COMERICA INC /NEW/
Form 10-Q
October 30, 2009

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

þ	**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
	For the quarterly period ended September 30, 2009
	or
o	**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 (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 o

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 o No o

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:

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o 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:

Outstanding as of October 27, 2009: 151,124,801 shares

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COMERICA INCORPORATED AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION

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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, 2009** (unaudited)	**December 31, 2008**	**September 30, 2008** (unaudited)
ASSETS			
Cash and due from banks	$ 799	$ 913	$ 1,404
Federal funds sold and securities purchased under agreements to resell		202	3
Interest-bearing deposits with banks	2,219	2,308	25
Other short-term investments	142	158	222
Investment securities available-for-sale	8,882	9,201	8,158
Commercial loans	22,546	27,999	28,604
Real estate construction loans	3,870	4,477	4,565
Commercial mortgage loans	10,380	10,489	10,588
Residential mortgage loans	1,679	1,852	1,863
Consumer loans	2,544	2,592	2,644
Lease financing	1,197	1,343	1,360
International loans	1,355	1,753	1,931
Total loans	43,571	50,505	51,555
Less allowance for loan losses	(953)	(770)	(712)
Net loans	42,618	49,735	50,843
Premises and equipment	657	683	668
Customers liability on acceptances outstanding	12	14	21
Accrued income and other assets	4,261	4,334	3,809
Total assets	$ 59,590	$ 67,548	$ 65,153
LIABILITIES AND SHAREHOLDERS EQUITY			
Noninterest-bearing deposits	$ 13,888	$ 11,701	$ 12,094
Money market and NOW deposits	13,556	12,437	13,553
Savings deposits	1,331	1,247	1,279
Customer certificates of deposit	7,466	8,807	8,147
Other time deposits	2,801	7,293	3,670
Foreign office time deposits	572	470	802
Total interest-bearing deposits	25,726	30,254	27,451
Total deposits	39,614	41,955	39,545
Short-term borrowings	425	1,749	3,625
Acceptances outstanding	12	14	21
Accrued expenses and other liabilities	1,252	1,625	1,486

Medium- and long-term debt	11,252	15,053	15,376
Total liabilities	52,555	60,396	60,053
Fixed rate cumulative perpetual preferred stock, series F, no par value, $1,000 liquidation value per share:			
Authorized - 2,250,000 shares			
Issued - 2,250,000 shares at 9/30/09 and 12/31/08	2,145	2,129	
Common stock - $5 par value:			
Authorized - 325,000,000 shares			
Issued - 178,735,252 shares at 9/30/09, 12/31/08 and 9/30/08	894	894	894
Capital surplus	738	722	586
Accumulated other comprehensive loss	(361)	(309)	(129)
Retained earnings	5,205	5,345	5,379
Less cost of common stock in treasury - 27,620,576 shares at 9/30/09, 28,244,967 shares at 12/31/2008 and 28,249,360 shares at 9/30/08	(1,586)	(1,629)	(1,630)
Total shareholders equity	7,035	7,152	5,100
Total liabilities and shareholders equity	$ 59,590	$ 67,548	$ 65,153

See notes to consolidated financial statements.

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CONSOLIDATED STATEMENTS OF INCOME (unaudited)

Comerica Incorporated and Subsidiaries

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions, except per share data)	2009	2008	2009	2008
INTEREST INCOME				
Interest and fees on loans	$ 444	$ 634	$ 1,343	$ 2,037
Interest on investment securities	64	99	276	288
Interest on short-term investments	3	2	7	10
Total interest income	511	735	1,626	2,335
INTEREST EXPENSE				
Interest on deposits	89	141	320	576
Interest on short-term borrowings		30	2	78
Interest on medium- and long-term debt	37	98	133	297
Total interest expense	126	269	455	951
Net interest income	385	466	1,171	1,384
Provision for loan losses	311	165	826	494
Net interest income after provision for loan losses	74	301	345	890
NONINTEREST INCOME				
Service charges on deposit accounts	60	57	173	174
Fiduciary income	39	49	122	152
Commercial lending fees	21	17	58	53
Letter of credit fees	18	19	50	52
Card fees	13	15	37	45
Brokerage fees	7	10	24	30
Foreign exchange income	10	11	30	33
Bank-owned life insurance	8	11	26	29
Net securities gains	107	27	233	63
Other noninterest income	32	24	83	88
Total noninterest income	315	240	836	719
NONINTEREST EXPENSES				
Salaries	171	192	513	594
Employee benefits	51	46	159	141
Total salaries and employee benefits	222	238	672	735
Net occupancy expense	40	40	119	114
Equipment expense	15	15	46	46
Outside processing fee expense	24	26	74	77
Software expense	21	18	61	57
FDIC insurance expense	15	5	75	9
Customer services	1	2	2	11
Litigation and operational losses	3	105	8	100
Provision for credit losses on lending-related commitments	2	9	(3)	20
Other noninterest expenses	56	56	171	171
Total noninterest expenses	399	514	1,225	1,340
Income (loss) from continuing operations before income taxes	(10)	27	(44)	269
Provision (benefit) for income taxes	(29)		(89)	76
Income from continuing operations	19	27	45	193
Income from discontinued operations, net of tax		1	1	

NET INCOME	19	28	46	193
Preferred stock dividends	34		101	
Net income (loss) applicable to common stock	$ (15)	$ 28	$ (55)	$ 193
Basic earnings per common share:				
Income (loss) from continuing operations	$ (0.10)	$ 0.18	$ (0.37)	$ 1.28
Net income (loss)	(0.10)	0.19	(0.36)	1.28
Diluted earnings per common share:				
Income (loss) from continuing operations	(0.10)	0.18	(0.37)	1.28
Net income (loss)	(0.10)	0.19	(0.36)	1.28
Cash dividends declared on common stock	7	99	22	298
Cash dividends declared per common share	0.05	0.66	0.15	1.98

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)	Nonredeemable Preferred Stock	Common Stock Shares Outstanding	Common Stock Amount	Capital Surplus	Accumulated Other Comprehensive Loss	Retained Earnings	Treasury Stock	Total Shareholders Equity
BALANCE AT JANUARY 1, 2008	$	150.0	$ 894	$ 564	$ (177)	$ 5,497	$ (1,661)	$ 5,117
Net income						193		193
Other comprehensive income, net of tax					48			48
Total comprehensive income								241
Cash dividends declared on common stock ($1.98 per share)						(298)		(298)
Purchase of common stock							(1)	(1)
Net issuance of common stock under employee stock plans		0.5		(19)		(13)	32	
Share-based compensation				41				41
BALANCE AT SEPTEMBER 30, 2008	$	150.5	$ 894	$ 586	$ (129)	$ 5,379	$ (1,630)	$ 5,100
BALANCE AT JANUARY 1, 2009	$ 2,129	150.5	$ 894	$ 722	$ (309)	$ 5,345	$ (1,629)	$ 7,152
Net income						46		46
Other comprehensive loss, net of tax					(52)			(52)
Total comprehensive loss								(6)
Cash dividends declared on preferred stock						(114)		(114)
Cash dividends declared on common stock ($0.15 per share)						(22)		(22)
Purchase of common stock		(0.1)					(1)	(1)
Accretion of discount on preferred stock	16					(16)		
Net issuance of common stock under employee stock plans		0.7		(13)		(34)	43	(4)
Share-based compensation				25				25
Other				4			1	5
BALANCE AT SEPTEMBER 30, 2009	$ 2,145	151.1	$ 894	$ 738	$ (361)	$ 5,205	$ (1,586)	$ 7,035

See notes to consolidated financial statements.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

Comerica Incorporated and Subsidiaries

(in millions)	Nine Months Ended September 30 2009	2008
OPERATING ACTIVITIES		
Net income	$ 46	$ 193
Income from discontinued operations, net of tax	1	
Income from continuing operations, net of tax	45	193
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	826	494
Provision for credit losses on lending-related commitments	(3)	20
Provision (benefit) for deferred income taxes	(126)	(72)
Depreciation and software amortization	91	85
Auction-rate securities charge		96
Lease income charge		38
Net gain on early termination of leveraged leases	(8)	
Share-based compensation expense	25	41
Net amortization of securities	(5)	(9)
Net securities gains	(233)	(63)
Net gain on sale of business	(5)	
Gain on repurchase of medium- and long-term debt	(7)	
Contribution to qualified pension plan	(100)	
Net decrease (increase) in trading securities	12	(30)
Net decrease in loans held-for-sale	4	59
Net decrease in accrued income receivable	60	58
Net decrease in accrued expenses	(217)	(52)
Other, net	(244)	(61)
Discontinued operations, net	1	
Net cash provided by operating activities	116	797
INVESTING ACTIVITIES		
Proceeds from sales of investment securities available-for-sale	5,704	68
Proceeds from maturities of investment securities available-for-sale	1,896	1,345
Purchases of investment securities available-for-sale	(7,010)	(3,130)
Sales (purchases) of Federal Home Loan Bank stock	82	(333)
Net decrease (increase) in loans	6,164	(1,108)
Proceeds from early termination of leveraged leases	107	
Net increase in fixed assets	(54)	(126)
Net decrease in customers liability on acceptances outstanding	2	27
Proceeds from sale of business	7	
Discontinued operations, net		
Net cash provided by (used in) investing activities	6,898	(3,257)
FINANCING ACTIVITIES		
Net decrease in deposits	(2,195)	(4,668)
Net (decrease) increase in short-term borrowings	(1,324)	818
Net decrease in acceptances outstanding	(2)	(27)
Proceeds from issuance of medium- and long-term debt		7,500
Repayments of medium- and long-term debt	(3,675)	(950)
Repurchase of medium- and long-term debt	(72)	

Proceeds from issuance of common stock under employee stock plans		1
Purchase of common stock for treasury	(1)	(1)
Dividends paid on common stock	(65)	(295)
Dividends paid on preferred stock	(85)	
Discontinued operations, net		
Net cash (used in) provided by financing activities	(7,419)	2,378
Net decrease in cash and cash equivalents	(405)	(82)
Cash and cash equivalents at beginning of period	3,423	1,514
Cash and cash equivalents at end of period	$ 3,018	$ 1,432
Interest paid	$ 470	$ 1,000
Income taxes and income tax deposits paid	$ 232	$ 155
Noncash investing and financing activities:		
Loans transferred to other real estate	$ 82	$ 12
Loans transferred from held-for-sale to portfolio		84

See notes to consolidated financial statements.

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Note 1 - Basis of Presentation and Accounting Policies

The accompanying unaudited consolidated financial statements were prepared in accordance with U.S. generally accepted accounting principles (GAAP) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, the statements do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation were included. The results of operations for the nine months ended September 30, 2009 are not necessarily indicative of the results that may be expected for the year ending December 31, 2009. Management evaluated subsequent events through October 30, 2009, the date the consolidated financial statements were issued. Certain items in prior periods were reclassified to conform to the current presentation. For further information, refer to the consolidated financial statements and footnotes thereto included in the Annual Report of Comerica Incorporated and Subsidiaries (the Corporation) on Form 10-K for the year ended December 31, 2008.

Accounting Standards Codification

In the third quarter 2009, the Corporation adopted Statement of Financial Accounting Standards (SFAS) No. 168, The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles, (SFAS 168). SFAS 168 establishes the Financial Accounting Standards Board (FASB) Accounting Standards Codification (the Codification, or ASC) as the single source of authoritative, nongovernmental GAAP recognized by the FASB. Rules and interpretive releases of the Securities and Exchange Commission (SEC) are also sources of authoritative GAAP for SEC registrants. The Codification is not intended to change GAAP. Effective with the adoption of SFAS 168, all existing non-SEC accounting and reporting standards, except for grandfathered guidance and certain recently-issued standards not yet integrated into the Codification, were superseded and are considered nonauthoritative. References to GAAP in these Notes to Consolidated Financial Statements are provided under the Codification structure where applicable. Recently-issued standards not yet integrated into the Codification and still considered authoritative are referred to using the issued terminology.

Fair Value

In the first quarter 2009, the Corporation elected to early adopt new guidance impacting ASC Topic 820, Fair Value Measurements and Disclosures, related to determining fair value when the volume and level of activity for the asset or liability have significantly decreased and identifying transactions that are not orderly. This new guidance requires an assessment of whether certain factors exist to indicate that the market for an instrument is not active at the measurement date. If, after evaluating those factors, the evidence indicates the market is not active, the Corporation must determine whether recent quoted transaction prices are associated with distressed transactions. If the Corporation concludes that the quoted prices are associated with distressed transactions, an adjustment to the quoted prices may be necessary or the Corporation may conclude that a change in valuation technique or the use of multiple techniques may be appropriate to estimate an instrument s fair value. For further information about fair value measurements, refer to Notes 3 and 13.

Also in the first quarter 2009, the Corporation elected to early adopt new guidance impacting ASC Topic 825, Financial Instruments, related to interim disclosures about fair value of financial instruments. This new guidance requires that disclosures on the estimated fair value of financial instruments be included in interim financial statements. It also requires disclosure of the method(s) and significant assumptions used to estimate the fair value of financial instruments in the interim financial statements. For further information concerning the estimated fair value of financial instruments, refer to Note 13.

Investment Securities

Debt securities held-to-maturity are those securities which the Corporation has the ability and management has the positive intent to hold to maturity as of the balance sheet dates. Debt securities held-to-maturity are recorded at cost, adjusted for amortization of premium and accretion of discount.

Debt securities that are not considered held-to-maturity and marketable equity securities are accounted for as securities available-for-sale and recorded at fair value, with unrealized gains and losses, net of income taxes, reported as a separate component of other comprehensive income (loss) (OCI).

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Note 1 - Basis of Presentation and Accounting Policies (continued)

Investment securities are reviewed quarterly for possible other-than-temporary impairment (OTTI). In the first quarter 2009, the Corporation elected to early adopt new guidance impacting ASC Topic 320, Investments Debt and Equity Instruments, related to recognition and presentation of other-than-temporary impairments. This new guidance changed the method for determining whether OTTI exists for debt securities by requiring an assessment of the likelihood of selling the security prior to recovering its amortized cost basis. It also changed the amount of an impairment charge to be recorded in the consolidated statements of income. If the Corporation intends to sell the security or it is more-likely-than-not that the Corporation will be required to sell the security prior to recovery of its amortized cost basis, the security would be written down to fair value with the full amount of any impairment charge recorded as a loss in net securities gains (losses) in the consolidated statements of income. If the Corporation does not intend to sell the security and it is more-likely-than-not that the Corporation will not be required to sell the security prior to recovery of its amortized cost basis, only the credit component of any impairment of a debt security would be recognized as a loss in net securities gains (losses) in the consolidated statements of income, with the remaining impairment recorded in OCI. The adoption had no impact on the Corporation s financial condition at or results of operations for the three- and nine- month periods ended September 30, 2009.

The OTTI review for equity securities includes an analysis of the facts and circumstances of each individual investment and focuses on the severity of loss, the length of time the fair value has been below cost, the expectation for that security s performance, the financial condition and near-term prospects of the issuer, and management s intent and ability to hold the security to recovery. A decline in value of an equity security that is considered to be other-than-temporary is recorded as a loss in net securities gains (losses) in the consolidated statements of income.

Gains or losses on the sale of securities are computed based on the adjusted cost of the specific security sold.

For further information on investment securities, refer to Note 3.

Impairment

Goodwill is subject to impairment testing, which the Corporation conducts annually, or on an interim basis if events or changes in circumstances between annual tests indicate the assets might be impaired. Under applicable accounting standards, the goodwill impairment test is a two-step test. The first step of the goodwill impairment test compares the fair value of identified reporting units, which are a subset of the Corporation s operating segments, with their carrying amount, including goodwill. If the fair value of a reporting unit exceeds its carrying value, goodwill of the reporting unit is not impaired. If the fair value of the reporting unit is less than the carrying value, the second step must be performed to determine the implied fair value of the reporting unit s goodwill and the amount of goodwill impairment. The Corporation performs its annual impairment test for goodwill as of July 1 each year. The annual test of goodwill, performed as of July 1, 2009, did not indicate that an impairment charge was required.

Derivative Instruments and Hedging Activities

On January 1, 2009, the Corporation adopted new guidance impacting ASC Topic 815, Derivatives and Hedging, relating to disclosures about derivative instruments and hedging activities. This new guidance requires entities to provide greater transparency about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under the Derivatives and Hedging Topic, and (c) how derivative instruments and related hedged items affect an entity s financial position, results of operations and cash flows. To meet those objectives, it requires (1) qualitative disclosures about objectives for using derivatives by primary underlying risk exposure (e.g., interest rate, credit or foreign exchange rate) and by purpose or strategy (fair value hedge, cash flow hedge, net investment hedge, and non-hedges), (2) information about the volume of derivative activity in a flexible format that the preparer believes is the most relevant and practicable, (3) tabular disclosures about balance sheet location and gross fair value amounts of derivative instruments, income statement and other comprehensive income location of gain and loss amounts on derivative instruments by type of contract, and (4) disclosures about credit-risk related contingent features in derivative agreements. For further information on derivative instruments and hedging activities, refer to Note 10.

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Note 1 - Basis of Presentation and Accounting Policies (continued)

Earnings Per Share

On January 1, 2009, the Corporation adopted new guidance impacting ASC Topic 260, Earnings Per Share, related to determining whether instruments granted in share-based payment transactions are participating securities. The guidance clarified that unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents are considered participating securities and should be included in the calculation of basic earnings per share using the two-class method and was applied retrospectively to all prior periods presented. The adoption had no impact on third quarter 2008 basic net income or basic income from continuing operations per common share. The impact of adoption on the nine months ended September 30, 2008 was a reduction of $0.01 in basic net income and basic income from continuing operations per common share. The impact of adoption on the year ended December 31, 2008 was a reduction of $0.01 in basic net income and basic income from continuing operations per common share. For further earnings per share information, refer to Note 8.

Noncontrolling Interests

On January 1, 2009, the Corporation adopted new guidance impacting ASC Topic 810, Consolidation, which defines noncontrolling interests as the portion of equity in a subsidiary not attributable, directly or indirectly, to the parent. The adoption of the new guidance was not material to the Corporation s financial condition and results of operations.

Note 2 Pending Accounting Pronouncements

In December 2008, the FASB issued new guidance impacting ASC Topic 715, Compensation Retirement Benefits. The new guidance requires additional disclosures about assets held in an employer s defined benefit pension or other postretirement plan, including (1) disclosure of the fair value of each major category of plan assets, (2) disclosure of the level within the fair value hierarchy in which each major category of plan assets falls, and (3) a reconciliation of beginning and ending balances of plan assets with fair values measured using significant unobservable inputs. The guidance is effective for financial statements issued for fiscal years ending after December 15, 2009. Accordingly, the Corporation will adopt the guidance in its consolidated financial statements for the year ended December 31, 2009. The Corporation does not expect the adoption of the guidance to have a material effect on the Corporation s financial condition and results of operations.

In June 2009, the FASB issued SFAS No. 166, Accounting for Transfers of Financial Assets, an amendment of FASB Statement No. 140, (SFAS 166). SFAS 166 removes the concept of a qualifying special-purpose entity from ASC Topic 860, Transfers and Servicing, and eliminates the exception for qualifying special-purpose entities from consolidation guidance. In addition, SFAS 166 establishes specific conditions for reporting a transfer of a portion of a financial asset as a sale. If the transfer does not meet established sale conditions, the transferor and transferee must account for the transfer as a secured borrowing. An enterprise that continues to transfer portions of a financial asset that do not meet the established sale conditions would be eligible to record a sale only after it has transferred all of its interest in that asset. The effective date is fiscal years beginning after November 15, 2009. Accordingly, the Corporation will adopt the provisions in the first quarter 2010. The Corporation is currently evaluating the impact of the provisions.

Also, in June 2009, the FASB issued SFAS No. 167, Amendments to FASB Interpretation No. 46(R), (SFAS 167). SFAS 167 replaces the quantitative-based risks and rewards calculation for determining which enterprise, if any, is the primary beneficiary and is required to consolidate the variable interest entity with a qualitative approach focused on identifying which enterprise has both the power to direct the activities of the variable interest entity that most significantly impact the entity s economic performance and has the obligation to absorb losses or the right to receive benefits that could be significant to the entity. In addition, SFAS 167 requires reconsideration of whether an entity is a variable interest entity when any changes in facts and circumstances occur such that the holders of the equity investment at risk, as a group, lose the power from voting rights or similar rights of those investments to direct the activities of the entity that most significantly impact the entity s economic performance. It also requires ongoing assessments of whether an enterprise is the primary beneficiary of a variable interest entity and additional disclosures about an enterprise s involvement in variable interest entities. The effective date is fiscal years beginning after November 15, 2009. Accordingly, the Corporation will adopt the provisions in the first quarter 2010. The Corporation is currently evaluating the impact of the provisions.

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Note 2 Pending Accounting Pronouncements (continued)

In August 2009, the FASB issued Accounting Standards Update (ASU) No. 2009-05 (ASU 2009-05), which provides amendments to ASC Topic 820, Fair Value Measurements and Disclosures, for the fair value measurement of liabilities. ASU 2009-05 provides clarification that in circumstances in which a quoted price in an active market for the identical liability is not available, a reporting entity is required to measure fair value using one or more of the following techniques: a valuation technique that uses the quoted price of the identical liability when traded as an asset or a quoted price for a similar liability when traded as an asset, or another valuation method that is consistent with the principles of ASC Topic 820, Fair Value Measurements and Disclosures. ASU 2009-05 also provides clarification that when estimating the fair value of a liability, a reporting entity is not required to include a separate input or adjustments to other inputs relating to the existence of a restriction that prevents the transfer of the liability. The effective date is the first reporting period beginning after issuance. Accordingly, the Corporation will adopt the provisions of ASU 2009-5 in the fourth quarter 2009. The Corporation does not expect the adoption of the provisions of ASU 2009-5 to have a material effect on the Corporation s financial condition and results of operations.

Note 3 - Investment Securities

A summary of the Corporation s investment securities available-for-sale follows:

(in millions)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
September 30, 2009				
U.S. Treasury and other U.S. government agency securities	$ 3,068	$ 4	$	$ 3,072
Government-sponsored enterprise residential mortgage-backed securities	4,632	96		4,728
State and municipal securities (a)	53		2	51
Corporate debt securities:				
Auction-rate debt securities	156	5		161
Other corporate debt securities	50			50
Equity and other non-debt securities:				
Auction-rate preferred securities	730	8	12	726
Money market and other mutual funds	94			94
Total investment securities available-for-sale	$ 8,783	$ 113	$ 14	$ 8,882
December 31, 2008				
U.S. Treasury and other U.S. government agency securities	$ 79	$	$	$ 79
Government-sponsored enterprise residential mortgage-backed securities	7,624	242	5	7,861
State and municipal securities (a)	69		3	66
Corporate debt securities:				
Auction-rate debt securities	158		11	147

Other corporate debt securities	42			42
Equity and other non-debt securities:				
Auction-rate preferred securities	954		18	936
Money market and other mutual funds	70			70
Total investment securities available-for-sale	$ 8,996	$ 242	$ 37	$ 9,201

(a) Primarily auction-rate securities

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Note 3 - Investment Securities (continued)

A summary of the Corporation s temporarily impaired investment securities available-for-sale as of September 30, 2009 and December 31, 2008 follows:

	Temporarily Impaired					
	Less than 12 months		Over 12 months		Total	
(in millions)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
September 30, 2009						
U.S. Treasury and other U.S. government agency securities	$	$	$	$	$	$
Government-sponsored enterprise residential mortgage-backed securities	1	(b)			1	(b)
State and municipal securities (a)	49	2			49	2
Corporate debt securities:						
Auction-rate debt securities						
Other corporate debt securities						
Equity and other non-debt securities:						
Auction-rate preferred securities	526	12			526	12
Money market and other mutual funds						
Total temporarily impaired securities	$ 576	$ 14	$	$	$ 576	$ 14
December 31, 2008						
U.S. Treasury and other U.S. government agency securities	$	$	$	$	$	$
Government-sponsored enterprise residential mortgage-backed securities	137	1	559	4	696	5
State and municipal securities (a)	64	3			64	3
Corporate debt securities:						
Auction-rate debt securities	147	11			147	11
Other corporate debt securities						
Equity and other non-debt securities:						
Auction-rate preferred securities	936	18			936	18
Money market and other mutual funds						
Total temporarily impaired securities	$ 1,284	$ 33	$ 559	$ 4	$ 1,843	$ 37

(a) Primarily auction-rate securities.

(b) Unrealized losses less than $0.5 million.

At September 30, 2009, the Corporation had 404 securities in an unrealized loss position, including 21 AAA-rated U.S. government-sponsored enterprise residential mortgage-backed securities (i.e., FMNA, FHLMC), 46 state and municipal auction-rate debt securities and 334 auction-rate preferred securities. The unrealized losses resulted from changes in market interest rates and liquidity, not from changes in the probability of contractual cash flows. The Corporation does not intend to sell the securities, and it is not more-likely-than-not that the Corporation will be required to sell the securities prior to recovery of amortized cost. Full collection of the amounts due according to the contractual terms of the securities is expected; therefore, the Corporation does not consider these investments to be other-than-temporarily impaired at September 30, 2009.

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Note 3 - Investment Securities (continued)

Sales, calls and write-downs of investment securities available-for-sale resulted in realized gains and losses as follows:

	Nine Months Ended September 30	
(in millions)	2009	2008
Securities gains	$ 235	$ 63
Securities losses	(2)	
Total net securities gains	$ 233	$ 63

The table below summarizes the amortized cost and fair values of debt securities, by contractual maturity. Securities with multiple maturity dates are classified in the period of final maturity. Expected maturities may differ significantly from contractual maturities, as borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

(in millions) September 30, 2009	Amortized Cost	Fair Value
Contractual maturity		
Within one year	$ 3,113	$ 3,116
After one year through five years	7	7
After five years through ten years		
After ten years	207	211
Subtotal	3,327	3,334
Residential mortgage-backed securities	4,632	4,728
Equity and other nondebt securities:		
Auction-rate preferred securities	730	726
Money market and other mutual funds	94	94
Total securities available-for-sale	$ 8,783	$ 8,882

Included in the contractual maturity distribution in the table above were auction-rate debt securities and state and municipal auction-rate debt securities with an amortized cost and fair value of $207 million and $211 million, respectively. Auction-rate debt and auction-rate preferred securities are long-term, floating rate instruments for which interest rates are reset at periodic auctions. At each successful auction, the Corporation has the option to sell the security at par value. Additionally, the issuers of auction-rate securities generally have the right to redeem or refinance the debt. As a result, the expected life of auction-rate securities may differ significantly from the contractual life.

At September 30, 2009, investment securities having a carrying value of $3.3 billion were pledged where permitted or required by law to secure $3.2 billion of liabilities, including public and other deposits, Federal Home Loan Bank of Dallas (FHLB) advances and derivative instruments. This included mortgage-backed securities of $1.5 billion pledged with the FHLB to secure advances of $1.5 billion at September 30, 2009. The remaining pledged securities of $1.8 billion were primarily with state and local government agencies to secure $1.7 billion of deposits and other liabilities.

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Note 4 - Allowance for Credit Losses

The following summarizes the changes in the allowance for loan losses:

	Nine Months Ended September 30,	
(in millions)	2009	2008
Balance at beginning of period	$ 770	$ 557
Loan charge-offs:		
Domestic		
Commercial	262	117
Real estate construction		
Commercial Real Estate business line	201	149
Other business lines	1	1
Total real estate construction	202	150
Commercial mortgage		
Commercial Real Estate business line	63	51
Other business lines	56	20
Total commercial mortgage	119	71
Residential mortgage	15	2
Consumer	25	15
Lease financing	30	
International	10	1
Total loan charge-offs	663	356
Recoveries:		
Domestic		
Commercial	11	11
Real estate construction	1	2
Commercial mortgage	2	2
Residential mortgage		
Consumer	2	2
Lease financing	1	1
International	2	
Total recoveries	19	18
Net loan charge-offs	644	338
Provision for loan losses	826	494
Foreign currency translation adjustment	1	(1)
Balance at end of period	$ 953	$ 712

Changes in the allowance for credit losses on lending-related commitments, included in accrued expenses and other liabilities on the consolidated balance sheets, are summarized in the following table.

	Nine Months Ended September 30,	
(in millions)	2009	2008

Balance at beginning of period	$ 38	$ 21
Less: Charge-offs on lending-related commitments (a)		1
Add: Provision for credit losses on lending-related commitments	(3)	20
Balance at end of period	$ 35	$ 40

(a) Charge-offs result from the sale of unfunded lending-related commitments.

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Note 4 - Allowance for Credit Losses (continued)

A loan is impaired when it is probable that interest and principal payments will not be made in accordance with the contractual terms of the original loan agreement. Consistent with this definition, all nonaccrual and reduced-rate loans are impaired. Loans restructured in troubled debt restructurings bearing market rates of interest at the time of restructuring and performing in compliance with their modified terms (performing restructured loans) are considered impaired in the calendar year of the restructuring.

For purposes of determining the valuation allowance required for impaired loans, large business and certain large consumer and residential mortgage nonaccrual loans and all loans restructured in troubled debt restructurings are individually assessed. The level of impairment is measured based on one of several methods, including estimated collateral value, market value of similar debt, or discounted cash flows. When fair value is less than current carrying value, the difference is charged-off when appropriate, or a valuation allowance is established within the allowance for loan losses. Those impaired loans not requiring an allowance represent loans for which the fair value of expected repayments or collateral exceeded the recorded investment in such loans.

The following presents the carrying value of impaired loans and the related valuation allowance as of September 30, 2009 and December 31, 2008:

(in millions)	September 30, 2009	December 31, 2008
Total nonaccrual loans	$ 1,194	$ 917
Total reduced-rate loans	2	
Total nonperforming loans	1,196	917
Total performing restructured loans	8	
Total impaired loans	1,204	917
Impaired loans excluded from individual evaluation	(35)	(13)
Individually evaluated impaired loans	$ 1,169	$ 904
Individually evaluated impaired loans requiring a valuation allowance	$ 1,152	$ 807
Valuation allowance on individually evaluated impaired loans	$ 219	$ 175

Individually evaluated impaired loans averaged $1,156 million and $1,045 million for the three- and nine-month periods ended September 30, 2009, respectively, and $810 million and $636 million for the three- and nine-month periods ended September 30, 2008, respectively.

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Note 5 - Medium- and Long-Term Debt

Medium- and long-term debt are summarized as follows:

(in millions)	September 30, 2009	December 31, 2008
Parent company		
Subordinated notes:		
4.80% subordinated note due 2015	$ 331	$ 342
6.576% subordinated notes due 2037	511	510
Total subordinated notes	842	852
Medium-term notes:		
Floating-rate based on LIBOR indices due 2010	150	150
Total parent company	992	1,002
Subsidiaries		
Subordinated notes:		
8.50% subordinated note due 2009		101
7.125% subordinated note due 2013	151	149
5.70% subordinated note due 2014	278	286
5.75% subordinated notes due 2016	686	701
5.20% subordinated notes due 2017	559	592
8.375% subordinated note due 2024	193	207
7.875% subordinated note due 2026	218	246
Total subordinated notes	2,085	2,282
Medium-term notes:		
Floating-rate based on LIBOR indices due 2009 to 2012	2,115	3,669
Floating-rate based on Federal Funds indices due 2009		100
Federal Home Loan Bank advances:		
Floating-rate based on LIBOR indices due 2009 to 2014	6,000	8,000
Other notes:		
6.0% - 6.4% fixed-rate notes due 2020	60	
Total subsidiaries	10,260	14,051
Total medium- and long-term debt	$ 11,252	$ 15,053

The carrying value of medium- and long-term debt was adjusted to reflect the gain or loss attributable to the risk hedged with interest rate swaps.

Comerica Bank (the Bank), a subsidiary of the Corporation, is a member of the FHLB, which provides short- and long-term funding collateralized by mortgage-related assets to its members. FHLB advances bear interest at variable rates based on LIBOR and were secured by $4.5 billion of real estate-related loans and $1.5 billion of mortgage-backed investment securities at September 30, 2009.

In the third quarter 2009, the Bank repurchased, at a discount, $79 million of floating-rate medium-term notes with a maturity in May 2012 and recognized a gain of $7 million.

The Bank participates in the voluntary Temporary Liquidity Guarantee Program (the TLG Program) announced by the Federal Deposit Insurance Corporation (FDIC) in October 2008 and amended in March 2009. Under the TLG Program, all senior unsecured debt issued between October 14, 2008 and October 31, 2009 with a maturity of more than 30 days is guaranteed by the FDIC. Debt guaranteed by the FDIC is backed by the full faith and credit of the United States. The FDIC guarantee expires on the earlier of the maturity date of the debt or December 31, 2012 (June 30, 2012 for debt issued prior to April 1, 2009). At September 30, 2009, there was approximately $7 million of senior unsecured debt outstanding in the form of bank-to-bank deposits issued under the TLG Program and $5.2 billion available to be issued.

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Note 6 - Income Taxes and Tax-Related Items

The provision for federal income taxes is computed by applying the statutory federal income tax rate to income (loss) before income taxes as reported in the consolidated financial statements after deducting non-taxable items, principally income on bank-owned life insurance, and deducting tax credits related to investments in low income housing partnerships. Tax interest, state and foreign taxes are then added to the federal tax provision.

In 2008 and first quarter 2009, the Corporation applied an estimated annual effective tax rate to interim period pre-tax income (loss) to calculate the income tax provision or benefit for each quarter, in accordance with the principal method prescribed by the accounting requirements established for computing income taxes in interim periods. The requirements allow for an alternative method to calculate the effective tax rate when an entity is unable to make a reliable estimate of pre-tax income (loss) for the fiscal year. Under the alternative method, interim period federal income taxes are based on each discrete quarter s pre-tax income (loss). In light of the recent volatility and uncertainty in the current economic market, the Corporation applied the alternative method to compute the income tax benefit beginning in the second quarter 2009.

Unrecognized tax benefits were $1 million and $91 million at September 30, 2009 and 2008, respectively, and accrued interest was $19 million and $81 million at September 30, 2009 and 2008, respectively. The decrease in unrecognized tax benefits of $90 million and accrued interest of $62 million for the nine months ended September 30, 2009 when compared to the same period in the prior year was the result of the settlement of open tax issues with the Internal Revenue Service (IRS) related to structured leasing transactions and disallowed foreign tax benefits in the fourth quarter 2008 and from activity in 2009 including the closing of the audit of years 2001-2004, the amending of certain state income tax returns and the recognition of certain anticipated refunds due from the IRS. The amount of interest accrued at September 30, 2009 includes interest for unrecognized tax benefits and interest payable to the IRS for tax positions that were settled, but not yet paid. The Corporation anticipates that it is reasonably possible that additional settlements related to IRS refund claims and to various state tax issues will result in an increase in the unrecognized tax benefit liability in the range of $4 to $6 million within the next twelve months.

Based on current knowledge and probability assessment of various potential outcomes, the Corporation believes that current tax reserves are adequate to cover the matters outlined above, and the amount of any incremental liability arising from these matters is not expected to have a material adverse effect on the Corporation s consolidated financial condition or results of operations. Probabilities and outcomes are reviewed as events unfold, and adjustments to the reserves are made when necessary.

Note 7 - Accumulated Other Comprehensive Income (Loss)

Other comprehensive income (loss) includes the change in net unrealized gains and losses on investment securities available-for-sale, the change in accumulated net gains and losses on cash flow hedges and the change in the accumulated defined benefit and other postretirement plans adjustment. The Consolidated Statements of Changes in Shareholders Equity include only combined other comprehensive income (loss), net of tax. Total comprehensive income (loss) was ($6) million and $241 million for the nine months ended September 30, 2009 and 2008, respectively. The $247 million decrease in total comprehensive income (loss) for the nine months ended September 30, 2009, when compared to the same period in the prior year, resulted primarily from a $147 million decrease in net income and a $105 million after-tax decrease in net unrealized gains on investment securities available for sale. The following table presents reconciliations of the components of the accumulated other comprehensive income (loss) for the nine months ended September 30, 2009 and 2008.

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Note 7 - Accumulated Other Comprehensive Income (Loss) (continued)

(in millions)	Nine Months Ended September 30, 2009	2008
Accumulated net unrealized gains (losses) on investment securities available-for-sale:		
Balance at beginning of period, net of tax	$ 131	$ (9)
Net unrealized holding gains arising during the period	126	120
Less: Reclassification adjustment for net gains included in net income	233	63
Change in net unrealized gains before income taxes	(107)	57
Less: Provision for income taxes	(39)	20
Change in net unrealized gains on investment securities available-for-sale, net of tax	(68)	37
Balance at end of period, net of tax	$ 63	$ 28
Accumulated net gains on cash flow hedges:		
Balance at beginning of period, net of tax	$ 30	$ 2
Net cash flow hedge gains arising during the period	10	21
Less: Reclassification adjustment for net gains included in net income	25	19
Change in net cash flow hedge gains before income taxes	(15)	2
Less: Provision for income taxes	(6)	1
Change in net cash flow hedge gains, net of tax	(9)	1
Balance at end of period, net of tax	$ 21	$ 3
Accumulated defined benefit pension and other postretirement plans adjustment:		
Balance at beginning of period, net of tax	$ (470)	$ (170)
Net defined benefit pension and other postretirement adjustment arising during the period		3
Less: Adjustment for amounts recognized as components of net periodic benefit cost during the period	(40)	(13)
Change in defined benefit and other postretirement plans adjustment before income taxes	40	16
Less: Provision for income taxes	15	6
Change in defined benefit and other postretirement plans adjustment, net of tax	25	10
Balance at end of period, net of tax	$ (445)	$ (160)
Total accumulated other comprehensive loss at end of period, net of tax	$ (361)	$ (129)

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Note 8 Net Income (Loss) per Common Share

Basic income (loss) from continuing operations and net income (loss) per common share are computed by dividing income (loss) from continuing operations applicable to common stock and net income (loss) applicable to common stock, respectively, by the weighted-average number of shares of common stock outstanding during the period, including nonvested restricted stock. Diluted income (loss) from continuing operations and net income (loss) per common share are computed by dividing income (loss) from continuing operations applicable to common stock and net income (loss) applicable to common stock, respectively, by the weighted-average number of shares of common stock, including nonvested restricted stock and dilutive common stock equivalents outstanding during the period. Common stock equivalents consist of common stock issuable under the assumed exercise of stock options granted under the Corporation s stock plans and a warrant, using the treasury stock method. Basic and diluted income (loss) from continuing operations per common share and net income (loss) per common share for the three- and nine- month periods ended September 30, 2009 and 2008 were computed as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions, except per share data)	2009	2008	2009	2008
Basic and diluted				
Income from continuing operations	$ 19	$ 27	$ 45	$ 193
Less: Preferred stock dividends	34		101	
Income (loss) from continuing operations applicable to common stock	$ (15)	$ 27	$ (56)	$ 193
Net income	$ 19	$ 28	$ 46	$ 193
Less: Preferred stock dividends	34		101	
Net income (loss) applicable to common stock	$ (15)	$ 28	$ (55)	$ 193
Average common shares outstanding	151	151	151	151
Basic income (loss) from continuing operations per common share	$ (0.10)	$ 0.18	$ (0.37)	$ 1.28
Basic net income (loss) per common share	(0.10)	0.19	(0.36)	1.28
Average common shares outstanding	151	151	151	151
Common stock equivalents:				
Net effect of the assumed exercise of stock options				
Net effect of the assumed exercise of warrant				
Diluted average common shares	151	151	151	151
Diluted income (loss) from continuing operations per common share	$ (0.10)	$ 0.18	$ (0.37)	$ 1.28
Diluted net income (loss) per common share	(0.10)	0.19	(0.36)	1.28

The following average shares related to outstanding options and a warrant to purchase shares of common stock were not included in the computation of diluted net income (loss) per common share because the options and warrant s exercise prices were greater than the average market price of common shares for the period.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(options in millions)	2009	2008	2009	2008

Average shares related to outstanding options and warrant	28.6	19.5	29.3	19.9
Range of exercise prices	$30.77 - $64.50	$29.82 - $69.00	$21.95 - $66.81	$36.24 - $71.58

Due to the net loss applicable to common stock reported for the three- and nine-month periods ended September 30, 2009, options to purchase 1.5 million shares and 1.4 million shares, respectively, with average exercise prices less than the average market price of common shares for the period were excluded from the computation of diluted net loss per share, as their inclusion would have been anti-dilutive.

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Note 9 Employee Benefit Plans

Net periodic benefit costs are charged to employee benefits expense on the consolidated statements of income. The components of net periodic benefit cost for the Corporation s qualified pension plan, non-qualified pension plan and postretirement benefit plan are as follows:

Qualified Defined Benefit Pension Plan	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	2009	2008	2009	2008
Service cost	$ 7	$ 7	$ 21	$ 21
Interest cost	18	17	52	50
Expected return on plan assets	(27)	(25)	(78)	(75)
Amortization of unrecognized prior service cost	2	2	5	5
Amortization of unrecognized net loss	9	1	28	3
Net periodic benefit cost	$ 9	$ 2	$ 28	$ 4

Non-Qualified Defined Benefit Pension Plan	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	2009	2008	2009	2008
Service cost	$ 1	$ 1	$ 3	$ 3
Interest cost	2	2	7	6
Amortization of unrecognized prior service cost		(1)	(1)	(1)
Amortization of unrecognized net loss	2	1	7	3
Net periodic benefit cost	$ 5	$ 3	$ 16	$ 11

Postretirement Benefit Plan	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	2009	2008	2009	2008
Interest cost	$ 2	$ 1	$ 4	$ 4
Expected return on plan assets	(1)	(1)	(3)	(3)
Amortization of unrecognized transition obligation	1	1	3	3
Amortization of unrecognized net loss		1	1	1
Net periodic benefit cost	$ 2	$ 2	$ 5	$ 5

For further information on the Corporation s employee benefit plans, refer to Note 16 to the consolidated financial statements in the Corporation s 2008 Annual Report.

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Note 10 - Derivative Instruments

In the normal course of business, the Corporation enters into various transactions involving derivative financial instruments to manage exposure to fluctuations in interest rate, foreign currency and other market risks and to meet the financing needs of customers. These financial instruments involve, to varying degrees, elements of credit and market risk.

Credit risk is the possible loss that may occur in the event of nonperformance by the counterparty to a financial instrument. The Corporation attempts to minimize credit risk arising from financial instruments by evaluating the creditworthiness of each counterparty, adhering to the same credit approval process used for traditional lending activities. Counterparty risk limits and monitoring procedures were also established to facilitate the management of credit risk. Collateral is obtained, if deemed necessary, based on the results of management s credit evaluation. Collateral varies, but may include cash, investment securities, accounts receivable, equipment or real estate.

Market risk is the potential loss that may result from movements in interest rates, foreign currency exchange rates or energy commodity prices that cause an unfavorable change in the value of a financial instrument. Market risk arising from derivative instruments is reflected in the consolidated financial statements. The Corporation manages this risk by establishing monetary exposure limits and monitoring compliance with those limits. Market risk inherent in derivative instruments entered into on behalf of customers is mitigated by taking offsetting positions, except in those circumstances when the amount, tenor and/or contract rate level results in negligible economic risk. Market risk inherent in derivative instruments held or issued for risk management purposes is typically offset by changes in the fair value of the assets or liabilities being hedged.

Derivative instruments are carried at fair value in either accrued income and other assets or accrued expenses and other liabilities on the consolidated balance sheets. The accounting for changes in the fair value (i.e., gains or losses) of a derivative instrument is determined by whether it has been designated and qualifies as part of a hedging relationship and further, by the type of hedging relationship. For those derivative instruments that are designated and qualify as hedging instruments, the Corporation designates the hedging instrument, based upon the exposure being hedged, as either a fair value hedge or a cash flow hedge. For derivative instruments designated and qualifying as a fair value hedge (i.e., hedging the exposure to changes in the fair value of an asset or a liability or an identified portion thereof that is attributable to a particular risk), the gain or loss on the derivative instrument, as well as the offsetting loss or gain on the hedged item attributable to the hedged risk, are recognized in current earnings during the period of the change in fair values. For derivative instruments that are designated and qualify as a cash flow hedge (i.e., hedging the exposure to variability in expected future cash flows that is attributable to a particular risk), the effective portion of the gain or loss on the derivative instrument is reported as a component of other comprehensive income and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. The remaining gain or loss on the derivative instrument in excess of the cumulative change in the present value of future cash flows of the hedged item (i.e., the ineffective portion), if any, is recognized in current earnings during the period of change. For derivative instruments not designated as hedging instruments, the gain or loss is recognized in current earnings during the period of change.

For hedging instruments designated at inception, the Corporation uses either the short-cut method or applies dollar offset or statistical regression analysis to assess effectiveness. The short-cut method is used for certain fair value hedges of medium- and long-term debt. This method allows for the assumption of zero hedge ineffectiveness and eliminates the requirement to further assess hedge effectiveness on these transactions. For hedge relationships to which the Corporation does not apply the short-cut method, either the dollar offset or statistical regression analysis is used at inception and for each reporting period thereafter to assess whether the derivative used has been and is expected to be highly effective in offsetting changes in the fair value or cash flows of the hedged item. All components of each derivative instrument s gain or loss are included in the assessment of hedge effectiveness. Net hedge ineffectiveness is recorded in other noninterest income on the consolidated statements of income.

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Note 10 - Derivative Instruments (continued)

The following table presents the composition of the Corporation s derivative instruments, excluding commitments, held or issued for risk management purposes or in connection with customer-initiated and other activities at September 30, 2009 and December 31, 2008.

	September 30, 2009			December 31, 2008		
		Fair Value (a)			Fair Value (a)	
(in millions)	Notional/ Contract Amount (b)	Asset Derivatives (Unrealized Gains) (c)	Liability Derivatives (Unrealized Losses)	Notional/ Contract Amount (b)	Asset Derivatives (Unrealized Gains) (c)	Liability Derivatives (Unrealized Losses)
Risk management purposes						
Derivatives designated as hedging instruments						
Interest rate contracts:						
Swaps - cash flow - receive fixed/pay floating	$ 1,700	$ 36	$	$ 1,700	$ 50	$
Swaps - fair value - receive fixed/pay floating	1,848	246		1,700	346	
Total risk management interest rate swaps designated as hedging instruments	3,548	282		3,400	396	
Derivatives used as economic hedges						
Foreign exchange contracts:						
Spot and forwards	411	2	1	531	5	9
Swaps	2			13	3	
Total risk management foreign exchange contracts used as economic hedges	413	2	1	544	8	9
Total risk management purposes	$ 3,961	$ 284	$ 1	$ 3,944	$ 404	$ 9
Customer-initiated and other activities						
Interest rate contracts:						
Caps and floors written	$ 1,261	$	$ 12	$ 1,271	$	$ 14
Caps and floors purchased	1,261	12		1,271	14	
Swaps	10,171	313	279	9,800	410	376
Total interest rate contracts	12,693	325	291	12,342	424	390
Energy derivative contracts:						
Caps and floors written	787		70	634		84
Caps and floors purchased	787	70		634	84	
Swaps	729	83	82	877	101	101
Total energy derivative contracts	2,303	153	152	2,145	185	185
Foreign exchange contracts:						
Spot, forwards, futures and options	1,785	48	45			