SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

**QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Period Ended September 30, 2002 Commission File No. 0-6032

Compass Bancshares, Inc.

(Exact name of registrant as specified in its charter)

Delaware	63-0593897
(State of Incorporation)	(I.R.S. Employer Identification No.)

**15 South 20th Street
Birmingham, Alabama 35233**

(Address of principal executive offices)

(205) 297-3000

(Registrant's telephone number)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of each class	Name of each exchange on which registered
None	None

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:

Common Stock, $2 par value

(Title of Class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days:

Yes ☑ No ☐

Indicate the number of shares outstanding of each of the issuer's class of common stock, as of the latest practicable date.

Class	Outstanding at October 31, 2002
Common Stock, $2 Par Value	128,192,155

The number of pages of this report is 33.

TABLE OF CONTENTS

COMPASS BANCSHARES, INC. AND SUBSIDIARIES

INDEX

PART I. FINANCIAL INFORMATION

Item 1 Financial Statements

COMPASS BANCSHARES, INC. AND SUBSIDIARIES
Consolidated Balance Sheets
(In Thousands)
(Unaudited)

	September 30, 2002	December 31, 2001
Assets		
Cash and due from banks	**$ 743,217**	$ 715,991
Federal funds sold and securities purchased under agreements to resell	**44,938**	19,201
Trading account securities	**26,692**	21,331
Investment securities available for sale	**5,082,127**	6,563,705
Investment securities held to maturity (fair value of $659,101 and $718,694 for 2002 and 2001, respectively)	**640,487**	707,524
Loans	**15,767,132**	13,707,286
Allowance for loan losses	**(221,947)**	(191,393)
Net loans	**15,545,185**	13,515,893
Premises and equipment, net	**484,918**	459,901
Other assets	**1,166,648**	1,011,454
Total assets	**$23,734,212**	$23,015,000
Liabilities and Shareholders' Equity		
Deposits:		
Noninterest bearing	**$ 3,804,544**	$ 3,576,289
Interest bearing	**10,524,232**	10,158,956
Total deposits	**14,328,776**	13,735,245
Federal funds purchased and securities sold under agreements to repurchase	**1,945,043**	2,922,802
Other short-term borrowings	**315,752**	551,307
FHLB and other borrowings	**4,439,495**	3,708,143
Guaranteed preferred beneficial interests in Company's junior subordinated deferrable interest debentures	**458,656**	129,307
Accrued expenses and other liabilities	**264,818**	252,555
Total liabilities	**21,752,540**	21,299,359
Shareholders' equity:		
Preferred stock (25,000,000 shares authorized; Issued – none)	—	—
Common stock of $2 par value:		
Authorized — 300,000,000 shares; Issued — 130,318,611 shares in 2002 and 128,759,887 shares in 2001	**260,637**	257,520
Surplus	**198,461**	160,441
Loans to finance stock purchases	**(2,616)**	(3,399)
Unearned restricted stock	**(3,428)**	(2,314)
Accumulated other comprehensive income	**150,926**	69,938
Treasury stock, at cost (2002 — 1,478,756 shares and 2001 — 1,959,000 shares)	**(41,720)**	(50,146)
Retained earnings	**1,419,412**	1,283,601
Total shareholders' equity	**1,981,672**	1,715,641
Total liabilities and shareholders' equity	**$23,734,212**	$23,015,000

COMPASS BANCSHARES, INC. AND SUBSIDIARIES
Consolidated Statements of Income
(In Thousands Except Per Share Data)
(Unaudited)

	Three Months Ended September 30		Nine Months Ended September 30	
	2002	2001	**2002**	2001
Interest income:				
Interest and fees on loans	**$264,845**	$263,534	**$ 773,183**	$ 811,054
Interest on investment securities available for sale	**74,339**	97,141	**241,694**	295,150
Interest on investment securities held to maturity	**9,632**	13,924	**33,620**	45,273
Interest on federal funds sold and securities purchased under agreements to resell	**123**	129	**359**	618
Interest on trading account securities	**200**	273	**660**	1,472
Total interest income	**349,139**	375,001	**1,049,516**	1,153,567
Interest expense:				
Interest on deposits	**61,485**	96,332	**187,572**	340,315
Interest on federal funds purchased and securities sold under agreements to repurchase	**8,019**	25,161	**31,130**	82,430
Interest on other short-term borrowings	**520**	1,446	**2,176**	5,903
Interest on FHLB and other borrowings	**44,115**	40,850	**125,075**	119,767
Interest on guaranteed preferred beneficial interests in Company's junior subordinated deferrable interest debentures	**4,195**	2,061	**10,430**	6,972
Total interest expense	**118,334**	165,850	**356,383**	555,387
Net interest income	**230,805**	209,151	**693,133**	598,180
Provision for loan losses	**34,606**	32,317	**99,705**	67,149
Net interest income after provision for loan losses	**196,199**	176,834	**593,428**	531,031
Noninterest income:				
Service charges on deposit accounts	**49,701**	39,180	**139,388**	112,415
Credit card service charges and fees	**11,741**	9,385	**32,687**	24,267
Retail investment sales	**6,374**	7,763	**19,704**	17,500
Corporate and correspondent investment sales	**8,345**	5,397	**18,033**	16,300
Asset management fees	**4,908**	5,136	**15,237**	15,394
Insurance sales income	**8,106**	915	**13,290**	3,079
Investment securities gains (losses), net	**(81)**	(13)	**3,891**	7,578
Other	**26,130**	29,551	**77,877**	80,632
Total noninterest income	**115,224**	97,314	**320,107**	277,165
Noninterest expense:				
Salaries, benefits and commissions	**98,665**	88,073	**286,596**	256,316
Equipment expense	**16,314**	15,408	**48,800**	44,934
Net occupancy expense	**15,092**	13,088	**42,855**	39,227
Professional services	**13,552**	11,152	**37,467**	33,334
Marketing	**6,179**	5,093	**21,459**	15,051
Merger and integration	**799**	901	**2,246**	6,249
Other	**39,573**	36,791	**120,249**	111,159
Total noninterest expense	**190,174**	170,506	**559,672**	506,270
Net income before income tax expense	**121,249**	103,642	**353,863**	301,926
Income tax expense	**41,631**	34,932	**120,367**	103,681
Net income	**$ 79,618**	**$ 68,710**	**$ 233,496**	**$ 198,245**
Basic earnings per share	**$ 0.62**	**$ 0.53**	**$ 1.83**	**$ 1.56**
Basic weighted average shares outstanding	**128,516**	127,991	**127,639**	127,810
Diluted earnings per share	**$ 0.61**	**$ 0.53**	**$ 1.80**	**$ 1.55**
Diluted weighted average shares outstanding	**130,872**	129,962	**129,982**	129,291
Dividends per share	**$ 0.25**	$ 0.23	**$ 0.75**	$ 0.69

COMPASS BANCSHARES, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(In Thousands)
(Unaudited)

	Nine Months Ended September 30	
	2002	2001
Operating Activities:		
Net income	**$ 233,496**	$ 198,245
Adjustments to reconcile net income to cash provided by operations:		
Depreciation and amortization	**90,598**	70,317
Accretion of discount and loan fees	**(20,767)**	(11,140)
Provision for loan losses	**99,705**	67,149
Net change in trading account securities	**(5,361)**	1,334
Gain on sale of investment securities available for sale	**(3,891)**	(7,578)
(Gain) loss on sale of premises and equipment	**1,303**	(1,472)
Increase in other assets	**(18,513)**	(90,034)
Increase (decrease) in other liabilities	**(61,107)**	76,031
Net cash provided by operating activities	**315,463**	302,852
Investing Activities:		
Proceeds from maturities of investment securities held to maturity	**264,332**	170,150
Purchases of investment securities held to maturity	**(201,400)**	(31,318)
Proceeds from sales of investment securities available for sale	**565,682**	755,223
Proceeds from maturities of investment securities available for sale	**1,554,487**	1,297,839
Purchases of investment securities available for sale	**(544,368)**	(2,555,359)
Net (increase) decrease in federal funds sold and securities purchased under agreements to resell	**(25,737)**	157,685
Net increase in loan portfolio	**(2,126,502)**	(1,585,177)
Proceeds from sale of loans to third party conduit	**—**	500,000
Net cash paid in acquisitions	**(5,017)**	—
Purchases of premises and equipment	**(63,692)**	(25,760)
Proceeds from sales of other real estate owned	**14,052**	5,260
Net cash used by investing activities	**(568,163)**	(1,311,457)

COMPASS BANCSHARES, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows- Continued
(In Thousands)
(Unaudited)

	Nine Months Ended September 30	
	2002	2001
Financing Activities:		
Net increase in demand deposits, NOW accounts and savings accounts	**523,250**	166,175
Net increase (decrease) in time deposits	**62,402**	(1,598,477)
Net increase (decrease) in federal funds purchased and securities sold under agreements to repurchase	**(977,759)**	1,260,909
Net increase (decrease) in short-term borrowings	**(235,555)**	24,804
Proceeds from FHLB advances and other borrowings	**800,000**	1,172,500
Repayment of FHLB advances and other borrowings	**(100,290)**	(24,778)
Issuance (repurchase) of guaranteed preferred beneficial interests in Company's junior subordinated deferrable interest debentures	**300,000**	(29,044)
Common dividends paid	**(96,112)**	(88,548)
Purchase of treasury stock	**(28,425)**	(10,327)
Repayment of loans to finance stock purchases	**2,477**	1,136
Proceeds from exercise of stock options	**29,938**	9,767
Net cash provided by financing activities	**279,926**	884,117
Net increase (decrease) in cash and due from banks	**27,226**	(124,488)
Cash and due from banks at beginning of period	**715,991**	750,815
Cash and due from banks at end of period	**$ 743,217**	$ 626,327
Schedule of noncash investing and financing activities:		
Transfers of loans to other real estate owned	**$ 14,407**	$ 21,281
Transfers of investment securities held to maturity to investment securities available for sale	**—**	476,087
Loans to facilitate the sale of other real estate owned	**291**	560
Loans to finance stock purchases	**1,694**	1,132
Change in unrealized gain on available for sale investment securities	**123,473**	148,805
Issuance of restricted stock, net of cancellations	**2,764**	2,230
Business acquisitions:		
Assets acquired	**71,268**	—
Liabilities assumed	**24,415**	—
Treasury stock issued	**41,787**	—

COMPASS BANCSHARES, INC. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
(In Thousands)
(Unaudited)

	Three Months Ended September 30		Nine Months Ended September 30	
	2002	2001	**2002**	2001
Net income	**$79,618**	$ 68,710	**$233,496**	$198,245
Other comprehensive income (loss), before tax and cumulative effect adjustment:				
Unrealized holding gains on securities available for sale	**11,287**	90,387	**127,364**	157,192
Less reclassification adjustment for realized gains (losses) on investment securities available for sale	**(81)**	(13)	**3,891**	7,578
Unrealized holding losses on investment securities held to maturity transferred to investment securities available for sale	**—**	(504)	**—**	(809)
Net change in accumulated gains on cash-flow hedging instruments	**4,045**	43,017	**5,178**	72,907
Total other comprehensive income, before tax and cumulative effect adjustment	**15,413**	132,913	**128,651**	221,712
Total income tax expense related to other comprehensive income before cumulative effect adjustment	**5,794**	49,702	**47,663**	82,304
Total other comprehensive income before cumulative effect adjustment, net of tax	**9,619**	83,211	**80,988**	139,408
Total comprehensive income before cumulative effect adjustment, net of tax	**89,237**	**151,921**	**314,484**	**337,653**
Cumulative effect adjustment for accumulated net losses on hedging instruments, net of tax	**—**	—	**—**	(2,247)
Total comprehensive income	**$89,237**	**$151,921**	**$314,484**	**$335,406**

COMPASS BANCSHARES, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

NOTE 1 — General

The consolidated financial statements of Compass Bancshares, Inc. (the "Company") in this report have not been audited. In the opinion of management, all adjustments necessary to present fairly the financial position and the results of operations for the interim periods have been made. All such adjustments are of a normal recurring nature. The results of operations are not necessarily indicative of the results of operations for the full year or any other interim periods. For further information, refer to the consolidated financial statements and notes included in the Company's annual report on Form 10-K for the year ended December 31, 2001, as amended by Amendment No. 1 on Form 10-K/A filed with the Securities and Exchange Commission on June 14, 2002.

NOTE 2 — Business Combinations

During January 2002, the Company completed the acquisition of Horizons Insurance Group, Inc. ("Horizons"), a Dallas, Texas based full-line general insurance brokerage firm with annual revenues of more than $4 million. During May 2002, the Company completed the acquisition of Olson & Olson, Ltd. ("Olson"), a Denver, Colorado based full-line general insurance brokerage firm with annual revenues of approximately $4 million. During July 2002, the Company completed the acquisition of Schaefer-Smith-Ankeney Insurance Agency, L.C. ("SSA"), a Phoenix, Arizona based full-line general insurance brokerage firm with annual revenues in excess of $17 million. Horizons, Olson, and SSA specialize in providing property and casualty insurance, personal insurance and employee benefit plans to both individual and commercial customers.

NOTE 3 — Capital and Preferred Stock

Capital Securities

The Company's four subsidiary business trusts (Compass Trust I, Compass Trust III, MB Capital I, and FW Capital I) have issued mandatorily redeemable preferred capital securities ("Capital Securities"). As guarantor, the Company unconditionally guarantees payment of: accrued and unpaid distributions required to be paid on the capital securities; the redemption price when a capital security is called for redemption; and amounts due if a trust is liquidated or terminated.

The Company owns all of the outstanding common stock of each of the four trusts. The trusts used the proceeds from the issuance of their Capital Securities and common stock to buy debentures issued by the Company. These debentures are the trusts' only assets and the interest payments from the debentures finance the distributions paid on the Capital Securities. The Company's financial statements do not reflect the debentures or the related income effects because they are eliminated in consolidation.

The Capital Securities must be redeemed when the related debentures mature, or earlier if provided in the governing indenture. Each issue of Capital Securities carries an interest rate identical to that of the related debenture. The Capital Securities qualify as Tier 1 Capital, subject to regulatory limitations, under guidelines established by the Board of Governors of the Federal Reserve System ("Federal Reserve").

The Company has the right to redeem its debentures: (i) in whole or in part, on or after January 15, 2007 (for debentures owned by Compass Trust I), March 22, 2007 (for debentures owned by Compass Trust III), February 9, 2003 (for debentures owned by MB Capital I), and February 16, 2004 (for debentures owned by FW Capital I); and (ii) in whole at any time within 90 days following the occurrence and during the continuation of a tax event or a capital treatment event (as defined in the offering circulars). If the debentures purchased by Compass Trust I are redeemed before they mature, the redemption price will be the principal amount, plus a premium, plus any accrued but unpaid interest. If the debentures purchased by MB Capital I, FW Capital I, or Compass Trust III are redeemed before they mature, the redemption price will be the principal amount plus any accrued but unpaid interest. When debentures are redeemed in response to tax or capital treatment events, the redemption price is generally slightly more favorable to the Company. During 2001, the Company repurchased approximately $27 million of the Capital Securities of Compass Trust I and $4 million of the Capital Securities of FW Capital I.

Class B Preferred Stock

In December 2000, a subsidiary of the Company issued $21 million of Class B Preferred Stock (the "Preferred Stock"). The Preferred Stock, net of discount, was approximately $18 million at September 30, 2002 and December 31, 2001. The Preferred Stock qualifies as Tier I Capital under Federal Reserve guidelines. The Preferred Stock dividends are preferential, non-cumulative and payable semi-annually in arrears on June 15 and December 15 of each year, commencing June 15, 2001, at a rate per annum equal to 9.875 percent of the liquidation preference of $1,000 per share when, and if declared by the Board of Directors of the subsidiary, in its sole discretion, out of funds legally available for such payment.

The Preferred Stock is redeemable for cash, at the option of the subsidiary, in whole or in part, at any time on or after June 15, 2021. Prior to June 15, 2021, the Preferred Stock is not redeemable, except that prior to such date, the Preferred Stock may be redeemed for cash, at the option of the subsidiary, in whole but not in part, only upon the occurrence of certain tax or regulatory events (as defined in the offering circular). Any such redemption is subject to the prior approval of the Federal Reserve. The Preferred Stock is not redeemable at the option of the holders thereof at any time.

Capital Securities and Preferred Stock are summarized below.

	September 30, 2002	December 31, 2001	Interest Rate of Securities and Debentures	Maturity of Securities and Debentures
	(in Millions)			
Compass Trust I	**$ 73**	$ 73	8.23%	2027
Compass Trust III	**300**	—	7.35	2032
MB Capital I	**12**	12	8.75	2028
FW Capital I	**19**	19	9.38	2029
Class B Preferred Stock	**18**	18	9.88	N/A
Fair value of hedge instruments	**37**	7	N/A	N/A
Total	**$459**	$129		

N/A – Not applicable

NOTE 4 – Earnings Per Share

	Three Months Ended September 30		Nine Months Ended September 30	
	2002	2001	**2002**	2001
	(In Thousands Except Per Share Data) (Unaudited)			
BASIC EARNINGS PER SHARE:				
Net income	**$ 79,618**	$ 68,710	**$233,496**	$198,245
Plus: Gain on redemption of guaranteed preferred beneficial interests in the Company's junior subordinated deferrable interest debentures	**—**	—	**—**	1,766
Net income available to common shareholders	**$ 79,618**	$ 68,710	**$233,496**	$200,011
Weighted average common shares outstanding	**128,516**	127,991	**127,639**	127,810
Basic earnings per share	**$ 0.62**	$ 0.53	**$ 1.83**	$ 1.56
DILUTED EARNINGS PER SHARE:				
Net income	**$ 79,618**	$ 68,710	**$233,496**	$198,245
Plus: Gain on redemption of guaranteed preferred beneficial interests in the Company's junior subordinated deferrable interest debentures	**—**	—	**—**	1,766
Net income available to common shareholders and assumed conversions	**$ 79,618**	$ 68,710	**$233,496**	$200,011
Weighted average common shares outstanding	**128,516**	127,991	**127,639**	127,810
Net effect of nonvested restricted stock and the assumed exercise of stock options — based on the treasury stock method using average market price for the period	**2,356**	1,971	**2,343**	1,481
Total weighted average common shares outstanding used to calculate earnings per common share	**130,872**	129,962	**129,982**	129,291
Diluted earnings per share	**$ 0.61**	$ 0.53	**$ 1.80**	$ 1.55

NOTE 5 – Segment Information

The Company’s segment information is presented by line of business. Each line of business is a strategic unit that serves a particular group of customers that have certain common characteristics, through various products and services. The segment results include certain overhead allocations and intercompany transactions. All intercompany transactions have been eliminated to determine the consolidated balances. The Company’s reportable operating segments are Corporate Banking, Retail Banking, Asset Management, and Treasury.

The Corporate Banking segment is responsible for providing a full array of banking and investment services to business banking, commercial banking, and other institutional clients in each of the Company’s markets. The Corporate Banking segment also includes a National Industries unit that is responsible for serving larger national accounts, principally in targeted industries. In addition to traditional credit and deposit products, the Corporate Banking segment also supports its customers with capabilities in treasury management, leasing, accounts receivable purchasing, asset-based lending, international services, insurance, and interest rate protection and investment products.

The Retail Banking segment serves the Company’s consumer customers through its 344 banking offices and through the use of alternative delivery channels such as personal computer banking, the internet and telephone banking. The Retail Banking segment provides individuals with comprehensive products and services, including home mortgages, credit cards, deposit accounts, mutual funds, and brokerage. In addition, Retail Banking serves the Company’s small business customers, and is responsible for the indirect automobile portfolio.

The Asset Management segment provides specialized investment portfolio management, traditional credit products, financial counseling, and customized services to the Company’s private clients and foundations as well as investment management and retirement services to companies and their employees. The Asset Management segment is also the discretionary investment manager of Expedition Funds®, the Company’s family of proprietary mutual funds.

The Treasury segment’s primary function is to manage the investment securities portfolio, certain residential real estate loans, the interest rate sensitivity of the Company’s balance sheet, and the liquidity and funding positions of the Company.

Corporate Support and Other includes activities that are not directly attributable to the reportable segments. Included in this category are the activities of the parent company and support functions, i.e., accounting, loan review, etc. and the elimination of intercompany transactions.

The financial information presented was derived from the internal profitability reporting system used by management to monitor and manage the financial performance of the Company. This information is based on internal management accounting policies, which have been developed to reflect the underlying economics of the businesses. The policies address the methodologies applied in connection with funds transfer pricing. Funds transfer pricing was used in the determination of net interest income by assigning a standard cost (credit) for funds used (provided) to assets and liabilities based on their maturity, prepayment, and/or repricing characteristics.

The development and application of these methodologies is a dynamic process. Accordingly, financial results have been revised to reflect management accounting enhancements and changes in the Company’s organizational structure. The segment information for 2001 has been revised to conform to the 2002 presentation. In addition, unlike financial accounting, there is no authoritative literature for management accounting similar to generally accepted accounting principles. Consequently, reported results are not necessarily comparable with those presented by other financial institutions.

The following table presents information for the Company's segments as of and for the three and nine month periods ended September 30, 2002 and 2001.

For the Three Months ended September 30, 2002
(in Thousands)

	Corporate Banking	Retail Banking	Asset Management	Treasury	Corporate Support and Other	Consolidated
Income Statement						
Net interest income	**$ 93,743**	**$ 92,626**	**$ 13,061**	**$ 36,392**	**$ (5,017)**	**$ 230,805**
Noninterest income	**28,590**	**74,636**	**6,466**	**4,761**	**771**	**115,224**
Noninterest expense	**44,886**	**85,245**	**7,880**	**3,213**	**48,950**	**190,174**
Segment income (loss)	**$ 77,447**	**$ 82,017**	**$ 11,647**	**$ 37,940**	**$ (53,196)**	**155,855**
Provision for loan losses						**34,606**
Net income before income tax expense						**121,249**
Income tax expense						**41,631**
Net income						**$ 79,618**
Balance Sheet						
Average assets	**$8,641,658**	**$5,235,217**	**$ 914,926**	**$7,929,341**	**$ 816,037**	**$23,537,179**
Average loans	**8,515,561**	**4,973,754**	**904,884**	**1,112,315**	**2,580**	**15,509,094**
Average deposits	**3,661,925**	**8,982,229**	**1,117,016**	**759,513**	**(188,157)**	**14,332,526**
Period-end assets	**$8,730,176**	**$5,373,505**	**$ 928,514**	**$7,861,663**	**$ 840,354**	**$23,734,212**
Period-end loans	**8,577,042**	**5,122,057**	**919,513**	**1,167,071**	**(18,551)**	**15,767,132**
Period-end deposits	**3,758,403**	**8,850,849**	**1,134,010**	**1,121,425**	**(535,911)**	**14,328,776**

For the Three Months ended September 30, 2001
(in Thousands)

	Corporate Banking	Retail Banking	Asset Management	Treasury	Corporate Support and Other	Consolidated
Income Statement						
Net interest income	$ 83,798	$ 84,990	$ 12,102	$ 26,946	$ 1,315	$ 209,151
Noninterest income	18,633	63,141	6,647	5,193	3,700	97,314
Noninterest expense	32,853	79,874	7,251	3,992	46,536	170,506
Segment income (loss)	$ 69,578	$ 68,257	$ 11,498	$ 28,147	$ (41,521)	135,959
Provision for loan losses						32,317
Net income before income tax expense						103,642
Income tax expense						34,932
Net income						$ 68,710
Balance Sheet						
Average assets	$8,026,535	$3,944,348	$ 747,393	$8,444,552	$ 819,290	$21,982,118
Average loans	7,917,384	3,583,864	735,481	820,522	1,202	13,058,453
Average deposits	3,231,734	8,986,140	1,074,324	196,720	(73,128)	13,415,790
Period-end assets	$8,088,265	$4,047,633	$ 760,472	$8,608,952	$ 806,292	$22,311,614
Period-end loans	7,926,826	3,705,712	748,923	889,630	(2,963)	13,268,128
Period-end deposits	3,273,810	8,817,421	1,089,441	314,830	(102,427)	13,393,075

For the Nine Months ended September 30, 2002
(in Thousands)

	Corporate Banking	Retail Banking	Asset Management	Treasury	Corporate Support and Other	Consolidated
Income Statement						
Net interest income	**$ 271,133**	**$ 276,370**	**$ 38,299**	**$ 104,439**	**$ 2,892**	**$ 693,133**
Noninterest income	**67,179**	**210,877**	**20,190**	**18,579**	**3,282**	**320,107**
Noninterest expense	**127,917**	**254,171**	**23,603**	**10,707**	**143,274**	**559,672**
Segment income (loss)	**$ 210,395**	**$ 233,076**	**$ 34,886**	**$ 112,311**	**$(137,100)**	**453,568**
Provision for loan losses						**99,705**
Net income before income tax expense						**353,863**
Income tax expense						**120,367**
Net income						**$ 233,496**
Balance Sheet						
Average assets	**$8,440,979**	**$4,872,120**	**$ 865,676**	**$8,288,351**	**$ 794,464**	**$23,261,590**
Average loans	**8,326,478**	**4,594,629**	**855,291**	**997,015**	**861**	**14,774,274**
Average deposits	**3,532,270**	**8,859,253**	**1,113,661**	**621,861**	**(110,978)**	**14,016,067**

For the Nine Months ended September 30, 2001
(in Thousands)

	Corporate Banking	Retail Banking	Asset Management	Treasury	Corporate Support and Other	Consolidated
Income Statement						
Net interest income	$ 244,588	$ 251,498	$ 37,754	$ 80,553	$ (16,213)	$ 598,180
Noninterest income	49,361	176,426	20,262	23,153	7,963	277,165
Noninterest expense	98,430	231,653	22,505	10,755	142,927	506,270
Segment income (loss)	$ 195,519	$ 196,271	$ 35,511	$ 92,951	$ (151,177)	369,075
Provision for loan losses						67,149
Net income before income tax expense						301,926
Income tax expense						103,681
Net income						$ 198,245
Balance Sheet						
Average assets	$8,076,239	$3,725,151	$ 739,125	$8,171,788	$1,017,220	$21,729,523
Average loans	7,971,080	3,326,441	726,697	685,631	130,624	12,840,473
Average deposits	3,212,647	9,166,231	1,103,311	291,778	81,069	13,855,036

NOTE 6 – Loans and Allowance for Loan Losses

The following presents the composition of the loan portfolio at September 30, 2002 and December 31, 2001.

	September 30, 2002	December 31, 2001
	(in Thousands)	
Commercial loans:		
Commercial, financial and agricultural	**$ 3,952,345**	$ 3,987,419
Real estate – construction	**1,537,597**	1,397,627
Real estate – commercial	**2,765,219**	2,417,195
Total commercial loans	**8,255,161**	7,802,241
Consumer loans:		
Real estate – construction	**1,026,005**	914,964
Real estate – residential	**3,798,524**	2,831,951
Consumer credit card	**470,579**	426,644
Consumer installment	**2,216,863**	1,731,486
Total consumer loans	**7,511,971**	5,905,045
Total	**$15,767,132**	$13,707,286

A summary of the activity in the allowance for loan losses for the three and nine months ended September 30, 2002 and 2001 follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2002	2001	**2002**	2001
	(in Thousands)			
Balance at beginning of period	**$212,828**	$172,986	**$191,393**	$167,288
Add: Provision charged to income	**34,606**	32,317	**99,705**	67,149
Allowance for loans sold	**—**	—	**—**	(1,050)
Net charge-offs (recoveries):				
Commercial, financial and agricultural	**7,007**	22,059	**24,008**	32,140
Real estate construction	**1,235**	34	**2,678**	189
Real estate – commercial	**990**	(11)	**2,009**	343
Real estate – residential	**1,692**	727	**4,042**	1,812
Consumer credit card	**9,439**	5,085	**24,192**	16,284
Consumer installment	**5,124**	2,600	**12,222**	7,810
Net charge-offs (recoveries):	**25,487**	30,494	**69,151**	58,578
Balance at end of period	**$221,947**	$174,809	**$221,947**	$174,809

Nonperforming assets at September 30, 2002 and December 31, 2001 are detailed in the following table.

	September 30, 2002	December 31, 2001
	(in Thousands)	
Nonaccrual loans:		
Commercial, financial and agricultural	**$24,494**	$27,764
Real estate construction	**17,457**	11,794
Real estate — commercial	**13,646**	10,935
Real estate — residential	**11,871**	9,574
Consumer	**8,767**	5,403
Total nonaccrual loans	**76,235**	65,470
Renegotiated loans	**319**	327
Other real estate	**19,755**	26,478
Total nonperforming assets	**$96,309**	$92,275

NOTE 7 – Off-Balance Sheet Activities

The Company has agreements with two independent asset-backed commercial paper conduits designed to diversify the Company's funding sources. Assets sold to the conduits include highly rated investment grade debt securities and participation interests in a pool of commercial real estate loans. All assets sold to the conduits were performing and no significant gains or losses were recognized on the sales.

During 2000, the Company sponsored the establishment of Sunbelt Funding Corporation ("Sunbelt"), an asset-backed conduit, created as a wholly-owned subsidiary of an independent third party. Sunbelt was structured as a Qualifying Special Purpose Entity ("QSPE"), as defined by the Financial Accounting Standards Board ("FASB") Statement No. 140, with a limited business purpose of purchasing highly rated investment grade debt securities from the Company's trading account securities portfolio and financing its purchases through the issuance of P-1/F1 rated commercial paper. At September 30, 2002 and December 31, 2001, all securities held by Sunbelt were AAA/Aaa rated by at least two of the following nationally recognized statistical ratings organizations: Moody's Investor Service, Standard & Poor's or Fitch Ratings. Approximately 98 percent of the securities held by Sunbelt at September 30, 2002 were variable rate. The recorded value of Sunbelt's total assets, which approximated market value, were $1.2 billion and $1.6 billion at September 30, 2002 and December 31, 2001, respectively. The Company realized fee income of $2.2 million for each of the quarters ended September 30, 2002 and 2001, and $6.0 million and $5.8 million for the nine months ended September 30, 2002 and 2001, respectively, from Sunbelt for providing various services including serving as liquidity provider, investment advisor and administrative agent. Receivables from Sunbelt were $3.3 million and $3.9 million at September 30, 2002 and December 31, 2001, respectively. There were no outstanding payables to Sunbelt at September 30, 2002 or December 31, 2001. The Company, under agreements with Sunbelt, may be required to purchase assets or provide alternative funding to the conduit in certain limited circumstances, including the conduit's inability to place commercial paper or a downgrade in the Company's short-term debt rating. Management believes if an event occurs, the Company has the ability to provide funding without any material adverse effect since the underlying assets, which are all highly rated and primarily variable rate, are eligible investments for the Company and would be available to secure advances. Additionally, if an event occurs the Company would continue to meet the banking industry regulatory capital requirements for "well-capitalized" banks. The commitments, which are renewable at least annually at the Company's option, are for amounts up to $2 billion. No funding or purchase of assets had occurred as of September 30, 2002.

In June 2001, the Company sold a $500 million participation interest in a pool of performing commercial real estate loans to an unaffiliated third party asset-backed commercial paper conduit. This conduit is capable of achieving credit ratings superior to those of the Company. The transaction has a revolving structure which allows the Company to sell additional participations to maintain a $500 million balance. During the second quarter, the Company and the conduit mutually decided to discontinue the sale of additional participation interests to the conduit. The balance of the participation interest will continue to decline as the underlying loans amortize. The balance of the participation interest was $416 million and $500 million at September 30, 2002 and December 31, 2001, respectively. The market value of the assets sold approximated book value resulting in no gain or loss recognition at the date of sale. Under the terms of the transaction, the Company remains obligated for any credit related charge offs. The Company recognized liquidity provider fee income and servicing fee income of $1.4 million and $1.5 million for the quarters ended September 30, 2002 and 2001, respectively, and $4.4 million and $1.5 million for the nine months ended September 30, 2002 and 2001, respectively. The receivables from the conduit were approximately $350,000 and $400,000 at September 30, 2002 and December 31, 2001, respectively. At December 31, 2001, the payable to the conduit was $42,000 and at September 30, 2002 there was no payable to the conduit. The Company, under agreements with the conduit, may be required to purchase loans or provide alternative funding to the conduit in certain limited circumstances, including the conduit's inability to place commercial paper. Management believes if an event occurs, the Company has the ability to provide funding without any material adverse effect since the loans are performing and are primarily floating rate. Additionally, if an event occurs the Company would continue to meet the banking industry regulatory capital requirements for "well-capitalized" banks. The commitments, which are renewable at least annually at the Company's option, are for amounts up to $510 million. At September 30, 2002, all loans were performing.

NOTE 8 – Shareholders' Equity

During the third quarter of 2001, the Company announced that its board of directors authorized a share repurchase program allowing for the purchase of up to five percent, or approximately 6.4 million shares, of the Company's outstanding common stock. The timing and amount of purchases under the program is dependent upon the availability and alternative uses of capital, market conditions and other factors. Through September 30, 2002, 3.0 million shares had been repurchased at a cost of $82.9 million. Approximately 1.5 million of the total shares repurchased had been reissued for acquisitions and employee benefit plans. On April 15, 2002, the Company's shareholders approved an increase in the common stock authorized to be issued from 200 million shares to 300 million shares. In 2002, the Company increased its quarterly dividend per share to $0.25 per common share, from to $0.23 in 2001.

At September 30, 2002, accumulated other comprehensive income included $44.0 million from the effective portion of cash flow hedges and $106.9 million of net unrealized gains on investment securities available for sale. At December 31, 2001, accumulated other comprehensive income reflected $40.1 million associated with the effective portion of cash flow hedges and $29.8 million of net unrealized gains on investment securities available for sale.

NOTE 9 – Goodwill and Other Acquired Intangible Assets

In June 2001, the FASB issued Statement No. 141, *Business Combinations*, and Statement No. 142*, Goodwill and Other Intangible Assets*. Statement No. 141 requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001. Statement No. 142 requires that goodwill and other intangible assets with indefinite useful lives no longer be amortized, but instead an entity must perform an assessment of whether these assets are impaired as of the date of adoption and test for impairment at least annually in accordance with the provisions of Statement No. 142. The standards also require that intangible assets with definite useful lives be amortized over their respective estimated useful lives to their estimated residual values, and evaluated for impairment if events and circumstances indicate possible impairment. The Company adopted the provisions of Statement No. 141 on July 1, 2001 and Statement No. 142 on January 1, 2002.

Acquired goodwill and other intangible assets at September 30, 2002 are detailed in the following table.

	As of September 30, 2002		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
		(in Thousands)	
Acquired intangible assets:			
Identifiable amortizing intangibles	$106,894	$ (60,528)	$ 46,366
Amortizing goodwill	62,026	(9,209)	52,817
Nonamortizing goodwill	268,402	(46,089)	222,313
Total acquired intangible assets	$437,322	$(115,826)	$321,496

During October 2002, the FASB issued Statement No. 147, *Acquisitions of Certain Financial Institutions,* which requires that goodwill generated from the acquisition of branches, which meets certain criteria, be accounted for under Statement No. 142, *Goodwill and Other Intangible Assets.* For further discussion, see Note 10 – Recently Issued Accounting Standards. Aggregate amortization expense for the three and nine months ended September 30, 2002 was $3.0 million and $8.7 million, respectively. Aggregate amortization expense, after adoption of Statement No. 147 for the years ending December 31, 2002 through December 31, 2006 are estimated to be $9.2 million, $7.7 million, $6.2 million, $5.1 million and $3.8 million, respectively.

Nonamortizing Goodwill

The Company has three reporting units with nonamortizing goodwill, which include Corporate Banking with $149.1 million, Retail Banking with $67.7 million, and Asset Management with $5.5 million as of September 30, 2002. During the nine months ended September 30, 2002 nonamortizing goodwill within the Corporate Banking segment increased by $40.4 million.

Each segment was tested for impairment on January 1, 2002, when the Company initially adopted Statement No. 142, and again on September 30, 2002, the annual test date. The fair value of each reporting unit was estimated using the expected present value of future cash flows. The fair value approach indicated no impairment of goodwill at January 1, 2002 and at September 30, 2002.

The following table presents net income and earnings per share as reported and adjusted to exclude tax effected amortization of goodwill that is no longer being amortized for the three and nine month periods ended September 30, 2002.

	For the Three Months Ended September 30			
	2002		2001	
	Net Income	**Earnings Per Share**	Net Income	Earnings Per Share
	(in Thousands Except Per Share Data)			
Basic earnings per share:				
Net income/EPS as reported	**$79,618**	**$0.62**	$68,710	$0.53
Add goodwill amortization	**—**	**—**	2,682	0.02
Adjusted net income/EPS	**$79,618**	**$0.62**	$71,392	$0.55
Diluted earnings per share:				
Net income/EPS as reported	**$79,618**	**$0.61**	$68,710	$0.53
Add goodwill amortization	**—**	**—**	2,682	0.02
Adjusted net income/EPS	**$79,618**	**$0.61**	$71,392	$0.55

	For the Nine Months Ended September 30			
	2002		2001	
	Net Income	**Earnings Per Share**	Net Income	Earnings Per Share
	(in Thousands Except Per Share Data)			
Basic earnings per share:				
Net income/EPS as reported	**$233,496**	**$1.83**	$198,245	$1.56
Add goodwill amortization	**—**	**—**	8,037	0.06
Adjusted net income/EPS	**$233,496**	**$1.83**	$206,282	$1.62
Diluted earnings per share:				
Net income/EPS as reported	**$233,496**	**$1.80**	$198,245	$1.55
Add goodwill amortization	**—**	**—**	8,037	0.06
Adjusted net income/EPS	**$233,496**	**$1.80**	$206,282	$1.61

NOTE 10 – Recently Issued Accounting Standards

Accounting for Asset Retirement Obligations

In June 2001, the FASB issued Statement No. 143, *Accounting for Asset Retirement Obligations.* This Statement applies to legal obligations associated with the retirement of tangible long-lived assets. The Statement is effective for financial statements issued for fiscal years beginning after June 15, 2002; earlier application is encouraged. Management does not anticipate that the adoption of this Statement will have a material impact on the Company’s consolidated financial position or consolidated results of operations.

Accounting for the Impairment or Disposal of Long-Lived Assets

In August 2001, the FASB issued Statement No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, that replaces FASB Statement No. 121, *Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of*. The provisions of Statement No. 144 are effective for financial statements issued for fiscal years beginning after December 15, 2001. The Company adopted this Statement on January 1, 2002 and it did not have a material impact on the Company’s consolidated financial position or consolidated results of operations.

Accounting for Gains & Losses from the Extinguishment of Debt Instruments

On April 30, 2002, the FASB issued Statement No. 145, *Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections*. Statement No. 145 relates to the recording of gains and losses from the extinguishment of debt to be classified as operating income, as opposed to previous requirements which reflected such gains and losses as extraordinary. Statement No. 145 is effective for fiscal years beginning on or after May 15, 2002. Management does not anticipate that the adoption of this statement will have a material impact on the Company's consolidated financial position or consolidated results of operations.

Accounting for Costs Associated with Exit or Disposal Activities

On July 31, 2002, the FASB issued Statement No. 146, *Accounting for Costs Associated with Exit or Disposal Activities*. This Statement addresses financial accounting and reporting for costs associated with exit or disposal activities and requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. The provisions of this Statement are effective after December 31, 2002, with early application encouraged. Management does not anticipate that the adoption of this statement will have a material impact on the Company's consolidated financial position or consolidated results of operations.

Acquisitions of Certain Financial Institutions

On October 1, 2002, the FASB issued Statement No. 147, *Acquisitions of Certain Financial Institutions*. This Statement addresses the treatment of goodwill related to branch acquisitions. Statement 147 requires that goodwill meeting certain criteria be accounted for under Statement No. 142, *Goodwill and Other Intangible Assets*. The Company adopted Statement No. 142 on January 1, 2002 and will adopt Statement No. 147 in the fourth quarter of 2002. The Company will restate previously reported quarterly financial information in its annual report on Form 10-K for the period ended December 31, 2002 to remove the amortization expense recognized during the first nine months of 2002, which amounted to $1.9 million. This restatement will be reflected as a change in accounting principle.

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

Results of Operations

Forward-Looking Information

This report may contain forward-looking statements which are subject to numerous assumptions, risks and uncertainties. Statements pertaining to future periods are subject to uncertainty because of the possibility of changes in underlying factors and assumptions. Actual results could differ materially from those contained in or implied by such forward-looking statements for a variety of reasons including: sharp and/or rapid changes in interest rates, significant changes in the economic scenario from the current anticipated scenario which could materially change anticipated credit quality trends and the ability to generate loans and gather deposits, significant delay in or inability to execute strategic initiatives designed to grow revenues and/or control expenses, unanticipated issues during the integration of acquisitions, and significant changes in accounting, tax, or regulatory practices or requirements. The Company disclaims any obligation to update any such forward-looking statements.

Critical Accounting Policies

The accounting principles followed by the Company and the methods of applying these principles conform with United States generally accepted accounting principles and with general practices within the banking industry. The Company's critical accounting policies relate to the allowance for loan losses, the valuation of derivatives and other hedging instruments, the transfer of financial assets, the extinguishment of liabilities and the determination of when special purpose vehicles should be included in the consolidated balance sheets and consolidated statements of income. These policies require the use of estimates, assumptions and judgments are based on information available as of the date of the financial statements. Accordingly, as this information changes, the financial statements could reflect different estimates, assumptions and judgments. Certain policies inherently have a greater reliance on the use of estimates, assumptions and judgments and as such have a greater possibility of producing results that could be materially different than originally reported. These policies require the use of subjective and complex estimates, assumptions and judgments that are important to the portrayal of the Company's financial condition and results.

Management's evaluation process to determine the adequacy of the allowance for loan losses combines three factors which involve the use of estimates, assumptions and judgments: historical loss experience derived from analytical models, current trends and economic conditions, and reasonably foreseeable events. Because current economic conditions can change and future events are inherently difficult to predict, the anticipated amount of estimated loan losses, and therefore the adequacy of the allowance, could change. Management believes the allowance for loan losses is adequate and properly recorded in the financial statements.

In various segments of its business, the Company uses derivative financial instruments to reduce exposure to changes in interest rates and market prices for financial instruments. All of these derivative financial instruments are designated as hedges for financial reporting purposes. The application of the hedge accounting policy requires judgment in the assessment of hedge effectiveness, identification of similar hedged item groupings and measurement of changes in the fair value of hedged items. The Company believes that its techniques for addressing these judgmental areas are in accordance with generally accepted accounting principles and in line with industry practices in assessing hedge effectiveness. However, if in the future the derivative financial instruments used by the Company no longer qualify for hedge accounting treatment and, consequently, the change in fair value of hedged items could not be recognized in earnings, the impact on the consolidated results of operations and reported earnings could be significant. Management believes hedge effectiveness is evaluated properly in preparation of the financial statements. All of the derivative financial instruments used by the Company have active markets and indications of fair value can be readily obtained.

The Company utilizes certain financing arrangements to meet its balance sheet management, funding, liquidity and market or credit risk management needs. These financing arrangements are with entities that may be in the form of corporations, partnerships, or trusts and are not consolidated in the Company's balance sheet. The majority of these activities are basic term or revolving securitization vehicles. The Company evaluates whether these entities should be consolidated by applying various generally accepted accounting principles and interpretations. In determining whether the financing entity should be consolidated, the Company considers whether the entity is a qualifying special purpose entity ("QSPE") as defined in Statement No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities*. For nonconsolidation, Statement No. 140 requires the financing entity to be legally isolated, bankruptcy remote and beyond the control of the seller. Management believes these financing entities which qualify as QSPE's fulfill the nonconsolidation requirements specified in Statement No. 140.

Overview

The Company had net income of $79.6 million for the third quarter of 2002, a 16 percent increase over the $68.7 million earned during the third quarter of 2001. For the same time period, diluted earnings per share increased 15 percent to $0.61 from $0.53 in the prior year.

For the first nine months of 2002, net income increased 18 percent to $233.5 million compared to $198.2 million for the same period last year. Diluted earnings per share for the first nine months of 2002 increased 16 percent to $1.80 from $1.55 in the first nine months of 2001.

The Company operates 344 full-service banking offices including 117 in Texas, 88 in Alabama, 63 in Arizona, 41 in Florida, 24 in Colorado, nine in New Mexico and two in Nebraska.

Net Interest Income

Net interest income is the principal component of a financial institution's income stream and represents the difference or spread between interest and fee income generated from earning assets and the interest expense paid on deposits and borrowed funds. Fluctuations in interest rates as well as changes in the volume and mix of earning assets and interest bearing liabilities can materially impact net interest income. The following discussion of net interest income is presented on a taxable equivalent basis, unless otherwise noted, to facilitate performance comparisons among various taxable and tax-exempt assets.

Net interest income for the quarter ended September 30, 2002, increased $21.4 million over the third quarter of 2001 to $231.8 million with interest income decreasing $26.1 million and interest expense decreasing $47.5 million. The decrease in interest income was due to a 95 basis point decrease in the average yield on earning assets from 7.44 percent to 6.49 percent, offset partially by an increase in average earning assets of $1.3 billion, or 7 percent. The increase in average earning assets from the third quarter of 2001 was primarily the result of a $2.5 billion increase in loans, offset partially by a $974 million decrease in investment securities available for sale. Loans increased due to continued strong loan growth through all of the Company's markets. The decrease in investment securities available for sale was by design as the Company chose to use cash flows from the portfolio to fund loan growth rather than reinvest into securities. The 29 percent decrease in interest expense over the prior year quarter was the result of a 125 basis point decrease in the rate paid on interest bearing liabilities offset partially by a $820 million increase in average interest bearing liabilities. The increase in interest bearing liabilities was primarily due to increases in both FHLB and other borrowings and interest transaction accounts offset partially by a decrease in certificates of deposit and fed funds purchased. The decrease in certificates of deposits during the last six months of 2001 and the first two quarters of 2002 was by design. Higher rate liabilities were re-channeled into lower cost funding sources. During the second quarter of 2002, the Company targeted growth in certain long term certificates of deposit in anticipation of possible increases in market interest rates.

For the first nine months, net interest income increased $94.5 million over the first nine months of 2001 to $696.5 million with interest income decreasing $105.0 million and interest expense decreasing $199.0 million. The decrease in interest income was due to a 117 basis point decrease in the average yield for earning assets from 7.80 percent to 6.63 percent, offset partially by an increase in average earning assets of $1.4 billion, or 7 percent. The increase in average earning assets from the first nine months of 2001 was primarily the result of a $1.9 billion increase in loans, offset by a decrease in investment securities available for sale of $408 million. The 36 percent decrease in interest expense over the first nine months of the prior year was the result of a 173 basis point decrease in the rate paid on interest bearing liabilities offset partially by a $862 million increase in average interest bearing liabilities. The changes in earning assets and interest bearing liabilities are discussed in the preceding paragraph.

Net interest margin, stated as a percentage, is the yield obtained by dividing the difference between the overall interest income on earning assets and the interest expense paid on all funding sources by average earning assets. The following discussion of net interest margin is presented on a taxable equivalent basis. The net interest margin increased to 4.30 percent for the third quarter of 2002, compared to 4.16 percent for the third quarter of 2001. For the nine months ended September 30, 2002, net interest margin increased from 4.06 percent to 4.39 percent over the prior year level. These increases resulted from the changes in rates and volumes of earning assets and the corresponding funding sources noted previously. During the third quarter of 2002, the Company's net interest margin was impacted by the Company's use of interest rate contracts, increasing taxable equivalent net interest margin by 50 basis points as compared to an 18 basis point positive impact for the third quarter of 2001. For the nine months ended September 30, 2002, the Company's use of interest rate contracts increased the Company's net interest margin by 48 basis points as compared to an 11 basis point positive impact for the first nine months of 2001.

The following table details the components of the changes in net interest income (on a tax-equivalent basis) by major category of interest earning assets and interest bearing liabilities for the three and nine month periods ended September 30, 2002, as compared to the comparable period of 2001 (in thousands):

	Three Months Ended September 30, 2002			
	Change 2001 To 2002	Attributed to		
		Volume	Rate	Mix
Interest income:				
Loans	$ 1,325	$ 49,481	$(40,547)	$(7,609)
Investment securities held to maturity	(4,492)	(2,608)	(2,299)	415
Investment securities available for sale	(22,841)	(15,532)	(8,691)	1,382
Trading account securities	(81)	(77)	(5)	1
Fed funds and resale agreements	(6)	138	(69)	(75)
Increase (decrease) in interest income	$(26,095)	$ 31,402	$(51,611)	$(5,886)
Interest expense:				
Deposits	$(34,847)	$ (430)	$(33,157)	$(1,260)
Fed funds purchased and repos	(17,142)	(8,422)	(13,107)	4,387
Other short-term borrowings	(926)	(317)	(780)	171
FHLB and other borrowings*	5,399	16,092	(7,777)	(2,916)
Increase (decrease) in interest expense	$(47,516)	$ 6,923	$(54,821)	$ 382

	Nine Months Ended September 30, 2002			
	Change 2001 To 2002	Attributed to		
		Volume	Rate	Mix
Interest income:				
Loans	$ (37,916)	$122,211	$(139,168)	$(20,959)
Investment securities held to maturity	(12,002)	(7,411)	(5,451)	860
Investment securities available for sale	(53,514)	(19,984)	(35,951)	2,421
Trading account securities	(823)	(377)	(593)	147
Fed funds and resale agreements	(259)	305	(378)	(186)
Increase (decrease) in interest income	$(104,514)	$ 94,744	$(181,541)	$(17,717)
Interest expense:				
Deposits	$(152,743)	$ (27,007)	$(128,384)	$ 2,648
Fed funds purchased and repos	(51,300)	(3,701)	(49,836)	2,237
Other short-term borrowings	(3,727)	(571)	(3,494)	338
FHLB and other borrowings*	8,766	48,108	(28,517)	(10,825)
Increase (decrease) in interest expense	$(199,004)	$ 16,829	$(210,231)	$ (5,602)

* Includes Capital and Preferred Securities.

Noninterest Income and Noninterest Expense

During the third quarter of 2002, noninterest income increased $17.9 million, or 18 percent, to $115.2 million. The increase in noninterest income is directly attributable to increases in most of the major fee-based businesses of the Company, including a $10.5 million increase in service charges on deposit accounts, a $7.2 million increase in insurance sales income, a $2.9 million increase in corporate and correspondent investment sales, and a $2.4 million increase in credit card service charges and fees. Noninterest income for the first nine months of 2002 increased $42.9 million, or 15 percent, to $320.1 million due to a $27.0 million increase in service charges on deposit accounts, a $10.2 million increase in insurance sales income, and an $8.4 million increase in credit card service charges and fees. The increases in service charges on deposit accounts for both the three and nine month periods were primarily due to increases in noninterest bearing demand deposit accounts and a revised pricing matrix, while the increases in credit card service charges and fees over the same periods were due to an increased volume of activity in credit card and debit card business. The increases in insurance sales income for both the three and nine month periods were due primarily to the acquisition of three insurance agencies during the current year. Corporate and correspondent investment sales is comprised of fixed income securities sold to correspondent and other institutional investors and interest rate protection products sold to corporate customers. The increase in corporate and correspondent investment sales for both the three and nine month periods is primarily due to an increased volume of interest rate protection contracts sold to customers to protect themselves from interest rate fluctuations. These contracts are matched off with other counterparties mitigating the risk to the Company.

Noninterest expense, for the quarter ended September 30, 2002, increased $19.7 million, or 12 percent, to $190.2 million over the third quarter of 2001. For the first nine months of 2002, noninterest expense increased $53.4 million, or 11 percent, to $559.7 million. The majority of the increases, for both the three and nine month periods, were in salaries, benefits and commissions, marketing and other noninterest expenses. The increases in salaries, benefits and commissions are a direct reflection of the growth in fee income. The Company’s compensation plans incent the sales force to meet specific sales goals. The increases are primarily the result of their success. The increases in marketing expense reflects a focused strategy to build the Company’s market presence in a number of newer markets as well as increase brand awareness throughout all of the Company’s markets. The increases in other noninterest expense for both the three and nine month periods were primarily due to expenses related to insurance agency acquisitions and expenses related to other real estate.

Income Taxes

The increase in income tax expense for the three and nine month periods ended September 30, 2002, as compared to the same periods in 2001, is directly attributable to the increase in pretax income.

Provision and Allowance for Loan Losses

The provision for loan losses for the three and nine months ended September 30, 2002, increased $2.3 million and $32.6 million from the same periods in 2001, respectively. The allowance for loan losses and the resulting provision for loan losses were based on changes in the size and character of the loan portfolio, changes in nonperforming and past due loans, historical loan loss experience, the existing risk of individual loans, concentrations of loans to specific borrowers or industries and existing economic conditions. The allowance for loan losses at September 30, 2002 was $221.9 million. The ratio of the allowance for loan losses to loans outstanding was 1.41 percent at September 30, 2002, a slight increase from December 31, 2001 levels. Management believes that the allowance for loan losses at September 30, 2002 is adequate.

Nonperforming Assets and Past Due Loans

Stated as a percentage of total loans and other real estate owned, nonperforming assets at September 30, 2002, were 0.61 percent, down 6 basis points from 0.67 percent at December 31, 2001. At September 30, 2002, the allowance for loan losses as a percentage of nonperforming loans was 290 percent, relatively unchanged compared to 291 percent at December 31, 2001. The allowance for loan losses as a percentage of nonperforming assets increased from 207 percent at December 31, 2001, to 230 percent at September 30, 2002.

Nonperforming assets, comprised of nonaccrual loans, renegotiated loans and other real estate, totaled $96.3 million at September 30, 2002, up slightly from $92.3 million at December 31, 2001. The increase in nonperforming assets was primarily attributable to an increase in nonaccrual loans, offset in part by a decrease in other real estate. Loans past due ninety days or more but still accruing interest increased from $17.6 million at December 31, 2001, to $20.3 million at September 30, 2002. The largest component of the increase related to the Company’s credit card portfolio.

The Company regularly monitors selected accruing loans for which general economic conditions or changes within a particular industry could cause the borrowers financial difficulties. This continuous monitoring of the loan portfolio and the related identification of loans with a high degree of credit risk are essential parts of the Company’s credit management. Management continues to emphasize maintaining a low level of nonperforming assets and returning current nonperforming assets to an earning status.

COMPASS BANCSHARES, INC. AND SUBSIDIARIES
Allowance for Loan Losses/Nonperforming Assets
(In Thousands)
(Unaudited)

	Nine Months Ended September 30	
	2002	2001
Allowance for Loan Losses		
Balance at beginning of period	**$191,393**	$167,288
Add: Provision charged to income	**99,705**	67,149
Allowance for loans sold	**—**	(1,050)
Deduct: Loans charged off	**80,475**	69,036
Loan recoveries	**(11,324)**	(10,458)
Net charge-offs	**69,151**	58,578
Balance at end of period	**$221,947**	$174,809
Net charge-offs as a percentage of average loans (annualized)	**0.63%**	0.61%

	September 30, 2002	December 31, 2001
Nonperforming Assets		
Nonaccrual loans	**$76,235**	$65,470
Renegotiated loans	**319**	327
Total nonperforming loans	**76,554**	65,797
Other real estate	**19,755**	26,478
Total nonperforming assets	**$96,309**	$92,275
Accruing loans ninety days or more past due	**$20,271**	$17,577
Other repossessed assets	**177**	806
Allowance as a percentage of loans	**1.41%**	1.40%
Total nonperforming loans as a percentage of loans	**0.49%**	0.48%
Total nonperforming assets as a percentage of loans and ORE	**0.61%**	0.67%
Accruing loans ninety days or more past due as a percentage of loans	**0.13%**	0.13%
Allowance for loan losses as a percentage of nonperforming loans	**289.92%**	290.88%
Allowance for loan losses as a percentage of nonperforming assets	**230.45%**	207.42%

Financial Condition

Overview

Total assets at September 30, 2002 were $23.7 billion, up from $23.0 billion at December 31, 2001. The increase in assets was due primarily to internal loan growth, partially offset by a decrease in the investments securities portfolio.

Assets and Funding

At September 30, 2002, earning assets totaled $21.6 billion, slightly above the $21.0 billion in earning assets at December 31, 2001. The largest component of the growth in earning assets was concentrated in loans, which resulted in the change in the mix of earning assets. The mix of earning assets changed with total investment securities and loans comprising 27 percent and 73 percent, respectively, of total earning assets at September 30, 2002, while at December 31, 2001 total investment securities and loans were 35 percent and 65 percent, respectively, of earning assets. Loans increased by $2.1 billion primarily due to internal loan growth. The growth in loans was funded by the $1.5 billion decrease in investments and a $594 million increase in deposits. Federal funds purchased, securities sold under agreements to repurchase and other short-term borrowings decreased by $1.2 billion since December 31, 2001. The short-term borrowings were replaced by longer term FHLB and other borrowings and guaranteed preferred beneficial interests in the Company's junior subordinated deferrable interest debentures.

Liquidity and Capital Resources

Liquidity is the ability of the Company to convert assets into cash or cash equivalents without significant loss and to raise additional funds by increasing liabilities. Liquidity management involves maintaining the Company's ability to meet the day-to-day cash flow requirements of its customers, whether they are depositors wishing to withdraw funds or borrowers requiring funds to meet their credit needs. Without proper liquidity management, the Company would not be able to perform the primary function of a financial intermediary and would, therefore, not be able to meet the needs of the communities it serves. Additionally, the Parent Company requires cash for various operating needs including: dividends to shareholders; business combinations; capital injections to its subsidiaries; the servicing of debt; and the payment of general corporate expenses. The primary source of liquidity for the Parent Company is dividends from the Subsidiary Banks. At September 30, 2002, the Company's Subsidiary Banks could have paid additional dividends to the Parent Company of approximately $378 million while continuing to meet the capital requirements for "well-capitalized" banks. Also, the Company has access to various capital markets. The Company does not anticipate any liquidity requirements in the near future that it will not be able to meet.

Asset and liability management functions not only serve to assure adequate liquidity in order to meet the needs of the Company's customers, but also to maintain an appropriate balance between interest-sensitive assets and interest-sensitive liabilities so that the Company can earn a return that meets the investment requirements of its shareholders. Daily monitoring of the sources and uses of funds is necessary to maintain an acceptable liquidity position that meets both requirements.

The asset portion of the balance sheet provides liquidity primarily through loan principal repayments, maturities of investment securities and, to a lesser extent, sales of investment securities available for sale and trading account securities. Other short-term investments such as federal funds sold, securities purchased under agreements to resell and maturing interest bearing deposits with other banks, are additional sources of liquidity funding.

The liability portion of the balance sheet provides liquidity through various customers' interest bearing and noninterest bearing deposit accounts. Federal funds purchased, securities sold under agreements to repurchase and other short-term borrowings are additional sources of liquidity and, basically, represent the Company's incremental borrowing capacity. These sources of liquidity are short-term in nature and are used as necessary to fund asset growth and meet short-term liquidity needs.

A strong capital position, which is vital to the continued profitability of the Company, also promotes depositor and investor confidence and provides a solid foundation for the future growth of the organization. The Company has satisfied its capital requirements principally through the retention of earnings.

The ratio of total shareholders' equity as a percentage of total assets is one measure used to determine capital strength. The Company's capital position remains strong as the ratio of total shareholders' equity to total assets at September 30, 2002 was 8.35 percent compared to 7.45 percent at December 31, 2001 primarily due to a $136 million increase in retained earnings and a $81 million increase in accumulated other comprehensive income.

During the third quarter of 2001, the Company announced that its Board of Directors authorized a share repurchase program allowing for the purchase of up to five percent of the Company's outstanding common stock. The timing and amount of purchases under the program will be dependent upon the availability and alternative uses of capital, market conditions and other factors. Through September 30, 2002, 3.0 million shares had been repurchased at a cost of $82.9 million. Approximately 1.5 million of the total shares repurchased had been reissued for acquisitions and employee benefit plans.

In addition to the capital ratios mentioned above, banking industry regulators have defined minimum regulatory capital ratios that the Parent Company and the Subsidiary Banks are required to maintain. These risk-based capital guidelines take into consideration risk factors, as defined by the banking industry regulators, associated with various categories of assets, both on and off of the balance sheet. Under the guidelines, capital strength is measured in two tiers that are used in conjunction with risk-adjusted assets to determine the risk-based capital ratios. Tier I Capital is defined as common shareholders' equity, excluding the net unrealized holding gain (loss) on available-for-sale securities (except for net unrealized losses on marketable equity securities), plus perpetual preferred stock and the Capital Securities, subject to regulatory limitations, minus goodwill and other disallowed intangible assets. Other disallowed intangibles represent intangible assets, other than goodwill, recorded after February 19, 1992. Total Qualifying Capital is defined as Tier I Capital plus Tier II Capital components, which include such items as qualifying allowance for loan losses, certain qualifying classes of preferred stock and qualifying subordinated debt.

Tier I Capital and Total Qualifying Capital as of September 30, 2002, exceeded the target ratios for well capitalized of 6.00 percent and 10.00 percent, respectively, under current regulations. The Tier I and Total Qualifying Capital ratios at September 30, 2002 were 9.78 percent and 12.53 percent, respectively, compared to 8.27 percent and 10.94 percent at December 31, 2001. Two other important indicators of capital adequacy in the banking industry are the leverage ratio and the tangible leverage ratio. The leverage ratio is defined as Tier I Capital divided by total adjusted quarterly average assets. Average quarterly assets are adjusted by subtracting the average unrealized gain (loss) on available-for-sale securities (except for net unrealized losses on marketable equity securities), period-end goodwill and other disallowed intangibles. The tangible leverage ratio is defined similarly, except, by definition, all other intangible assets not previously excluded are removed from both the numerator and denominator. The leverage ratio was 8.24 percent at September 30, 2002 and 6.71 percent at December 31, 2001. The Company's tangible leverage ratio was 8.19 percent at September 30, 2002 compared to 6.66 percent at December 31, 2001. The increase in these ratios was due primarily to the issuance in March 2002 of $300 million of guaranteed preferred beneficial interest in the Company's junior subordinated deferrable interest debentures, which qualify for regulatory capital purposes, an increase in retained earnings of $136 million and a $32 million increase in equity resulting from the exercise of stock options. Increased regulatory activity in the financial industry as a whole will continue to impact the industry; however, management does not anticipate any negative impact on the capital resources or operations of the Company.

Item 3 Quantitative and Qualitative Disclosures About Market Risk

The Company's interest rate risk management policies and practices, along with the assumptions used in the net interest income sensitivity analysis, are described on the annual report Form 10-K for the period ended December 31, 2001. Net interest income sensitivities over a one-year time horizon as of September 30, 2002 and December 31, 2001 are shown below.

	Principal Amount of Earning Assets, Interest Bearing Liabilities and Swaps	Percentage Increase/(Decrease) in Interest Income/ Expense Given Immediate and Sustained Parallel Interest Rates Shifts	
		Down 100 Basis Points	Up 100 Basis Points
	(In thousands) (Unaudited)		
September 30, 2002:			
Assets which reprice in:			
One year or less	**$ 9,997,908**	**(8.45)%**	**10.25%**
Over one year	**11,563,468**	**(4.00)**	**3.90**
	$21,561,376	**(5.95)**	**6.68**
Liabilities which reprice in:			
One year or less	**$12,948,322**	**(37.88)**	**41.61**
Over one year	**4,734,856**	**(1.90)**	**2.05**
	$17,683,178	**(18.39)**	**20.18**
Total net interest income sensitivity		**0.11%**	**0.10%**
December 31, 2001:			
Assets which reprice in:			
One year or less	$ 8,675,169	(7.79)%	8.70%
Over one year	12,343,878	(4.42)	3.12
	$21,019,047	(5.72)	5.27
Liabilities which reprice in:			
One year or less	$13,422,995	(29.17)	31.46
Over one year	4,047,520	(3.05)	3.09
	$17,470,515	(17.61)	18.91
Total net interest income sensitivity		0.24%	(1.56)%

As shown in the table above, the Company's net interest income sensitivity decreased from December 31, 2001 to September 30, 2002 in the up 100 basis point rate scenario and remained relatively unchanged in the down 100 basis point rate scenario. The reduced sensitivity to rising rates resulted largely from an increase in the proportion of variable rate loans as well as a reduction in fixed rate securities.

Item 4 Controls and Procedures

The Chief Executive Officer and Chief Financial Officer of the Company have concluded, based on their evaluation as of a date within ninety (90) days prior to the date of the filing of this quarterly report on Form 10-Q, that the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in the reports filed or submitted by it under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission, and include controls and procedures designed to ensure that information required to be disclosed by the Company in such reports is accumulated and communicated to the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decision regarding required disclosure.

There were no significant changes in the Company's internal controls or in other factors that significantly affect these controls subsequent to the date of such evaluation.

PART II. OTHER INFORMATION

Item 1 Legal Proceedings

In the ordinary course of business, the Company is subject to legal proceedings which involve claims for substantial monetary relief. However, based upon the advice of legal counsel, management is of the opinion that any legal proceedings, individually or in the aggregate, will not have a material adverse effect on the Company's financial condition or results of operations.

Item 6 Exhibits and Reports on Form 8-K

(a) Exhibits

(3) Articles of Incorporation and By-Laws of Compass Bancshares, Inc.

(a) Restated Certificate of Incorporation of Compass Bancshares, Inc., as amended, dated May 17, 1982 (incorporated by reference to Exhibit 3(a) to Compass Bancshares, Inc.'s December 31, 1997 Form 10-K, Registration No. 000-06032, filed with the Commission)

(b) Certificate of Amendment, dated May 20, 1986, to Restated Certificate of Incorporation of Compass Bancshares, Inc. (incorporated by reference to Exhibit 3.2 to Compass Bancshares, Inc.'s Registration Statement on Form S-4, Registration No. 33-46086 filed with the Commission)

(c) Certificate of Amendment, dated May 15, 1987, to Restated Certificate of Incorporation of Compass Bancshares, Inc. (incorporated by reference to Exhibit 3.1.2 to Compass Bancshares, Inc.'s Post-Effective Amendment No. 1 to Registration Statement on Form S-4, Registration No. 33-10797 filed with the Commission)

(d) Certificate of Amendment, dated November 8, 1993, to Restated Certificate of Incorporation of Compass Bancshares, Inc. (incorporated by reference to Exhibit 3(d) to Compass Bancshares, Inc.'s Registration Statement on Form S-4, Registration No. 33-51919, filed with the Commission)

(e) Certificate of Amendment, dated September 19, 1994, to Restated Certificate of Incorporation of Compass Bancshares, Inc. (incorporated by reference to Exhibit 3.5(1) to Compass Bancshares, Inc.'s Registration Statement on Form S-4, Registration No. 33-55899, filed with the Commission)

(f) Certificate of Amendment, dated June 2, 1998, to Restated Certificate of Incorporation of Compass Bancshares, Inc. (filed as exhibit 4.6 to Compass Bancshares, Inc.'s Registration Statement on Form S-3, Registration Statement No. 333-60725, filed with the Commission)

(g) Certificate of Amendment, dated May 1, 2002, to Restated Certificate of Incorporation of Compass Bancshares, Inc. (incorporated by reference to Exhibit 4.7 to Company's Registration Statement S-8, Registration No. 333-90806, filed June 19, 2002 with the Commission)

(h) Bylaws of Compass Bancshares, Inc. (Amended and Restated as of March 15, 1982) (incorporated by reference to Exhibit 3 (f) to Compass Bancshares, Inc.'s December 31, 1997 Form 10-K, Registration No. 000-06032, filed with the Commission)

(a) Exhibits (continued)

(4) Instruments Defining the Rights of Security Holders, Including Indentures

(a) Form of Indenture between Compass Bancshares, Inc. (formerly Central Bancshares of the South, Inc.) and JPMorgan Chase Bank (formerly Chemical Bank), as Senior Trustee (incorporated by reference to Exhibit 4(g) to Compass Bancshares, Inc.'s Registration Statement on Form S-3, Registration No. 33-61018, filed with the Commission)

(b) Form of Indenture between Compass Bancshares, Inc. (formerly Central Bancshares of the South, Inc.) and JPMorgan Chase Bank (formerly Chemical Bank), as Subordinated Trustee (incorporated by reference to Exhibit 4(f) to Compass Bancshares, Inc.'s Registration Statement on Form S-3, Registration No. 33-61018, filed with the Commission)

(10) Material Contracts

(a) Compass Bancshares, Inc., 1996 Long Term Incentive Plan (incorporated by reference to Exhibit 4(g) to Compass Bancshares, Inc.'s Registration Statement on Form S-8, Registration No. 333-15117, filed October 30, 1996, with the Commission)

(b) Compass Bancshares, Inc., 1999 Omnibus Incentive Compensation Plan (incorporated by reference to Exhibit 10(a) to Compass Bancshares, Inc.'s Registration Statement on Form S-8, Registration No. 333-86455, filed September 2, 1999, with the Commission)

(c) Employment Agreement, dated December 14, 1994, between Compass Bancshares, Inc. and D. Paul Jones, Jr. (incorporated by reference to Exhibit 10(e) to Compass Bancshares, Inc.'s March 31, 2000 Form 10-Q, Registration No. 000-06032, filed with the Commission)

(d) Employment Agreement, dated December 14, 1994, between Compass Bancshares, Inc. and Garrett R. Hegel (incorporated by reference to Exhibit 10(g) to Compass Bancshares, Inc.'s March 31, 2000 Form 10-Q, Registration No. 000-06032, filed with the Commission)

(e) Employment Agreement, dated December 14, 1994, between Compass Bancshares, Inc. and Charles E. McMahen (incorporated by reference to Exhibit 10(h) to Compass Bancshares, Inc.'s March 31, 2000 Form 10-Q, Registration No. 000-06032, filed with the Commission)

(f) Employment Agreement, dated November 24, 1997, between Compass Bancshares, Inc. and James D. Barri (incorporated by reference to Exhibit 10(j) to Compass Bancshares, Inc.'s March 31, 2000 Form 10-Q, Registration No. 000-06032, filed with the Commission)

(g) Employment Agreement, dated March 1, 1998, between Compass Bancshares, Inc. and Clayton D. Pledger (incorporated by reference to Exhibit10(g) to the December, 31, 2001 Form 10-K filed with the Commission)

(h) Amendment to Employment Agreement, dated October 12, 2001, between Compass Bancshares, Inc. and Clayton D. Pledger (incorporated by reference to Exhibit10(h) to the December, 31, 2001 Form 10-K filed with the Commission)

(i) Amendment to Employment Agreement, dated October 12, 2001, between Compass Bancshares, Inc. and D. Paul Jones, Jr. (incorporated by reference to Exhibit10(i) to the December, 31, 2001 Form 10-K filed with the Commission)

(j) Amendment to Employment Agreement, dated October 12, 2001, between Compass Bancshares, Inc. and Garrett R. Hegel (incorporated by reference to Exhibit10(j) to the December, 31, 2001 Form 10-K filed with the Commission)

(a) Exhibits (continued)

(k) Amendment to Employment Agreement, dated October 12, 2001, between Compass Bancshares, Inc. and Charles E. McMahen (incorporated by reference to Exhibit10(k) to the December, 31, 2001 Form 10-K filed with the Commission)

(l) Amendment to Employment Agreement, dated October 12, 2001, between Compass Bancshares, Inc. and James D. Barri (incorporated by reference to Exhibit10(l) to the December, 31, 2001 Form 10-K filed with the Commission)

(m) Compass Bancshares, Inc., Employee Stock Ownership Benefit Restoration Plan, dated as of May 1, 1997 (incorporated by reference to Exhibit 10(j) to Compass Bancshares, Inc.'s December 31, 1999 Form 10-K, Registration No. 000-06032, filed with the Commission)

(n) Compass Bancshares, Inc., Supplemental Retirement Plan, dated as of May 1, 1997 (incorporated by reference to Exhibit 10 (k) to the December 31, 1999 Form 10-K filed with the Commission)

(o) Deferred Compensation Plan for Compass Bancshares, Inc., dated as of February 1, 1996. (Amended and Restated as of May 1, 1998) (incorporated by reference to Exhibit 10(l) to the December 31, 1999 Form 10-K filed with the Commission)

(p) Compass Bancshares, Inc. Special Supplemental Retirement Plan, dated as of May 1, 1997. (Amended and Restated as of February 27, 2000) (incorporated by reference to Exhibit 10(n) to the March 31, 2000 Form 10-Q filed with the Commission)

(q) Amendment Number One to the Compass Bancshares, Inc., Special Supplemental Retirement Plan, dated April 26, 2000 (incorporated by reference to Exhibit10(q) to the December, 31, 2001 Form 10-K filed with the Commission)

(r) Amendment Number Two to the Compass Bancshares, Inc., Special Supplemental Retirement Plan, dated as of February 9, 2001 (incorporated by reference to Exhibit10(r) to the December, 31, 2001 Form 10-K filed with the Commission)

(s) Compass Bancshares, Inc., Director & Executive Stock Purchase Plan (formerly known as Monthly Investment Plan), as Amended and Restated, effective as of September 1, 2001 (incorporated by reference to Exhibit 4.8 to the Company's Registration Statement on Form S-8, Registration No. 333-26884, filed July 31, 2001 with the Commission)

(t) Compass Bancshares, Inc. 2002 Incentive Compensation Plan (incorporated by reference to Exhibit 4.9 to the Company's Registration Statement S-8, Registration No. 333-90806, filed June 19, 2002 with the Commission)

Certain financial statement schedules and exhibits have been omitted because they are not applicable.

(a) Reports on Form 8-K

On August 13, 2002, Compass Bancshares, Inc. filed a Form 8-K in which the Principal Executive Officer, D. Paul Jones, Jr., and Principal Financial Officer, Garrett R. Hegel, of Compass Bancshares, Inc. submitted to the Securities and Exchange Commission sworn statements pursuant to Securities and Exchange Commission Order No. 4-460.

COMPASS BANCSHARES, INC. AND SUBSIDIARIES

SIGNATURES

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

November 8, 2002	/s/ Garrett R. Hegel
Date	By Garrett R. Hegel, as its Chief Financial Officer

CERTIFICATION

I, D. Paul Jones, Jr., certify that:

(1) I have reviewed this quarterly report on Form 10-Q of Compass Bancshares, Inc.;

(2) Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit any statement of a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

(3) Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

(4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date.

(5) The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

(6) The registrant's other certifying officers and I have indicated in this quarterly report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 8, 2002

COMPASS BANCSHARES, INC.

/s/ D. Paul Jones, Jr.

D. Paul Jones, Jr.
Chief Executive Officer

CERTIFICATION

I, Garrett R. Hegel., certify that:

(1) I have reviewed this quarterly report on Form 10-Q of Compass Bancshares, Inc.;

(2) Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit any statement of a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

(3) Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

(4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date.

(5) The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

d) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

e) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

(6) The registrant's other certifying officers and I have indicated in this quarterly report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 8, 2002

COMPASS BANCSHARES, INC.

/s/ Garrett R. Hegel

Garrett R. Hegel
Chief Financial Officer