



»HOME TEAM Born in Detroit, Michael T. Ritchie joined Comerica Bank in 1991 as a credit analyst.

Market Leader

Comerica Bank is contributing to Michigan's economic resurgence, but strong customer balance sheets and strong cash positions are negatively impacting loan activity.

BY R.J. KING | PHOTOGRAPHS BY MARTIN VECCHIO

Fateful decisions don't come often in life. But when they do, one path can lead to prosperity, the other to obscurity. Michael T. Ritchie, a Detroit native who last summer succeeded Tom Ogden as president of Comerica Bank's Michigan Market, had always intended to follow in the footsteps of his father, who was a police officer who worked on a variety of activities including a federal crime task force.

"My dad said if I got good grades in college I should have a back-up plan in case I changed my mind or couldn't get a job in the criminal justice field," says Ritchie, who was born on the city's west side and attended Bishop Borgess High School in Redford Township. It was at that time that Ritchie was offered a job with the ATF (Bureau of Alcohol, Tobacco, Firearms, and Explosives). "The best part was every other security position I looked at required you to

move out of state. That's why I chose the ATF. So I got the job, I got the girl (he married his high school sweetheart, Carole), and life is perfect. But there was a change in plans and the ATF wanted me to move to Atlanta. Carole encouraged me to take the job, but I didn't want to leave Michigan."

While pursuing a finance and business economics degree from Wayne State University in Detroit (via an academic scholarship), Ritchie worked part time in the kitchen of a catering firm during the fall and winter semesters, and some 70 hours a week during the summertime.

"That's where I really learned the ins and outs of how a business worked," Ritchie recalls. "The owner was the kind of guy you'd run through a wall for. He gave you a

paycheck and a tip for working hard. Plus, he treated all of the employees very well. In my last year at Wayne State, I took a job at Motors Insurance Corp., which was a subsidiary of GMAC. It was almost a full-time job, so I switched all of my classes to night school and finished up. I also have an MBA from the University of Michigan."

In 1991, Ritchie joined Comerica bank as a credit analyst with an office on the 10th floor of Tower 100 at the Renaissance Center, which was owned by some 50 investors before it was sold in 1996 to General Motors Corp. Working in a tight-knit group of around 40 trainees in the centralized credit department, Ritchie was exposed to an array of activities including large corporate lending, workouts, real estate, and middle market banking.

"It was like two years of college extended," Ritchie says. "From there, I started working as a lender, or what we like to think of as a banker. I remember at Wayne State that someone from a bank was putting on a demonstration, and at the time banking looked boring to me.

"But the gentleman running the demonstration said I would be able to get out and meet a lot of different people, and would meet entrepreneurs, and would

dbrief

COMERICA
BANK
MICHIGAN
MARKET

BUSINESS:
Banking, wealth
management,
financial services

EXECUTIVE:
Michael T. Ritchie,
president

HEADQUARTERS:
Detroit

EMPLOYEES:
5,300

hire people. And that has all come to pass. So that initial disappointment of not working for the ATF turned into one of the best things that ever happened to me.”

Since joining Comerica, Ritchie has held a number of roles while focusing on small and mid-size companies. He has served as a relationship manager, group manager, department manager, and division head. He has been a member of the bank’s Michigan Leadership Team for the past seven years, and has worked with business banking, wealth management, and retail banking.

In addition to his position as president of the Michigan Market, Ritchie oversees a multibillion-dollar loan portfolio in Michigan Middle Market Banking (southeast and west). He also oversees environmental services, health care lending, and corporate finance for Comerica nationally.

DB: How has Comerica’s Michigan Market been doing?

MR: We’re No. 2 in deposits in the state (behind Chase). We have more employees than any other bank (in Michigan). We’re in a great position in terms of lending, we lead in wealth management, we are a significant profit-generator for Comerica, and we’re No. 1 for deposits for Comerica. We have 214 branches in the state, and our underlying customer base is really doing well. We have growing loan commitments, but the challenge is our (business) customers are doing well. It’s a double-edged sword. Cash liquidity is driving down loans because business owners have more cash on hand. The business climate is improving, and we’re building up our capacity to handle more growth.

DB: How are things different since the 2008 global financial crisis?

MR: Today, businesses are more conservative. They’re not taking on new projects until they build up capital and they have the capacity. Our loans are up, but our deposits are up more. Businesses are feeling good about their prospects and how they are performing, but they don’t want to get caught with too much underutilized capital equipment.

DB: What’s your assessment of Michigan’s comeback?

MR: I am very bullish on Michigan; we are in a state of revival. If you look at the different legs of the stool, the private sector is extremely healthy. If you look at the auto industry, the balance

sheets are better than ever, the product mix is very good, and the Big Three and the suppliers are making money in the U.S., and that all flows down into smaller businesses and suppliers. The state is doing much better. Where before (under the Granholm administration) the state was running \$1 billion or more in annual deficits, now we have a (\$971 million) surplus. We have lower taxes and fewer regulations. We’re more inviting to employers. In Detroit, the bankruptcy is being addressed. It’s painful, but changes had to be made. We’ll get through the bankruptcy and the city will be in much better financial health. Overall, you’re seeing our (state’s) strengths come back, including a great work ethic, our engineering and R&D in automotive, health care, life sciences, technology, and agriculture, to name a few. We’re a pathway to trade, we have natural resources — including plenty of fresh water — and the state is growing. I think we’ll see higher growth rates than the national average.

DB: How did Comerica’s Midwest Group fare so well during the national recession?

MR: It’s because we all came through the recession together. If you look at our customer base, they came through one of the biggest challenges you’ll ever see. How do you get from one side of the abyss to the other side? I’m more proud of



“The business climate is improving (in Michigan), and we’re building up our capacity for growth.”

— MICHAEL T. RITCHIE, COMERICA BANK

those two years (2008–09) than of any other time at the bank. We exceeded most expectations, and the good news (is that) our customers are doing well. Yes, we had more workouts because the economic shock was so unprecedented. But for the majority of the business community, it was uncharted territory. During that time, we met daily to strategize: What can we do to get through this? A lot of people acted with steely resolve. Our customers did the hardest work, and those who came through it are better for it. The principles of banking don’t change a lot, and we took a long-term approach and embraced the change.



DB: How would you describe Comerica's approach to customer service?

MR: We're very nimble, we have good people, and we listen to the opportunities presented by our customers. When you weather a shock like the national recession, you learn to watch everything. A lot of our customers were able to jump on opportunities that were once-in-a-lifetime situations. You get equipment at a deep discount, or you acquire a competitor, or you build on your balance sheet and come out (of the recession) better than ever. We see our role as being a trusted adviser to our customers. It's easy to say, but hard to do. We help our custom-

DB: What has been the impact of the Dodd-Frank Act?

MR: The total banking industry is going through a transition period. The new regulations are a big thing, as is a low interest rate environment, the flat economy (nationally), and a change in attitude on capital spending. It's all coming together at the same time. With what's going on in metro Detroit and Michigan, we are in a sweet spot. In terms of dealing with regulations, we're in good shape. We were not in businesses like sub prime banking, and we've always been strongly capitalized. The requirements that banks keep higher capital are welcome, and we

and it's an attractive place to do business. We didn't hear a lot of that before.

DB: What are your thoughts about the city of Detroit?

MR: Detroit is my passion, to some extent. We have 26 banking centers (branches) in Detroit. We have 1,000 people in our (headquarters) building (on Lafayette). Detroit is very important to us. I applaud (former) Mayor Dave Bing, who brought honor back to the office. We're excited to work with Mayor Mike Duggan. He has a very strong track record for getting tough jobs done. It's unfortunate Detroit had to come to a financial crisis level, and some people will feel hardship. But going forward we're excited about the future, and we remain optimistic about the future health of the city once it emerges from bankruptcy.

DB: You've been with Comerica Bank for 23 years. To what do you attribute your longevity?

MR: I always liked what I was doing at the various positions I held. You just do the best job you can in the chair you're in, and things will work out for you. I've worked with some incredibly talented people over the years. When I first got here, the internal reception couldn't have been better. Plus, I've been fortunate to meet and work with a lot of community leaders and our customer base.

DB: What's a typical day like for you?

MR: Today we had an internal meeting at 7 a.m., and there was a 'thank you' lunch for three employees who I took to lunch at the Detroit Athletic Club. Tonight there is an event with a CPA firm. (In 2013), I did over 200 external visits with clients and community leaders, CPAs, and attorneys. Some nights I'm out until 10 or 11. It's a lot of hours, but I like it. There are doors opening that I didn't even know were there. I've met with Archbishop Allen Vigneron, the Rev. Wendell Anthony, Richard Manoogian, Detroit Mayor Mike Duggan, and a whole host of people who are making a difference. The biggest thing for us is that when our customers walk out of our door, we've made their businesses better, and we've made their lives better. That's what drives us every day, and that's why I am in banking. **db**

“Our goal is to retain good clients, and we track that very closely.”

— MICHAEL T. RITCHIE, COMERICA BANK

ers with growth, cash flow, risk management, and personal financial situations. We've done some internal things to bring our local divisions closer together, which helps our customers in terms of working with a dedicated team. All of our team members are very accountable and we're measured on a lot of things, as well as incentivized. One goal is to retain good clients, and we track that very closely. We also place a high value on generating new business, new sales, and responsible credit metrics.

DB: What was it like during the 2009 bankruptcies of GM and Chrysler, and several suppliers?

MR: It was a scary time. Now it's easy to look back and say the bankruptcy proceedings worked out well. But we can't forget that everyone was facing such uncertainty, including business owners, and we don't want to go through it again. We came out the other side like a band of brothers, and there's a bond that developed. Few have short memories when this topic is discussed. The region and state are so much better now that the automotive industry is doing so well, and we're starting to diversify our economy more. We just need to repeat the same success (we had) with GM and Chrysler with the city of Detroit.

exceed the regulatory requirements for capital and are well positioned for rising interest rates once that occurs.

DB: Where do you see growth in loan activity?

MR: I see growth in automotive and health care — and we have a large health care business which, for Comerica nationally, is run out of Michigan. I think distribution and logistics will grow, and also food processing and agriculture. Growth in defense is soft, but our environmental business is growing strong, which is another program we run nationally out of Michigan. We handle companies from recycling and landfills to gas and energy, glass recycling, and organic recycling.

DB: How would you rate the performance of Gov. Rick Snyder?

MR: The state, overall, is performing so much better on a lot of levels. The business community is more linked in and more united. I'm on the board of directors for Business Leaders for Michigan, and the mood among the board is very positive. If you look at the state budget now and (look back to) where it was, it's like night and day. The business community feels the same way. Now Michigan is more competitive,

Comerica Bank History

1849

Comerica forerunner Detroit Savings Fund Institute opens in Detroit

1871

Name changed to The Detroit Savings Bank

1933

Manufacturers National Bank of Detroit founded

1936

The Detroit Savings Bank becomes The Detroit Bank

1956

The Detroit Bank & Trust Company formed

1973

Holding company DETROITBANK Corp. formed

1979

The Detroit Bank & Trust Co. offers trust services in Florida

1982

Corporation name changed to Comerica Inc.

1988

Enters Texas market through acquisition

OUTSIDE Analysts



1890



1936

»SAFE DEPOSIT A forerunner to Comerica Bank, the financial services company got its start in 1849 as the Detroit Savings Fund Institute. Founded by Elon Farnsworth, Michigan's attorney general from 1843-45, the bank was one of the few financial institutions in Michigan to survive the Great Depression.

»IN LATE JANUARY, Comerica Inc. issued revised 2013 financial results due to an unfavorable Montana jury verdict. The new results show Comerica reported \$1.72 billion in non-interest expenses, net income of \$541 million, and \$65.2 billion in total assets (the latter figure is as of December 31, 2013). Original financial results for 2013 showed \$1.68 billion in non-interest expenses and \$569 million in net income.

"Going forward, we expect Comerica's continuous geographic diversification beyond its traditional and slower-growing Midwest markets to drive growth in the next cycle. However, the company's significant exposure to commercial real estate markets, the unsettled economic environment, persistent low interest rate environment, litigation issues, and stringent regulatory issues remain matters of concern."
— NASDAQ OMX Group Inc.

"With expansion plans well underway, Comerica is positioning itself to capture future growth. While we expect California and Texas to fuel the bank's long-term development, legacy loans in the Midwestern and some Western markets are likely to remain a bit of a drag in the near term, in our view." — Morningstar

"We expect modest loan growth in 2014, given the general economic improvement within the bank's geographic footprint and increased demand for both commercial and construction loans. Customer deposits rose meaningfully from the third quarter and year over year, partly because of continued growth in non-interest-bearing deposits. We think Comerica will continue to return a high proportion of its earnings to shareholders through buybacks and dividends in 2014 and 2015, comparable to the 73 percent payout ratio in 2013, and as such we do not expect capital ratios to rise materially."
— Standard & Poor's

1991

Enters California market through acquisition

1992

Merger with Manufacturers National Corp.

1998

Pays \$66 million for naming rights to Comerica Park

1999

150th anniversary

2000

Comerica Park opens

2001

Imperial Bank merges with Comerica in California

2003

Consolidates multi-state charters into one bank charter

2007

Relocates corporate headquarters to Dallas

2011

Acquires Sterling Bancshares Inc.