

# **Fourth Quarter 2003 and Full-Year 2003 Financial Review**

Comerica Incorporated  
January 15, 2004

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# Safe Harbor Statement

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The logo for Comerica, featuring the word "Comerica" in a serif font, enclosed within a blue rectangular border with rounded corners and a slight 3D effect.

# Agenda

This presentation provides an overview of the fourth quarter 2003 and full-year 2003 financial performance for Comerica Incorporated.

All information contained herein has been made public. Please refer to our press release and financial statements for additional detail.

- Highlights
- Income Statement
- Loan Growth
- Credit Quality
- Deposit Growth
- Capital Management
- Trends
- Questions & Answers

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# Highlights

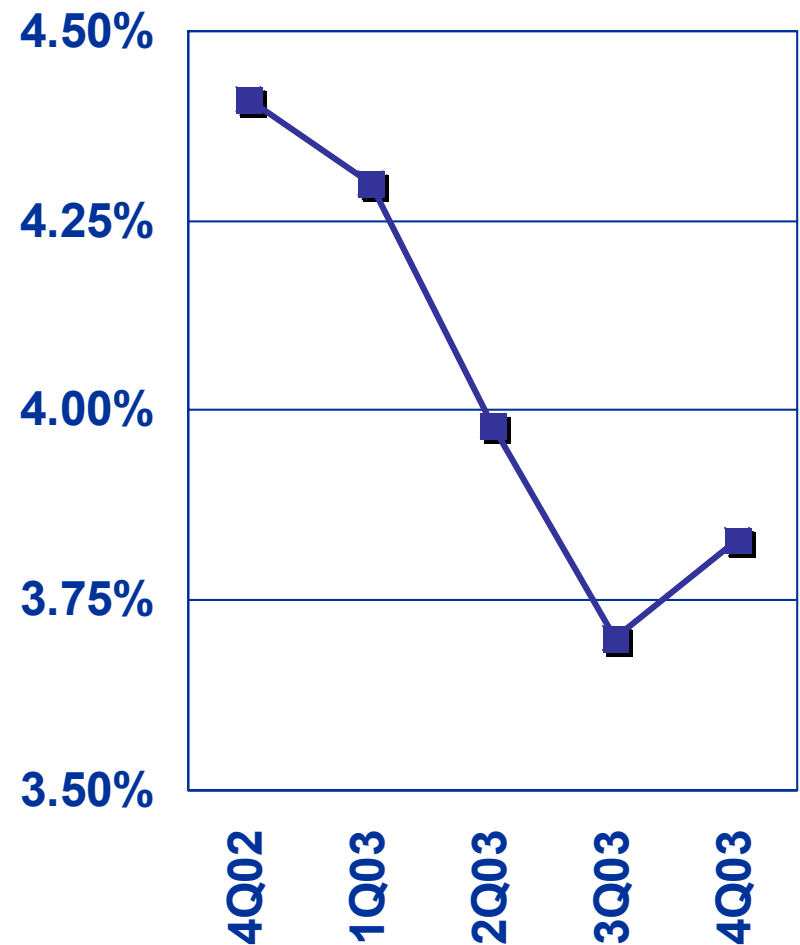
	<u>4Q03</u>	<u>3Q03</u>	<u>Q - Q%</u> <u>Change</u>	<u>FY</u> <u>2003</u>	<u>FY</u> <u>2002</u>	<u>Y - Y%</u> <u>Change</u>
Net Income	\$158	\$157	0%	\$661	\$601	10%
Diluted EPS	\$0.89	\$0.89	0%	\$3.75	\$3.40	10%
Return on Equity	12.33%	12.55%		13.12%	12.31%	
Net Interest Income	\$457	\$465	-1%	\$1,926	\$2,132	-10%
Net Interest Margin	3.83%	3.70%		3.95%	4.55%	
Provision for Loan Losses	\$77	\$83	-7%	\$377	\$635	-41%
Non-interest Income	\$220	\$221	0%	\$887	\$900	-1%
Non-interest Expense	\$379	\$377	1%	\$1,483	\$1,515	-2%

\$ in millions

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# Net Interest Income & Margin

- Net Interest Income decreased \$8 MM (1%) from 3Q03 to \$457 MM
- Net Interest Margin increased 13 basis points from 3Q03 to 3.83%:
  - decrease in short-term liquidity from lower escrow deposits (+10 bps)
  - lower core deposit rates (+6 bps)
  - swap maturities and purchase impacts (-4 bps)



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# Non-Interest Income

	<u>4Q03</u>	<u>3Q03</u>	<u>Q - Q%</u> <u>Change</u>	<u>FY 2003</u>	<u>FY 2002</u>	<u>Y - Y%</u> <u>Change</u>
Service Charges on Deposit Accounts	\$ 59	\$ 60	-1%	\$238	\$227	5%
Fiduciary Income	44	42	3%	169	171	-1%
Commercial Lending Fees	17	16	5%	63	69	-10%
Letter of Credit Fees	16	17	-5%	65	60	9%
Foreign Exchange Income	6	10	-38%	35	40	-11%
Brokerage Fees	10	8	12%	34	38	-12%
Investment Advisory Rev, Net	8	8	5%	30	27	10%
Bank-owned Life Insurance	9	12	-21%	42	53	-21%
Securities Gains / (Losses)	4	4	-10%	50	41	23%
Net Gain on Sales of Businesses	--	--	--	--	12	N/M
Other Non-interest Income	47	44	11%	161	162	0%
<b>Non Interest Income</b>	<b>\$220</b>	<b>\$221</b>	<b>0%</b>	<b>\$887</b>	<b>\$900</b>	<b>-1%</b>

N/M = Not Meaningful

Dollar amounts in millions. % change based on full dollar amounts

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# Non-Interest Expenses

	<u>4Q03</u>	<u>3Q03</u>	<u>Q - Q%</u> <u>Change</u>	<u>FY 2003</u>	<u>FY 2002</u>	<u>Y - Y%</u> <u>Change</u>
Salaries & Employee Benefits	\$227	\$229	-1%	\$897	\$844	6%
Net Occupancy Expense	32	34	-5%	128	122	4%
Equipment Expense	15	16	-9%	61	62	-3%
Outside Processing Fees	18	18	-3%	71	65	10%
Software Expense	9	10	0%	37	33	12%
Customer Services	7	6	24%	25	26	-4%
Goodwill Impairment	--	--	--	--	86	N/M
Other Non-Interest Expense	71	64	11%	264	277	-4%
<b>Non-Interest Expenses</b>	<b>\$379</b>	<b>\$377</b>	<b>1%</b>	<b>\$1,483</b>	<b>\$1,515</b>	<b>-2%</b>

N/M = Not Meaningful

Dollar amounts in millions. % change based on full dollar amounts

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# Geographic Loan Growth

	<u>4Q03</u>	<u>3Q03</u>	<u>Q-Q%</u> <u>Change</u>	<u>FY 2003</u>	<u>FY 2002</u>	<u>Y-Y%</u> <u>Change</u>
Midwest Region, Other	\$21.5	\$22.0	-3%	\$22.2	\$22.0	1%
Western Region	11.5	11.8	-2%	12.0	11.4	5%
Texas	4.4	4.4	0%	4.5	4.6	-2%
International	2.4	2.6	-5%	2.6	3.0	-13%
Florida	1.1	1.1	-1%	1.1	1.1	3%
<b>TOTAL</b>	<b>\$40.9</b>	<b>\$41.9</b>	<b>-2%</b>	<b>\$42.4</b>	<b>\$42.1</b>	<b>1%</b>

Avg loans in \$billions; % change based on full dollar amounts.

Geography based on location of loan office.

International represents loans to companies located in foreign countries.

Western Region includes: CA, AZ, NV, CO, WA

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# Line of Business Loan Growth<sup>9</sup>

	<u>4Q03</u>	<u>3Q03</u>	<u>% Chg</u>	<u>FY 2003</u>	<u>FY 2002</u>	<u>% Chg</u>
Middle Market	\$13.9	\$14.1	-2%	\$14.0	\$13.3	6%
Commercial Real Estate	5.7	6.3	-9%	6.2	6.0	2%
Global Corporate Banking	5.2	5.7	-8%	6.0	7.8	-24%
National Dealer Services	3.7	3.7	0%	3.8	3.2	18%
Specialty Businesses*	3.8	3.7	2%	3.9	3.9	0%
<b>SUBTOTAL – BUSINESS BANK</b>	<b>\$32.3</b>	<b>\$33.5</b>	<b>-4%</b>	<b>\$33.9</b>	<b>\$34.2</b>	<b>-1%</b>
Small Business	3.3	3.2	5%	3.3	3.0	8%
Personal Financial Services	2.4	2.3	4%	2.3	2.3	4%
<b>SUBTOTAL – SMALL BUSINESS &amp; PERSONAL FINANCIAL SERVICES</b>	<b>5.7</b>	<b>5.5</b>	<b>5%</b>	<b>5.6</b>	<b>5.3</b>	<b>6%</b>
Private Banking	2.9	2.9	0%	2.9	2.6	12%
<b>SUBTOTAL – WEALTH &amp; INSTITUTIONAL MANAGEMENT</b>	<b>2.9</b>	<b>2.9</b>	<b>0%</b>	<b>2.9</b>	<b>2.6</b>	<b>12%</b>
<b>TOTAL</b>	<b>\$40.9</b>	<b>\$41.9</b>	<b>-2%</b>	<b>\$42.4</b>	<b>\$42.1</b>	<b>1%</b>

Average loans outstanding in \$billions; % change based on full dollar value.

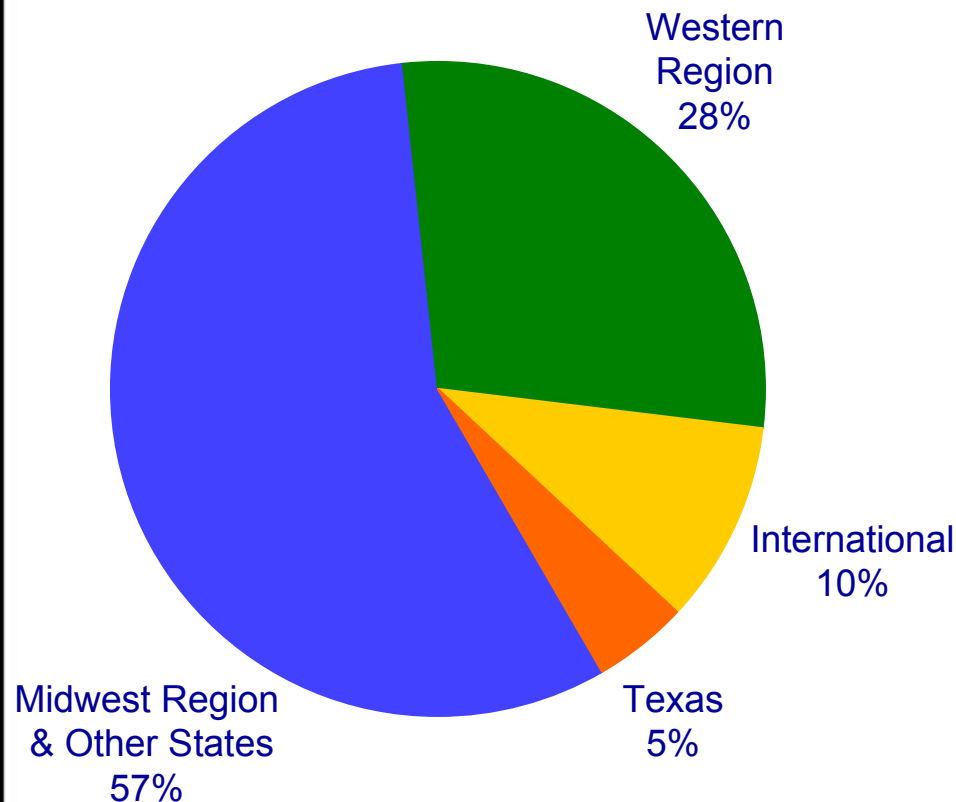
\*Specialty Businesses includes: Entertainment, Energy, FSG, Leasing & TLS

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# Fourth Quarter Credit Quality<sup>10</sup>

## Non-Accrual Loans

### Geography (\$507 million)



Geography based on location of loan office. Western Region includes: CA, AZ, NV, CO

### Line of Business:

- Middle Market 47%
- Global Corporate 22%
- Small Business 11%

### Industry:

- Automotive 17%
- Services 15%
- Manufacturing 11%

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# Credit Quality

## Non-Accrual Loans

	Three Months Ended				
	<u>12/31/03</u>	<u>09/30/03</u>	<u>06/30/03</u>	<u>03/31/03</u>	<u>12/31/02</u>
<b>Balance at beginning of period</b>	<b>\$598</b>	<b>\$559</b>	<b>\$624</b>	<b>\$565</b>	<b>\$620</b>
Transfers to nonaccrual	114	211	148	187	185
Nonaccrual business loan gross charge-offs	(94)	(92)	(115)	(98)	(90)
Transfers to accrual status	--	--	(6)	(9)	(4)
Nonaccrual business loans sold	(48)	(37)	(56)	(3)	(115)
Payments / Other	(63)	(43)	(36)	(18)	(31)
<b>Balance at end of period</b>	<b>\$507</b>	<b>\$598</b>	<b>\$559</b>	<b>\$624</b>	<b>\$565</b>

Dollar amounts in millions.

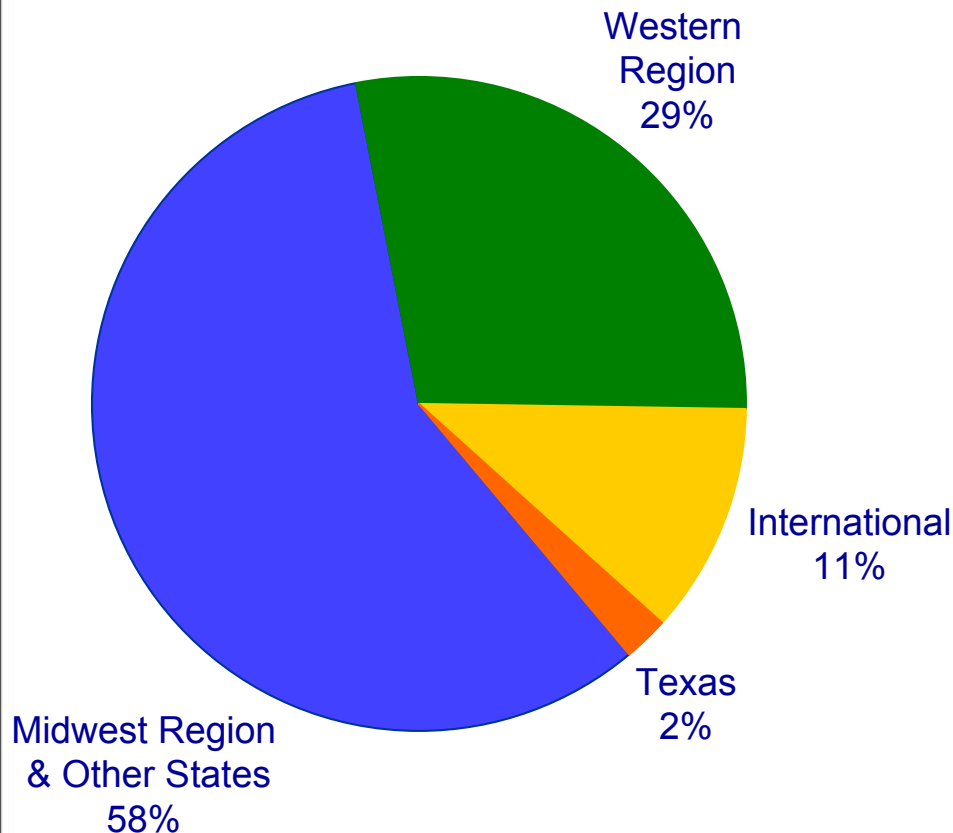
Net change for balances <\$2 MM, other than business loan charge-offs and loans sold, included in Payments / Other.



# Fourth Quarter Credit Quality<sup>12</sup>

## Net Charge Offs

### Geography (\$76 million)



Geography based on location of loan office. Western Region includes: CA, AZ, NV, CO

### Line of Business:

- Middle Market 70%
- Global Corporate 11%
- Small Business 10%

### Industry:

- Automotive 36%
- Technology-related 19%
- Services 9%

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# Full Year Charge-offs

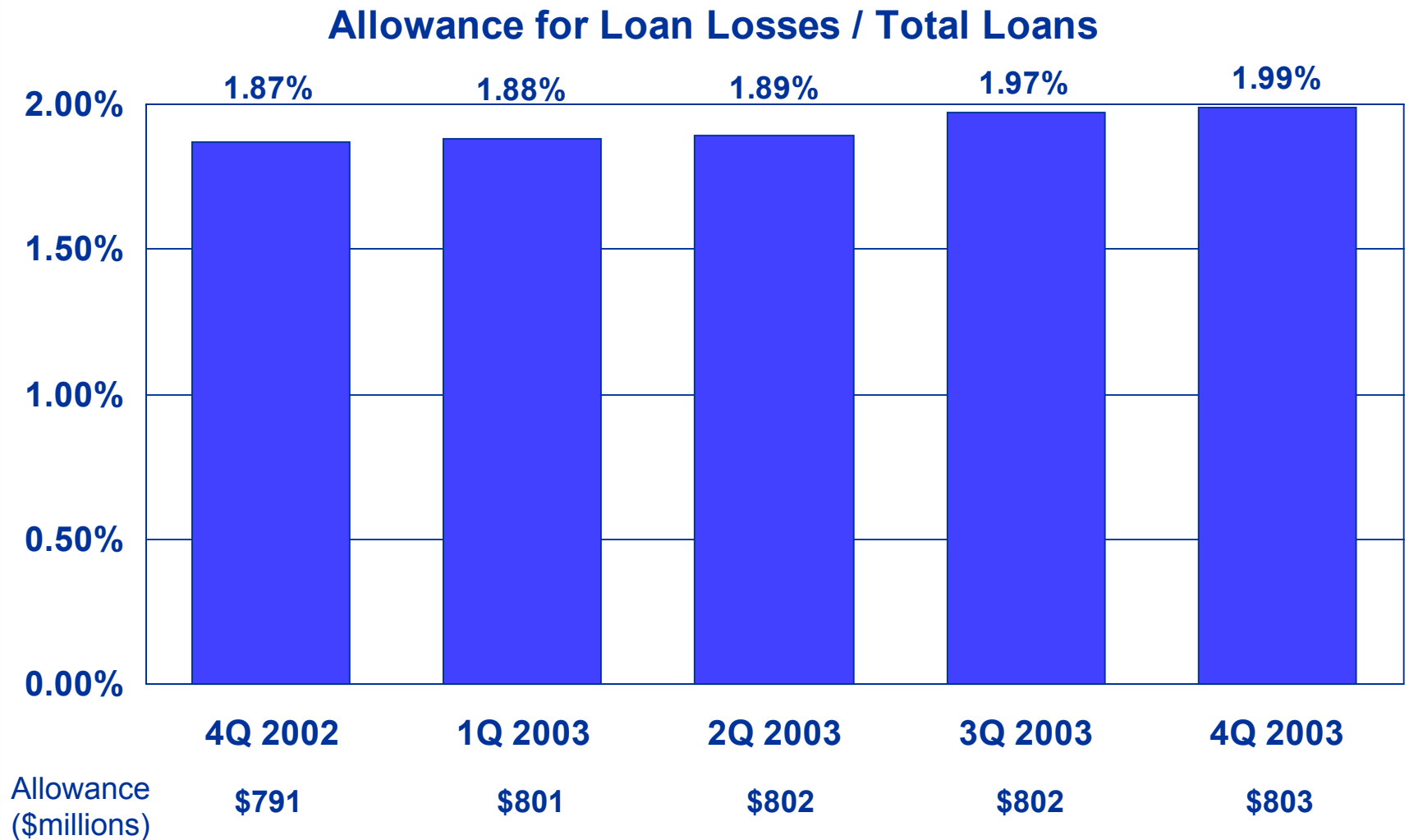
	<u>Chg Offs FY 2003</u>	<u>Chg Offs / Avg Loans (bps)</u>	<u>Chg Offs FY 2002</u>	<u>Chg Offs / Avg Loans (bps)</u>
Middle Market	\$181	129	\$169	127
Commercial Real Estate	5	7	5	8
Global Corporate Banking	102	171	221	283
National Dealer Services	1	3	0	0
Specialty Businesses*	33	83	62	161
<b>SUBTOTAL – BUSINESS BANK</b>	<b>\$322</b>	<b>95</b>	<b>\$457</b>	<b>134</b>
Small Business	28	87	18	57
Personal Financial Services	5	23	5	23
<b>SUBTOTAL – SMALL BUSINESS &amp; PERSONAL FINANCIAL SERVICES</b>	<b>33</b>	<b>60</b>	<b>23</b>	<b>43</b>
Private Banking	10	36	1	6
<b>SUBTOTAL – WEALTH &amp; INSTITUTIONAL MANAGEMENT</b>	<b>10</b>	<b>36</b>	<b>1</b>	<b>6</b>
<b>TOTAL</b>	<b>\$365</b>	<b>86</b>	<b>\$481</b>	<b>114</b>

\$ in millions.

\*Specialty Businesses includes: Entertainment, Energy, FSG, Leasing & TLS

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# Credit Quality - Reserves



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# Deposit Growth

	<u>4Q03</u>	<u>3Q03</u>	<u>% Chg</u>	<u>FY 2003</u>	<u>FY 2002</u>	<u>% Chg</u>
Middle Market	\$4.6	\$4.1	9%	\$4.2	\$3.6	16%
Commercial Real Estate	1.1	1.2	-9%	1.1	0.8	41%
Global Corporate Banking	1.8	1.7	7%	1.7	1.5	14%
National Dealer Services	0.1	0.2	-8%	0.1	0.1	4%
Specialty Businesses*	10.0	12.2	-18%	11.4	8.7	30%
<b>SUBTOTAL – BUSINESS BANK</b>	<b>\$17.6</b>	<b>\$19.4</b>	<b>-9%</b>	<b>\$18.5</b>	<b>\$14.7</b>	<b>25%</b>
Small Business	5.7	5.7	0%	5.5	5.2	5%
Personal Financial Services	13.2	13.4	-1%	13.2	12.9	3%
<b>SUBTOTAL – SMALL BUSINESS &amp; PERSONAL FINANCIAL SERVICES</b>	<b>18.9</b>	<b>19.1</b>	<b>-1%</b>	<b>18.7</b>	<b>18.1</b>	<b>4%</b>
Private Banking	2.4	2.2	11%	2.1	1.5	41%
<b>SUBTOTAL – WEALTH &amp; INSTITUTIONAL MANAGEMENT</b>	<b>2.4</b>	<b>2.2</b>	<b>11%</b>	<b>2.1</b>	<b>1.5</b>	<b>41%</b>
Institutional CDs	1.4	1.8	-21%	2.2	3.4	-35%
<b>TOTAL</b>	<b>\$40.3</b>	<b>\$42.5</b>	<b>-5%</b>	<b>\$41.5</b>	<b>\$37.7</b>	<b>10%</b>

Average deposits in \$billions; % change based on full dollar value.

\*Specialty Businesses includes: Entertainment, Energy, FSG, Leasing & TLS

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# Capital Management

- Estimated capital ratios:
  - Tier 1 common 8.06%
  - Tier 1 8.73%
  - Total risk-based 12.72%
- Common shareholders' equity: \$5.1 billion
- Approximately 500,000 shares (\$27 million) repurchased in 2003. Remaining authorization: 4.8 million shares



# 2004 Trends

- Flat average loan volume with low- to mid-single digit end of period loan growth
- Modestly lower earning assets, on average
- Net interest margin relatively unchanged
- Flat non-interest expenses
- Credit quality improving throughout the year

# Questions & Answers

Ralph Babb, Chairman, President & CEO

Beth Acton, EVP & Chief Financial Officer

Dale Greene, EVP & Chief Credit Officer

&

Helen Arsenault, Director of Investor Relations

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