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Comerica Incorporated Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from David Rochester – FBR.

David Rochester – FBR

On your NIM guidance, what does another 50 basis point rate cut get you to on top of the one that we just had? Do you have a sense for that?

Beth Acton

There would be further pressure on the margin, but it's hard to estimate that in a vacuum in the sense that there are so many moving parts related to it, including the reaction by financial institutions related to deposit pricing. We have a pretty conservative assumption in the outlook we gave you in terms of the ability to significantly impact deposit rates.

I think that's the key element that would be in play if there were a further decline. But obviously, given the nature of our balance sheet there would be a modest negative affect.

David Rochester – FBR

You had mentioned loan sales potentially in the fourth quarter. What kind of an attitude are you expecting or shooting for at this point.

Dale Green

We have said exactly what that will be, but it be primarily in the residential real estate portfolio where that portfolio is now about \$625 million, and we've broken that portfolio into different segments for potential sale. So we would hope that a piece of that, and we're working on the details and amounts. They would be concluded in the fourth quarter.

Because there's a lot of things in play, I can't exactly quantify for you. It would probably be in the terms of number of loans, it would probably be 10 to 15 loans in that portfolio.

David Rochester – FBR

On the strong deposit growth you mentioned, what's your sense of where these deposits are coming from? Are they coming from larger banks, smaller banks, failed banks?

Beth Acton

At times it's hard to tell. It comes from a variety of places and our goal here regardless of the competition is to make sure we're attracting customers to develop long term relationship with them, and that's our focus.

David Rochester – FBR

You mentioned stepping up credit reviews. Can you tell us exactly what that means and which areas you're doing this? Is this in certain industries or within the shared national credit portfolio, anything specific you can point to?

Dale Green

I would say that given the stress in Michigan, we're looking obviously all the time at real estate, but we're doing a little more frequent reviews in small business and middle market in terms of the types of things we're looking at. We're obviously trying to stay ahead of the issues and moving deals to special assets, our work out area, earlier. The whole intent is to make sure we're doing the right thing as soon as we see the deterioration.

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