

# Comerica Incorporated

## Morgan Stanley 10th Annual Financials Conference June 12, 2019

Curt Farmer  
President & Chief Executive Officer

Muneera Carr  
Chief Financial Officer

Comerica Bank<sup>®</sup>

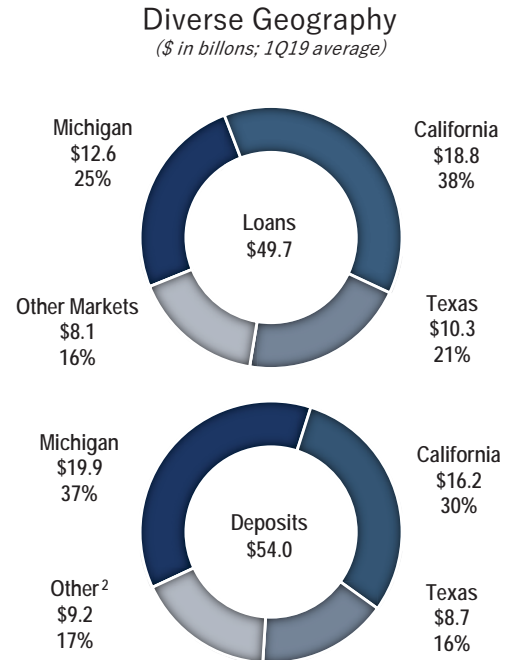
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Comerica Bank<sup>®</sup>

# Comerica: Key Strengths

<b>A LEADING BANK FOR BUSINESS</b> #1 Commercial lender (% of total loans) <sup>1</sup> Complemented by Retail Bank & Wealth Management	>90% of loans are commercial
<b>RELATIONSHIP BANKING STRATEGY</b> Deep expertise in specialty businesses Long tenured employees	49% of deposits are noninterest-bearing
<b>GROWING REVENUE</b> Positioned in faster growing markets & industries	10% net interest income growth
<b>HIGHLY EFFICIENT</b> GEAR Up leveraged technology, increasing capacity to support growth	50.8% efficiency ratio
<b>SUPERIOR CREDIT METRICS</b> Conservative underwriting Diverse portfolio	8 bps net charge-offs
<b>STRONG CAPITAL</b> Supports future growth \$1.6B capital returned to shareholders (FY18)	10.78% CET1



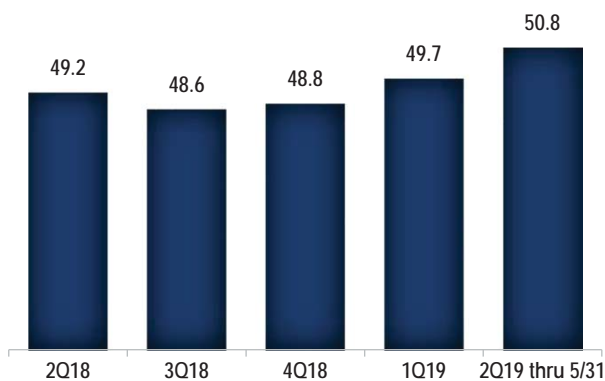
3/31/19 unless otherwise noted; comparisons shown 1Q19 vs. 1Q18 • <sup>1</sup>Source: S&P Global Market Intelligence; based on 3/31/19 regulatory data for domestic financial holding companies using C&I loans • <sup>2</sup>Consists of Other Markets (\$7.9B) & Finance/ Other (\$1.3B)



## Second Quarter Loan Update

QTD average loans growth of \$1.1B, or 2.2%

Loans: April & May Trends<sup>1</sup>  
 (\$ in billions; Average)



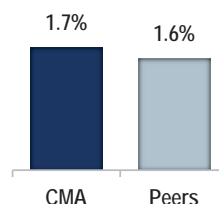
QTD trends reflect:

- General Middle Market growth in all 3 major markets
- Seasonal increases in Mortgage Banker & National Dealer Services

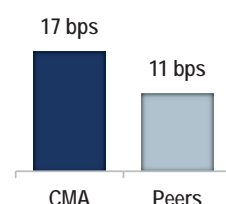
### Driving Growth

- Greater capacity with E2E credit process redesign
- Allocating resources to faster growing niche businesses & markets
- Upgraded customer relationship management tools
- Enriched marketing analytics & customer retention tools

Loan Growth<sup>2</sup>  
 (Average 1Q19 vs 4Q18)



Loan Yield Increase<sup>3</sup>  
 (1Q19 vs 4Q18)



2Q19 average balances through 5/31/19 are preliminary and subject to change • <sup>1</sup>Comparisons of 2Q19 through 5/31/19 vs 1Q19 • <sup>2</sup>Source: 1Q19 earnings release materials • <sup>3</sup>Source for peer group data: S&P Global Market Intelligence • See slide 5 for list of peer banks

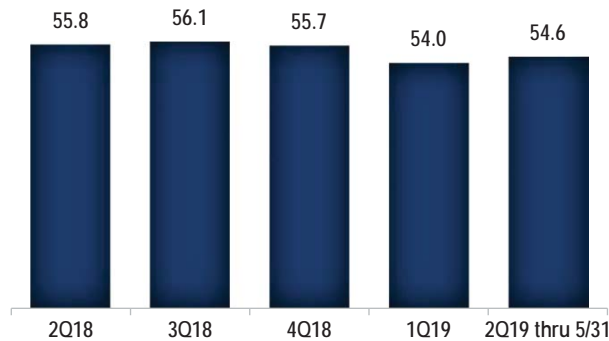


# Second Quarter Deposit Update

Balances have stabilized

## Deposits: April & May Trends<sup>1</sup>

(\$ in billions; Average)



QTD trends reflect normal seasonal pattern & mix shift:

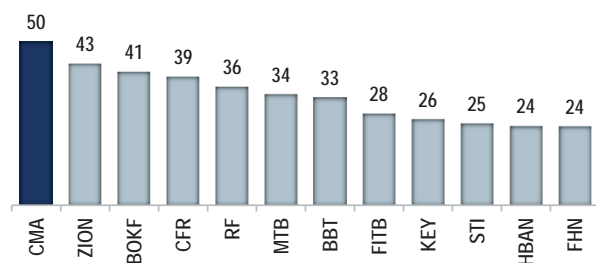
- \$1.1B increase in interest-bearing
- \$0.5B decrease in noninterest-bearing
- 93% loan to deposit ratio at 5/31/19

## Growth Initiatives

- Digital enhancements, including online account opening & mobile applications
- Optimal banking center coverage with select expansion in key markets
- New portal with unique branding for Wealth Management customers
- Enhanced Treasury Management capabilities, including reporting & payments

## Largest Component of Noninterest Deposits<sup>2</sup>

(1Q19 average percentage)



2Q19 average balances through 5/31/19 are preliminary and subject to change • <sup>1</sup>Comparisons of 2Q19 through 5/31/19 vs 1Q19 • <sup>2</sup>Percentage of noninterest-bearing deposits to total deposits. Source for peer group data: S&P Global Market Intelligence



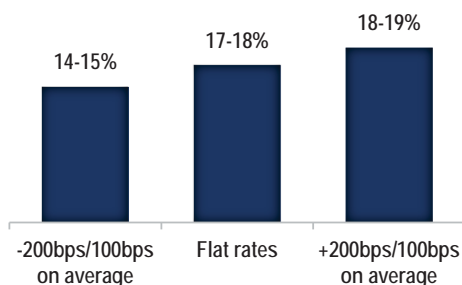
# Interest Rate Environment

Utilize interest rate hedges to reduce impact of future decline in rates

## YTD19 Activity<sup>1</sup>:

- \$2.8B (pay floating/receive fixed) hedges
  - 3.3 year average term
  - 2.23% average fixed rate
- Expect to reduce the unfavorable impact on net interest income from a 200bps drop in rates (100 bps on average) by ~\$30MM
- Projected Return on Equity with change in rates using FY19 outlook provided 4/17/19 for calculation purposes:

## Estimated Return on Equity<sup>2</sup>



## Hedging Overview

Purpose: Reduce impact when rates decline in order to maintain steady margin as rates move through typical cycle

Tools: Over time, gradually layer in interest rate swaps (pay floating/receive fixed) with various tenors. Collars or floors also considered

Financial impact: Depends on swap rates & short-term rates. Current market conditions indicate that the near-term effect on net interest income is expected to be nominal

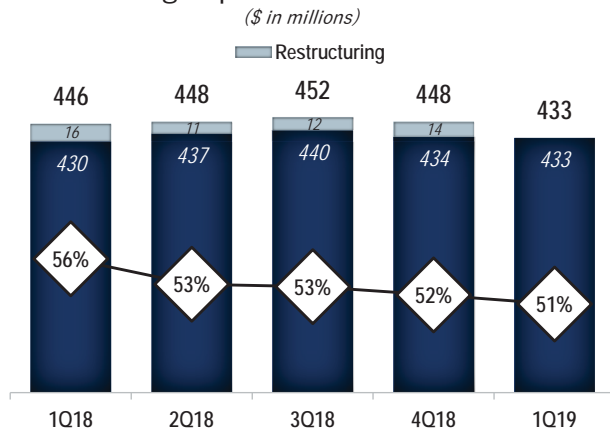
Outlook as of 6/10/19 • <sup>1</sup>Through 6/10/19 • <sup>2</sup>Average common shareholders' equity



# Expense Discipline

Careful cost management drives efficiency ratio<sup>1</sup> to 51%

## Maintaining Expenses as Revenues Grew<sup>2</sup>



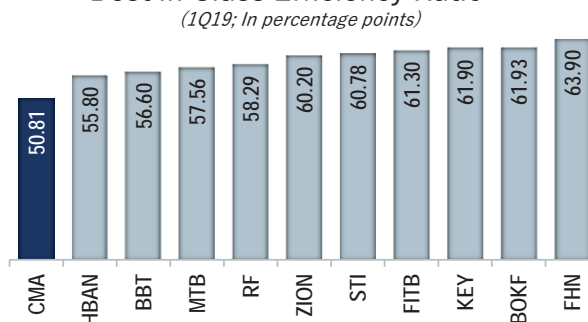
Focused on continuing to achieve operating leverage by:

- Increasing capacity
- Driving revenue growth
- Carefully managing costs
- Enhancing productivity

## TechVision 2020

- GEAR Up helped position our systems & talent for the future
- Technology savings are being reinvested which helps moderate rising investment demand
- Leveraging third parties to keep pace with evolving & emerging technologies

## Best in Class Efficiency Ratio<sup>1,2</sup>



<sup>1</sup>Noninterest expenses as a percentage of net interest income & noninterest income excluding net gains (losses) from securities & a derivative contract tied to the conversion rate of Visa Class B shares • <sup>2</sup>Source for peer group data: S&P Global Market Intelligence; excludes CFR as data was not available



# Active Capital Management

Returning excess capital at a fast pace

## 2Q19 share repurchase \$425MM<sup>1</sup>

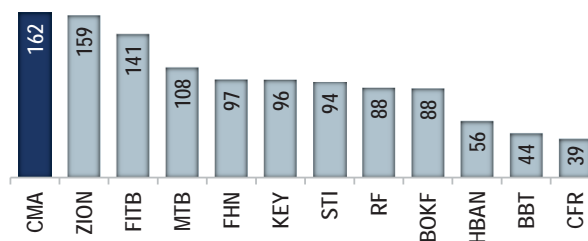
- Solid performance & strong capital position enables continued meaningful return of capital

## Actively manage capital

- Target upper end of 9.5-10% CET1 range by FYE19 given pace of loan growth<sup>2</sup>

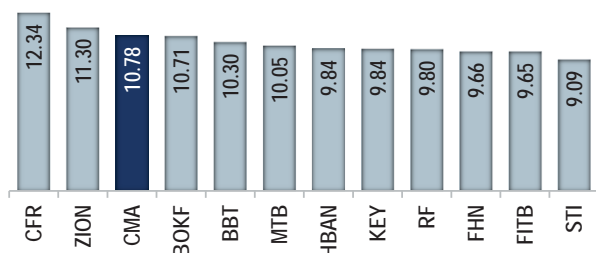
## Total Shareholder Payout<sup>3</sup>

*(1Q19; As a percentage of net income)*



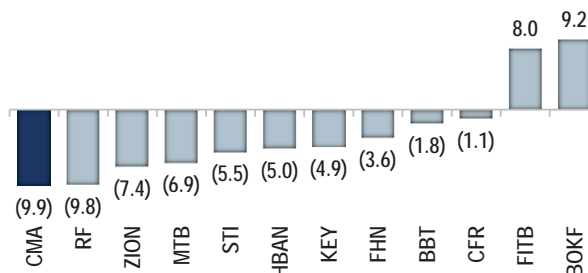
## Strong Capital (CET1)<sup>3</sup>

*(1Q19; In percentage points)*



## Change in Common Shares Outstanding<sup>3</sup>

*(1Q19 vs. 1Q18; In percentage points)*



<sup>1</sup>Shares repurchased under share repurchase program • <sup>2</sup>Outlook as of 6/10/19 • <sup>3</sup>Source: S&P Global Market Intelligence



# Well Positioned for the Future

Provided superior shareholder returns in 2018 & 1Q19

A LEADING BANK FOR BUSINESS

RELATIONSHIP BANKING STRATEGY

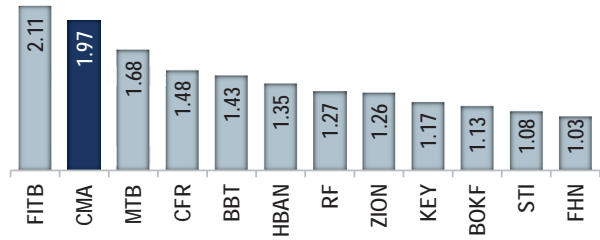
GROWING REVENUE

HIGHLY EFFICIENT

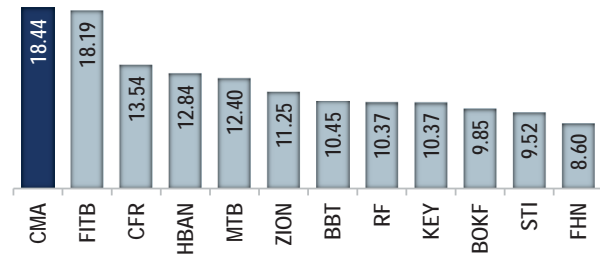
SUPERIOR CREDIT METRICS

STRONG CAPITAL

Return on Assets<sup>1,2</sup>  
(1Q19; In percentage points)



Return on Equity<sup>1,3</sup>  
(1Q19; In percentage points)



<sup>1</sup>Source for peer group data: S&P Global Market Intelligence; FITB includes gain on sale of Worldpay shares & close of MB Financial acquisition during 1Q19 • <sup>2</sup>Return on average assets • <sup>3</sup>Return on average common shareholders' equity



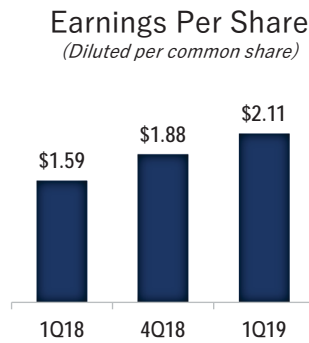
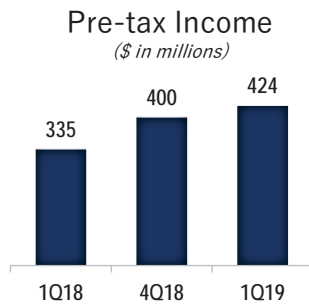
## Appendix

*commitment*



# 1Q19 Financial Accomplishments

33% increase in earnings per share (1Q19 vs. 1Q18)



## GROWING REVENUE

- \$1.3B increase in average loans
- Grew revenue 6%, including \$57MM increase in net interest income as well as growth in syndication & card fees

## EXPENSE & CREDIT DISCIPLINE

- Expense discipline helped drive efficiency ratio to 51%
- Strong credit quality with net charge-offs of 8 bps
- Nonaccrual loans declined to 38 bps of total period-end loans

## ACTIVE CAPITAL MANAGEMENT

- Increased dividend paid April 1 to \$0.67 per share
- Returned a total of \$530MM to shareholders, including dividends & share repurchase of \$425MM (5.1MM shares)<sup>1</sup>
- Return on equity (ROE) increased to 18.44%

3/31/19; 1Q19 compared to 1Q18 • <sup>1</sup>Through share repurchase program

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# 1Q19 Financial Results

Expense discipline, strong credit & capital management drove ROE over 18%

(\$ in millions, except per share data)	1Q19	Change From	
		4Q18	1Q18
Average loans	\$49,677	\$845	\$1,256
Average deposits	53,996	(1,733)	(2,094)
Net interest income	\$606	\$(8)	\$57
Provision for credit losses	(13)	(29)	(25)
Noninterest income <sup>1,2</sup>	238	(12)	(6)
Adjusted Noninterest income <sup>2,3</sup>	246	(4)	2
Noninterest expenses <sup>1,2</sup>	433	(15)	(13)
Adjusted Noninterest expense <sup>2,3</sup>	433	(1)	3
Provision for income tax	85	(5)	31
Net income	339	29	58
Earnings per share <sup>4</sup>	\$2.11	\$0.23	\$0.52
Adjusted Earnings per share <sup>3,4</sup>	2.08	0.13	0.54
Average diluted shares	159,518	(3,983)	(15,626)

## Key QoQ Performance Drivers

- Broad-based loan growth; overcame traditional seasonality
- Deposits showed typical 1Q decline
- Net interest income aided by rate increase & loan growth, more than offset by 2 fewer days & lower balances at Fed; Net interest margin 3.79%, up 9 bps
- Strong credit quality continued
- Adjusted noninterest income decreased from strong 4Q18
- Adjusted expenses relatively stable with annual stock comp. offset by reduction in several categories
- 1Q19 discrete tax benefits of \$11MM related to employee stock transactions
- Repurchased 5.1MM shares<sup>5</sup>; returned \$530MM to shareholders through buyback & dividend

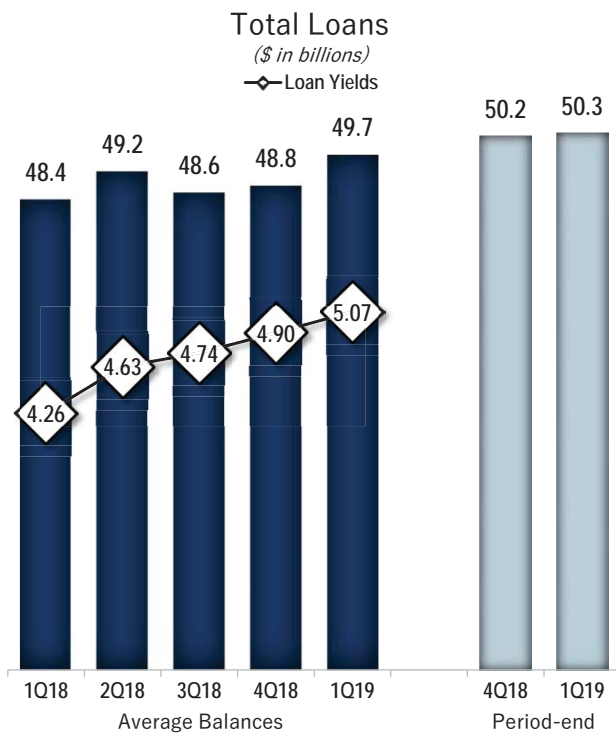
1Q19 compared to 4Q18 • <sup>1</sup>1Q19 included \$8MM loss related to repositioning of securities portfolio • <sup>2</sup>Includes gain/(loss) related to deferred compensation plan as follows: \$2MM in 1Q19; \$(7)MM in 4Q18; \$1MM in 1Q18. Amounts offset in noninterest expense • <sup>3</sup>See Reconciliation of Non-GAAP Financial Measures slide • <sup>4</sup>Diluted earnings per common share • <sup>5</sup>1Q19 repurchases under the share repurchase program

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# Average Loans

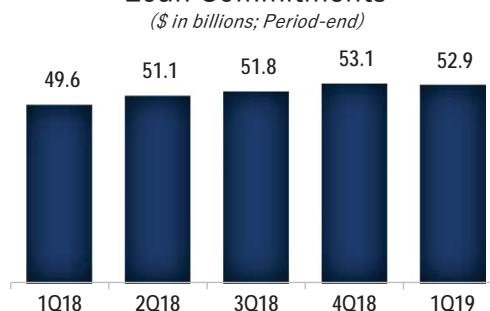
Loans increase 1.7%; Loan yields increase 17 basis points with higher rates



Average loans increase \$845MM

- + \$434MM National Dealer Services
- + \$317MM Energy
- + \$260MM General Middle Market
- + \$93MM Equity Funds Services
- + \$92MM Commercial Real Estate
- + \$77MM US Banking
- \$342MM Mortgage Banker

## Loan Commitments



1Q19 compared to 4Q18



# Average Loans by Business and Market

By Line of Business	1Q19	4Q18	1Q18
<b>Middle Market</b>			
<i>General</i>	\$12.0	\$11.7	\$11.8
<i>Energy</i>	2.3	2.0	1.9
<i>National Dealer Services</i>	7.8	7.4	7.3
<i>Entertainment</i>	0.8	0.8	0.7
<i>Tech. &amp; Life Sciences</i>	1.3	1.4	1.4
<i>Equity Fund Services</i>	2.6	2.5	2.1
<i>Environmental Services</i>	1.2	1.2	1.0
<b>Total Middle Market</b>	<b>\$28.0</b>	<b>\$27.0</b>	<b>\$26.2</b>
<b>Corporate Banking</b>			
<i>US Banking</i>	3.0	2.9	3.2
<i>International</i>	1.3	1.3	1.3
Commercial Real Estate	5.3	5.2	5.3
Mortgage Banker Finance	1.3	1.7	1.4
Small Business	3.5	3.6	3.7
<b>BUSINESS BANK</b>	<b>\$42.5</b>	<b>\$41.7</b>	<b>\$41.1</b>
Retail Banking	2.1	2.1	2.1
<b>RETAIL BANK</b>	<b>\$2.1</b>	<b>\$2.1</b>	<b>\$2.1</b>
Private Banking	5.0	5.0	5.2
<b>WEALTH MANAGEMENT</b>	<b>\$5.0</b>	<b>\$5.0</b>	<b>\$5.2</b>
<b>TOTAL</b>	<b>\$49.7</b>	<b>\$48.8</b>	<b>\$48.4</b>

By Market	1Q19	4Q18	1Q18
Michigan	\$12.6	\$12.5	\$12.6
California	18.8	18.3	18.3
Texas	10.3	9.9	9.8
Other Markets <sup>1</sup>	8.1	8.2	7.6
<b>TOTAL</b>	<b>\$49.7</b>	<b>\$48.8</b>	<b>\$48.4</b>

- Middle Market: Serving companies with revenues generally between \$30-\$500MM
- Corporate Banking: Serving companies (and their U.S. based subsidiaries) with revenues generally over \$500MM
- Small Business: Serving companies with revenues generally under \$30MM

\$ in billions • Totals shown above may not foot due to rounding • <sup>1</sup>Other Markets includes Florida, Arizona, the International Finance Division and businesses that have a significant presence outside of the three primary geographic markets

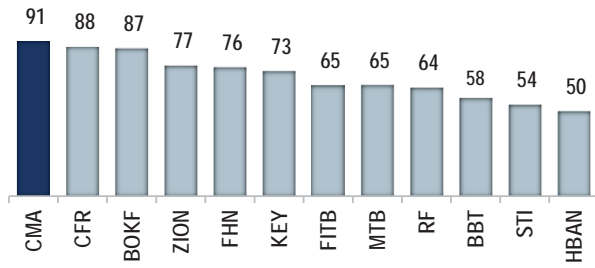




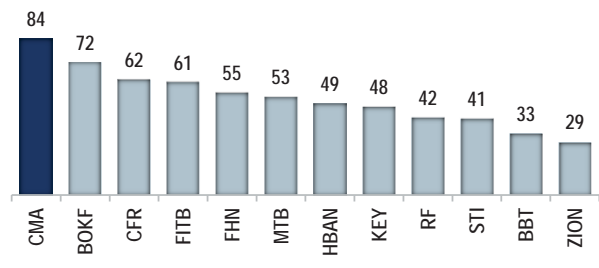
# #1 Commercial Lender<sup>1</sup>

Relationship banking focus & deep expertise

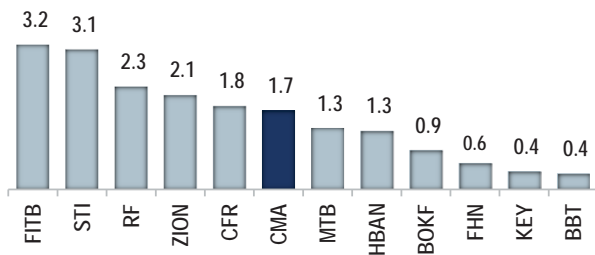
**Business Loans as a % of Total<sup>2</sup>**  
(1Q19; In percentage points)



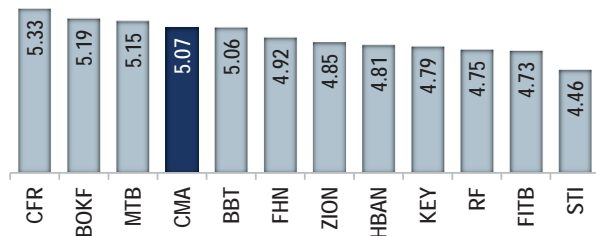
**Total Loan Beta<sup>2,4,5</sup>**  
(1Q19 vs. 3Q15; In basis points)



**Change in Avg. Loans<sup>3</sup>**  
(1Q19 vs 4Q18; In percentage points)



**Loan Yields<sup>2,5</sup>**  
(1Q19; In percentage points)



<sup>1</sup>Source: S&P Global Market Intelligence, based on 3/31/19 regulatory data for domestic financial holding companies using C&I loans as % of total loans • <sup>2</sup>Source for peer group data: S&P Global Market Intelligence • <sup>3</sup>Source: 1Q19 earnings release materials • <sup>4</sup>Beta: change in total loan yields expressed as a percentage of the increase in the federal funds rate • <sup>5</sup>1Q19 loan yield for STI from earnings release materials

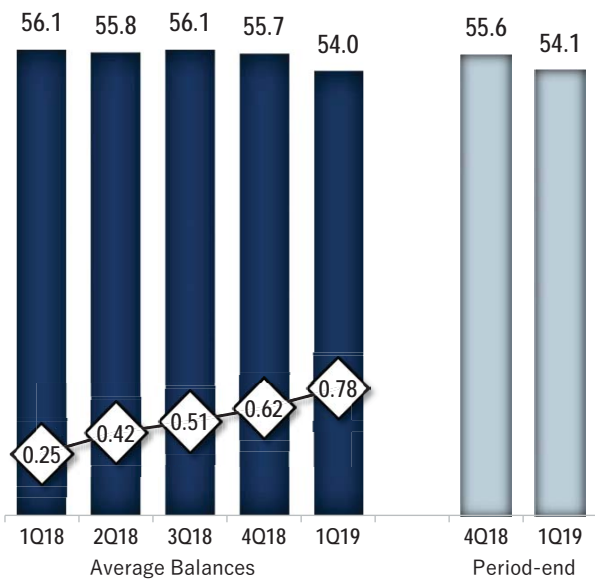


## Average Deposits

Reflects seasonality

**Total Deposits**  
(\$ in billions)

◆ Deposit Rates<sup>1</sup>



### Average deposits

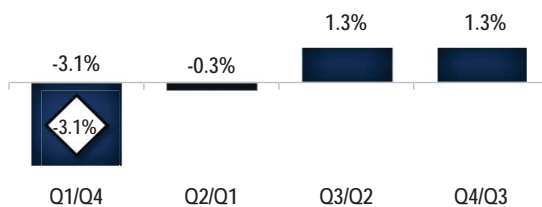
- Noninterest-bearing decline \$1.7B
- Interest-bearing stable
- March deposits grew \$1B over February

Period-end deposits decrease \$1.5B  
- \$1.2B government prepaid card (timing)

Loan to deposit ratio<sup>2</sup> of 93%

**Deposit Seasonality**  
(\$ in billions; Average)

■ Avg. QoQ deposit growth (since 2015) ◆ 1Q19/4Q18



1Q19 compared to 4Q18 • <sup>1</sup>Interest costs on interest-bearing deposits • <sup>2</sup>At 3/31/19





# Average Deposits by Business and Market

By Line of Business	1Q19	4Q18	1Q18
<b>Middle Market</b>			
General	\$13.3	\$13.7	\$14.0
Energy	0.5	0.5	0.6
National Dealer Services	0.3	0.3	0.3
Entertainment	0.1	0.1	0.1
Tech. & Life Sciences	5.0	5.2	5.0
Equity Fund Services	0.8	0.9	0.9
Environmental Services	0.2	0.1	0.2
<b>Total Middle Market</b>	<b>\$20.1</b>	<b>\$20.9</b>	<b>\$21.1</b>
<b>Corporate Banking</b>			
US Banking	1.8	2.0	2.0
International	1.6	1.8	2.0
Commercial Real Estate	1.5	1.5	1.6
Mortgage Banker Finance	0.6	0.6	0.6
Small Business	2.9	3.1	3.2
<b>BUSINESS BANK</b>	<b>\$28.5</b>	<b>\$30.0</b>	<b>\$30.5</b>
Retail Banking	20.5	20.6	20.9
<b>RETAIL BANK</b>	<b>\$20.5</b>	<b>\$20.6</b>	<b>\$20.9</b>
Private Banking	3.5	3.8	3.6
<b>WEALTH MANAGEMENT</b>	<b>\$3.8</b>	<b>\$4.1</b>	<b>\$3.8</b>
Finance/Other <sup>2</sup>	1.3	1.1	0.9
<b>TOTAL</b>	<b>\$54.0</b>	<b>\$55.7</b>	<b>\$56.1</b>

By Market	1Q19	4Q18	1Q18
Michigan	\$19.9	\$20.2	\$21.2
California	16.2	17.2	17.1
Texas	8.7	8.9	9.2
Other Markets <sup>1</sup>	7.9	8.3	7.7
Finance/Other <sup>2</sup>	1.3	1.1	0.9
<b>TOTAL</b>	<b>\$54.0</b>	<b>\$55.7</b>	<b>\$56.1</b>

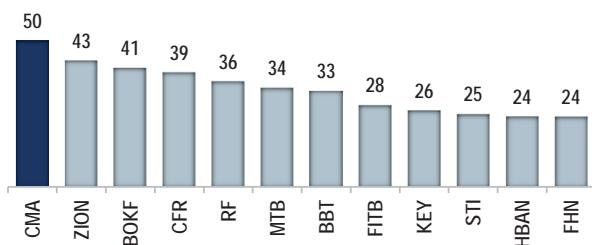
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\$ in billions • Totals shown above may not foot due to rounding • <sup>1</sup>Other Markets includes Florida, Arizona, the International Finance Division and businesses that have a significant presence outside of the three primary geographic markets • <sup>2</sup>Finance/Other includes items not directly associated with the geographic markets or the three major business segments

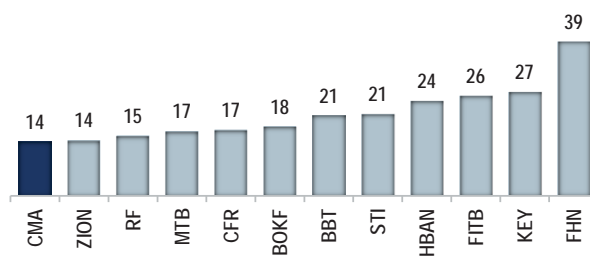


## Strong Deposit Base Results in low funding costs

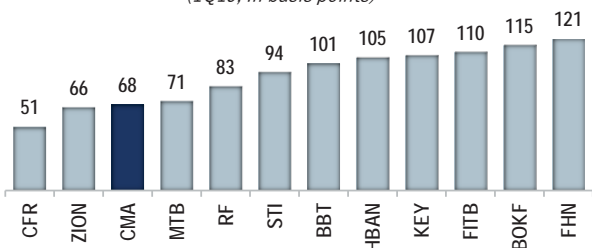
Highest Proportion of Noninterest-bearing / Total Deposits<sup>1</sup>  
(1Q19 Average; In percentage points)



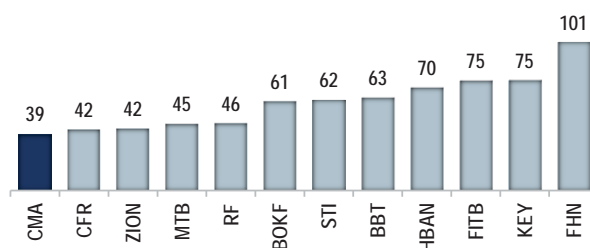
Lowest Total Deposit Beta<sup>1,2</sup>  
(1Q19 vs. 3Q15; In basis points)



Superior Total Funding Cost<sup>1</sup>  
(1Q19; In basis points)



Lowest Total Deposit Cost<sup>1,3</sup>  
(1Q19; In basis points)



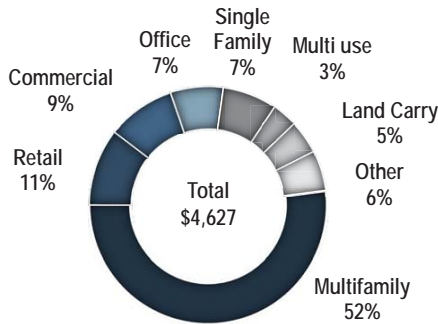
<sup>1</sup>Source: S&P Global Market Intelligence • <sup>2</sup>Beta: change in total deposit costs expressed as a percentage of the increase in the federal funds rate • <sup>3</sup>Interest costs on total deposits; CMA interest-bearing deposit rate for 1Q19 78 bps.



# Commercial Real Estate Line of Business

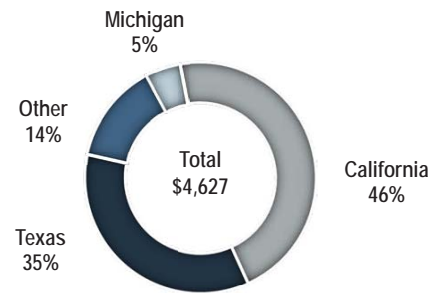
Long history of working with well established, proven developers

CRE by Property Type<sup>1</sup>  
(\$ in millions; Period-end)



CRE by Market<sup>1</sup>

(\$ in millions; Period-end, based on location of property)



## Credit Quality

(\$ in millions; Period-end)	1Q18	4Q18	1Q19
Criticized <sup>2</sup>	\$64	\$84	\$84
Ratio	1.2%	1.7%	1.5%
Nonaccrual	\$3	\$2	\$2
Ratio	0.06%	0.04%	0.04%
Net charge-offs (recoveries)	-0-	-0-	-0-

## CRE by Loan Type

(\$ in millions; Period-end)	4Q18		1Q19	
Real Estate Construction	\$2,687	53%	\$2,888	53%
Commercial Mortgages	1,743	34%	1,739	32%
	<b>\$4,430</b>	<b>87%</b>	<b>\$4,627</b>	<b>85%</b>
Commercial & Other	661	13%	788	15%
<b>Total</b>	<b>\$5,091</b>	<b>100%</b>	<b>\$5,415</b>	<b>100%</b>

3/31/19 • <sup>1</sup>Excludes CRE line of business loans not secured by real estate • <sup>2</sup>Criticized loans are consistent with regulatory defined Special Mention, Substandard & Doubtful categories



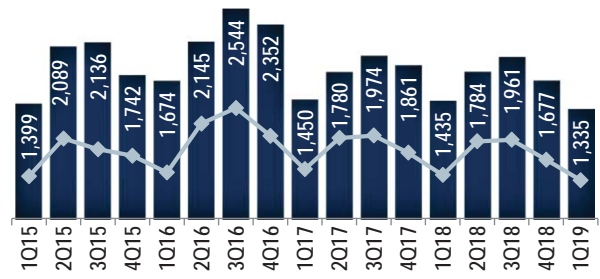
# Mortgage Banker Finance

50+ years experience with reputation for consistent, reliable approach

- Provide warehouse financing: bridge from residential mortgage origination to sale to end market
  - Extensive backroom provides collateral monitoring and customer service
  - Focus on full banking relationships
  - Granular portfolio with ~100 relationships
  - Underlying mortgages are typically related to home purchases as opposed to refinances
- As of 1Q19:
- Comerica: 83% purchase
  - Industry: 70% purchase<sup>1</sup>
- Strong credit quality
    - No charge-offs since 2010
  - Period-end loans: \$1.8B

## Average Loans

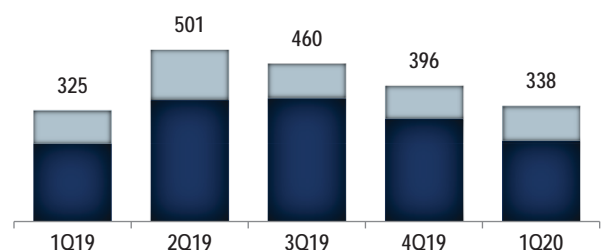
(\$ in millions)  
Actual MBA Mortgage Origination Volumes<sup>1,2</sup>



## MBA Mortgage Originations Forecast<sup>1</sup>

(\$ in billions)

■ Purchase ■ Refinance



3/31/19 • <sup>1</sup>Source: Mortgage Bankers Association (MBA) Mortgage Finance Forecast as of 5/17/19 • <sup>2</sup>\$ in billions

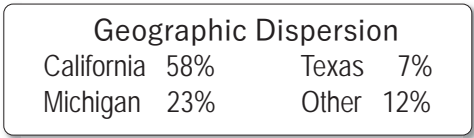
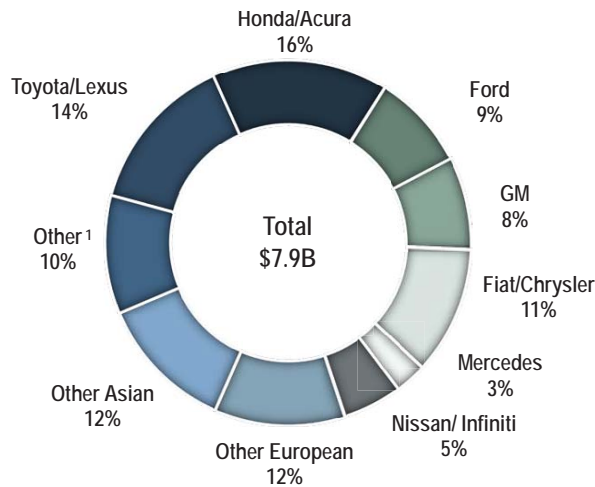


# National Dealer Services

65+ years of floor plan lending

## Franchise Distribution

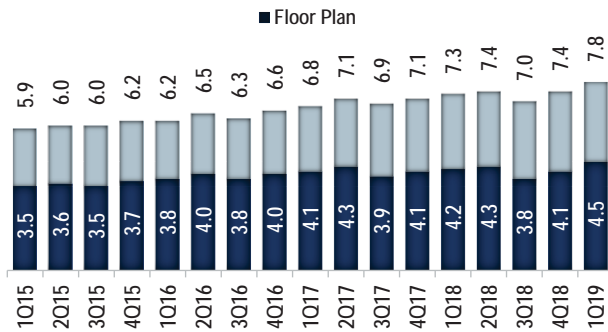
(Based on period-end loan outstandings)



- Top tier strategy
- Focus on “Mega Dealer” (five or more dealerships in group)
- Strong credit quality
- Robust monitoring of company inventory and performance

## Average Loans

(\$ in billions)



3/31/19 • <sup>1</sup>Other includes obligations where a primary franchise is indeterminable (rental car and leasing companies, heavy truck, recreational vehicles, and non-floor plan loans)

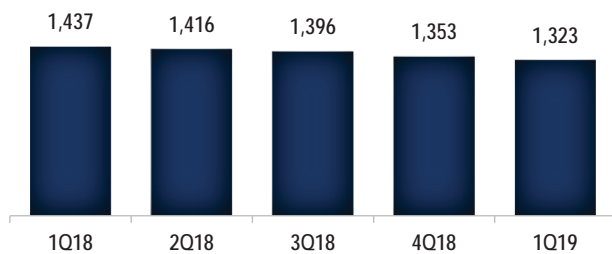


# Technology and Life Sciences & Equity Fund Services

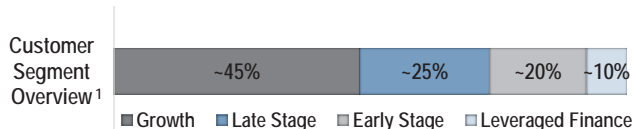
Deep expertise & strong relationships with top-tier investors

## Technology & Life Sciences Avg. Loans

(\$ in millions)

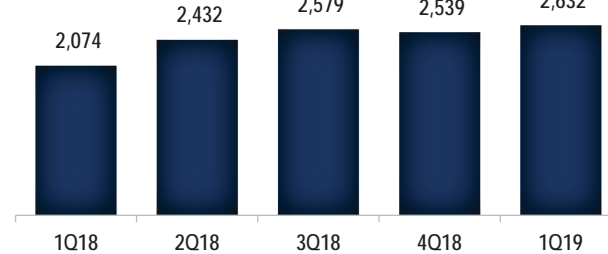


- ~510 customers
- Manage concentration to numerous verticals to ensure widely diversified portfolio
- Closely monitor cash balances & maintain robust backroom operation
- 11 offices throughout US & Canada



## Equity Fund Services

(\$ in millions)



- ~250 customers
- Commercial banking services for venture capital & private equity firms
- Bridge financing for capital calls
- Strong credit profile

3/31/19 • <sup>1</sup>Based on 1Q19 period-end loans totaling \$1.3B



# Energy Line of Business

## Nonaccrual loans continue to decline

### Energy Line of Business Loans

(\$ in millions; Period-end)

■ Midstream ■ Services ■ Exploration & Production

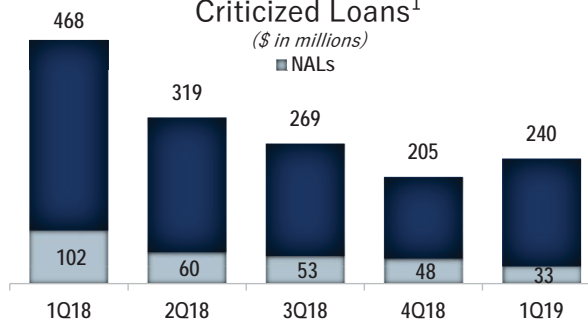


- Remain committed to supporting customers
- Focus on full relationships with larger, sophisticated E&P companies (access to a variety of capital sources, hedging & diverse geographic footprint)
- Loan growth driven by higher borrowing bases from strong drilling results & continued capex
- Robust analysis of collateral

### Energy Line of Business Criticized Loans<sup>1</sup>

(\$ in millions)

■ NALs



3/31/19 • <sup>1</sup>Criticized loans are consistent with regulatory defined Special Mention, Substandard & Doubtful categories



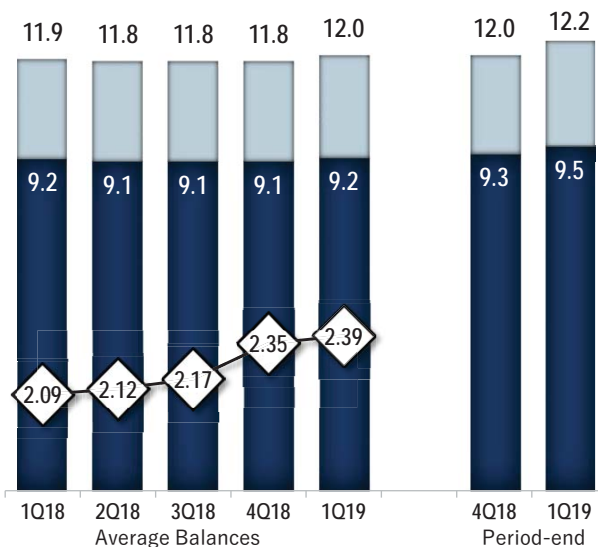
# Securities Portfolio

## Yields increase 4 basis points

### Securities Portfolio

(\$ in billions)

■ Treasury Securities & Other  
■ Mortgage-backed Securities (MBS)  
◆ Securities Yields



### Duration of 2.8 years<sup>1</sup>

- Extends to 3.8 years under a 200 bps instantaneous rate increase<sup>1</sup>

Net unrealized pre-tax loss of \$64MM<sup>2</sup>

Net unamortized premium of \$12MM<sup>3</sup>

Yields benefitted from typical quarterly paydown of \$400MM - \$500MM being replaced at higher yield

### Repositioned \$1.0B Treasuries (3/29/19)

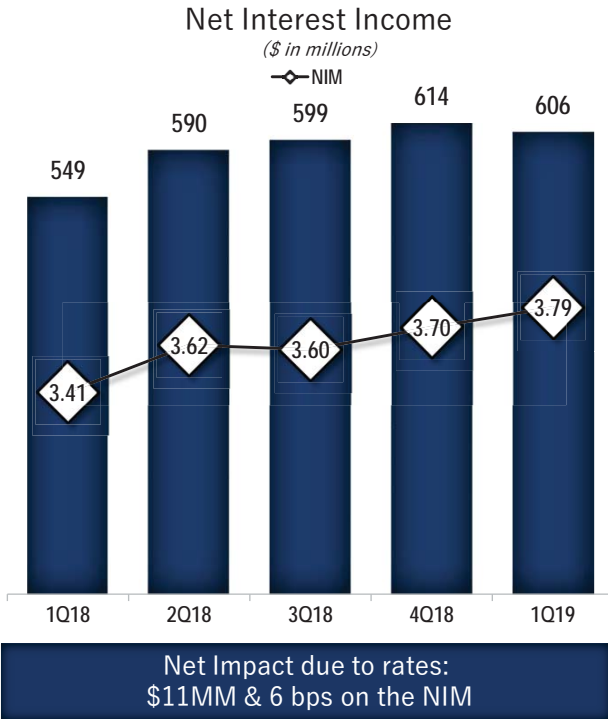
- Average yield will increase ~\$1MM per quarter
  - 1.78% on securities sold
  - 2.16% on securities purchased
- 4 year duration on securities purchased<sup>1</sup>

3/31/19 • <sup>1</sup>Estimated as of 3/31/19 • <sup>2</sup>Net unrealized pre-tax gain/loss on the available-for-sale (AFS) portfolio • <sup>3</sup>Net unamortized premium on the MBS portfolio



# Net Interest Income

NIM increased 9 basis points



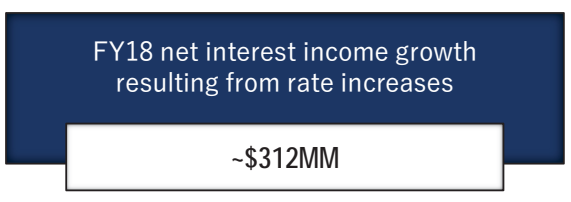
\$614MM	4Q18	3.70%
+ 17MM	Loans	+ 0.14
	+ \$21MM Higher rates	+0.13
	+ 10MM Higher balances	+0.02
	- 12MM 2 fewer days	--
	- 2MM Mix shift	- 0.01
+ 1MM	Securities	+ 0.01
	+ 1MM Higher rates	+0.01
- 12MM	Balances at Fed	+ 0.05
	+ 1MM Higher rates	+0.01
	- 12MM Lower balances	+0.04
	- 1MM 2 fewer days	--
- 9MM	Deposits	- 0.07
	- 10MM Higher rates	-0.07
	+ 1MM 2 fewer days	--
- 5MM	Wholesale funding	- 0.04
	- 2MM Higher rates	-0.02
	- 3MM Higher balances	-0.02
\$606MM	1Q19	3.79%

1Q19 compared to 4Q18



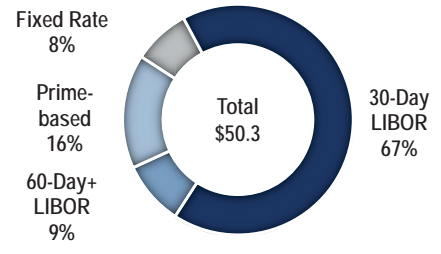
# Benefit from Rise in Interest Rates

Utilizing interest rate hedges to reduce asset sensitivity

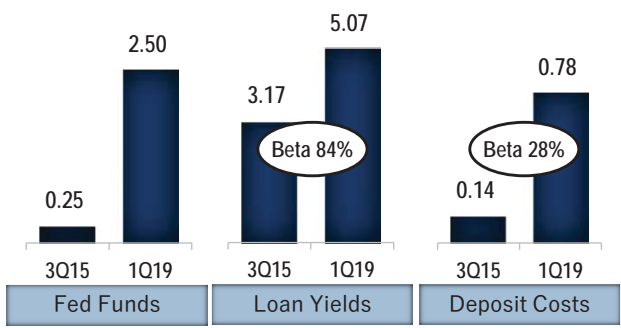


## Loans Predominantly Floating Rate

(\$ in billions; 1Q19 Period-end)



## Cumulative Impact of Rate Increases<sup>1</sup>



## Deposits Primarily Noninterest-bearing

(\$ in billions; 1Q19 Average)

- Commercial 83% of noninterest-bearing
- Retail 58% of interest-bearing



3/31/19 • <sup>1</sup>Beta: change in loan yields or interest-bearing deposit costs expressed as a percentage of the increase in the federal funds rate

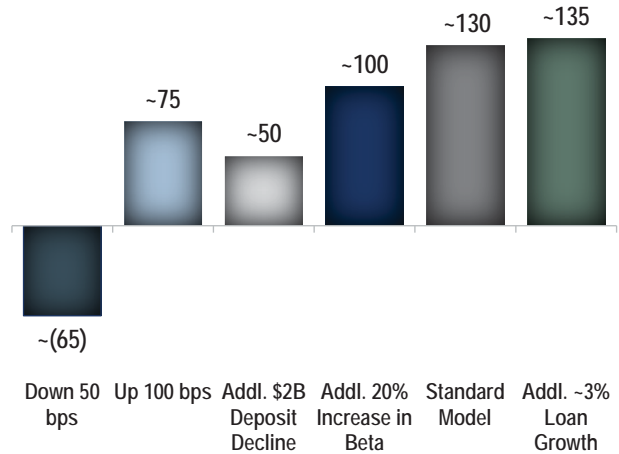


# Interest Rate Sensitivity

## Standard Model Assumptions

Interest Rates	200 bps gradual, non-parallel rise
Loan Balances	Modest increase
Deposit Balances	Moderate decrease
Deposit Pricing (Beta)	Historical price movements with short-term rates
Securities Portfolio	Held flat with prepayment reinvestment
Loan Spreads	Held at current levels
MBS Prepayments	Third-party projections and historical experience
Hedging (Swaps)	No additions modeled

**Estimated Net Interest Income:  
Annual (12 month) Sensitivities**  
*Based on Various Assumptions*  
Additional Scenarios are Relative to 1Q19 Standard Model  
(\$ in millions)



3/31/19 • For methodology see the Company's Form 10-Q, as filed with the SEC. Estimates are based on simulation modeling analysis.

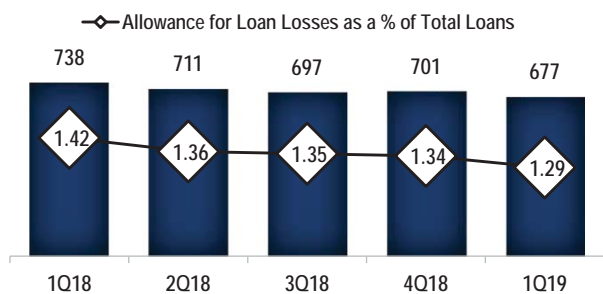


# Credit Quality Strong

Allowance for loan losses remained strong at 1.29%

## Allowance for Credit Losses

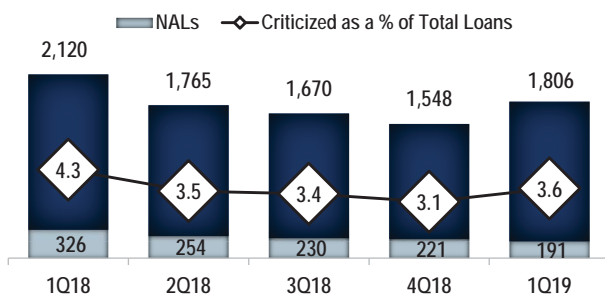
(\$ in millions)



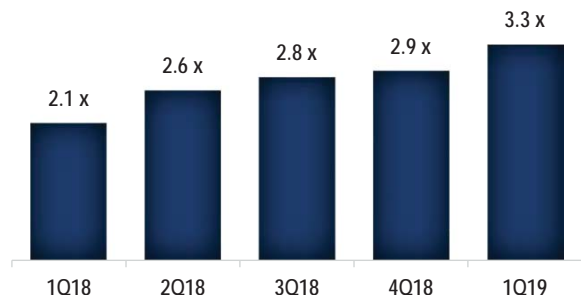
- \$11MM in net charge-offs<sup>2</sup> or 8 bps
- \$30MM decrease in nonaccrual loans to \$191MM, or 38bps of total loans
- Sustained strong portfolio performance & solid economic conditions resulted in reserve release
- Remain vigilant; not seeing any concerning trends

## Criticized Loans<sup>1</sup>

(\$ in millions)



## Allowance for Loan Losses / Total NPLs



3/31/19 • <sup>1</sup>Criticized loans are consistent with regulatory defined Special Mention, Substandard, & Doubtful categories • <sup>2</sup>Net credit-related charge-offs

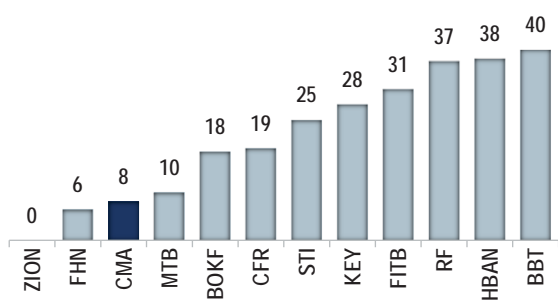




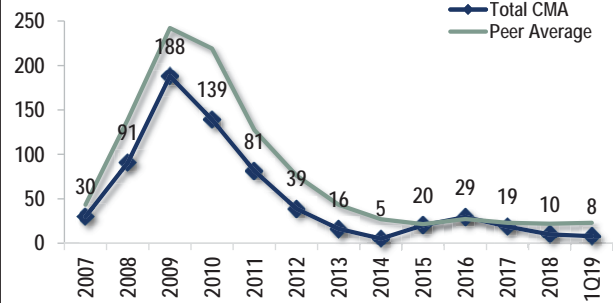
# Conservative Credit Culture Has Yielded Superior Results

Despite 1Q19 & FY18 reserve releases, reserve remains strong

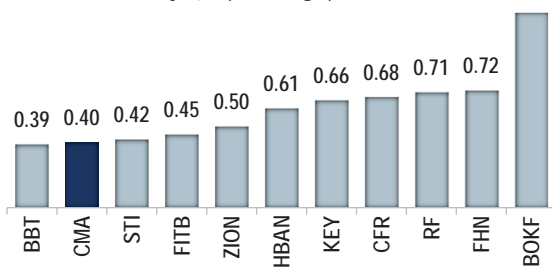
Net Charge-offs as a % of Avg. Loans<sup>1</sup>  
(1Q19; In basis points)



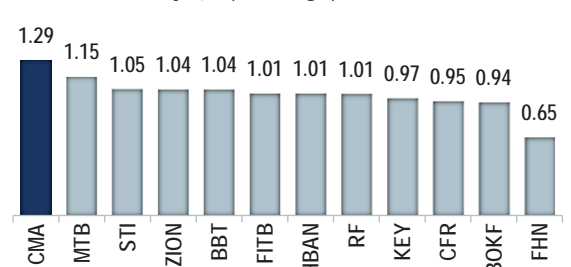
Net Charge-offs as a % of Avg. Loans<sup>1</sup>  
(In basis points)



NPAs as a % of Loans + ORE<sup>2</sup>  
(1Q19; In percentage points)



Largest Reserve as a % of Loans<sup>1</sup>  
(1Q19; In percentage points)



<sup>1</sup>Source: S&P Global Market Intelligence • <sup>2</sup>Source: 1Q19 earnings materials; excludes MTB as data was not available

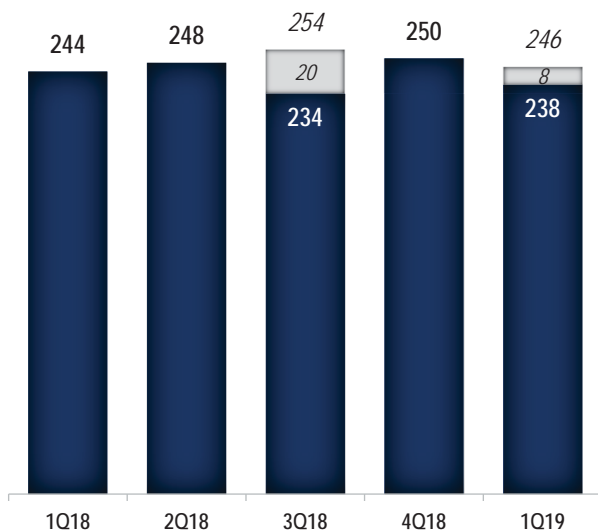


## Noninterest Income

Reflects strong 4Q18 that included seasonality

Noninterest Income<sup>1</sup>  
(In millions)

■ Securities losses due to repositioning



Noninterest income decreased \$4MM  
(excluding \$8MM Securities losses)

- \$2MM Fiduciary income
- \$2MM seasonal declines in several categories

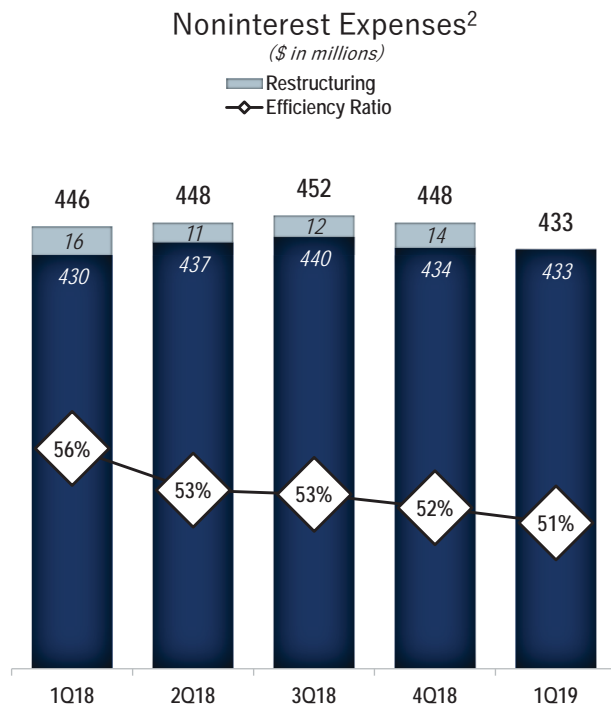
1Q19 compared to 4Q18 • <sup>1</sup>See Reconciliation of Non-GAAP Financial Measures slide





# Noninterest Expense

Careful cost management drives efficiency ratio<sup>1</sup> to 51%



## Noninterest expense stable

(excluding \$14MM 4Q18 restructuring expense)

- + \$15MM Salaries & benefits
  - + Annual stock comp & higher payroll taxes
  - Lower executive incentives
  - Two fewer days in 1Q19
- \$4MM Legal<sup>3</sup> (1Q19 recoveries)
- \$3MM Pension costs<sup>3</sup>
- \$3MM Equipment & software
- \$3MM Advertising (seasonal)
- \$2MM Outside processing (seasonal)
- \$2MM Occupancy (seasonal)

1Q19 compared to 4Q18 • <sup>1</sup>Noninterest expenses as a percentage of net interest income & noninterest income excluding net gains (losses) from securities & a derivative contract tied to the conversion rate of Visa Class B shares • <sup>2</sup>See Reconciliation of Non-GAAP Financial Measures slide • <sup>3</sup>Included in other noninterest expenses



# TechVision 2020

Preparing for a new age in banking

## Strengthening Our Core

- Platform & app modernization
- Cybersecurity, risk & compliance enhancement
- Talent & culture development

## Transforming Our Future

- Embrace emerging technologies
- Continuous optimization
- APIs<sup>1</sup>, data & advanced analytics
- Agile & digital delivery

## Examples of Initiatives

- 160+ applications migrated to cloud
- 25+ Bots deployed for high volume tasks
- Digitalizing entire commercial lending process
- Customer Relationship Management platform
- Data Lake platform
- AI/ML-Bot assisted human advice
- Blockchain-enabled computing
- Teller platform replacement
- Real-time commercial payments

- GEAR Up helped position our systems & talent for the future
- Technology savings are being reinvested which helps moderate rising investment demand
- Leveraging third parties to keep pace with evolving & emerging technologies
- Focus shifted to increasing capacity, driving revenue growth, reducing costs & improving efficiency



<sup>1</sup>API: Application Program Interface



# Commitment to Community, Diversity & Sustainability



\$772MM in green loans and commitments



10<sup>th</sup> consecutive year of listing on FTSE4Good index series



Honored by more than 10 top organizations for sustainability, employer of choice for minorities and innovation



\$7.8MM donated to charitable organizations via more than 1,500 grants/sponsorships



44% reduction in greenhouse gas emissions<sup>1</sup> and 28% reduction in water consumption<sup>1</sup>



88% of employees are enrolled in the voluntary Masters of Diversity Awareness training



19 Market Segmentation Initiative Teams focused on reaching diverse customers



Over 50,000 hours of volunteer time donated to nonprofits by Comerica colleagues

12/31/18 • <sup>1</sup>2018 results versus 2012 baseline; additional details to be published in Comerica's 2018 Corporate Responsibility Report



## Holding Company Debt Rating

	<i>Senior Unsecured/Long-Term Issuer Rating</i>	<u>Moody's</u>	<u>S&amp;P</u>	<u>Fitch</u>
Peer Banks	BB&T	A2	A-	A+
	Cullen Frost	A3	A-	--
	M&T Bank	A3	A-	A
	<b>Comerica</b>	<b>A3</b>	<b>BBB+</b>	<b>A</b>
	BOK Financial Corporation	A3	BBB+	A
	Huntington	Baa1	BBB+	A-
	Fifth Third	Baa1	BBB+	A-
	KeyCorp	Baa1	BBB+	A-
	SunTrust	Baa1	BBB+	A-
	Regions Financial	Baa2	BBB+	BBB+
	Zions Bancorporation	Baa3	BBB+	BBB
First Horizon National Corp	Baa3	BBB-	BBB	
Large Banks	U.S. Bancorp	A1	A+	AA-
	JP Morgan	A2	A-	AA-
	Bank of America	A2	A-	A+
	Wells Fargo & Company	A2	A-	A+
	PNC Financial Services Group	A3	A-	A+

As of 6/7/19 • Source: S&P Global Market Intelligence • Debt Ratings are not a recommendation to buy, sell, or hold securities



## Reconciliation of Non-GAAP Financial Measures

<i>(dollar amounts in millions, except per share data)</i>	1Q19	4Q18	1Q18	<i>(dollar amounts in millions, except per share data)</i>	1Q19	4Q18	1Q18
<b>Noninterest Income:</b>				<b>Net Income:</b>			
Noninterest income	\$238	\$250	\$244	Net income	\$339	\$310	\$281
Securities repositioning	8	—	—	Securities repositioning, net of tax	6	—	—
Adjusted noninterest income	\$246	\$250	\$244	Restructuring charges, net of tax	—	11	12
<b>Noninterest Expenses:</b>				Discrete tax items	(11)	—	(22)
Noninterest expenses	\$433	\$448	\$446	Adjusted net income	\$334	\$321	\$271
Restructuring charges	—	(14)	(16)	<b>Diluted Earnings per Common Share:</b>			
Adjusted noninterest expenses	\$433	\$434	\$430	Diluted earnings per common share	\$2.11	\$1.88	\$1.59
<b>Pre-tax Income:</b>				Securities repositioning, net of tax	0.04	—	—
Pre-tax income	\$424	\$400	\$335	Restructuring charges, net of tax	—	0.07	0.07
Securities repositioning	8	—	—	Discrete tax items	(0.07)	—	(0.12)
Restructuring charges	—	14	16	Adjusted diluted earnings per common share	\$2.08	\$1.95	\$1.54
Adjusted pre-tax income	\$432	\$414	\$351				
<b>Provision for Income Taxes:</b>							
Provision for Income Taxes:	\$85	\$90	\$54				
Tax on securities repositioning	2	—	—				
Tax on restructuring charges	—	3	4				
Discrete tax items	11	—	22				
Adjusted provision for income taxes	\$98	\$93	\$80				

- Securities repositioning refers to losses incurred on the sale of approximately \$1 billion of treasury securities that were replaced by higher-yielding treasuries with a similar duration of 4 years.
- Discrete tax items primarily included the tax benefit from employee stock transactions and the charge to adjust deferred taxes resulting from the Tax Cuts and Jobs Act.

Comerica believes non-GAAP measures are meaningful because they reflect adjustments commonly made by management, investors, regulators and analysts to evaluate our performance trends. Comerica believes the adjusted data shown above and in this presentation provides a greater understanding of ongoing operations and enhances comparability of results with prior periods.

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*commitment*