26	213	87
Net interest income after provision for credit losses	434	396	1,129	1,169
NONINTEREST INCOME				
Card fees	76	71	224	203
Service charges on deposit accounts	55	57	165	168
Fiduciary income	47	47	142	142
Commercial lending fees	26	22	68	69
Letter of credit fees	12	13	38	39
Bank-owned life insurance	12	10	30	29
Foreign exchange income	10	10	31	29
Brokerage fees	5	5	14	13
Net securities losses	—	—	(3) (2
Other noninterest income	29	25	75	79
Total noninterest income	272	260	784	769
NONINTEREST EXPENSES				
Salaries and benefits expense	247	243	742	747
Outside processing fee expense	86	83	247	239
Net occupancy expense	40	41	117	118
Equipment expense	13	13	40	39
Restructuring charges	20	—	73	—
Software expense	31	26	90	73
FDIC insurance expense	14	9	39	27
Advertising expense	5	6	15	17
Litigation-related expense	—	(3) —	(32
Other noninterest expenses	37	39	106	117
Total noninterest expenses	493	457	1,469	1,345
Income before income taxes	213	199	444	593
Provision for income taxes	64	63	131	188
NET INCOME	149	136	313	405
Less income allocated to participating securities	1	2	3	5

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Net income attributable to common shares	\$148	\$134	\$310	\$400
Earnings per common share:				
Basic	\$0.87	\$0.76	\$1.80	\$2.27
Diluted	0.84	0.74	1.76	2.20
Comprehensive income	152	187	450	472
Cash dividends declared on common stock	40	37	115	110
Cash dividends declared per common share	0.23	0.21	0.66	0.62

See notes to consolidated financial statements.

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CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (unaudited)

Comerica Incorporated and Subsidiaries

(in millions, except per share data)	Common Stock		Capital	Accumulated Other Comprehensive	Retained	Treasury	Total
	Shares Outstanding	Amount	Surplus	Loss	Earnings	Stock	Shareholders' Equity
BALANCE AT DECEMBER 31, 2014	179.0	\$ 1,141	\$ 2,188	\$ (412)	\$ 6,744	\$ (2,259)	\$ 7,402
Net income	—	—	—	—	405	—	405
Other comprehensive income, net of tax	—	—	—	67	—	—	67