Comerica Incorporated

Comerica Bank Tower 1717 Main Street, MC 6402 Dallas, Texas 75201 214-462-4481

Executive Vice President and Chief Financial Officer

VIA ELECTRONIC MAIL (director@fasb.org)

August 20, 2009

Financial Accounting Standards Board 401 Merritt 7 P.O. Box 5116 Norwalk, CT 06856-5116 Attention: Mr. Russell Golden, Technical Director

Re: File Reference No. 1700-100: Exposure Draft of a Proposed Statement of Accounting Standards - Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses

Dear Mr. Golden:

Comerica Incorporated ("Comerica") appreciates the opportunity to comment on the Financial Accounting Standards Board's ("FASB") Exposure Draft of a Proposed Statement of Financial Accounting Standards – *Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses*, dated June 24, 2009 (the "ED"). Comerica is a financial services company headquartered in Dallas, Texas. As of June 30, 2009, we are among the 25 largest U.S. banking companies with total assets of approximately \$64 billion, total deposits of approximately \$41 billion, total loans of approximately \$47 billion, and total shareholders' equity of approximately \$7 billion.

In general, Comerica supports clarity and transparency in the reporting of the allowance for credit losses and the credit quality of financing receivables. However, we do not support the ED as it is currently proposed by the FASB. We are concerned with the timing of the ED, as well as the usefulness/relevance and consistency/comparability of the disclosures proposed in the ED. We also believe that further clarification is needed on several of the ED's proposed requirements. Comerica currently provides a significant amount of credit quality information to investors in its publicly available regulatory filings, so we believe that a proposal to standardize disclosure is unnecessary. Moreover, such standardized disclosure proposals may cause confusion in comparing the credit quality experiences of different companies.

Based on our concerns, we recommend that a new open process be initiated by the FASB, which would include specific outreach to banks that regularly field analyst/investor questions on credit quality during earnings announcement calls and routinely handle follow-up inquiries on credit quality disclosures in the quarterly SEC filings. If, as a result of this process, the FASB determines that a new accounting standard with new required disclosures is necessary, we believe that feedback from such banks would be beneficial in developing a new accounting standard that would provide useful and relevant disclosures with a reasonable implementation period.

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Below is a summary of Comerica's concerns:

A. Effective Date of the Exposure Draft is Too Early

The ED proposes an effective date for Comerica of the year ending December 31, 2009. Comerica does not believe this can be effectively done in a controlled environment that would be acceptable for the Sarbanes-Oxley Act of 2002 ("SOX") financial reporting requirements until at least year end 2010 for the following reasons:

- 1. Current systems currently cannot provide the information required by the ED in an acceptably efficient and reliable manner. Some of the required information is not tracked at this time and, thus, is unavailable. To begin formulating the required disclosures, Comerica would need to employ significant system and procedural changes, which would require a significant and costly time commitment. And, due to the proposed timing of the effective date of the ED, we would need to employ some manually intensive procedures in order to develop the required disclosures until the system changes could be fully implemented and operational. All of these system and procedural changes would need to meet the internal control over financial reporting requirements set forth in SOX Section 404. While some of the required information is available and currently reviewed by our management, much of that information is often derived through cumbersome manual processes that would require significant revisions to comply with SOX requirements if the information was included in our financial statement footnotes.
- 2. It would be extremely difficult to recreate the proposed rollforward of allowance for credit losses and related financing receivables activity for the period January 1, 2009 through December 31, 2009 and other disclosures proposed by the ED. In some cases, it may not be possible to accurately recreate and develop related disclosures within the proposed timeframe.

B. Use of Information/Relevance

We understand the desire for more information on credit quality; however, we question the relevance of the proposed disclosures for the following reasons:

- 1. Many of the proposed disclosures are already required and included in our publicly available regulatory filings (i.e. FR Y-9C and Call Report), but in different levels of detail and/or categorization than proposed in the ED (i.e., past due loans and restructured loans). We believe the information currently provided in the regulatory filings is sufficient and do not believe including the information in the financial statement footnotes at another level of detail is necessary.
- 2. The effects of ASC Topic 805, *Business Combinations*, and ASC Subtopic 310-30, *Loans and Debt Securities Acquired with Deteriorated Credit Quality*, are making the detail tracking of credit loss reserves a moving target that is very confusing to users of financial statements. Since both of these accounting standards require previously recorded reserves to be eliminated (in essence, the loans are recorded at fair value as of the date of the transaction), users will be confused over how the disclosures under the ED and ASC Topic 805/Subtopic 310-30 will relate to each other, as well as how they compare from year to year. For example, loans having the very same credit profile will likely have significantly different reserves attached to them, depending on when or how they were acquired. ASC Subtopic 310-30 also puts into question the consistency between terms, such as "nonaccrual", "delinquent", and "impaired", since these terms may take on "accounting" meanings that vary from their "regulatory" or "contractual" connotation. While this would be explained, it does not make the tables any clearer for the financial statement user. If the increase in banking mergers expected over the next few years by some industry observers occurs (and resulting application of ASC Topic 805 and ASC Subtopic 310-30), such confusion will only increase, and the information required by these proposed disclosures will be increasingly irrelevant.
- 3. The FASB's current financial instruments project is expected to significantly change the scope as to which instruments will utilize allowances, as well as how credit losses are calculated. Therefore, it is likely these proposed disclosures will soon be outdated and require revision soon after implementation. Given the changes anticipated and the confusion noted above, along with the current estimate of the systems modifications and related procedural changes required to adopt the ED, the benefits of requiring such information clearly do not outweigh the costs.

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4. Details noted in the ED are overly prescriptive. We are concerned that the tabular disclosures included in the ED, while only shown as examples, will become a required standardized format. Such standardized formats will often represent insufficient or irrelevant information as to how a company determines its allowances. An example is the requirement to list the carrying amount of receivables that are past due 90 days or more, but are not impaired and interest is still accruing. If management feels that the economic environment warrants that number of days to be 60 or 120, the 90 day amount would be reported as required but is rendered meaningless.

- 5. Fair value disclosures are irrelevant to the allowance for credit losses. These disclosures are not normally used by management, and fair values often contain liquidity discounts that do not reflect the actual losses expected and, therefore, do not equate to credit quality. Fair value of the loan portfolio is currently disclosed in the estimated fair value footnote disclosures which we believe to be sufficient.
- 6. We also do not believe there is significant value in disclosing further disaggregation between individually impaired and collectively impaired. We believe disclosure of total impaired loans, which is already disclosed in the financial statement footnotes, is relevant and useful, but further disaggregation is not deemed necessary, as management does not analyze information at this level and the benefits do not appear to outweigh the costs and efforts required to build disclosures at this level.

C. Consistency/Comparability of Information

We are concerned the consistency/comparability of information from company to company resulting from varying degrees of interpretation of disclosure requirements will cause great disparity in the application by reporting entities. We also believe consistency/comparability of an individual reporting entity's information from period to period will be difficult to achieve when there are methodology changes.

We also have concerns over the consistency/comparability of disclosures by credit quality indicator. We believe the ED should be more specific and require reporting entities to segregate their commercial loans into a standard format (i.e. based on bond ratings). It should be noted that consumer loans could be categorized in several ways, such as by credit score, loan-to-value or delinquent status.

D. Points of Clarification

Further clarification is needed on the proposed requirement to rollforward activity in the allowance for credit losses (paragraph 11C v. Appendix A1 table on page 9). For example, is the rollforward to be provided for total allowance related to all loans or just the portion allocated to individually and collectively evaluated "impaired" loans? Also, clarification of the definition of "impaired" is needed, as this term may take on "accounting" meanings that vary from their "regulatory" connotation.

Further clarification is also needed on the definition of a "modification" (paragraph 13f /Appendix A1 table on page 12). Is "modification" meant to include loan modifications of any kind, or only those modifications considered as "troubled debt restructurings", as defined in ASC Section 310-40-15? If the proposed disclosures are meant to include all modifications to financing receivables, then we inquire why is such a broad disclosure necessary? How would this be relevant or useful? Comerica does not continuously track all loan modifications once made, and our systems do not currently have this capability of tracking every loan modification, only those considered "troubled debt restructurings" which are already tracked and disclosed in Comerica's regulatory filings (FR Y-9C and Call report), segregated by accrual and nonaccrual status (however, excluding loans to individuals for household, family and other personal expenditures as instructed by the FFIEC). Identifying and tracking all loan modifications would be another significant undertaking and would require additional costly system and procedural changes. It appears the proposed disclosure intends for "modification" in this requirement to only include those considered as "troubled debt restructurings", as defined in ASC Paragraph 310-40-15-9, however, this is not clear in the ED.

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We thank you for the opportunity to express our considerable concerns regarding this proposal, and respectfully request that the FASB Staff consider our concerns. Should you require further information or have any questions, please do not hesitate to contact me (telephone no. (214) 462-4481; email address bacton@comerica.com; facsimile no. (214) 462-4489) or Marvin J. Elenbaas, Senior Vice President and Chief Accounting Officer (telephone no. (313) 222-4645; email address mjelenbaas@comerica.com; facsimile no. (313) 222-9784).

Sincerely,

/s/ Elizabeth S. Acton Elizabeth S. Acton Executive Vice President and Chief Financial Officer

cc: Marvin J. Elenbaas, Senior Vice President and Chief Accounting Officer