FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1994-05-13** | Period of Report: **1994-03-31**
SEC Accession No. 0000028412-94-000014

FILER

COMERICA INC /NEW/	Mailing Address	Business Address
CIK:**28412**| IRS No.: **381998421** | State of Incorp.:**DE** | Fiscal Year End: **1231**	*411 W LAFAYETTE MAIL*	*100 RENAISCANCE CTR*
Type: **10-Q** | Act: **34** | File No.: **001-10706** | Film No.: **94528068**	*CODE 3415*	*SUITE 3800*
SIC: **6022** State commercial banks	*ATTN: JAY K OBERG*	*DETROIT MI 48243*
	DETROIT MI 48226	*3132224000*

1

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

(Mark One)

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

For the quarterly period ended March 31, 1994

OR

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

For the transition period from to

Commission file number 1-10706

Comerica Incorporated
(Exact name of registrant as specified in its charter)

Delaware	38-1998421
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

Comerica Tower at Detroit Center
Detroit, Michigan
48226
(Address of principal executive offices)
(Zip Code)

(313) 222-3300
(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 X 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 April 30, 1994: 118,561,000 shares

2
<TABLE>
<CAPTION>
PART I. FINANCIAL INFORMATION

CONSOLIDATED BALANCE SHEETS
COMERICA INCORPORATED AND SUBSIDIARIES
(In thousands, except share data)

	March 31, 1994	Dec. 31, 1993	March 31, 1993

ASSETS			
Cash and due from banks	$ 1,586,946	$ 1,600,695	$ 1,861,001
Interest-bearing deposits with banks	791,607	1,026,473	846,386
Federal funds sold and securities purchased under agreements to resell	121,041	1,091,789	33,682
Trading account securities	5,768	3,600	2,859
Mortgages held for sale	194,817	330,667	171,870
Investment securities available for sale	3,113,396	2,322,101	-
Investment securities held to maturity (estimated fair value of $5,310,525 at 3/31/94, $4,030,492 at 12/31/93 and $5,631,042 at 3/31/93)	5,365,748	3,977,450	5,474,806
Total investment securities	8,479,144	6,299,551	5,474,806
Commercial loans	9,450,856	9,086,757	8,256,345
International loans	1,294,825	1,135,585	758,919
Real estate construction loans	399,478	437,481	432,120
Commercial mortgage loans	2,953,978	2,699,861	2,646,150
Residential mortgage loans	2,161,824	1,856,822	2,037,865
Consumer loans	3,655,422	3,674,256	3,729,968
Lease financing	204,187	209,185	196,213
Total loans	20,120,570	19,099,947	18,057,580
Less allowance for loan losses	(319,586)	(298,685)	(310,464)
Net loans	19,800,984	18,801,262	17,747,116
Premises and equipment	414,461	399,123	371,693
Customers' liability on acceptances outstanding	35,329	38,212	36,350
Accrued income and other assets	739,144	703,501	597,111
TOTAL ASSETS	$32,169,241	$30,294,873	$27,142,874
LIABILITIES AND SHAREHOLDERS' EQUITY			
Demand deposits (noninterest-bearing)	$ 5,278,470	$ 4,939,234	$ 4,336,159
Interest-bearing deposits	15,056,736	14,642,834	15,285,562
Deposits in foreign offices	1,285,236	1,367,811	1,243,089
Total deposits	21,620,442	20,949,879	20,864,810
Federal funds purchased and securities sold under agreements to repurchase	1,847,457	450,092	2,052,557
Other borrowed funds	4,152,101	4,950,507	926,703
Acceptances outstanding	35,329	38,212	36,350
Accrued expenses and other liabilities	310,566	263,969	246,717
Long-term debt	1,885,478	1,460,556	903,068
Total liabilities	29,851,373	28,113,215	25,030,205
Common stock - $5 par value: Authorized - 250,000,000 shares Issued-119,294,531 shares at 3/31/94, 119,294,531 shares at 12/31/93, and 119,969,288 shares at 3/31/93	596,473	596,473	599,846
Capital surplus	524,523	524,186	539,543
Unrealized gains/(losses) on investment securities available for sale	8,748	27,473	-
Retained earnings	1,209,647	1,155,280	998,987
Less cost of common stock in treasury-787,521 shares at 3/31/94, 4,423,603 shares at 12/31/93 and 876,902 shares at 3/31/93	(21,523)	(121,754)	(25,707)
Total shareholders' equity	2,317,868	2,181,658	2,112,669
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$32,169,241	$30,294,873	$27,142,874

=========== =========== ===========

/TABLE

3

CONSOLIDATED STATEMENTS OF INCOME
COMERICA INCORPORATED AND SUBSIDIARIES
<TABLE>
<CAPTION>
(In thousands, except per share data)

	Three Months Ended March 31	
	1994	1993
INTERECT INCOME		
<S>	<C>	<C>
Interest and fees on loans	$342,112	$340,644
Interest on investment securities:		
Taxable	91,191	82,175
Exempt from federal income tax	8,665	11,606
Total interest on investment securities	99,856	93,781
Trading account interest	(136)	283
Interest on federal funds sold and securities purchased under agreements to resell	2,468	1,194
Interest on time deposits with banks	7,365	7,822
Interest on mortgages held for sale	3,730	3,423
Total interest income	455,395	447,147
INTEREST EXPENSE		
Interest on deposits	118,699	140,172
Interest on short-term borrowings:		
Federal funds purchased and securities sold under agreements to repurchase	18,405	9,212
Other borrowed funds	20,195	9,384
Interest on long-term debt	22,291	13,016
Net interest rate swap income	(14,486)	(6,539)
Total interest expense	165,104	165,245
Net interest income	290,291	281,902
Provision for loan losses	15,000	22,000
Net interest income after provision for loan losses	275,291	259,902
NONINTEREST INCOME		
Income from fiduciary activities	32,005	29,790
Service charges on deposit accounts	29,174	30,493
Customhouse broker fees	9,725	9,140
Revolving credit fees	7,931	7,902
Securities gains	424	634
Other noninterest income	32,686	31,719
Total noninterest income	111,945	109,678
NONINTEREST EXPENSES		
Salaries and employee benefits	131,704	134,715
Net occupancy expense	24,578	24,359
Equipment expense	16,197	14,486
FDIC insurance expense	10,709	11,972
Other noninterest expenses	68,518	66,903
Total noninterest expenses	251,706	252,435

Income before income taxes	135,530	117,145
Provision for income taxes	44,667	34,020
NET INCOME	$ 90,863	$ 83,125
Net income applicable to common stock	$ 90,863	$ 83,083
NET INCOME PER SHARE:		
Primary	$.79	$.69
Fully diluted	$.79	$.69
Primary average shares	115,464	120,014
Cash dividends declared	$31,931	$29,677
Dividends per share	$.28	$.255

</TABLE>

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
Comerica Incorporated and Subsidiaries
<TABLE>
<CAPTION>

(in thousands)	Redeemable Preferred Stock	Common Stock	Capital Surplus	Unrealized Gains/ (Losses)	Retained Earnings	Treasury Stock	Total Shareholders' Equity
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
BALANCES AT JANUARY 1, 1993	$ 37,605	$ 291,725	$ 516,290	$ -	$ 1,205,788	$ (4,917)	$ 2,046,491
Pooling-of-interests adjustments	-	17,494	21,807	-	33,290	(23,945)	48,646
BALANCES AT JANUARY 1, 1993, AS RESTATED	37,605	309,219	538,097	-	1,239,078	(28,862)	2,095,137
Net income for 1993	-	-	-	-	83,125	-	83,125
Cash dividends declared:							
Preferred stock	-	-	-	-	(42)	-	(42)
Common stock	-	-	-	-	(29,677)	-	(29,677)
Issuance of common stock under employee stock plans and for conversion of debentures	-	3,048	1,276	-	(1,744)	3,155	5,735
Stock split	-	287,579	-	-	(287,579)	-	-
Amortization of deferred compensation	-	-	170	-	-	-	170
Redemption of preferred stock	(37,605)	-	-	-	(4,174)	-	(41,779)
BALANCES AT MARCH 31, 1993	$ -	$ 599,846	$ 539,543	$ -	$ 998,987	$ (25,707)	$ 2,112,669
BALANCES AT JANUARY 1, 1994	$ -	$ 596,473	$ 524,186	$ 27,473	$ 1,155,280	$(121,754)	$ 2,181,658
Net income for 1994	-	-	-	-	90,863	-	90,863
Cash dividends declared on common stock	-	-	-	-	(31,931)	-	(31,931)
Purchase of							

981,700 shares of common stock	-	-	-	-	-	(26,330)	(26,330)
Issuance of common stock:							
Employee stock plans	-	-	178	-	(707)	1,340	811
Acquisition of Pacific Western	-	-	-	-	(3,858)	125,221	121,363
Amortization of deferred compensation	-	-	159	-	-	-	159
Change in unrealized gains/(losses) on investment securities available for sale	-	-	-	(18,725)	-	-	(18,725)
BALANCES AT MARCH 31, 1994	$ -	$ 596,473	$ 524,523	$ 8,748	$ 1,209,647	$ (21,523)	$ 2,317,868

</TABLE>

5

CONSOLIDATED STATEMENTS OF CASH FLOWS
Comerica Incorporated and Subsidiaries
(in thousands)
<TABLE>
<CAPTION>

	Three Months Ended March 31	
	1994	1993
OPERATING ACTIVITIES:		
<S>	<C>	<C>
Net income	$ 90,863	$ 83,125
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	15,000	22,000
Depreciation	14,215	13,377
Net (increase) decrease in trading account securities	(2,168)	106,520
Net decrease in mortgages held for sale	135,850	62,842
Net increase in accrued income receivable	(13,827)	(4,654)
Net increase in accrued expenses	62,138	49,043
Net amortization of intangibles	6,557	8,462
Other, net	5,066	57,868
Total adjustments	222,831	315,458
Net cash provided by operating activities	313,694	398,583
INVESTING ACTIVITIES:		
Net decrease in interest-bearing deposits with banks	234,866	475,129
Net decrease in federal funds sold and securities purchased under agreements to resell	970,748	52,950
Proceeds from maturity of investment securities available for sale	131,797	-
Purchases of investment securities available for sale	(1,002,000)	-
Proceeds from maturity of investment securities held to maturity	655,278	635,506
Purchase of investment securities held to maturity	(1,800,860)	(928,587)
Net (increase) decrease in loans (other than purchased loans)	(236,522)	148,660
Purchase of loans	(206,723)	(7,988)
Fixed assets, net	(16,168)	(10,779)

Net (increase) decrease in customers' liability on acceptances outstanding	2,883	(10,686)
Net cash provided by acquisition	79,076	-
Net cash provided by (used in) investing activities	(1,187,625)	354,205
FINANCING ACTIVITIES:		
Net decrease in deposits	(102,749)	(334,708)
Net increase (decrease) in short-term borrowings	598,428	(242,449)
Net increase (decrease) in acceptances outstanding	(2,883)	10,686
Proceeds from issuance of long-term debt	500,000	175,000
Repayments and purchases of long-term debt	(75,078)	(13,125)
Proceeds from issuance of common stock and other capital transactions	970	5,905
Purchase of common stock for treasury	(26,330)	-
Redemption of preferred stock	-	(41,779)
Dividends paid	(32,176)	(31,059)
Net cash provided by (used in) financing activities	860,182	(471,529)
Net increase in cash and due from banks	(13,749)	281,259
Cash and due from banks at beginning of year	1,600,695	1,579,742
Cash and due from banks at end of period	$ 1,586,946	$ 1,861,001
Interest paid	$ 159,842	$ 159,021
Income taxes paid	$ 75	$ 40
Noncash investing and financing activities:		
Loan transfers to other real estate	$ 1,629	$ 4,135
Conversion of debentures to equity	$ -	$ 623
Treasury stock issued for acquisition	$ 121,363	$ -

</TABLE>

Notes to Consolidated Financial Statements
Comerica Incorporated and Subsidiaries

Note 1 - Basis of Presentation

The accompanying unaudited financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three months ended March 31, 1994 are not necessarily indicative of the results that may be expected for the year ended December 31, 1994. For further information, refer to the consolidated financial statements and footnotes thereto included in the Comerica Incorporated and Subsidiaries' annual report on Form 10-K for the year ended December 31, 1993.

Note 2 - Investment Securities

At March 31, 1994 investment securities having a carrying value of $5,277,443,000 were pledged where permitted or required by law to secure liabilities and public and other deposits including deposits of the State of Michigan of $29,176,000.

Note 3 - Allowance for Loan Losses

The following analyzes the changes in the allowance for loan losses included in the consolidated balance sheets:

	1994	1993
Balance at January 1	$ 298,685	$ 308,007
Allowance acquired	16,517	-
Loans charged off	(18,203)	(27,402)
Recoveries on loans previously charged off	7,587	7,859
Net loans charged off	(10,616)	(19,543)
Provision for loan losses	15,000	22,000
Balance at March 31	$ 319,586	$ 310,464

Note 4 - Long-term Debt

Long-term debt consisted of the following at March 31, 1994 and December 31, 1993:

<TABLE>
<CAPTION>

<S>	March 31, 1994 <C>	Dec. 31, 1993 <C>
9.75% equity subordinated notes due 1999	$ 74,534	$ 74,511
10.125% subordinated debentures due 1998	74,661	74,641
Total Parent Company	149,195	149,152
7.25% subordinated notes due 2002	148,659	148,619
Medium-term fixed rate notes bearing interest at rates ranging from 3.28% to 5.95% and maturing on dates ranging from 1994 through 1997	1,329,183	904,285
6.875% subordinated notes due 2008	98,932	98,913
7.125% subordinated notes due 2013	147,807	147,779
FDIC subordinated note due 1994 to 1995	8,978	8,941
Notes payable bearing interest at rates ranging from 6.29% to 13% and maturing on dates ranging from 1994 through 1996	2,724	2,867
Total Subsidiaries	1,736,283	1,311,404
Total Comerica Incorporated	$1,885,478	$1,460,556

</TABLE>

Note 5 - Income Taxes

The provision for income taxes is computed by applying statutory federal income tax rates to income before income taxes as reported in the financial statements after deducting non-taxable items, principally interest income on state and municipal securities.

Note 6 - Derivatives

Derivative financial instruments are contracts whose value is derived from the value of underlying interest rate, foreign exchange, or equity instruments (or related indices). The notional, or contractual, amounts of these instruments express the extent of involvement the Corporation has in each particular instrument. The Corporation utilizes derivatives, primarily interest rate swaps, to manage interest rate and currency risk exposures related to specified groups of assets and liabilities, as well as to accommodate the needs of its customers. The Corporation's use of derivatives takes place predominantly in the interest rate market, and involves the use of forwards, futures, swaps, caps, floors, and options.

The notional amounts of the Corporation's off-balance sheet derivative instrument portfolio is shown below:

(in millions)	March 31, 1994	December 31, 1993
Interest rate contracts		
Swaps	$ 4,160	$ 3,634
Futures and forwards	40	65
Options written	282	283
Options purchased	156	56
Total interest rate contracts	4,638	4,038
Foreign exchange rate contracts		
Swaps	18	-
Spot, forwards, and futures	633	356
Total exchange rate contracts	651	356
Total derivatives contracts	$ 5,289	$ 4,394

The notional amounts used to express the extent of the Corporation's involvement in derivatives are not indicative of the potential for gain or loss on such positions. Likewise, notional amounts do not represent the credit or market risks of the positions held, estimated as the cost required to replace the transaction. The Corporation evaluates the creditworthiness of all off-balance sheet counterparties adhering to the same standards used in other credit transactions. At March 31, 1994, and December 31, 1993, replacement costs of outstanding off-balance sheet derivatives approximated $176 million and $114 million, respectively.

Note 6 - Derivatives (Continued)

Unrealized gains and losses on interest rate derivative products at March 31, 1994 and December 31, 1993 are summarized as follows:

(in thousands)	March 31, 1994	December 31, 1993
Unrealized gains	$ 24,019	$ 65,371
Unrealized losses	(97,838)	(20,838)
Net unrealized gain (loss)	$(73,819)	$ 44,533

Summary information with respect to the Corporation's off-balance sheet interest rate derivative activity follows:

<TABLE>
<CAPTION>

(in millions)	Three Months Ended March 31, 1994	Year Ended December 31, 1993

Notional balance at beginning of period	$ 4,038	$ 2,728
Additions	1,650	2,402
Maturities/Amortizations	(1,050)	(1,092)
Terminations	-	-
Notional balance at end of period	$ 4,638	$ 4,038

Interest rate swap agreements involve the exchange of fixed and floating rate interest payments based on an underlying notional amount, and constitute a major portion of the Corporation's derivative portfolio. The Corporation utilizes swaps as an end-user to manage risk; therefore, net interest income is recognized as it accrues. At March 31, 1994, interest rate swaps generated $15 million of net interest income, compared to $7 million for the same period in 1993, and $32 million for all of 1993.

Note 6 - Derivatives (Continued)

The table below summarizes the expected maturities and weighted average interest rates to be paid and received on the Corporation's interest rate swap portfolio as of March 31, 1994.

Remaining Maturity of Interest Rate Swaps:

(in millions)	Notional Amount	Average Pay Rate	Average Receive Rate
1994	$1,429	3.86%	4.83%
1995	$1,200	3.93%	4.56%
1996	$451	4.01%	5.44%
1997	$447	3.47%	5.70%
1998	$175	3.45%	5.21%
1999-2013	$458	3.63%	6.66%

ITEM 2. Management's Discussion and Analysis of Results of Operations and Financial Condition

Results of Operations

Comerica Incorporated reported net income of $91 million for the three months ended March 31, 1994, an increase of 9 percent compared to $83 million reported for the same period in 1993. On a per share basis, net income was $0.79 for the first quarter of 1994, compared to $0.69 for the first quarter of 1993. Return on average common shareholders' equity was 16.68 percent, and return on average assets was 1.22 percent for the first three months of 1994, versus 16.10 percent and 1.26 percent, respectively, for the same period in 1993.

Acquisitions

On March 30, 1994 the Corporation completed the acquisition of the $1 billion Pacific Western Bancshares in San Jose, California for $121 million of common stock (4,567,974 shares), in a transaction accounted for as a purchase.

On April 4, 1994 the Corporation entered into an Agreement and Plan of Merger with the $331 million Lockwood Banc Group Inc. in Houston, Texas for the acquisition of Lockwood by Comerica for approximately $44 million in cash. Consummation of the acquisition, subject to regulatory and shareholder approval, is expected in the fourth quarter of 1994, and is anticipated to be accounted for as a purchase.

Net Interest Income

Net interest income for the first quarter of 1994, on a fully taxable equivalent (FTE) basis, increased by $7 million, or 2 percent, versus the comparable period a year earlier. Net interest income growth was principally attributable to an increase in average earning assets, and partially offset by a lower net interest margin compared to the first quarter of 1993. Total average earning assets increased by 13 percent, led by increases in the investment securities and loan portfolios. Within average earning assets, however, the relative mix shifted away from loans and short-term assets towards a greater concentration of securities, which

were added to reduce the Corporation's asset sensitivity. The net interest margin fell 44 basis points, from 4.77 to 4.33, as the change in the mix of earning assets towards lower-yielding securities coupled with the repricing of assets in a declining rate environment to reduce the rate spread.

Components of the change in net interest income (FTE) due to variations in interest rates and changes in volume are shown in Table I, the Rate-Volume Analysis.

Provision for Loan Losses

The provision for loan losses was $15 million in the first quarter of 1994 versus $22 million in the first quarter of 1993. The provision is predicated upon maintaining an adequate allowance for loan losses, which is further discussed under the section entitled "Financial Condition". Continued improvement in overall credit quality, as evidenced by fewer net charge-offs, led the Corporation to reduce the provision from the first quarter of 1993.

Noninterest Income

Noninterest income for the three months ended March 31, 1994 rose $2 million to $112 million, a 2 percent increase over the same period in 1994.

Income from fiduciary activities increased $2 million, or 7 percent, over the first quarter of 1993. The increase was concentrated in Personal Trust fees, which benefited from a revised fee structure, as well as market appreciation of managed assets.

Service charges on deposit accounts decreased by $1 million, or 4 percent, in response to higher earnings credit allowances used in the calculation of fees on commercial accounts as compared to the first quarter of 1993.

Other noninterest income increased $1 million, or 3 percent over the first three months of 1993, benefiting from a $3 million gain on the sale of mortgage servicing rights in the first quarter of 1994, and a $2 million decrease in the amortization of purchased mortgage servicing rights (PMSRs) over the same period in 1993, reflecting lower levels of mortgage prepayments.

<TABLE>
<CAPTION>
TABLE I - QUARTERLY ANALYSIS OF NET INTEREST INCOME & RATE/VOLUME (FTE)

	Three Months Ended					
	March 31, 1994			March 31, 1993		
(in millions)	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Loans	$19,108	$ 344	7.27%	$17,788	$ 343	7.78%
Investment securities	7,112	104	5.90	5,274	100	7.55
Other earning assets	1,377	14	3.94	1,329	12	3.87
Total earning assets	27,597	462	6.75	24,391	455	7.52
Interest-bearing deposits	16,196	119	2.97	16,630	140	3.42

Short-term borrowings	4,968	24	1.98	2,652	12	1.86
Long-term debt	1,688	22	5.28	831	13	6.27
Total interest-bearing sources	$22,852	165	2.92	$20,113	165	3.33
Net interest income/ Rate spread (FTE)		$ 297	3.83		$ 290	4.19
FTE adjustment		$ 6			$ 8	
Impact of net noninterest-bearing sources of funds			0.50			0.58
Net interest margin as a percent of average earning assets (FTE)			4.33%			4.77%

(in millions)	Increase (Decrease) Due to Rate	Increase (Decrease) Due to Volume*	Net Increase (Decrease)
Loans	$ (16)	$ 17	$ 1
Investment securities	(19)	24	5
Other earning assets	(1)	2	1
Total earning assets	(36)	43	7
Interest-bearing deposits	(16)	(5)	(21)
Short-term borrowings	(6)	18	12
Long-term debt	(2)	11	9
Total interest-bearing sources	(24)	24	-
Net interest income/Rate spread (FTE)	$ (12)	$ 19	$ 7

* Rate/Volume variances are allocated to variances due to volume.

/TABLE

Noninterest Expenses

Noninterest expenses totaled $252 million for the first quarter of 1994, a $1 million decrease from the same period in 1993.

First quarter salaries and employee benefits expenses fell $3 million, or 2 percent, in 1994 over 1993 due to staff reductions related to the merger, and decreased levels of temporary staff and contract labor used to complete merger-related systems conversions.

Equipment expense for the quarter increased $2 million, or 12 percent, due to increased depreciation related to computer and system upgrades in 1993, and expenses associated with equipment maintenance.

Other noninterest expense rose $2 million, or 2 percent, in the first quarter of 1994, reflecting the Corporation's ability to control growth to less than normal inflationary increases.

Provision for Income Taxes

The provision for income taxes increased $11 million in the first three months of 1994 versus the comparable period in 1993. The Corporation revised its estimated annual tax rate in the third quarter of 1993 to reflect an increase in the federal statutory tax rate from 34% to 35%, affecting comparability between periods.

The provision for income taxes differs from taxes calculated at the statutory rate, principally from tax-exempt income on state and municipal securities.

Financial Condition

Total assets at March 31, 1994 increased $1.9 billion to $32.2 billion, a 6 percent increase since December 31, 1993.

Earning assets increased by 7 percent, or $1.9 billion, led by increases in both the investment securities and loan portfolios, which were partially offset by declines in federal funds sold.

Investment securities rose $2.2 billion since year-end 1993, largely related to increased purchases of mortgage-backed Government Agency securities, which offer superior credit quality, and relatively attractive yields.

The $1.0 billion increase in the loan portfolio was concentrated in commercial and residential mortgage loans, which increased $364 million and $305 million, respectively, since year-end 1993, due principally to the Pacific Western acquisition, and the purchase of two residential mortgage loan portfolios during the quarter.

Liabilities increased by $1.7 billion, or 6 percent, since December 31, 1993.

For the first quarter of 1994, total deposits increased by $671 million, due to the Pacific Western acquisition.

Short-term borrowings increased by $596 million since December 31, 1993. Within short-term borrowings, federal funds purchased increased by $1.4 billion, while other borrowed funds fell $798 million, due primarily to large decreases in treasury, tax and loan borrowings from the U.S. Government.

The Corporation's long-term debt increased $425 million since year-end 1993, due primarily to the issuance of $500 million of medium-term notes. This increase was partially offset by the maturation of $75 million of medium-term notes. An analysis of long-term debt is contained in the notes to the consolidated financial statements.

Allowance for Loan Losses

The allowance for loan losses at March 31, 1994 was $320 million, an increase of $21 million since December 31, 1993. As a percent of total loans, the allowance was 1.59 percent at March 31, 1994, compared to 1.56 percent at December 31, 1993. Net charge-offs were $11 million for the first quarter of 1994, and $20 million for the comparable 1993 period. An analysis of the allowance for loan losses is contained in the notes to the consolidated financial statements.

Management determines the adequacy of the allowance for loan losses by applying projected loss ratios to the risk-ratings of loans both individually, and by category. The projected loss ratios incorporated a variety of factors such as recent loss experience, current economic conditions, trends in past due and nonaccrual amounts, risk characteristics of the various categories and concentrations of loans, and other factors.

Nonperforming assets have increased since December 31, 1993, and were categorized as follows:

(in thousands)	March 31, 1994	December 31, 1993
Nonaccrual loans		
Commercial loans	$ 83,078	$ 71,268
International loans	215	215
Real estate construction loans	17,459	18,748
Commercial and residential real estate loans	90,376	63,688
Total	191,128	153,919
Reduced-rate loans	2,189	5,057
Total nonperforming loans	193,317	158,976
Other real estate	57,296	50,174
Total nonperforming assets	$ 250,613	$ 209,150

	=========	=========
Loans past due 90 days	$ 46,827	$ 45,880
	=========	=========

Excluding the Pacific Western acquisition, nonperforming assets would have declined by $10 million since year-end 1993. Nonperforming assets as a percentage of total loans and other real estate at March 31, 1994 and December 31, 1993 were 1.24 percent and 1.09 percent, respectively.

Capital

Shareholder's equity increased $136 million from December 31, 1993 to March 31, 1994, principally through the retention of earnings, and the issuance of $121 million of treasury stock in connection with the Pacific Western acquisition. The increase was partially offset by $26 million of stock repurchases (981,700 shares), related to the Pacific Western acquisition and for reissuance under employee stock plans, and a $19 million decrease in unrealized gains on investment securities available for sale.

Capital ratios continue to comfortably exceed regulatory minimums and were as follows:

	March 31, 1994	December 31, 1993
Minimum leverage ratio (3.00 - minimum)	7.11%	7.04%
Tier 1 risk-based capital (4.0 - minimum)	8.26	8.21
Total risk-based capital (8.0 - minimum)	11.59	11.58

At March 31, 1994, the capital ratios of all of the Corporation's banking subsidiaries exceeded the minimum ratios required of a "well capitalized" institution as defined in the final rule under FDICIA.

Other Matters

As disclosed in Part I, Item 3 of Form 10-K for the year ended December 31, 1993, the State of Michigan filed on July 24, 1990 a lawsuit against Manufacturers Bank, N.A. (which was merged with and into Comerica Bank in September, 1992) seeking to impose strict, joint, and several liabilities upon Manufacturers Bank pursuant to the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"), the Resource Conservation and Recovery Act, and the Michigan Water Resources Commission Act. Plaintiff alleged that Manufacturers Bank was an operator of certain facilities which have environmental problems and that Manufacturers Bank had indicia of ownership under CERCLA. The facilities involved were actually owned and operated by Auto Specialties Manufacturing Company ("AUSCO"), now in bankruptcy.

Plaintiff seeks cleanup costs and damages and has expressed the opinion that the claim will be well in excess of $30,000,000. On January 12, 1993, the United States District Court for the Western District of Michigan granted Manufacturers Bank its motion for summary judgment. The Attorney General has appealed the Court's order for summary judgement. Comerica's management believes that this action will not have a materially adverse effect on Comerica's consolidated financial position, although it may, depending upon the amount of ultimate liability, if any, and the consolidated results of operations in the year of final resolution, have a materially adverse effect on the consolidated results of operation in that year.

PART II

ITEM 6. Exhibits

(a) Exhibits

11. Statements re: computation of earnings per share

(b) Reports on Form 8-K

None

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

COMERICA, INCORPORATED
(Registrant)

/s/Paul H. Martzowka
Paul H. Martzowka
Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

/s/Arthur W. Hermann
Arthur W. Hermann
Senior Vice President and Controller
(Principal Accounting Officer)

Date: May 11, 1994

Exhibit (11) - Statement Re: Computation of Earnings Per Share

COMPUTATION OF EARNINGS PER SHARE
Comerica Incorporated and Subsidiaries

<TABLE>
<CAPTION>

(In thousands, except per share data)

	Three Months Ended March 31	
	1994	1993
<S>	<C>	<C>
Primary:		
Average shares outstanding	114,571	118,664
Common stock equivalent:		
Net effect of the assumed exercise of stock options	893	1,350
Primary average shares	115,464	120,014
Net income	$ 90,863	$ 83,125
Less preferred stock dividends	-	42
Income applicable to common stock	$ 90,863	$ 83,083
Primary net income per share	$0.79	$0.69
Fully diluted:		
Average shares outstanding	114,571	118,664
Common stock equivalents:		
Net effect of the assumed exercise of stock options	893	1,414
Average shares reserved for conversion of convertible debt	-	486
Fully diluted average shares	115,464	120,564
Net income	$ 90,863	$ 83,125
Less preferred stock dividends	-	42

Income applicable to common stock	$ 90,863	$ 83,083
Interest on convertible debt less related income tax effect	-	69
Net income applicable to common stock excluding above interest (net of income tax effect)	$ 90,863	$ 83,152
Fully diluted net income per share	$0.79	$0.69

</TABLE>