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STERLING BANCSHARES INC
Form 425
February 07, 2011

Filed by Comerica Incorporated

Pursuant to Rule 425 under the Securities Act of 1933

and deemed filed pursuant to Rule 14a-12

of the Securities Exchange Act of 1934

Subject Company: Sterling Bancshares, Inc.

(Commission File No. 1-34768)

The following document is filed herewith pursuant to Rule 425 under the Securities Act of 1933:

An investor presentation that has been made available on Comerica Incorporated's website. Any statements in this filing that are not historical facts are forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. Words such as anticipates, believes, feels, expects, estimates, seeks, strives, plans, intends, outlook, forecast, mission, assume, achievable, potential, strategy, goal, aspiration, outcome, continue, remain, maintain, trend, objective, words and similar expressions, or future or conditional verbs such as will, would, should, could, might, can, may or similar expressions relate to Comerica, Sterling, the proposed transaction or the combined company following the transaction often identify forward-looking statements. These forward-looking statements are predicated on the beliefs and assumptions of management based on information known to management as of the date of this filing and do not purport to speak as of any other date. Forward-looking statements may include descriptions of the expected benefits and costs of the transaction; forecasts of revenue, earnings or other measures of economic performance, including statements of profitability, business segments and subsidiaries; management plans relating to the transaction; the expected timing of the completion of the transaction; the ability to complete the transaction; the ability to obtain any required regulatory, shareholder or other approvals; any statements of the plans and objectives of management for future or past operations, products or services, including the execution of integration plans; any statements of expectation or belief; and any statements of assumptions underlying any of the foregoing. Such statements reflect the view of management as of this date with respect to future events and are subject to risks and uncertainties. Should one or more of these risks materialize or should underlying beliefs or assumptions prove incorrect, actual results could differ materially from those anticipated by the forward-looking statements or historical results. Factors that could cause or contribute to such differences include, but are not limited to, the possibility that expected benefits may not materialize in the timeframe expected or at all, or may be more costly to achieve; that the transaction may not be timely completed, if at all; that prior to the completion of the transaction or thereafter, Comerica's and Sterling's respective businesses may not perform as expected due to transaction-related uncertainty or other factors; that the parties are unable to successfully implement integration strategies; that required regulatory, shareholder or other approvals are not obtained or other closing conditions are not satisfied in a timely manner or at all; reputational risks and the reaction of the companies' customers to the transaction; diversion of management time on merger-related issues; and those factors referenced in Comerica's and Sterling's filings with the Securities and Exchange Commission (the "SEC"). Forward-looking statements speak only as of the date they are made. Comerica and Sterling do not undertake to update forward-looking statements to reflect facts, circumstances, assumptions or events that occur after the date the forward-looking statements are made. For any forward-looking statements made in this filing or in any documents, Comerica and Sterling claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

In connection with the proposed merger transaction, Comerica will file with the SEC a Registration Statement on Form S-4 that will include a Proxy Statement of Sterling, and a Prospectus of Comerica, as well as other relevant documents concerning the proposed transaction. **SHAREHOLDERS ARE URGED TO READ THE REGISTRATION STATEMENT AND THE PROXY STATEMENT/PROSPECTUS REGARDING THE MERGER WHEN IT BECOMES AVAILABLE AND ANY OTHER RELEVANT DOCUMENTS FILED WITH THE SEC, AS WELL AS ANY AMENDMENTS OR SUPPLEMENTS TO THOSE DOCUMENTS, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION.**

A free copy of the Proxy Statement/Prospectus, as well as other filings containing information about Comerica and Sterling, may be obtained at the SEC's Internet site (<http://www.sec.gov>). You will also be able to

obtain these documents, free of charge, from Comerica at www.comerica.com under the tab Investor Relations and then under the heading SEC Filings or from Sterling by accessing Sterling's website at www.banksterling.com under the tab Investor Relations and then under the heading SEC Filings.

Comerica and Sterling and certain of their respective directors and executive officers may be deemed to be participants in the solicitation of proxies from the shareholders of Sterling in connection with the proposed merger. Information about the directors and executive officers of Comerica is set forth in the proxy statement for Comerica's 2010 annual meeting of shareholders, as filed with the SEC on a Schedule 14A on March 19, 2010 and on a Form 8-K filed with the SEC on January 27, 2011. Information about the directors and executive officers of Sterling is set forth in the proxy statement for Sterling's 2010 annual meeting of shareholders, as filed with the SEC on a Schedule 14A on March 5, 2010 and on Forms 8-K filed with the SEC on June 25, 2010 and July 12, 2010. Additional information regarding the interests of those participants and other persons who may be deemed participants in the transaction may be obtained by reading the Proxy Statement/Prospectus regarding the proposed merger when it becomes available. Free copies of this document may be obtained as described in the preceding paragraph.

Investor Presentation
February 2011
Comerica Incorporated

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Safe Harbor Statement; Disclaimer

Any statements in this presentation that are not historical facts are forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. Words such as "anticipates," "believes," "feels," "expects," "estimates," "seeks," "strives," "plans," "intends," "outlook," "forecast," "position," "target," "mission," "assume," "achievable," "potential," "strategy," "goal," "aspirations," "outcome," "continue," "remain," "maintain," "trend," "objective" and variations of such words and similar expressions, or future conditional verbs such as "will," "would," "should," "could," "might," "can," "may" or similar expressions, as they relate to Co

Sterling, the proposed transaction or the combined company following the transaction often identify forward-looking statements. These forward-looking statements are predicated on the beliefs and assumptions of management based on information known to management as of the date of this presentation and do not purport to speak as of any other date. Forward-looking statements may include descriptions of the expected benefits and costs of the transaction; forecasts of revenue, earnings or other measures of economic performance, including statements of profitability, business segments and subsidiaries; management plans relating to the transaction; the expected timing of the completion of the transaction; the ability to complete the transaction; the ability to obtain required regulatory, shareholder or other approvals; any statements of the plans and objectives of management for future or past operations, products or services, including the execution of integration plans; any statements of expectation or belief; and any statements of assumptions underlying any of the foregoing. Such statements reflect the view of management as of this date with respect to future events and are subject to risks and uncertainties. Should one or more of these risks materialize or should underlying beliefs or assumptions prove incorrect, actual results could differ materially from those anticipated by the forward-looking statements or historical results. Factors that could cause or contribute to such differences include, but are not limited to, the possibility that expected benefits may not materialize in the timeframe expected or at all, or may be more costly to achieve; that the transaction may not be timely completed, if at all; that prior to the completion of the transaction or thereafter, Comerica and Sterling's respective businesses may not perform as expected due to transaction-related uncertainty or other factors; that the parties are unable to successfully implement integration strategies; that required regulatory, shareholder or other approvals are not obtained or other closing conditions are not satisfied in a timely manner or at all; reputational risks and the reaction of the companies' customers to the transaction; diversion of management time on merger-related issues; and those factors referenced in Comerica and Sterling's filings with the Securities and Exchange Commission. Forward-looking statements speak only as of the date they are made. Comerica and Sterling do not undertake to update forward-looking statements to reflect facts, circumstances, assumptions or events that occur after the date the forward-looking statements are made. For any forward-looking statements made in this presentation or in any documents, Comerica and Sterling claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. Annualized, pro forma, projected and estimated numbers are used for illustrative purposes only, are not forecasts and may not reflect actual results.

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Comerica: A Brief Overview

Among the top 25 U.S. bank holding companies

Largest U.S. bank with corporate headquarters in Texas

\$54 billion in assets

Founded over 160 years ago

Major lines of business include:

Major markets include:
Continued investments in growth markets
Strong capital position
At December 31, 2010

Business Bank

Wealth and Institutional Management

Retail Bank

Texas

Florida

California

Arizona

Michigan

4

Comerica Key Differentiators

Focused on growing and maintaining long-term relationships

Relationship Managers known for ingenuity, flexibility & responsiveness

Emphasis on having a clear understanding of our customers & their banking needs

Wide array of products and services

Community bank feel

Weathered credit cycle well relative to peers

Consistent credit standards

Granular portfolio

Main Street Bank

Well Positioned for Growth

Relationships are Priority One

Superior Credit Management

Size

Solid Capital Position

Regulatory Reform

Impact expected to be less than other
major banks

Quality of capital is strong

5

Consistent strategy

Based on relationship banking model

Core businesses and geographies unchanged

Recession-tested business model
Expense management
Solid capital position
Investing to accelerate growth and balance

Banking center expansion in high growth markets

New and enhanced products and services

Expansion in Texas with pending Sterling Bancshares acquisition

Poised for the Future

Main Street Bank

Well Positioned for Growth

6
Financial Highlights
\$ in millions
1
Estimated
2
See Supplemental Financial Data slides for reconciliation of non-GAAP financial measures

Credit Quality Improvement Continued

\$259

\$116

\$54

Provision for Credit Losses

224

132

113

Net Loan Charge-offs

7,730

6,171

5,542

Watch List

\$36,742

\$38,786

\$39,896

Average Core Deposits

14,430

14,920

15,607

Average Noninterest-bearing deposits

21,690

21,432

22,145

Period-end Commercial Loans

\$42,753

\$40,102

\$39,999

Average Total Loans

21,971

20,967

21,464

Average Commercial Loans

Solid Capital

Deposit Levels Strong

12.46%

9.96%

10.08%

Tier 1 Capital Ratio

7.99%

10.39%

10.54%

Tangible common equity ratio

4Q09

3Q10

4Q10

Pace of Loan Decline Slowed

2

1

7
WIM
\$410MM 15%
Retail Bank
\$705MM 25%
Business
Bank

\$1,673MM

60%

Our Core Businesses

2010 Full Year Revenue

By

Business

Segment

1

As of December 31, 2010: YTD revenues of \$2.4 billion from continuing operations (FTE) including Finance & Other Business

Business Bank

Wide spectrum of credit and non-credit financial products, cash

management and international

trade services

Retail Bank

Personalized financial products &

services to consumers and small

businesses

Wealth & Institutional

Management (WIM)

Serves the needs of affluent

clients, foundations,

organizations and corporations

1

8
Florida
\$57MM 2%
Int'l
\$108MM 4%
Other Markets
\$227MM 8%

Texas
\$409MM 15%
Western
\$774MM 28%
Midwest
\$1,213MM
43%

Where We Operate

1
Source: The 2009 U.S. Census Bureau

2
As of December 31, 2010: YTD revenues of \$2.4 billion from continuing operations (FTE) including Finance & Other Businesses based on office of origination; Midwest includes: MI, OH, IL; Western includes: CA, AZ, NV, CO, WA; Other Markets include separately identified above in addition to businesses with a national perspective

Exporting our 162 year relationship banking expertise to high growth markets
Operate in seven of the eleven largest U.S. cities
California, Arizona, Texas and Florida expected to account for over one-half of U.S. population growth between 2000 and 2030

Geographic footprint diversifies earnings mix
2010 Full Year Revenue

By Market Segment

1
1
2

9
MI 218
TX 95
CA 103
FL 11
AZ 17
AZ 1

FL 6

CA 42

TX 50

MI 261

December 2003

360 Banking Centers

December 31, 2010

444 Banking Centers

Banking Center Network

10
Established: 1988
Largest U.S. bank with corporate
headquarters in TX
Average deposits
5
up 45% from FY05

National Specialty groups include:

Heavy Equipment

Energy

Acquisition of Sterling Bank
announced January 18, 2011

Diverse economy

Ranked #2 in the US by State GDP

Job growth rate for 2010 is 2.3%,
exceeding the national average of 0.9%

Home prices relatively stable

Comerica Texas Economic Activity
Index

4

is 8% above the cycle low

1

Source: 2010 Bureau of Economic Analysis

2

Source: Bureau of Labor Statistics as of 12/31/10

3

FHFA Purchase Only Home Price Index

4

As of October 2010

5

Full-Year 2010 YTD average

Texas Market:

Prepared for Growth

TX Banking Centers and Period Avg Deposits (\$Bn)

61

68

95

79

87

90

20

30

40

50

60

70

80

90

2005

2006

2007

2008

2009

2010

\$2

\$3

\$4

\$5

\$6

TX Banking Centers

Deposits

1

2

3

11
California ranked #1 in the US by
State GDP
Seeing signs of stability in home
prices
Comerica California Economic Activity
Index

up 12% from cycle low

Established: 1991

31% of Comerica's loans

30% of Comerica's deposits

Average Deposits

4

up 24% since FY05

National Specialty groups include:

Technology and Life Sciences

Entertainment

Financial Services Division (FSD)

Western Banking Centers and Period Avg Deposits

excl. FSD (\$Bn)

61

75

91

108

119

114

0

20

40

60

80

100

120

2005

2006

2007

2008

2009

2010

\$6

\$7

\$8

\$9

\$10

\$11

\$12

Western Banking Centers

Deposits

1

Source: 2010 Bureau of Economic Analysis

2

As of November 2010

3

2010 Full-Year average

4

December 2010 YTD average excluding FSD

Western Market:

Positioned for Sustained Recovery

1

2

3

3

12

Established: 1849

#1 in deposit market share in
southeast Michigan

36% of Comerica's loans

Net charge-offs to average loans of
1.45% FY10, down from 2.07%

FY09

despite economic backdrop

National Specialty groups include:

National Dealer Services

Health Care

Waste Management

Unemployment

4

, while still elevated,

has fallen 2.8 percentage points

4

from the peak in 12/09

Automotive sector improving

Comerica Michigan Economic Activity

Index

up 23% from cycle low

1

Source: FDIC 2010

2

Average Full-Year 2010

3

Source: CMA Economics as of November 2010

4

Source: Bureau of Labor Statistics as of December 2010

Michigan Market:

Performance through Economic Headwinds

Midwest Period Avg Deposits (\$Bn)

16.0

15.8

17.7

17.1

16.0

\$10

\$12

\$14

\$16

\$18

2006

2007

2008

2009

2010

1

2

3

13

Sterling Bank Acquisition

A Unique Opportunity

Accelerates Comerica's growth strategy in Texas

Significantly boosts Texas presence with solid deposit base and well located branch network

Houston deposit market share triples

Entry into San Antonio market

Complements Dallas-Fort Worth locations

Enhances growth opportunities with focus on Middle Market and Small Business

Leverages additional marketing capacity to offer a wide array of products and services through a larger distribution channel

Timely: economic, regulatory and market environment

Maintains strong pro forma capital position

Expect seamless integration: Manageable size within footprint

14
Sterling Bank Acquisition
Transaction Summary
Purchase Price and Structure
\$10.00 per Sterling Bancshares (SBIB) share
100%
common

stock
at
fixed
0.2365
exchange
ratio
Transaction value
\$1,027 million
Estimated Deal Economics
Break even in first full fiscal year
and increasingly
accretive thereafter; Attractive valuation multiples
Estimated Synergies
\$56 million or 35% of SBIB
expenses (run rate
realized by year-end 2012)
No revenue synergies assumed
Estimated merger-related charges
\$80 million after-tax (~75% to be incurred in 2011)
Deal protection
~\$40
million
termination
fee,
in
certain
circumstances
Approval requirements
SBIB shareholders
Customary regulatory approvals
Expected completion
By mid-year 2011
Pro forma ownership
Current CMA shareholders ~90%;
SBIB shareholders ~10%

1
Price and exchange ratio based on the 15-day average share price through January 11, 2011 of Comerica common stock on the NYSE of \$42.28

2
First full-year assumed to be fiscal year 2012; Break even analysis excludes merger and integration costs. Additional detail can be found in the appendix of this presentation.

2
1

15

Founded: 1974 in Houston, TX

Operating in key Texas metropolitan markets

Houston, Dallas-Fort Worth and San Antonio

Total Assets: \$5.2 billion

Loans: \$2.8 billion

Total Deposits: \$4.3 billion

Noninterest bearing: \$1.3 billion

Employees: 946

Branches: 57

Sterling Bank Highlights

At December 31, 2010

Source: Company Reports and SNL Financial

1

Based on Deposits at 6/30/10

6th largest U.S. bank with headquarters in Texas

1

16
C&D \$2.3B
6%
Residential
Mortgage &
Consumer
\$3.9B 10%

C&I \$24.3B

60%

CRE-Owner

Occupied

\$7.8B 19%

CRE \$1.9B

5%

Sterling Bank Acquisition

Opportunity to Leverage C&I Expertise

As of December 31, 2010; \$Billions

CRE: Non-owner occupied Commercial Real Estate; C&I: Commercial and Industrial includes Lease Financing and International Loans; C&D: Construction and Development

Residential

Mortgage &

Consumer

\$0.4B 15%

C&I \$0.6B

23%

C&D \$0.2B 8%

CRE- Owner

Occupied

\$0.6B 22%

CRE \$1.0B

32%

Sterling Bank

\$2.8B Loans

Comerica Bank

\$40.2B Loans

Comerica Bank

Texas Market

\$6.8B Loans

C&D \$1.0B

14%

Residential

Mortgage &

Consumer

\$0.4B 7%

C&I \$4.3B

63%

CRE-Owner

Occupied

\$0.8B 12%

CRE \$0.3B 4%

17
Sterling Bank Acquisition
Attractive Deposit Mix
Time
\$0.7B 17%
Non-
interest

bearing
\$1.3B 31%

Money
Market,
NOW &
Savings
\$2.2B 50%

Brokered
CD
\$0.1B 2%

Sterling Bank
\$4.3B Deposits

As of 12/31/2010; \$Billions

Money
Market,
NOW &
Savings
\$2.3B 40%
Time \$1.2B

22%
Non-
interest
bearing
\$2.2B 38%

Money
Market,
NOW
&Savings
\$19.0B 47%
Time \$5.9B
15%

Non-interest
bearing
\$15.6B 38%
Comerica Bank
\$40.5B Deposits

Comerica Bank
Texas Market
\$5.7B Deposits

4Q10 Interest-bearing deposit costs:

40 basis points

54 basis points

76 basis points

18
Sterling Bank Acquisition
Expanding in Attractive Markets
Houston
San Antonio
Austin
Fort Worth

Dallas

Sterling Bank Branch

Comerica Banking Center

Source: SNL Financial as of 06/30/2010

Rank and share % data not provided for San Antonio Market as it includes branches in Kerrville. San Antonio and Kerrville are not listed in SNL Financial as a combined MSA

2

Deposits

Branches

\$mm

Rank

Share %

Texas Market

CMA

94

5,230

10

1.18

SBIB

60

4,142

13

0.94

Pro forma

154

9,372

6

2.12

Houston MSA

CMA

34

1,389

12

1.15

SBIB

33

3,269

6

2.70

Pro forma

67

4,658

6

3.85

Dallas -

Fort Worth MSA

CMA

49

3,460

5

2.31
SBIB
13
266
45
0.18
Pro forma
62
3,726
5
2.49
Entry into San Antonio Market
CMA
0
0
SBIB
14
607
Pro forma
14
607
Austin MSA
CMA
11
381
11
1.66

19

Source: Company reports

1

As of December 31, 2010: CMA YTD revenues (FTE) of the major geographic markets of \$2.8 billion (\$2.4B including Financial Businesses);

Geography

based

on
office
of
origination;
Midwest
includes:
MI,
OH,
IL;
Western
includes:
CA,
AZ,
NV,
CO,
WA;
Other
Markets
include markets not separately identified above in addition to businesses with a national perspective
Sterling Bank Acquisition
Accelerating Geographic Balance
As of December 31, 2010
Pro forma
Combined
CMA
SBIB
Assets
\$53.7B
\$5.2B
\$58.9B
Loans
40.2
2.8
43.0
Deposits
40.5
4.3
44.8
Revenue (4Q10)
\$620M
\$48M
\$668M
Branches
444
57
501
Texas Branches
95
57
152

Employees
9,001
946
9,947
Florida
\$57M
2%
Int'l
\$108M
4%
Other Markets
\$227M
8%
Texas
\$611M
20%
Western
\$774M
26%
Midwest
\$1,213M
40%
2010 Year-to-Date
Pro Forma Revenue
By Market Segment
1

20

Sterling Bank Acquisition

Thorough Due Diligence

Conservative Gross

1

Loan Marks

\$ in Millions; CRE Wholesale includes CRE mortgages referred by other financial institutions; CRE Other includes office, retail

hospitality, multifamily, warehouse, 1-4 family.

1

Excludes \$77 million allowance for loan losses;

2

Estimated losses and portfolio breakdown is based on Comerica credit due diligence and may not reconcile to the 4Q10 data on slide 16

3

SBIB cumulative losses based on total net charge-offs as a % of average loans 1/1/08 through 12/31/10 of \$3,267 million

Assisted by local market insight

into customers and competitors

Loan Review

25 person CMA evaluation team

Reviewed 96%

of nonperforming

loan outstandings; 92%

of special

mention and substandard; and 43%

of pass credits

CMA has extensive credit quality

review experience

In-depth review of:

Investment portfolio

Deposit composition

Branch locations

Extensive Review Process

120

Cumulative credit losses taken

1/1/08 through 12/31/10 3.7%

\$330

12.0%

\$2,752

Total

\$450

Total estimated credit losses 15.7%

through the cycle

As of 12/31/10

SBIB

Est.

Loss %

Est.

Loss \$

C&I

\$623

4.0%

\$24
CRE Owner occupied
335
7.6
26
CRE Wholesale
366
16.3
60
CRE Construction (C&D)
220
28.4
63
CRE Other
811
13.7
111
Consumer/Resi
Mortgage
397
11.6
46
2
3

21
Sterling Bank Acquisition
Continued Capital Strength
Tier I Common Capital Ratio at
December 31, 2010
1
On a pro forma basis:

Remain among the best
capitalized in peer group
Quality of capital is solid
with Tier 1 consisting of
99% common equity
Strong capital supports
future growth
Pro forma 12/31/10 Tier 1
Capital Ratio 10.0%

Source:

SNL

Financial

(excludes

MI

and

MTB

as

their

numbers

were

not

reported)

1

See Supplemental Financial Data slide for reconcilements of non-GAAP financial measures; 4Q10 estimated

6%

7%

8%

9%

10%

FITB

USB

RF

STI

ZION

BBT

HBAN

KEY

PNC

CMA

Peer Median = 9.08%

22
Sterling Acquisition
Transaction Economics
2.3x
Price/Tangible Book Value
\$276
Adjusted Tangible Book Value

3.7x
Price/Adjusted Tangible Book Value
(89)
Tax Impact @ 35%
(77)
Sterling
Allowance
for
Loan
Losses
1
164
Net Loan Mark Adjustment
\$440
Sterling Tangible Book Value
\$330
Estimated
Future
Loan
Losses
2
(182)
Less:
Goodwill
&
Intangibles
1
\$622
Sterling
Total
Shareholder
Equity
1
\$1,027
Purchase Price
Purchase price reflects:

Scarcity value
only two unassisted
acquisitions of banks with >\$5 billion
assets in Texas in the past 7 years
and only 4 other public Texas
headquartered U.S. banks with assets
>\$5 billion remaining

Texas economy
one of the strongest
and largest economies in the U.S.
Price to adjusted tangible book
multiple reflects low book value

resulting from the conservative credit
marks

Estimated goodwill of \$745MM
reflects purchase price less tangible
book value at close, as well as
additional accounting adjustments to
fair value all assets and liabilities

\$ in Millions (MM); This analysis is based on estimates at the time of transaction announcement (January 18, 2011).

1

At December 31, 2010

2

Estimated losses based on Comerica credit due diligence

23

Sterling Acquisition

Fits Comerica's Main Street Bank Strategy

Accelerates growth in Texas urban markets

Nearly doubles branch presence in Houston

Entry into San Antonio market

#6 largest deposit market share in state
Financially attractive

Expect to be break even in first full year
1
and increasingly accretive
thereafter

Conservative assumptions (synergies and credit marks)

Price/Tangible Book Value of about 2.3x and deposit premium of about
17% --
fair value consistent with recent Texas healthy bank transactions
Expect seamless integration

Size: Manageable

Location: Within footprint

Culture: Business banking
Maintains strong capital position

Pro forma 12/31/10 Tier 1 Capital Ratio
10.0%

1

First full-year assumed to be fiscal year 2012; Break even analysis excludes merger and integration costs

24
Other
Markets
\$3.7B 9%
Int'l
\$1.5B 4%
Florida

\$1.6B 4%

Midwest

\$14.3B 36%

Western

\$12.5B 31%

Texas

\$6.4B 16%

Diverse Loan Portfolio

1

Specialty Businesses includes: Financial Services Division, Entertainment, Energy, Leasing, Mortgage Banker Finance and Technology and Life Sciences (TLS)

Geography based on office of origination; Midwest: MI, OH, IL; Western: CA, AZ, NV, CO, WA;

Other

Markets

include

markets

not

separately

identified

above

in

addition

to

businesses

with

a

national

perspective

Average 4Q10: \$40.0 billion

By Geographic Market

By Line of Business

Global Corp

Banking

\$4.3B 11%

Commercial

Real Estate

\$4.7B 12%

Middle

Market

\$11.9B 30%

Nat'l Dealer

Services

\$3.8B 9%

Specialty

Businesses

1

\$5.3B 13%

Personal

Banking

\$1.8B 4%

Small
Business
Banking
\$3.4B 9%
Private
Banking
\$4.8B 12%

25

Commercial Loan Growth

Increases in:

National Dealer Services \$276MM

Mortgage Banker Finance \$158MM

Energy \$73MM

Average balances in \$ millions

1

CRE: Owner-occupied and Commercial Real Estate line of business construction and mortgage loans

2

4Q10 compared to 3Q10

Decreases in:

Commercial Real Estate line of
business (\$332MM)

Middle Market (\$178MM)

Small Business Banking (\$72MM)

3Q09

4Q09

1Q10

2Q10

3Q10

4Q10

Total Loans

44,782

42,753

41,313

40,672

40,102

39,999

Q-Q Change

(2,029)

(1,440)

(641)

(570)

(103)

Commerical

23,401

21,971

21,015

20,910

20,967

21,464

Q-Q Change

(1,430)

(956)

(105)

57

497

CRE

14,392

14,096

13,773

13,359

12,882

12,336

Q-Q Change

(296)

(323)

(414)

(477)

(546)

Average loan outstandings included

:

Balance Sheet

Lines of Business

1

2

26

Source: Federal Reserve H.8 as of 1/26/2011

Loan Growth Post-Recession

C&I Loans

-25%

-20%

-15%

-10%
-5%
0%
5%
10%
15%
20%
25%
Comerica
All Banks
Large Banks

27

Investment Securities Portfolio

Consists primarily of AAA
mortgage-backed Freddie
Mac and Fannie Mae
government agency
securities

Net unrealized pre-tax gain
\$55MM as of 12/31/10

Average life of 3.4 years as
of 12/31/10
Repurchased customers
Auction-Rate Securities in
4Q08

Cumulative redemptions and
sales of \$668MM
(4Q10 \$12MM)

Cumulative gains on
redemptions and sales of
\$27MM (4Q10 \$1MM)
\$ in millions (MM)

\$3,500

\$4,500

\$5,500

\$6,500

\$7,500

\$8,500

\$9,500

\$10,500

1Q09

2Q09

3Q09

4Q09

1Q10

2Q10

3Q10

4Q10

Average Auction-Rate Securities

Average Investment Securities Available-for-Sale

Target:

Mortgage-backed

Securities

\$6.5B

28
\$0
\$10
\$20
\$30
\$40
4Q08

1Q09

2Q09

3Q09

4Q09

1Q10

2Q10

3Q10

4Q10

Core Deposits Increased

Average Core Deposits

\$ in billions; 4Q10 vs 3Q10

1

Core

deposits

exclude

Institutional

CDs,

Retail

Brokered

CDs

and

foreign

office

time

deposits

Total

average

core

deposits

of

\$39.9B, a \$1.1B increase primarily

due to:

Noninterest-bearing deposits increased

\$687MM

Money market and NOW deposits

increased \$621MM

Customer CDs decreased \$206MM

Total avg. core deposits:

Increased in:

Middle Market \$442MM

Small Business \$296MM

Technology & Life Sciences \$152MM

Wealth Management \$124MM

Financial Services Division \$56MM

Decreased in:

Commercial Real Estate (\$47MM)

Noninterest-bearing

Interest-bearing

1

29
3.29%
3.23%
3.28%
3.18%
2.94%
2.68%

2.25%

2.50%

2.75%

3.00%

3.25%

3Q09

4Q09

1Q10

2Q10

3Q10

4Q10

Net Interest Margin Improves

Excess

liquidity

position

2

:

4Q10

average \$1.8B, down from

\$3.0B in 3Q10

12/31/10 period end \$1.3B

Negative impact on 4Q10 margin was

approximately 12 basis points

1

4Q10 vs. 3Q10

2

Excess liquidity represented by average deposits held at the Federal Reserve Bank. See Supplemental Financial Data slide for reconciliation of non-GAAP financial measures.

Net interest margin increased six

basis points to 3.29% reflecting

1

:

+

Decline

in

excess

liquidity

+

Redemption

of

higher-cost

Trust

Preferred securities (TruPS)

-

Decrease in yields on mortgage-backed securities

30
A Leaner, More Efficient Company
6,000
8,000
10,000
12,000
2001

2002
2003
2004
2005
2006
2007
2008
2009
2010

Workforce Reductions

1
4Q10 vs. 3Q10

2
Offset by increase in deferred compensation asset returns in noninterest income

Noninterest
expenses

1
:
Salaries expense increased:

\$10MM increase in incentives
as a result of improved financial
performance and rankings
relative to peers

\$6MM increase in Deferred
Compensation²

\$3MM increase in Severance
Trust preferred securities
redemption charge of \$5MM
The number of full-time
equivalent employees has
declined 17% since
December 31, 2007

31

Key Credit Differentiators

Did not loosen credit standards
at peak of cycle

Conservative exposure
thresholds

Long tenured relationships

88% of portfolio is secured
Personal guarantees are
customary for bulk of portfolio
Proactive problem resolution and
restructuring
Portfolio migration closely
monitored
Tightened lending standards:

Energy

Technology and Life Sciences

Home equity
Curtailed exposure to certain
segments:

Automotive supplier

Commercial and Residential
Construction

SBA Franchise lending

Specialty group with higher
leveraged transactions
Comerica followed its credit
policies
making enhancements to adapt
to the changing economy

1
At December 31, 2010

1

32

Credit College

-

training and
development of future relationship
managers

Credit Administration

-
multiple
years of experience in lending and
credit
Teamwork and customer focus
credit and business lines collaborate
on loan structure to win deals
Relationship managers

fully
engaged in recognition and
resolution of credit issues
Comerica Credit Culture
People
Policies
Portfolio Analytics

-
monitoring of
portfolio migration assists in early
recognition of issues
Special Asset Group

-
maintain
core group of experienced workout
professionals
Quarterly Credit Quality Review

-
proactive review of problem credits
to assess strategy and reserve
Policies

longstanding and proven,
yet continuously refined

Results:

superior
credit
performance
throughout
the
economic
cycle

Processes

1

Based on peer average from 3Q07 through 4Q10

1

33

\$ in millions

Credit Quality Positive Trends Continued

\$1,292

3.06%

\$1,251

3.06%

\$1,214
 2.98%
 \$1,311
 3.24%
 \$1,235
 3.06%
 Nonperforming assets
 to total loans & foreclosed property
 \$266
 \$245
 \$199
 \$294
 \$180
 Nonperforming assets inflow
 \$111
 \$89
 \$93
 \$120
 \$112
 Foreclosed property
 \$101
 \$83
 \$115
 \$104
 \$62
 Loans past due 90 days or more
 and still accruing
 \$7,730
 \$7,502
 \$6,651
 \$6,171
 \$5,542
 Total Watch list loans
 \$57
 \$113
 1.13%
 4Q10
 \$122
 \$132
 1.32%
 3Q10
 \$126
 \$146
 1.44%
 2Q10
 \$256
 \$175
 Provision for Loan Losses
 \$173
 1.68%

1Q10

\$225

2.10%

4Q09

Net credit-related charge-offs
to average total loans

We believe we will continue to see improving credit quality reflecting
positive migration trends with some variability quarter to quarter

34
108
91
62
86
36
60

40
140
148
162
87
110
73
72
\$0
\$100
\$200
\$300
2Q09
3Q09
4Q09
1Q10
2Q10
3Q10
4Q10
Positive trends in credit quality
resulted in significant decline in
the provision for loan losses
Allowance for credit losses of
\$936MM

Decreased \$59MM, reflecting
the positive trend in all credit
metrics, particularly the watch list

Allowance for loan losses to total
loans 2.24%

Allowance for loan losses to
nonperforming loans of 80%
Recoveries of \$27MM, an
increase of \$14MM
Loan Sales of \$70MM, an
increase of \$51MM
Provision for Loan Losses
Provision and Net Charge-offs
\$ in millions; 4Q10 vs 3Q10
Credit Quality Positive Trends Continued
CRE Net Charge-Offs
Non CRE Net Charge-Offs
312
311
256
175
126
122

35

By Geographic Market

Texas

\$9MM 8%

Western

\$42MM 37%

Midwest

\$52MM 46%
Florida
\$8MM 7%
Other Markets
\$2MM 2%
Specialty
Businesses
\$4MM 4%
Middle Market
\$23MM 20%
Private Banking
\$18MM 16%
Small Business
Banking \$17MM
14%
Personal
Banking \$5MM
5%
Global
Corporate
Banking \$6MM
5%
Commercial
Real Estate
\$40MM 36%
4Q10: \$113 Million
Net Loan Charge-offs
By Line of Business
\$ in
millions;
Geography
based
on
office
of
origination;
Midwest:
MI,
OH,
IL;
Western:
CA,
AZ,
NV,
CO,
WA
Other
Markets
include
markets

not
separately
identified
above
in
addition
to
businesses
with
a
national
perspective

Specialty Businesses includes: Financial Services Division, Entertainment, Energy, Leasing, Mortgage Banker Finance, TLS a
National Dealer Services

36
Credit Quality Ratios vs. Peers
0
2
4
6
8

2Q08

3Q08

4Q08

1Q09

2Q09

3Q09

4Q09

1Q10

2Q10

3Q10

4Q10

Peer Range

Peer Average

CMA

Peer Source: SNL; All

nonperforming

asset

ratios

exclude

HBAN

as

their

figures

were

not

reported

NCO ratio defined as annualized loans and leases charged off, net of recoveries, as a % of average loans and leases

NPA ratio defined as nonperforming assets / (Gross loans +foreclosed assets)

0

2

4

6

8

2Q08

3Q08

4Q08

1Q09

2Q09

3Q09

4Q09

1Q10

2Q10

3Q10

Peer Range

Peer Average

CMA

Net Charge-off Ratio vs. Peers

Nonperforming Asset Ratio vs. Peers

Credit

metrics

amongst

the

best

in

our

peer

group

Peer Group: BBT, FITB, HBAN, KEY, MI, MTB, PNC, RF, STI, USB, ZION

37
Specialty
Businesses
\$73MM
Small Business
\$111MM
Other

\$132MM

Middle

Market

\$287MM

Commercial

Real Estate

\$449MM

Global Corp

Banking

\$28MM

\$ in millions (MM); 4Q10 vs. 3Q10

Nonperforming Assets Declined

Nonperforming Assets of \$1,235MM

included:

Nonaccrual loans decreased \$83MM

Commercial Real Estate decreased

\$80MM

Specialty Businesses decreased \$14MM

\$43MM Troubled Debt Restructurings

Foreclosed Property decreased \$8MM

to \$112MM

Average carrying value of nonaccrual

loans 54% (46% write-down)

Accruing Troubled Debt

Restructurings total \$44MM

No nonaccrual loans Held-For-Sale

December 31, 2010

Nonaccrual Loans \$1,080 million

By Line of Business

38
Nonaccrual Loans
36
248
\$5 \$10
3
84

Over \$25

1,066

\$1,080

Total

23

342

\$10 \$25

58

179

\$2 \$5

946

\$227

Under \$2

of Relationships

Outstanding

Period-end balances in \$ millions (MM) as of December 31, 2010

Sold \$41MM in nonperforming loans

at prices approximating carrying

value plus reserves in 4Q10

Proactively review nonaccrual loans

every quarter

Charge-offs and reserves taken to

reflect current market conditions

Granularity of nonaccrual loans:

72%

68%

66%

64%

61%

59%

56%

56%

55%

55%

54%

25%

40%

55%

70%

2Q08

4Q08

2Q09

4Q09

2Q10

4Q10

Carrying Value of Nonaccrual Loans

as % of Contractual Value

39
5,542
8,250
6,651
7,502
7,730
6,171

3Q09
4Q09
1Q10
2Q10
3Q10
4Q10
Total
Watch
List
Loans
Watch List Improvement Continued
Watch
list
loans
decreased
\$629MM, fifth
consecutive quarter
of decline
Watch
list
loans
decreased
\$2.7B
over past five
quarters
Loans past due 90 days or more
and still accruing declined
Foreclosed property decreased
and remains relatively small
\$ in millions; Analysis of 4Q10 compared to 3Q10
1
Watch
list:
generally
consistent
with
regulatory
defined
special
mention,
substandard
and
doubtful
(nonaccrual)
loans
1
1
1

40

Commercial Real Estate Loan Portfolio

4Q10: \$12.3 billion

4Q10 averages in \$billions

1

Included in Commercial Real Estate line of business

Commercial Real Estate

Line of Business:

Nonaccrual loans of \$449MM, down
\$80MM from 3Q10

Loans over \$2MM transferred to
nonaccrual totaled \$71MM
(\$132MM in 3Q10 and \$32MM in
2Q10)

Net loan charge-offs of \$40MM
(\$60MM in 3Q10 and \$36MM in
2Q10)

Primarily

Owner-

Occupied

Commercial

Mortgages

\$8.4B 68%

Real Estate

Construction

\$1.9B 16%

Commercial

Mortgages

\$2.0B 16%

1

1

41
Commercial Real Estate Line of Business
December
31,
2010
Loan
Outstandings:

\$3.8
billion

1

By Project Type

By Location of Property

Period-end balances in \$billions;

1

Excludes Commercial Real Estate line of business loans not secured by real estate

Land Carry

\$0.4B 10%

Land

Development

\$0.2B 5%

Single Family

\$0.3B 7%

Retail

\$0.9B 23%

Multi-family

\$0.9B 26%

Comml/Other

\$0.3B 8%

Multi-use

\$0.5B 12%

Other

Markets

\$0.6B 15%

Florida

\$0.5B 12%

Western

\$1.2B 35%

Michigan

\$0.5B 12%

Texas

\$1.0B 26%

Office

\$0.3B 9%

42
Expect variability
in credit metrics
with a general
improving trend
108
91

62
86
36
40
60
\$0
\$20
\$40
\$60
\$80
\$100
\$120
2Q09
3Q09
4Q09
1Q10
2Q10
3Q10
4Q10
Residential
Commercial
Not Secured by RE
3,763
4,114
4,316
4,812
5,006
5,228
4,621
\$0
\$1,000
\$2,000
\$3,000
\$4,000
\$5,000
2Q09
3Q09
4Q09
1Q10
2Q10
3Q10
4Q10
Residential
Commercial
Commercial Real Estate Line of Business
Outstandings By
Property Type
Net Charge-offs By
Project Type
Period-end outstandings in \$millions; excludes Commercial Real Estate line of business loans not secured by real estate;

Net Charge-offs \$millions;

4Q10 vs. 3Q10

Commercial: Multi-Family, Retail, Office, Warehouse, Multi-use and Commercial

Charge-offs

decreased \$19MM

Inflows to nonaccrual

decreased \$61MM

Nonaccrual loans

decreased \$80MM

Watch list loans

declined

\$245MM

43
Residential Real Estate Development
\$0
\$500
\$1,000
\$1,500
\$2,000

\$2,500

2Q09

3Q08

4Q08

1Q09

2Q09

3Q09

4Q09

1Q10

2Q10

3Q10

4Q10

Single Family

Residential - Land Carry/Development

Period-end balances in \$millions

Western: CA, AZ, NV

Reduced Residential Real

Estate Development

exposure by \$1.7B since

6/30/08 to \$555MM at

12/31/10

Geographic breakdown:

Western

39%

Texas

20%

Florida

15%

Michigan

11%

Other

15%

Reduced Western Market

Local Residential Real

Estate Developer Portfolio to

\$105MM at 12/31/10 from

\$932MM at 12/31/07

44
0%
2%
4%
6%
8%
10%

12%
4Q09
1Q10
2Q10
3Q10
4Q10
Strong Capital Ratios
Tier I Common Capital Ratio
Peer Median
Comerica
Among the best capitalized in
peer group
Quality of capital is solid
Tier 1 made up of 100% common
equity as of 10/1/10
Fully redeemed preferred stock
issued to U.S. Treasury in 1Q10
Redeemed \$500MM of 6.57%
Trust Preferreds
(TruPS) on
10/01/10
Doubled quarterly common stock
dividend to \$0.10 per share
Authorized share and warrant
repurchases
Strong capital supports future
growth
Source: SNL Financial
Peer Group: BBT, FITB, HBAN, KEY, MI, MTB, PNC, RF, STI, USB, ZION (4Q10 averages exclude MI and MTB as
their numbers were not reported)
1
See Supplemental Financial Data slides for reconcilements of non-GAAP financial measures; 4Q10 estimated
1

Appendix

46	
	Sterling Bancshares Financial Highlights
15.44	
11.61	
12.14	
9.05	
8.64	

Tier 1 Capital (%)

Asset Quality (%)

3.28

2.42

2.00

0.56

0.39

NAL&90+PD&OREO/Assets

1.48

1.72

0.40

0.09

0.20

NCOs/ Avg

Loans

2.80

2.30

1.30

1.01

1.02

Loan Loss Reserves/ Gross Loans

202.1

227.6

239.1

221.8

203.0

Revenue

3.70

4.22

4.55

4.77

4.90

Net Interest Margin (%)

0.11

(2.18)

7.58

11.77

12.66

ROAE (%)

0.01

(0.26)

0.80

1.22

1.18

ROAA (%)

0.7

(13.0)

38.6

53.0

45.8

Net Income

159.0

160.9

152.6

138.4

130.3

Noninterest Expense

4,257

4,095

3,819

3,674

3,335

Total Deposits

2,678

3,170

3,745

3,384

3,101

Total Net Loans

5,192

4,937

5,080

4,536

4,118

Total Assets

12/31/2010

12/31/2009

12/31/2008

12/31/2007

12/31/2006

Period Ended

2010 FY

2009 FY

2008 FY

2007 FY

2006 FY

Source: SNL Financial and company report

\$ in millions

NAL&90+PD&OREO: Nonaccrual Loans & Past Due Loans & Other Real Estate Owned

47

Fourth Quarter 2010 Average Loans Detail

\$ in billions; geography based on office of origination.

1

Specialty Businesses includes: Financial Services Division, Entertainment, Energy, Leasing, Mortgage Banker Finance and TL

Midwest

Western

Texas	
Florida	
Other	
Markets	
Int 1	
TOTAL	
Middle Market	
	\$5.3
	\$3.8
	\$1.7
	\$0.2
	\$0.9
	\$0.0
	\$11.9
Commercial Real Estate	
	0.9
	1.4
	1.2
	0.4
	0.8
	-
	4.7
Global Corporate Banking	
	1.3
	0.8
	0.2
	0.1
	0.4
	1.5
	4.3
National Dealer Services	
	0.7
	2.4
	0.2
	0.3
	0.2
	-
	3.8
Specialty Businesses	
	1
	1.0
	1.5
	1.5
	0.0
	1.3
	-
	5.3
SUBTOTAL	
BUSINESS BANK	
	\$9.2

\$9.9
 \$4.8
 \$1.0
 \$3.6
 \$1.5
 \$30.0
 Small Business Banking
 1.7
 0.8
 0.9
 -
 -
 -
 3.4
 Personal Banking
 1.4
 0.1
 0.2
 -
 0.1
 -
 1.8
 SUBTOTAL
 RETAIL BANK
 \$3.1
 \$0.9
 \$1.1
 \$-
 \$0.1
 \$-
 \$5.2
 Private Banking
 2.0
 1.7
 0.5
 0.6
 -
 -
 4.8
 SUBTOTAL
 WEALTH &
 INSTITUTIONAL MANAGEMENT
 \$2.0
 \$1.7
 \$0.5
 \$0.6
 \$0.0
 \$-
 \$4.8
 TOTAL

\$14.3
\$12.5
\$6.4
\$1.6
\$3.7
\$1.5
\$40.0

48

Loans by Line of Business

Average loans in \$billions;

1

Specialty Businesses includes: Financial Services Division, Entertainment, Energy, Leasing, Mortgage Banker Finance, and T

4Q10

3Q10

FY10
FY09
Middle Market
\$11.9
\$12.0
\$12.1
\$14.3
Commercial Real Estate
4.7
5.1
5.2
6.1
Global Corporate Banking
4.3
4.4
4.6
6.0
National Dealer Services
3.8
3.5
3.4
3.5
Specialty Businesses
5.3
5.0
5.0
5.5
SUBTOTAL
BUSINESS BANK
\$30.0
\$30.0
\$30.3
\$35.4
Small Business Banking
3.4
3.5
3.5
3.9
Personal Banking
1.8
1.8
1.9
2.1
SUBTOTAL
RETAIL BANK
\$5.2
\$5.3
\$5.4
\$6.0
Private Banking

4.8

4.8

4.8

4.8

SUBTOTAL

WEALTH &

INSTITUTIONAL MANAGEMENT

\$4.8

\$4.8

\$4.8

\$4.8

TOTAL

\$40.0

\$40.1

\$40.5

\$46.2

1

49

Loans By Geographic Market

Average loans in \$billions; Geography based on office of origination; Midwest: MI, OH, IL; Western: CA, AZ, NV, CO, WA

Other

Markets

include

markets

not
separately
identified
above
in
addition
to
businesses
with
a
national
perspective
4Q10
3Q10
FY10
FY09
Midwest
\$14.3
\$14.3
\$14.5
\$17.0
Western
12.5
12.6
12.7
14.3
Texas
6.4
6.3
6.5
7.4
Florida
1.6
1.6
1.6
1.7
Other Markets
3.7
3.8
3.7
3.9
International
1.5
1.5
1.5
1.9
TOTAL
\$40.0
\$40.1
\$40.5

\$46.2

50
Shared National Credit Relationships
Approx. 940
borrowers
Majority of relationships
include ancillary business
Comerica is agent for

approximately 17.5%

Adhere to same credit
underwriting standards as
rest of loan book

Credit quality mirrors total
portfolio

Global Corp

Banking

\$2.3B 32%

Nat'l Dealer

Services

\$0.3B 4%

Energy

\$1.3B 18%

Other

\$0.5B 7%

Middle Market

\$1.7B 23%

Commercial

Real Estate

\$1.2B 16%

December 31, 2010: \$7.3 billion

Shared National Credit (SNC): Facilities greater than \$20 million shared by three or more federally supervised financial institutions which are reviewed by regulatory authorities at the agent bank level.

Period-end outstandings as of December 31, 2010

51
Commercial Real Estate Line of Business
Western
Michigan
Texas
Florida
Other

Markets

Total

Real Estate Construction Loans

Single Family

99

18

22

39

18

196

Land Development

60

9

52

9

27

157

Total Residential

159

27

74

48

45

353

Multi-Family

129

-

227

131

92

579

Retail

119

48

262

27

29

485

Multi-use

117

5

52

-

27

201

Other

71

29

92
16
0
208
Total Commercial
436
82
633
174
148
1,473
Total Real Estate Construction Loans
595
109
707
222
193
1,826
Commercial Mortgage Loans
Single Family
13
3
17
6
30
69
Land Development
45
28
18
31
11
133
Total Residential
58
31
35
37
41
202
Multi-Family
51
55

138
115
45
404
Retail
128

98
16
64
80
386
Multi-use
115
16
31
-

87
249
Other
343
159
49
29
116
696
Total Commercial
637
328
234
208
328
1,735
Total Commercial Mortgage Loans
695
359
269
245
369
1,937
Total Commercial Real Estate Line of Business
1,290
468
976
467
562
3,763
December 31, 2010 period-end \$ in millions; Western: CA, AZ, NV

52

Source: Federal Reserve H.8 as of 1/26/2011

Decline in Commercial Real Estate Loans

Commercial Real Estate Loans

-25%

-20%

-15%

-10%
-5%
0%
5%
10%
15%
Comerica
All Banks
Large Banks

53
5.187
4.872
3.466
3.459
\$0
\$1

\$2

\$3

\$4

\$5

2007

2008

2009

2010

Diversified National Dealer Services

Detroit 3

nameplates

down from 41%

at 12/05 to 20%

at 12/10

Geographic Dispersion

Western

62%

Florida

8%

Midwest

18%

Texas

6%

Franchise

Distribution

1

1

Franchise distribution based on December 31, 2010 period-end outstandings

2

Other

includes obligations where a primary franchise is indeterminable (rental car and leasing companies, heavy truck, recreational vehicles, and non-floor plan loans)

65 years of Floorplan

lending, with

over 20 years on a national basis

Top tier strategy

Majority

are

Mega

Dealer

Excellent credit quality

Robust monitoring of company

inventory and performance

Average Loan Balances

Toyota/

Lexus

22%

Ford

8%

GM

8%
Chrysler
4%
Mercedes
4%
Nissan/
Infinity
6%
Other
2
12%
Other
European
8%
Other Asian
10%
Honda/ Acura
18%
(five or more dealerships in group)
(\$ in Billions)

54

Consumer Loan Portfolio

9.9% of total outstandings

No sub-prime mortgage programs

Self-originated & relationship
oriented

Net loan charge-offs of \$17MM

4Q10: \$4.0 billion

4Q10 averages in \$billions; Geography based on office of origination

1

Residential mortgages on the balance sheet are primarily associated with Private Banking customers. Residential mortgages originated through the banking centers are typically sold to a third party.

2

The other

category includes automobile, personal watercraft, student and recreational vehicle loans.

3

Data on loans booked through the Consumer Loan Center which encompasses about 86% of the Home Equity Lines and Loans

Consumer Loan Portfolio

Midwest

62%

Florida

3%

Texas

9%

Western

26%

About 85% home equity lines and 15%

home equity loans

Avg. FICO score of 753 at origination

86% have CLTV

80% at origination

Average loan vintage is 5.3 years

4Q10: \$1.7 billion

Home Equity Portfolio

3

Residential

Mortgages

1

\$1.6B

40%

Consumer

Loans-Home

Equity \$1.7B

43%

Consumer

loans-Other

2

\$0.7B 17%

55
Fourth Quarter 2010 Average Deposits Detail
Midwest
Western
Texas
Florida
Other

Markets

Int 1

TOTAL

Middle Market

\$1.2

\$3.4

\$0.6

\$0.0

\$0.1

-

\$5.3

Commercial Real Estate

0.2

0.5

0.1

0.0

0.1

-

0.9

Global Corporate Banking

3.0

0.5

0.9

0.1

0.8

1.3

6.6

National Dealer Services

0.1

0.1

0.0

0.0

0.0

-

0.2

Specialty

Businesses

1

0.7

4.3

0.9

0.1

1.0

-

7.0

SUBTOTAL

BUSINESS

BANK

\$5.2

\$8.8
\$2.5
\$0.2
\$2.0
\$1.3
\$20.0
Small Business Banking
2.2
1.1
1.2
-
-
-
4.5
Personal Banking
9.8
1.1
1.7
-
0.1
-
12.7
SUBTOTAL

RETAIL
BANK
\$12.0
\$2.2
\$2.9
\$--
\$0.1
\$--
\$17.2
Private Banking
0.8
1.4
0.2
0.2
0.1
-
2.7
SUBTOTAL

WEALTH
&
INSTITUTIONAL MANAGEMENT
\$0.8
\$1.4
\$0.2
\$0.2

\$0.1
\$--
\$2.7
Finance/Other
2
0.5
-
-
-
-
0.5
TOTAL
\$18.5
\$12.4
\$5.6
\$0.4
\$2.2
\$1.3
\$40.4
\$ in billions
1

Specialty Businesses includes: Entertainment, Energy, Financial Services Division, Leasing, Mortgage Banker Finance and TL
2

Finance/Other includes \$0.1B in Inst. and Retail Brokered CD s; included in Finance Division segment

56
Line of Business Deposits
Average deposits in \$billions
1
Specialty
Businesses
includes:

Entertainment,
Energy,
Financial
Services
Division,
Leasing,
Mortgage
Banker
Finance
and
TLS
2
Finance/Other
includes
Inst.
and
Retail
Brokered
CD s:
4Q10
-
none;
3Q10
-
\$0.1B;
FY10
-
\$0.3B;
FY09
-
\$4.1B
4Q10
3Q10
FY10
FY09
Middle Market
\$5.3
\$4.8
\$4.9
\$4.3
Commercial Real Estate
0.9
0.9
1.0
0.7
Global Corporate Banking
6.6
6.6
6.6
5.1

National Dealer Services

0.2

0.2

0.2

0.1

Specialty Businesses

1

7.0

6.7

6.4

5.1

SUBTOTAL

BUSINESS

BANK

\$20.0

\$19.2

\$19.1

\$15.3

Small Business Banking

4.5

4.2

4.1

3.9

Personal Banking

12.7

12.8

12.8

13.5

SUBTOTAL

RETAIL

BANK

\$17.2

\$17.0

\$16.9

\$17.4

Private Banking

2.7

2.6

2.8

2.7

SUBTOTAL

WEALTH

&

INSTITUTIONAL MANAGEMENT

\$2.7

\$2.6

\$2.8

\$2.7
Finance/Other
2
0.5
0.5
0.7
4.6
TOTAL
\$40.4
\$39.3
\$39.5
\$40.0

57
Core Deposits By Geographic Market
4Q10
3Q10
FY10
FY09
Midwest

\$17.9

\$17.8

\$17.7

\$17.0

Western

12.5

11.8

12.0

11.1

Texas

5.6

5.4

5.3

4.5

Florida

0.4

0.4

0.4

0.3

Other Markets

2.2

2.2

2.2

1.6

International

1.1

1.1

1.0

0.8

Finance/Other

0.2

0.1

0.1

0.0

TOTAL

\$39.9

\$38.8

\$38.7

\$35.3

Average deposits in \$ billions; Geography based on office of origination; Midwest: MI, OH, IL; Western: CA, AZ, NV, CO, V

Other Markets include markets not separately identified above in addition to businesses with a national perspective

Excludes Foreign Office Time Deposits (4Q10 \$0.5B, 3Q10 \$0.4B, FY10 \$0.5B, FY09 \$0.7B) and Inst. & Retail Brokered CD

\$0.1B in 3Q10; \$0.3B in FY10; and \$4.1B in FY09

58

Net Loan Charge-offs by Line of Business

\$ in millions;

1

Includes \$26MM related to a Middle Market/National group that focused on higher levered relationships

2

Specialty Businesses includes: Financial Services Division, Entertainment, Energy, Leasing, Mortgage Banker Finance, TLS a

National Dealer Services	
4Q10	
3Q10	
2Q10	
1Q10	
4Q09	
Commercial Real Estate	
\$40	
\$60	
\$36	
\$86	
\$62	
Middle Market	
23	
32	
71	
1	
39	
76	
Small Business Banking	
17	
14	
16	
20	
22	
Wealth & Institutional Management	
18	
14	
11	
10	
12	
Specialty Businesses	
4	
8	
4	
10	
18	
Personal Banking	
5	
4	
6	
6	
8	
Global Corporate Banking	
6	
0	
2	
2	
26	

TOTAL

\$113

\$132

\$146

\$173

\$224

Provision for loan losses

\$57

\$122

\$126

\$175

\$256

2

59

Net Loan Charge-offs by Market

\$ in millions

Geography based on office of origination; Midwest: MI, OH, IL; Western: CA, AZ, NV, CO, WA;

1

Other

Markets

include
markets
not
separately
identified
above
in
addition
to
businesses
with
a
national
perspective
2

Includes \$26MM related to a Middle Market/National group that focused on higher levered relationships

4Q10

3Q10

2Q10

1Q10

4Q09

Midwest

\$52

\$61

\$44

\$55

\$97

Western

42

58

47

65

85

Texas

9

5

8

25

13

Florida

8

6

7

10

4

Other Markets /

International

1

2

2

40

2

18

25

TOTAL

\$113

\$132

\$146

\$173

\$224

Provision for loan losses

\$57

\$122

\$126

\$175

\$256

60
A
A
A-
A2
Comerica
BBB-

BBB-
BBB+
A-
BBB+
A-
BBB+
A-
A+
A+
AA-
Fitch
BBB
BB+
Ba3
Regions Financial
BBB
BBB
Baa2
Huntington
BBB (low)
BBB-
B2
Zions Bancorporation
BBB (high)
BB+
Baa1
Marshall & Ilsley
Baa1
Baa1
Baa1
A3
A3
A2
Aa3
Moody's
A (high)
A
PNC
A (low)
A-
M&T Bank
A (high)
A
BB&T
A (low)
BBB
Fifth Third
A (low)
BBB
SunTrust

BBB (high)

BBB+

KeyCorp

AA

DBRS

S&P

A+

US Bancorp

Holding Company Debt Ratings

As of 01/28/2011

Source: SNL Financial

Debt Ratings are not a recommendation to buy, sell, or hold securities.

Senior Unsecured/Long-Term Issuer Rating

61

Based on the two options contemplated in the draft
Fed rules, total debit card PIN (\$9 million annual
revenue

)

and

signature-based

(
\$31
million
annual
revenue
)
interchange
fees
in
2011
would
be
reduced by \$13MM -
\$15MM

Direct impact on client-driven energy derivatives
business

(
\$1
million
annual
revenue
)

As currently proposed by the FDIC, CMA expects
2011 FDIC insurance expense to remain consistent
with 2010 expense (\$62 million).

As currently proposed by the FDIC, there will not be
a separate assessment for unlimited deposit
insurance coverage for this period.

Could lead to increased cost of commercial demand
deposits, depending on interplay of interest, deposit
credits, and service charges

Impacts

Allows for continued growth of CMA's core client-
driven foreign exchange (\$39 million annual
revenue

)
and
interest
rate
(\$7
million
annual
revenue

)
derivatives
business

Derivatives

Allows continued trading of
foreign exchange and interest rate derivatives;
energy, uncleared commodities and agriculture
derivatives will move to a separate subsidiary

New rule is consistent with CMA's focus on core

deposit growth
Deposit Insurance

Changes definition of
assessment base, increases fund s minimum
reserve ratio & permanently increases insurable
level

Could provide impetus for additional deposit
generation

TAG Extension

-

Provide unlimited deposit
insurance on noninterest-bearing accounts from
12/31/10 to 12/31/12

Government card programs, such as the
DirectExpress Social Security program, are exempt
Interchange Fees -

Limits debit card transaction
processing fees that card issuers can charge
merchants

On October 1, 2010 fully redeemed all \$500
million of Trust Preferred Securities at par
Trust Preferreds

-

Prohibits certain banks from
including Trust Preferreds in Tier 1 Capital
(phase out beginning 1/1/13)

Could provide impetus for additional deposit
generation

Interest on Demand Deposits

-

Allows interest
on commercial demand deposits (one year from
enactment)

Opportunities

Key Changes

1

Dodd-Frank

Wall

Street

Reform

and

Consumer

Protection

Act;

Based

on

2010

full-year

results

Impact
on
Comerica
is
estimated
and
subject
to
final
rulemaking.
Comerica
may
be
impacted
by
other
changes
due
to
the
financial reform legislation.

Timing of prescribed changes varies by rule.

Overall, relative impact from Financial Reform will likely be less than other major banks

Financial Reform

- 1
- 2
- 2
- 2
- 2
- 2
- 2

62

Basel III Implementation

New rules effective between 2013 and 2019; US adoption expected to occur over a similar timeframe, but the final form of the US rules is uncertain

CMA is not a mandatory Basel II bank

CMA

Tier

1
Common
12/31/10:
10.1%
Regulatory required minimum by 2019: 7%
(4.5% minimum plus 2.5% conservation
buffer)
CMA has NO material impact from:

Mortgage servicing rights

Trust Preferreds

Deferred tax assets

Investments in financial institutions
Expected change in Risk Weighted Assets
not material
Higher degree of uncertainty regarding
implementation and interpretation
Will likely require more on-balance sheet
liquidity

Possibly increase or change the mix of
the investment securities portfolio

Continued focus on retail deposit
generation
Careful management of off-balance sheet
commitments; expect evolution of pricing
and terms of off-balance sheet commercial
commitments
Expected to be manageable given proven
ability to administer our balance sheet
Capital Requirement:
Liquidity Requirement:
1
See Supplemental Financial Data slides for reconciliation of non-GAAP financial measures
Impact
on
Comerica
is
estimated
and
subject
to
final
rulemaking.
Comerica
may

be
affected
by
other
changes
due
to
Basel
III.
1

63
Supplemental Financial Data
Reconciliation of non-GAAP financial measures with financial measures defined by GAAP (\$ in millions)
12/31/10
9/30/10
6/30/10
3/31/10

12/31/09

Total Regulatory Capital

\$8,654

\$8,566

\$9,001

\$9,062

\$10,468

Tier 1 capital

Less: Fixed rate cumulative perpetual preferred stock

Less: Trust preferred securities

\$6,027

--

--

\$5,940

--

--

\$6,371

--

495

\$6,311

--

495

\$7,704

2,151

495

Tier 1 common capital

Risk-weighted assets

Tier 1 common capital ratio

6,027

59,806

10.08%

5,940

59,608

9.96%

5,876

59,877

9.81%

5,816

60,792

9.57%

5,058

61,815

8.18%

Total shareholders

equity

Less: Fixed rate cumulative perpetual preferred stock

Less: Goodwill

Less: Other intangible assets

\$5,793

--

150
 6
 \$5,857
 --
 150
 6
 \$5,792
 --
 150
 6
 \$5,668
 --
 150
 7
 \$7,029
 2,151
 150
 8
 Tangible common equity
 \$5,637
 \$5,701
 \$5,636
 \$5,511
 \$4,720
 Total assets
 Less: Goodwill
 Less: Other intangible assets
 \$53,667
 150
 6
 \$55,004
 150
 6
 \$55,885
 150
 6
 \$57,106
 150
 7
 \$59,249
 150
 8
 Tangible assets
 \$53,511
 \$54,848
 \$55,729
 \$56,949
 \$59,091
 Tangible common equity ratio
 10.54%

10.39%

10.11%

9.68%

7.99%

2

1,2

2

2

1,2

The Tier 1 common capital ratio removes preferred stock and qualifying trust preferred securities from Tier 1 capital as defined by and calculated in conformity with bank regulations. The tangible common equity ratio removes preferred stock and the effect of intangible assets from capital and the effect of intangible assets from total assets.

The Corporation believes these measurements are meaningful measures of capital adequacy used by investors, regulators, management and others to evaluate the adequacy of common equity and to compare against other companies in the industry.

1

Regulatory Capital, Tier 1 Capital and risk-weighted assets as defined and calculated in accordance with regulation.

2

December 31, 2010 Regulatory Capital, Tier 1 Capital, and Risk-Weighted assets are estimated.

64

Supplemental Financial Data

Reconciliation of non-GAAP financial measures with financial measures defined by GAAP (\$ in millions)

The Corporation believes this measurement provides meaningful information to investors, regulators, management and others. The Corporation's short-term investment in low yielding instruments has a negative impact on net interest income and net interest margin resulting from the Corporation's short-term investment in low yielding instruments.

1

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Excess liquidity represented by interest earned on and average balances deposited with the Federal Reserve Bank.

4Q10	
3Q10	
2Q10	
1Q10	
4Q09	
Net interest income (FTE)	
Less: Interest earned on excess liquidity	
\$406	
1	
\$405	
2	
\$424	
2	
\$ 416	
3	
\$ 398	
1	
Net interest income (FTE), excluding excess liquidity	
\$405	
\$403	
\$422	
\$ 413	
\$ 397	
Average earnings assets	
Less: Average net unrealized gains on investment securities available-for-sale	
\$49,102	
139	
\$50,189	
180	
\$51,835	
80	
\$52,941	
62	
\$53,953	
107	
Average earnings assets for net interest margin (FTE)	
Less: Excess liquidity	
\$48,963	
1,793	
\$50,009	
2,983	
\$51,755	
3,719	
\$52,879	
4,092	
\$53,846	

2,453

Average earnings assets for net interest
margin (FTE), excluding excess liquidity

\$47,170

\$47,026

\$48,036

\$48,787

\$51,393

Net interest margin (FTE)

Net interest margin (FTE), excluding
excess liquidity

3.29%

3.41%

3.23%

3.42

3.28%

3.51

3.18%

3.42

2.94%

3.07

Impact of excess liquidity on net interest
margin (FTE)

(0.12)

(0.19)

(0.23)

(0.24)

(0.13)

1

1

65

Additional Information For Shareholders

In connection with the proposed merger transaction, Comerica will file with the Securities and Exchange Commission (the SEC) a Registration Statement on Form S-4 that will include a Proxy Statement of Sterling, and a Prospectus of Comerica, as well as other relevant documents concerning the proposed transaction. **SHAREHOLDERS ARE URGED TO READ THE REGISTRATION STATEMENT AND THE PROXY STATEMENT/PROSPECTUS REGARDING THE MERGER WHEN IT BECOMES AVAILABLE**

AND ANY OTHER RELEVANT DOCUMENTS FILED WITH THE SEC, AS WELL AS ANY AMENDMENTS OR SUPPLEMENTS TO THOSE DOCUMENTS, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION.

A free copy of the Proxy Statement/Prospectus, as well as other filings containing information about Comerica and Sterling, may be obtained at the SEC's Internet site (<http://www.sec.gov>). You will also be able to obtain these documents, free of charge, from Comerica at www.comerica.com under the tab "Investor Relations" and then under the heading "SEC Filings" or from Sterling by accessing Sterling's website at www.banksterling.com under the tab "Investor Relations" and then under the heading "SEC Filings."

Comerica and Sterling and certain of their respective directors and executive officers may be deemed to be participants in the solicitation of proxies from the shareholders of Sterling in connection with the proposed merger. Information about the directors and executive officers of Comerica is set forth in the proxy statement for Comerica's 2010 annual meeting of shareholders, as filed with the SEC on a Schedule 14A on March 19, 2010 and on a Form 8-K filed with the SEC on January 27, 2011. Information about the directors and executive officers of Sterling is set forth in the proxy statement for Sterling's 2010 annual meeting of shareholders, as filed with the SEC on a Schedule 14A on March 5, 2010 and on Forms 8-K filed with the SEC on June 25, 2010 and July 12, 2010. Additional information regarding the interests of those participants and other persons who may be deemed participants in the transaction may be obtained by reading the Proxy Statement/Prospectus regarding the proposed merger when it becomes available. Free copies of this document may be obtained as described in the preceding paragraph.

