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UNION PLANTERS CORP
Form 10-Q
May 14, 2001

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2001

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period _____ to _____

Commission File No. 1-10160

UNION PLANTERS CORPORATION
(Exact name of registrant as specified in its charter)

Tennessee

62-0859007

(State of incorporation)

(IRS Employer Identification No.)

Union Planters Administrative Center
7130 Goodlett Farms Parkway
Memphis, Tennessee 38018

(Address of principal executive offices)

Registrant's telephone number, including area code: (901) 580-6000

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, 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 classes of common stock as of the latest practicable date.

Class	Outstanding at April 30, 2001
-----	-----
Common stock \$5 par value	137,096,272

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UNION PLANTERS CORPORATION AND SUBSIDIARIES
FORM 10-Q FOR THE THREE MONTHS ENDED MARCH 31, 2001

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ASSETS	
Cash and due from banks	\$ 777,098
Interest-bearing deposits at financial institutions	30,012
Federal funds sold and securities purchased under agreements to resell...	2,867
Trading account assets	261,221
Loans held for resale	1,053,357
Available for sale securities (Amortized cost: \$6,432,965	
\$7,572,300, and \$6,849,457, respectively)	6,523,197
Loans	24,619,668
Less: Unearned income	(21,697)
Allowance for losses on loans	(342,138)
Net loans	24,255,833
Premises and equipment	603,146
Accrued interest receivable	291,426
FHA/VA claims receivable	79,888
Mortgage servicing rights	118,551
Goodwill	817,668
Other intangibles	163,072
Other assets	446,134
TOTAL ASSETS	\$ 35,423,470
LIABILITIES AND SHAREHOLDERS' EQUITY	
Deposits	
Noninterest-bearing	\$ 4,047,894
Certificates of deposit of \$100,000 and over	2,182,318
Other interest-bearing	17,375,015
Total deposits	23,605,227
Short-term borrowings	5,301,437
Short- and medium-term senior notes	60,000
Federal Home Loan Bank advances	1,361,452
Other long-term debt	1,276,214
Accrued interest, expenses, and taxes	359,334
Other liabilities	371,699
TOTAL LIABILITIES	32,335,363
Commitments and contingent liabilities	--
Shareholders' equity	
Convertible preferred stock	19,445
Common stock, \$5 par value; 300,000,000 shares authorized;	
137,050,599 issued and outstanding (135,486,993 at	
March 31, 2000, and 134,734,841 at December 31, 2000)	685,253
Additional paid-in capital	869,947
Retained earnings	1,472,877
Unearned compensation	(16,296)
Accumulated other comprehensive income--unrealized gain (loss)	
on available for sale securities, net	56,881
TOTAL SHAREHOLDERS' EQUITY	3,088,107
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 35,423,470

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The accompanying notes are an integral part of these consolidated financial statements.

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UNION PLANTERS CORPORATION AND SUBSIDIARIES CONSOLIDATED STATEMENT OF EARNINGS (UNAUDITED)

	THREE MONTHS ENDING MARCH 31, 2001
	(DOLLARS EXCEPT PER SHARE)
<hr/>	
	2001
	<hr/>
	(DOLLARS EXCEPT PER SHARE)
<hr/>	
INTEREST INCOME	
Interest and fees on loans	\$ 529,097
Interest on investment securities	
Taxable	88,685
Tax-exempt	15,362
Interest on deposits at financial institutions	487
Interest on federal funds sold and securities purchased under agreements to resell	519
Interest on trading account assets	4,237
Interest on loans held for resale	10,030
	<hr/>
Total interest income	648,417
	<hr/>
INTEREST EXPENSE	
Interest on deposits	217,101
Interest on short-term borrowings	81,864
Interest on long-term debt	38,426
	<hr/>
Total interest expense	337,391
	<hr/>
NET INTEREST INCOME	311,026
PROVISION FOR LOSSES ON LOANS	25,300
	<hr/>
NET INTEREST INCOME AFTER PROVISION FOR LOSSES ON LOANS	285,726
	<hr/>
NONINTEREST INCOME	
Service charges on deposit accounts	53,416
Mortgage banking revenue	39,093
Bank card income	9,660
Factoring commissions	7,399
Trust service income	7,084
Profits and commissions from trading activities	2,718
Investment securities gains	25
Other income	45,519
	<hr/>
Total noninterest income	164,914

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NONINTEREST EXPENSE		
Salaries and employee benefits		132,343
Net occupancy expense		25,767
Equipment expense		22,134
Goodwill amortization		11,966
Other intangibles amortization		4,485
Other expense		92,977

Total noninterest expense		289,672

EARNINGS BEFORE INCOME TAXES		160,968
Income taxes		54,601

NET EARNINGS		\$ 106,367
		=====
NET EARNINGS APPLICABLE TO COMMON SHARES		\$ 105,981
		=====
EARNINGS PER COMMON SHARE		
Basic		\$.78
Diluted .....		.77
AVERAGE COMMON SHARES OUTSTANDING (IN THOUSANDS)		
Basic		136,600
Diluted		138,179

The accompanying notes are an integral part of these consolidated financial statements.

UNION PLANTERS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(UNAUDITED)

	CONVERTIBLE PREFERRED STOCK	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	UNEARNED COMPEN
	-----	-----	-----	-----	-----
(DOLLARS IN THOUSANDS)					
BALANCE, JANUARY 1, 2001	\$ 19,691	\$ 673,674	\$ 754,380	\$ 1,493,072	\$ (1
Comprehensive income					
Net earnings	--	--	--	106,367	
Other comprehensive income, net of taxes:					
Net change in the unrealized gain (loss) on available for sale securities	--	--	--	--	

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Total comprehensive income					
Cash dividends					
Common stock, \$.50 per share	--	--	--	(67,408)	
Preferred stock, \$.50 per share ...	--	--	--	(386)	
Common stock issued under employee benefit plans, net of stock exchanged	--	617	7,215	(3)	
Conversion of preferred stock	(246)	62	184	--	
Common stock purchased and retired ..	--	(10,957)	(13,306)	(58,765)	
Issuance of stock for acquisitions ..	--	21,857	121,474	--	
	-----	-----	-----	-----	-----
BALANCE, MARCH 31, 2001	\$ 19,445	\$ 685,253	\$ 869,947	\$ 1,472,877	\$ (1,472,877)
	=====	=====	=====	=====	=====

	BEFORE TAX AMOUNT	TAX BENEFIT	NET OF TAX AMOUNT
	-----	-----	-----
DISCLOSURE OF RECLASSIFICATION AMOUNT:			
Change in the unrealized gain (loss) on available for sale securities arising during the period	\$96,044	\$ (35,307)	\$60,737
Less: reclassification for gains included in net income	25	(10)	15
	-----	-----	-----
Net change in the unrealized gain (loss) on available for sale securities	\$96,019	\$ (35,297)	\$60,722
	=====	=====	=====

The accompanying notes are an integral part of these consolidated financial statements.

UNION PLANTERS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

	THREE MONTHS ENDED MARCH 31,	
	2001	2000
	-----	-----
	(DOLLARS IN THOUSANDS)	
OPERATING ACTIVITIES		
Net earnings.....	\$ 106,367	\$ 106,367
Reconciliation of net earnings to net cash provided by		

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operating activities:		
Provision for losses on loans, other real estate, and FHA/VA foreclosure claims.....	25,187	
Depreciation and amortization of premises and equipment.....	19,898	
Amortization of goodwill and other intangibles.....	16,451	
Amortization of mortgage servicing rights.....	7,099	
Net accretion of investment securities.....	(943)	
Net realized gains on sales of investment securities.....	(25)	
Gain on sale of residential mortgage loans.....	(8,228)	
Deferred income tax expense	2,777	
(Increase) decrease in assets		
Trading account assets and loans held for resale.....	(623,593)	1
Other assets.....	33,714	1
Increase in accrued interest, expenses, taxes, and other liabilities	51,577	
Other, net.....	1,147	
	-----	-----
Net cash provided (used) by operating activities.....	(368,572)	4
	-----	-----
INVESTING ACTIVITIES		
Net decrease in short-term investments.....	19,032	
Proceeds from sales of available for sale securities.....	25,328	
Proceeds from maturities, calls, and prepayments of available for sale securities.....	516,193	3
Purchases of available for sale securities.....	(82,242)	(3)
Net (increase) decrease in loans.....	242,900	(7)
Net cash received from acquired institutions.....	61,970	
Sale of residential real estate loans.....	423,777	
Purchases of premises and equipment, net.....	(8,406)	(
	-----	-----
Net cash provided (used) by investing activities.....	1,198,552	(6
	-----	-----
FINANCING ACTIVITIES		
Net decrease in deposits.....	(384,791)	
Net increase (decrease) in short-term borrowings.....	(793,197)	1
Proceeds from long-term debt.....	866,125	1
Repayment of long-term debt.....	(649,972)	(1
Proceeds from issuance of common stock.....	7,943	
Purchase and retirement of common stock.....	(83,028)	(1
Cash dividends paid.....	(67,797)	(
	-----	-----
Net cash used by financing activities.....	(1,104,717)	(
	-----	-----
Net decrease in cash and cash equivalents.....	(274,737)	(1
Cash and cash equivalents at the beginning of the period.....	1,054,702	1,1
	-----	-----
Cash and cash equivalents at the end of the period.....	\$ 779,965	\$1,0
	=====	=====
SUPPLEMENTAL DISCLOSURES		
Cash paid (received) for		
Interest.....	\$ 342,889	\$ 2
Income taxes	(827)	(
Unrealized gain (loss) on securities available for sale.....	90,232	(2

The accompanying notes are an integral part of these consolidated financial statements.

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UNION PLANTERS CORPORATION AND SUBSIDIARIES NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. PRINCIPLES OF ACCOUNTING

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The foregoing financial statements are unaudited; however, in the opinion of management, all adjustments, including normal recurring adjustments, necessary for a fair presentation of the consolidated financial statements have been included.

The accounting policies followed by Union Planters Corporation and its subsidiaries (collectively, Union Planters or the Company) for interim financial reporting are consistent with the accounting policies followed for annual financial reporting except as noted below. The notes included herein should be read in conjunction with the notes to the consolidated financial statements included in Union Planters Corporation's 2000 Annual Report to Shareholders (2000 Annual Report), a copy of which is Exhibit 13 to Union Planters Corporation's Annual Report on Form 10-K for the year ended December 31, 2000 (2000 10-K). Certain prior year amounts have been reclassified to be consistent with the 2001 financial reporting presentation.

In June 1998, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 133 (SFAS 133), "Accounting for Derivative Instruments and Hedging Activities." SFAS 133 requires that an entity record all derivatives in the consolidated balance sheet at their fair value. It also requires changes in fair value to be recorded each period in current earnings or other comprehensive income depending upon the purpose for using the derivative and/or its qualification, designation, and effectiveness as a hedging transaction. In June 2000, the FASB amended portions of SFAS 133 by issuing Statement of Financial Accounting Standards No. 138. The Company adopted these new standards effective January 1, 2001. At adoption, the new accounting standards had an immaterial impact on net income and other comprehensive income. The adoption also had an immaterial impact on the consolidated balance sheet. For the quarter ended March 31, 2001, the net impact on the consolidated statement of earnings was an increase in pretax earnings of \$1.9 million (\$1.2 million after taxes).

DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES -- BUSINESS PERSPECTIVE

Union Planters has developed risk management programs and processes designed to manage market risk associated with the Company's business activities. Interest-rate risk is a predominant risk that further influences a number of other business risks such as pricing risk, prepayment risk, valuation risk, balance sheet management and funding risk. As part of its risk management program, the Company utilizes a number of derivative instruments to manage these risks.

Loan production activities include the origination or acquisition of mortgage loans, the warehousing of those loans in inventory and the resale of those loans to investors in the secondary market. The Company maintains a risk management program to protect and manage interest-rate risk and pricing risk associated with its mortgage commitment pipeline and mortgage inventory.

MORTGAGE PIPELINE. The Company's mortgage commitment pipeline includes interest-rate lock commitments (IRLCs) that have been extended to borrowers who have applied for loan funding and meet certain defined credit and underwriting criteria. During the term of the IRLC the Company is exposed primarily to

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interest-rate risk, in that the value of the IRLC may change significantly before the loan closes. To mitigate this interest-rate risk, the Company enters into various hedges of its mortgage pipeline by selling loans forward to investors using mandatory and optional forward commitments. In accordance with SFAS 133, the Company classifies and accounts for IRLCs as nondesignated derivative hedges. Accordingly, IRLCs are recorded at fair value with changes in value recorded to current earnings. Risk management derivative contracts used to economically hedge the IRLCs are also classified and accounted for as nondesignated derivatives. Since a derivative instrument cannot hedge another derivative instrument (for accounting purposes) the pipeline is effectively accounted for as marked-to-market.

Gains/losses on nondesignated IRLCs and related derivative contracts had an immaterial impact on the consolidated financial statements for the quarter ended March 31, 2001.

BEST EFFORTS COMMITMENTS. A best-efforts commitment represents an agreement whereby a correspondent lender or broker has the option to sell a loan to the Company at a stated price. If the correspondent lender or broker exercises the option, the Company is committed to buy the loan. If the option is not exercised by the correspondent lender or broker, no transaction takes place. Under the provisions of SFAS 133, the best efforts commitments are defined as derivatives and therefore are marked-to-market. The impact on the consolidated financial statements of best efforts commitments is immaterial.

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MORTGAGE INVENTORY. The Company's mortgage inventory includes closed loans that are held for resale pending completion of normal post-closing review. The Company normally requires 60 to 90 days from the date a loan application is received to process a loan for sale. From the loan's closing until its sale, the Company is exposed to credit and interest-rate risk. The primary objective of the warehouse hedge program is to minimize the overall risk to the income statement due to changes in the fair value of the warehouse due to fluctuating interest rates. Therefore, the Company will enter into a portfolio of derivative instruments which, in the aggregate, react to offset changes in the fair value of the loans owned by the Company due to unfavorable changes in the interest rates. Under SFAS 133 these derivative instruments are fair value hedges. For the quarter ended March 31, 2001, derivative instruments related to the mortgage inventory did not have a material impact on the consolidated financial statements.

NOTE 2. ACQUISITIONS

CONSUMMATED ACQUISITIONS

On February 12, 2001, Union Planters acquired Jefferson Savings Bancorp, Inc. (Jefferson Savings) of Ballwin, Missouri, the parent of Jefferson Heritage Bank, a federal savings bank. Jefferson Savings had total assets of \$1.6 billion, total loans of \$1.3 billion, and total deposits of \$877 million at acquisition. Union Planters exchanged approximately 4.4 million shares of its common stock for all of the outstanding shares of Jefferson Savings. The acquisition is being accounted for as a purchase. Goodwill and other intangibles resulting from the acquisition were \$45 million. Pro forma information has been omitted because the Jefferson Heritage acquisition is not considered significant to Union Planters.

Union Planters has announced its intent to repurchase Union Planters' common shares up to the number of shares issued in the transaction. Through

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March 31, 2001, 2.2 million shares had been purchased and retired.

On March 19, 2001, Union Planters entered into an accelerated share repurchase agreement to purchase one million shares of the Company's common stock. The execution price for the purchase was \$37.71. The agreement matures June 30, 2001. As of March 31, 2001, 399,200 shares had been purchased and retired at an average cost of \$35.57.

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NOTE 3. LOANS

Loans are summarized by type as follows:

	MARCH 31	
	2001	2000
	(DOLLARS IN THOUSANDS)	
Commercial, financial, and agricultural	\$ 5,413,931	\$ 4,957,019
Foreign	489,340	443,512
Accounts receivable - factoring	683,076	643,465
Real estate -- construction	2,252,445	1,719,468
Real estate -- mortgage		
Secured by 1-4 family residential	6,320,706	5,928,268
FHA/VA government-insured/guaranteed	303,177	479,255
Other mortgage	5,641,358	4,546,766
Home equity	755,799	596,984
Consumer	2,652,596	2,835,277
Direct lease financing	107,240	85,478
	-----	-----
TOTAL LOANS	\$ 24,619,668	\$ 22,235,492
	=====	=====

Nonperforming loans are summarized as follows:

	MARCH 31, 2001	DECEMBER 2000
	(DOLLARS IN THOUSANDS)	
Nonaccrual loans	\$ 174,027	\$ 133,200
Restructured loans	1,401	1,500
	-----	-----
TOTAL NONPERFORMING LOANS	\$ 175,428	\$ 134,700
	=====	=====
FHA/VA GOVERNMENT-INSURED/GUARANTEED LOANS ON NONACCRUAL STATUS	\$ 3,216	\$ 3,600
	=====	=====

NOTE 4. ALLOWANCE FOR LOSSES ON LOANS

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The changes in the allowance for losses on loans for the three months ended March 31, 2001 and 2000 are as follows:

	THREE MONTHS ENDED	
	MARCH 31, 2001	MARCH 31, 2000
(DOLLARS IN THOUSANDS)		
BEGINNING BALANCE	\$ 335,452	\$ 342,300
Provision for losses on loans	25,300	17,300
Recoveries of loans previously charged off ..	13,514	15,100
Loans charged off	(36,114)	(28,900)
Increase due to acquisitions	5,753	
Decrease due to sale of loans	(1,767)	
 BALANCE, MARCH 31, 2001	 \$ 342,138	 \$ 345,800

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NOTE 5. INVESTMENT SECURITIES

The amortized cost and fair value of investment securities are summarized as follows:

	AMORTIZED COST	MARCH 31, 2001
		UNREALIZED GAINS
(DOLLARS IN THOUSANDS)		
AVAILABLE FOR SALE SECURITIES		
U.S. Government obligations		
U.S. Treasury	\$ 91,389	\$ 1,344
U.S. Government agencies		
Collateralized mortgage obligations	2,217,145	25,599
Mortgage-backed	461,727	8,543
Other	493,522	7,683
Total U.S. Government obligations	3,263,783	43,169
Obligations of states and political subdivisions ..	1,183,802	36,203
Other stocks and securities	1,985,380	24,181
 TOTAL AVAILABLE FOR SALE SECURITIES	 \$ 6,432,965	 \$ 103,553

DECEMBER 31, 2000

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	AMORTIZED COST	GAINS
	-----	-----
		(DOLLAR
AVAILABLE FOR SALE SECURITIES		
U.S. Treasury	\$ 99,396	\$ 691
U.S. Government agencies		
Collateralized mortgage obligations	2,271,674	4,561
Mortgage-backed	484,557	5,391
Other	835,997	3,795
	-----	-----
Total U.S. Government obligations	3,691,624	14,438
Obligations of states and political subdivisions ...	1,208,201	24,355
Other stocks and securities	1,949,632	8,792
	-----	-----
TOTAL AVAILABLE FOR SALE SECURITIES	\$ 6,849,457	\$ 47,585
	=====	=====

Investment securities having a fair value of approximately \$2.8 billion and \$3.3 billion at March 31, 2001 and December 31, 2000, respectively, were pledged to secure public and trust funds on deposit, securities sold under agreements to repurchase, and Federal Home Loan Bank (FHLB) advances.

Included in available for sale investment securities is \$267.1 million and \$230.9 million of Federal Home Loan Bank and Federal Reserve Bank stock at March 31, 2001 and December 31, 2000, respectively, for which there is no readily determinable market value.

The following table presents the gross realized gains and losses on available for sale investment securities.

	THREE MONTHS ENDED MARCH 31	
	2001	2000
	-----	-----
Realized gains.....	\$ 37	\$ --
Realized losses.....	(12)	--

NOTE 6. OTHER NONINTEREST INCOME AND EXPENSE

OTHER NONINTEREST INCOME

THREE MONTHS

2001

(DOLLAR

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ATM transaction fees	\$ 6,936	
Brokerage fee income	3,821	
Annuity sales income	3,728	
Insurance commissions	4,112	
Letters of credit fees	1,741	
Net gain (loss) on sales of branches/deposits and other assets	(51)	
Earnings (losses) of equity method investments	1,343	
Other income	23,889	

TOTAL OTHER NONINTEREST INCOME	\$ 45,519	=====

OTHER NONINTEREST EXPENSE

Communications	\$ 8,385	
Other contracted services	8,781	
Postage and carrier	7,753	
Stationery and supplies	6,199	
Merchant interchange fees	6,545	
Advertising and promotion	6,586	
Amortization of mortgage servicing rights	7,099	
Other personnel services	2,926	
Legal fees	2,425	
Travel	2,657	
Consultant fees	1,333	
Federal Reserve fees	2,027	
Accounting and audit fees	1,650	
Other real estate expense	1,444	
Brokerage and clearing fees on trading activities	2,098	
Taxes other than income	1,911	
FDIC insurance	1,109	
Dues, subscriptions, and contributions	1,203	
Insurance	901	
Provision for losses on FHA/VA foreclosure claims	(190)	
Miscellaneous charge-offs	2,659	
Other expense	17,476	

TOTAL OTHER NONINTEREST EXPENSE	\$ 92,977	=====

NOTE 7. INCOME TAXES

Applicable income taxes for the three months ended March 31, 2001 were \$54.6 million, resulting in an effective tax rate of 33.92%. Applicable income taxes for the same period in 2000 were \$52.0 million, resulting in an effective tax rate of 33.90%. The increase in the effective rate in 2001, as compared to 2000, is due primarily to the change in the proportion of taxable and nontaxable revenues. The tax expense applicable to investment securities gains for the three months ended March 31, 2001 was \$10,000.

At March 31, 2001, Union Planters had a net deferred tax asset of \$98.0 million compared to \$124.5 million at December 31, 2000. The decrease is attributable to the change in the net deferred asset (liability) related to the unrealized gain or loss on available for sale investment securities. Management believes that the deferred tax asset will be fully realized and, therefore, no valuation allowance has been provided.

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NOTE 8. BORROWINGS

SHORT-TERM BORROWINGS

Short-term borrowings include short-term FHLB advances, federal funds purchased, securities sold under agreements to repurchase, and other short-term borrowings. Short-term FHLB advances are borrowings from the FHLB, which are collateralized by mortgage-backed securities and mortgage loans. Federal funds purchased arise from Union Planters' market activity with its correspondent banks and generally mature in one business day. Securities sold under agreements to repurchase are collateralized by U.S. Government and agency securities.

Short-term borrowings are summarized as follows:

		MARCH 31

		2001

		(DOLLARS IN THOUSANDS)
Balances at period end:		
Short-term FHLB advances	\$ 1,500,000	
Federal funds purchased	2,168,637	
Securities sold under agreements to repurchase	1,630,697	
Other short-term borrowings	2,103	

Total short-term borrowings	\$ 5,301,437	
		=====
Federal funds purchased and securities sold under agreements to repurchase		
Daily average balance	\$ 3,843,865	
Weighted average interest rate	5.35%	
Short-term FHLB advances		
Daily average balance	\$ 2,117,778	
Weighted average interest rate	5.94%	

SHORT- AND MEDIUM-TERM SENIOR NOTES

UPB has a \$5 billion senior and subordinated bank note program to supplement UPB's funding sources. Under the program, UPB may from time to time issue senior bank notes having maturities ranging from 30 days to one year from their respective issue dates (Short-Term Senior Notes), senior bank notes having maturities of more than one year to 30 years from their respective dates of issue (Medium-Term Senior Notes), and subordinated bank notes with maturities from 5 years to 30 years from their respective dates of issue (Subordinated Notes). At March 31, 2001, March 31, 2000, and December 31, 2000, UPB had no Subordinated Notes outstanding under this program. At March 31, 2001 and December 31, 2000, UPB had no Short-Term Senior Notes outstanding. A summary of the Short-Term and Medium-Term Senior Notes outstanding follows.

	SHORT-TERM SENIOR NOTES		MEDIUM-TERM SENIOR NOTES
	-----		-----
	MARCH 31, 2000	MARCH 31, 2001	MARCH 31, 2000
	-----	-----	-----

(DOLLARS IN THOUSANDS)

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Balances at period end...	\$ 200,000	\$ 60,000	\$ 60,000
Fixed-rate notes.....	200,000	60,000	60,000
Range of maturities.....	5/00	8/01-10/01	8/01-10/01

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FEDERAL HOME LOAN BANK ADVANCES

Certain of Union Planters' banking and thrift subsidiaries had outstanding advances, with original maturity dates of greater than one year, from the FHLB under Blanket Agreements for Advances and Security Agreements (the Agreements). The Agreements enable these subsidiaries to borrow funds from the FHLB to fund mortgage loan programs and to satisfy certain other funding needs. The value of the mortgage-backed securities and mortgage loans pledged under the Agreements must be maintained at not less than 115% and 150%, respectively, of the advances outstanding. At March 31, 2001, Union Planters had an adequate amount of mortgage-backed securities and loans to satisfy the collateral requirements. A summary of the advances is as follows.

	MARCH 31,	
	2001	-----
		(DOLLARS)
Balance at period end	\$ 1,361,452	\$
Range of interest rates	1.75% - 6.92%	3.25
Range of maturities	2001 - 2021	200

OTHER LONG-TERM DEBT

Union Planters' other long-term debt is summarized as follows. Reference is made to Note 9 to the consolidated financial statements in the 2000 Annual Report for additional information regarding these borrowings.

	2001
Corporation-Obligated Mandatorily Redeemable Capital Pass-through Securities of Subsidiary Trust holding solely a Corporation-Guaranteed Related Subordinated Note (Trust Preferred Securities)	\$ 199,0
Variable-rate asset-backed certificates	100,0
7.75% Subordinated Notes due 2011	499,1
6.75% Subordinated Notes due 2005	99,7
6.25% Subordinated Notes due 2003	74,3
6.50% Putable/Callable Subordinated Notes due 2018	300,8
Other long-term debt	3,1
TOTAL OTHER LONG-TERM DEBT	\$ 1,276,2

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On February 22, 2001, the Corporation issued \$500 million of Subordinated Notes at 99.82%. The notes bear interest at 7.75% and mature March 1, 2011. The notes are unsecured obligations of Union Planters and qualify as Tier 2 capital for regulatory capital purposes. Debt issuance costs of \$3.5 million are included in other assets. The net proceeds are being used for general corporate purposes.

NOTE 9. SHAREHOLDERS' EQUITY

PREFERRED STOCK

Union Planters' outstanding preferred stock, all of which is convertible into shares of Union Planters' common stock, is summarized as follows:

	----- 2001 -----
Preferred stock, without par value, 10,000,000 shares authorized	
Series F Preferred Stock	
300,000 shares authorized, none issued	\$
Series E, 8% Cumulative, Convertible,	
Preferred Stock (stated at liquidation value of \$25 per share),	
777,792 shares issued and outstanding (821,671 at March 31, 2000	
and 787,628 at December 31, 2000)	19

TOTAL PREFERRED STOCK	\$ 19
	=====

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NOTE 10. EARNINGS PER SHARE

The calculation of net earnings per share is summarized as follows:

	THREE MONTHS E ----- 2001 -----
	(DOLLARS IN EXCEPT PER S
BASIC	
Net earnings	\$ 106,367
Less preferred dividends	386

Net earnings applicable to common shares	\$ 105,981
	=====

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Average common shares outstanding	136,600,438
	=====
Net earnings per common share-- basic	\$.78
	=====
DILUTED	
Net earnings	\$ 106,367
	=====
Average common shares outstanding	136,600,438
Stock option adjustment	601,669
Preferred stock adjustment	976,589
Effect of other dilutive securities	--

Average common shares outstanding	138,178,696
	=====
Net earnings per common share-- diluted	\$.77
	=====

NOTE 11. LINES OF BUSINESS REPORTING

	THREE MONTHS ENDED MARCH		
	BANKING	OTHER OPERATING UNITS	PAR COMP
	-----	-----	-----
	(DOLLARS IN THOUSANDS)		
Net interest income	\$ 284,135	\$ 31,274	\$ (4)
Provision for losses on loans	(22,657)	(2,643)	
Noninterest income(1)	106,013	58,632	
Noninterest expense	(234,679)	(52,987)	(2)
Other significant items, net	(12)	--	
	-----	-----	-----
Earnings before taxes(1)	\$ 132,800	\$ 34,276	\$ (6)
	=====	=====	=====
Average assets	\$ 32,470,331	\$ 2,492,515	\$ 140
	=====	=====	=====

	THREE MONTHS ENDED MARCH		
	BANKING	OTHER OPERATING UNITS	PAR COMP
	-----	-----	-----
	(DOLLARS IN THOUSANDS)		
Net interest income	\$ 288,786	\$ 28,509	\$ (2)
Provision for losses on loans	(14,448)	(2,855)	
Noninterest income(1)	78,567	49,332	
Noninterest expense	(226,412)	(43,182)	(2)
	-----	-----	-----
Earnings before taxes(1)	\$ 126,493	\$ 31,804	\$ (4)

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	=====	=====	=====
Average assets	\$ 30,715,311	\$ 2,385,553	\$ 151
	=====	=====	=====

-
- (1) Parent company noninterest income and earnings before income taxes are net of the intercompany dividend eliminations of \$103.5 million and \$70.7 million for the three months ended March 31, 2001 and 2000, respectively.
 - (2) The Company implemented a new management reporting system in the first quarter of 2001, including a transfer pricing system for funds used or provided by the various segments. This new system had the effect of changing the amount each segment is charged or credited for funds used. Amounts shown for 2000 have been reclassified to reflect this change.

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NOTE 12. CONTINGENT LIABILITIES

Union Planters and/or various subsidiaries are parties to certain pending or threatened civil actions which are described in Item 3, Part I of Union Planters' 2000 10-K, in Note 20 to Union Planters' consolidated financial statements on page 67 of the 2000 Annual Report, and in Item 1, Part II of this Report. Various other legal proceedings pending against Union Planters and/or its subsidiaries have arisen in the ordinary course of business.

Based upon present information, including evaluations of certain actions by outside counsel, management believes that neither Union Planters' financial position, results of operations, nor liquidity will be materially affected by the ultimate resolution of pending or threatened legal proceedings. There were no significant developments during the first quarter of 2001 in any of the pending or threatened actions that affected such opinion.

ITEM 2 -- MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following provides a narrative discussion and analysis of significant changes in Union Planters' results of operations and financial condition. This discussion should be read in conjunction with the consolidated financial statements and related financial analysis set forth in Union Planters' 2000 Annual Report, the interim unaudited consolidated financial statements and notes for the three months ended March 31, 2001 included in Part I hereof, and the supplemental financial data included in this discussion.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This Quarterly Report on Form 10-Q contains certain forward-looking statements (as defined in the Private Securities Litigation Reform Act of 1995). Such statements are based on management's expectations as well as certain assumptions made by, and information available to, management. Specifically, this discussion contains forward-looking statements with respect to the following items:

- timing and effects of projected changes in interest rates
- effects of changes in general economic conditions
- the adequacy of the allowance for losses on loans and the

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- level of future provisions for losses on loans
- expected trends in nonperforming assets and the related risk of losses
- the effect of legal proceedings on Union Planters' financial condition, results of operations, and liquidity
- business plans for the year 2001 and beyond

When used in this discussion, the words "anticipate," "project," "expect," "believe," "should" and similar expressions are intended to identify forward-looking statements.

These forward-looking statements involve significant risks and uncertainties including changes in general economic and financial market conditions, changes in banking laws and regulations, and Union Planters' ability to execute its business plans. Although Union Planters believes that the expectations reflected in the forward-looking statements are reasonable, actual results could differ materially.

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SELECTED FINANCIAL DATA

The following table presents selected financial highlights for the three-month periods ended March 31, 2001 and 2000:

	THREE MONTHS END	MARCH 31,
	-----	-----
	2001	2000
	-----	-----
	(DOLLARS IN THOUSANDS)	
NET EARNINGS	\$ 106,367	\$ 106,367
Per share		
Basic .....	.78	.78
Diluted .....	.77	.77
Return on average assets	1.23%	1.23%
Return on average common equity	14.54	14.54
CASH OPERATING EARNINGS	\$ 120,272	\$ 120,272
Per share		
Basic .....	.88	.88
Diluted .....	.87	.87
Return on average assets	1.39%	1.39%
Return on average common equity	16.44	16.44
Return on average tangible assets	1.43	1.43
Return on average tangible common equity	24.38	24.38
Dividends per common share	\$.50	\$.50
Net interest margin (FTE)	4.05%	4.05%
Net interest spread (FTE)	3.34	3.34
Expense ratio	1.25	1.25
Efficiency ratio	56.31	56.31
Book value per common share	\$ 22.39	\$ 22.39
Leverage ratio	6.61%	6.61%
Common share prices		
High closing price	\$ 39.12	\$ 39.12
Low closing price	34.70	34.70
Closing price at quarter end	38.49	38.49

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Cash operating earnings = Net earnings adjusted for the after-tax impact of goodwill and other intangibles amortization and nonoperating items

Net interest margin = Net interest income (FTE) as a percentage of average earning assets

Net interest spread = Difference in the FTE yield on average earning assets and the rate on average interest-bearing liabilities

Expense ratio = Operating net noninterest expense [noninterest expense minus noninterest income, excluding significant nonoperating revenues/expenses, investment securities gains (losses) and goodwill and other intangibles amortization] divided by average assets

Efficiency ratio = Operating noninterest expense (excluding significant nonoperating expenses and goodwill and other intangibles amortization) divided by net interest income (FTE) plus noninterest income, excluding significant nonoperating revenues and investment securities gains (losses)

FTE = Fully taxable-equivalent basis

OPERATING RESULTS -- THREE MONTHS ENDED MARCH 31, 2001 AND 2000

The following table presents a summary of Union Planters' operating results for the three months ended March 31, 2001 and 2000 identifying significant nonoperating items impacting the results for the periods shown.

UNION PLANTERS CORPORATION
SUMMARY OF CONSOLIDATED RESULTS
(UNAUDITED)

	THRE ----- 2001 ----- (DOLLAR
Interest income	\$ 648,417
Interest expense	(337,391)

NET INTEREST INCOME	311,026
PROVISION FOR LOSSES ON LOANS	(25,300)

NET INTEREST INCOME AFTER PROVISION FOR LOSSES ON LOANS	285,726

NONINTEREST INCOME	
Service charges on deposit accounts	53,416
Mortgage banking revenue	39,093
Bank card income	9,660
Factoring commissions	7,399

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Trust service income		7,084
Profits and commissions from trading activities		2,718
Other income		45,519

Total noninterest income		164,889

NONINTEREST EXPENSE		
Salaries and employee benefits		132,343
Net occupancy expense		25,767
Equipment expense		22,134
Goodwill and other intangibles amortization		16,451
Other expense		92,977

Total noninterest expense		289,672

EARNINGS BEFORE NONOPERATING ITEMS AND INCOME TAXES		160,943
NONOPERATING ITEMS		
Investment securities gains		25

EARNINGS BEFORE INCOME TAXES		160,968
Income taxes		(54,601)

NET EARNINGS		\$ 106,367
		=====
NET EARNINGS		\$ 106,367
Nonoperating items, net of taxes		(15)

NET OPERATING EARNINGS		106,352
Goodwill and other intangibles amortization, net of taxes		13,920

CASH OPERATING EARNINGS		\$ 120,272
		=====
PER COMMON SHARE DATA		
Diluted earnings per share .....	\$	.77
Diluted operating earnings per share77
Diluted cash operating earnings per share87

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The table that follows presents the contributions to diluted earnings per common share. A discussion of the operating results follows this table.

UNION PLANTERS CORPORATION CONTRIBUTIONS TO DILUTED EARNINGS PER COMMON SHARE

		THREE MONTHS EN MARCH 31,

		2001

Net interest income-FTE	\$	2.31
		\$

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Provision for losses on loans	(.18)	-----
Net interest income after provision for losses on loans-FTE	2.13	-----
Noninterest income		
Service charges on deposit accounts .....	.39	
Mortgage banking revenue .....	.28	
Bank card income .....	.07	
Factoring commissions .....	.05	
Trust service income .....	.05	
Profits and commissions from trading activities .....	.02	
Investment securities gains	--	
Other income .....	.33	

TOTAL NONINTEREST INCOME	1.19	-----
Noninterest expense		
Salaries and employee benefits .....	.96	
Net occupancy expense .....	.18	
Equipment expense .....	.16	
Goodwill and other intangibles amortization .....	.12	
Other expense .....	.67	

TOTAL NONINTEREST EXPENSE	2.09	-----
EARNINGS BEFORE INCOME TAXES-FTE		
	1.23	
Income taxes-FTE .....	.46	

NET EARNINGS .....	.77	
Less preferred stock dividends	--	

DILUTED EARNINGS PER COMMON SHARE	\$.77	=====
Change in net earnings applicable to diluted earnings		
per share using previous year average shares outstanding		
Change in average shares outstanding		
CHANGE IN NET EARNINGS		
AVERAGE DILUTED SHARES (IN THOUSANDS)		
	138,179	=====

FTE = Fully taxable-equivalent basis

FIRST QUARTER EARNINGS OVERVIEW

For the first quarter of 2001, Union Planters reported cash operating earnings, which exclude the after tax impact of nonoperating items and goodwill and other intangibles, of \$120.3 million, or \$.87 per diluted common share. This compared to cash operating earnings for the same period in 2000 of \$114.7 million, or \$.83 per diluted common share and \$116.6 million, or \$.86 per diluted common share for the fourth quarter of 2000. Cash operating earnings for the first quarter of 2001 resulted in annualized returns on average assets, average common equity, and average tangible common equity of 1.39%, 16.44%, and

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24.38%, respectively, which compares to 1.39%, 16.29%, and 24.77%, respectively, for the same period in 2000.

Net earnings were \$106.4 million, or \$.77 per diluted common share, for the first quarter of 2001, an increase from \$101.3 million, or \$.73 per diluted common share, for the same period in 2000. These earnings represented annualized returns on average assets and average common equity of 1.23% and 14.54%, respectively, compared to 1.23% and 14.39%, respectively, for the same period in 2000.

Reference is made to the "Summary of Consolidated Results" on page 16 for a comparison of the nonoperating items impacting results for the three months ended March 31, 2001 and 2000.

EARNINGS ANALYSIS

NET INTEREST INCOME

Tax-equivalent net interest income for the first quarter of 2001 was \$320.3 million, an increase of \$10.5 million from \$309.8 million for the fourth quarter of 2000 and down slightly from \$323.9 million for the first quarter of 2000. The net interest margin for the first quarter of 2001 was 4.05%, which compares to 3.95% and 4.34%, respectively, for the fourth and first quarters of 2000. The interest-rate spread was 3.34% for the first quarter of 2001, an increase from 3.20% for the fourth quarter of 2000, and down from 3.70% for the first quarter of 2000.

The increase compared to the fourth quarter of 2000 was attributable to loan growth, improved pricing of loan products, and the overall decline in interest rates. The decline in net interest income in the first quarter of 2001 compared to the same period in 2000 was due primarily to the rising interest-rate environment during the first quarter of 2000 and the fact that the Company was liability sensitive within a one-year time period. Reference is made to Union Planters' average balance sheet and analysis of volume and rate changes, which follow this discussion, for additional information regarding the changes in net interest income.

INTEREST INCOME

The following table presents a breakdown of average earning assets.

	----- M ----- 2001 -----
Average earning assets	\$ 32.1
Comprised of:	
Loans	78%
Investment securities	21
Other earning assets	1

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Fully taxable-equivalent yield on average earning assets 8.31%

Taxable-equivalent interest income increased \$47.6 million for the first quarter of 2001 compared to the same period in 2000. The increase was attributable to the 6.8% increase in average earning assets, primarily loans, which accounted for \$44.4 million of the increase in interest income. Interest income increased \$3.2 million due to the increase in the average yield on earning assets from 8.17% to 8.31%.

Compared to the fourth quarter of 2000, interest income declined \$2.0 million. The decline was attributable to a decrease in the average yield on average earning assets from 8.41% to 8.31%, a \$15.2 million decline in interest income. This decrease was partially offset by a 2.9% increase in average earning assets, which increased interest income \$13.2 million.

Average loans, excluding FHA/VA loans, were \$24.9 billion for the first quarter of 2001 compared to \$21.5 billion for the same quarter in 2000 and compared to \$23.7 billion for the fourth quarter of 2000. The securitization and sale of loans and the acquisition of Jefferson Heritage impacted average loans for the first quarter of 2001. Excluding the impact of these two items, average loans increased 12.7% during the first quarter of 2001 compared to the same quarter last year. The increase was driven by 22.3% growth in residential real estate loans and 11.8% growth in commercial, financial and agricultural loans. Consistent with the current economic conditions, loan growth in the first quarter of 2001 slowed when compared with the fourth quarter of 2000. This slowing was seen in all types of loans. Residential real estate loans increased 5.1%, while consumer loans decreased 3.6% during the first quarter.

The recent decreases in interest rates are expected to increase the level of mortgage loan refinancings, which will increase prepayments related to mortgage-backed loans and investments. At March 31, 2001, approximately 34% of Union Planters' earning assets were mortgage-backed loans and mortgage-backed securities. Reference is made to the Asset/Liability and Market Risk Management section of this discussion for additional information regarding the impact of lower interest rates on interest income. This is a forward-looking statement and actual results could differ because of several factors, including those identified in this discussion and in the discussion of Cautionary Statements Regarding Forward-Looking Information.

INTEREST EXPENSE

The following table presents a breakdown of average interest-bearing liabilities.

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Average interest-bearing liabilities	\$ 27.5
Comprised of:	
Deposits	70%
Short-term borrowings	22
FHLB advances and long-term debt	8

Rate paid on average interest-bearing liabilities	4.97%

Interest expense increased \$51.2 million in the first quarter of 2001 compared to the same quarter last year. The increase was driven by a 6.8% increase in average interest-bearing liabilities, which accounted for \$29.0 million of the increase. Additionally, an increase in the average rate paid for interest-bearing liabilities from 4.47% to 4.97% accounted for \$22.2 million of the increase.

Compared to the fourth quarter of 2000, interest expense decreased \$12.5 million. A decrease in interest rates resulted in a \$20.1 million decrease in interest expense. This decrease was partially offset by the growth of average interest-bearing liabilities, which increased interest expense \$7.6 million.

The increase in average interest-bearing liabilities for the first quarter of 2001 compared to the same period in 2000 was attributable to increases in both short-term and long-term debt. These funding sources were increased in response to decreases in average deposits. The increase in average interest-bearing liabilities compared to the fourth quarter of 2000 was attributable to an increase in FHLB advances and a \$183 million increase in subordinated notes.

The recent decreases in interest rates by the Federal Reserve are expected to lower Union Planters' borrowing cost since 22% of Union Planters' average interest-bearing liabilities are short-term borrowings. Reference is made to the Asset/Liability and Market Risk section for a discussion of the impact of declining interest rates. This is a forward-looking statement and actual results could differ because of several factors, including those identified in this discussion and in the discussion of Cautionary Statements Regarding Forward-Looking Information.

PROVISION FOR LOSSES ON LOANS

The provision for losses on loans for the first quarter of 2001 was \$25.3 million, or .41% of average loans on an annualized basis. This compares to \$20.1 million, or .34% of average loans, for the fourth quarter of 2000 and \$17.3 million, or .32% of average loans, for the first quarter of 2000. The higher provision for losses on loans in the first quarter of 2001 is attributable to the growth of loans and the downturn in the economy and the resulting increase in nonperforming loans. Reference is made to the "Allowance for Losses on Loans" and "Nonperforming Loans" discussions for additional information regarding loan charge-offs and other items impacting the provision for losses on loans.

NONINTEREST INCOME

Noninterest income for the first quarter of 2001 was \$164.9 million, an increase of \$18.9 million, or 13.0%, from the fourth quarter of 2000 and an increase of \$37.3 million, or 29.3%, from the first quarter of 2000. Growth of noninterest income continues to be one of management's priorities. Noninterest income as a percentage of total revenues increased to 34.7% in the first quarter of 2001, compared to 28.8% for the same quarter last year and 32.5% for the fourth quarter of 2000. The major components of noninterest income are presented

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on the consolidated statement of earnings and in Note 6 to the unaudited interim consolidated financial statements. The strong growth in noninterest income is attributable to successful efforts in several areas. Additionally, the Jefferson Heritage acquisition in February 2001 added \$793,000 and the Strategic Outsourcing, Inc. (SOI) acquisition in April 2000 added \$6.0 million to noninterest income.

MORTGAGE BANKING REVENUES. These revenues increased \$16.7 million in the first quarter of 2001 compared to the same period in 2000 and increased \$9.6 million compared to the fourth quarter of 2000. The lower interest-rate environment and the securitization and sale of home mortgage loans were the primary drivers of the growth. In the first quarter of 2001, Union Planters securitized and sold \$417 million of loans, which resulted in a gain of \$8.2 million.

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SERVICE CHARGES ON DEPOSIT ACCOUNTS. These fees increased 27.1% to \$53.4 million for the first quarter of 2001 compared to the same period in 2000. Service charges on deposit accounts were \$47.9 million for the fourth quarter of 2000. The increase is attributable to a more consistent administration of competitive pricing and collections on all account relationships across the entire franchise.

SOI REVENUES. SOI is one of the largest providers of professional employment services in the United States, which include workers' compensation, employee benefits management, payroll administration, safety and risk management services, human resource administration, and compliance administration. Clients, who are typically small- and medium-sized businesses, are provided cost-effective approaches to the management of critical human resource responsibilities and employer risks. Net SOI revenues were \$6.0 million for the first quarter of 2001 compared to \$6.3 million for the fourth quarter of 2000.

BANK CARD INCOME. These revenues are primarily from Union Planters' merchant processing, which are earned by the conversion to cash of payments received by merchants from customers using credit cards, debit cards, purchase cards, and private label cards. Bank card income increased \$1.2 million to \$9.7 million for the first quarter of 2001 as compared to the first quarter last year. These revenues were essentially flat as compared with the fourth quarter of 2000.

OTHER NONINTEREST INCOME. Revenues from Union Planters' Small Business Administration (SBA) trading operations are generated from buying, selling, and securitizing government-guaranteed SBA pools and government-guaranteed portions of SBA loans. These revenues increased \$1.3 million to \$2.7 million for the first quarter of 2001 compared to the same first quarter of 2000. Compared to the fourth quarter of 2000, these revenues increased \$1.1 million.

Union Planters has a limited partnership investment of \$9.8 million in VSIBG, a registered broker-dealer whose principal business is the purchase and sale of fixed income securities for institutional clients. Union Planters' share of earnings from this investment increased \$1.2 million and \$1.1 million, respectively, for the first quarter of 2001 compared to the same period last year and compared to the fourth quarter of 2000.

NONINTEREST EXPENSE

Noninterest expense for the first quarter of 2001 increased \$18.0 million to \$289.7 million, which compares to \$271.7 million for the first

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quarter of 2000 and \$276.2 million for the fourth quarter of 2000. The Jefferson Heritage acquisition and SOI acquisition increased noninterest expense \$7.8 million for the first quarter of 2001 compared to the same period in 2000. Compared to the fourth quarter of 2000, the Jefferson Heritage acquisition increased noninterest expense \$3.3 million. The major components of noninterest expense are presented on the consolidated statement of earnings and in Note 6 to the unaudited interim consolidated financial statements.

SALARIES AND EMPLOYEE BENEFITS. These expenses represent the largest category of noninterest expenses and increased \$3.6 million for the first quarter of 2001 to \$132.3 million when compared to the first quarter of 2000. Compared to the fourth quarter of 2000, these expenses increased \$14.0 million. At March 31, 2001, Union Planters had 12,608 full-time equivalent employees, compared to 12,711 and 12,444, respectively, at March 31, 2000 and December 31, 2000.

OCCUPANCY AND EQUIPMENT EXPENSE. Net occupancy and equipment expense was \$47.9 million for the first quarter of 2001, an increase of \$3.4 million and \$4.0 million, respectively, from the first quarter of 2000 and fourth quarter of 2000. These expenses increased due to the Jefferson Heritage and SOI acquisitions.

GOODWILL AND OTHER INTANGIBLES AMORTIZATION. The increase in the amortization of goodwill and other intangibles is attributable to the Jefferson Heritage and SOI acquisitions.

MORTGAGE SERVICING RIGHTS AMORTIZATION. The lower interest-rate environment during the first quarter of 2001 resulted in increased amortization of mortgage servicing rights as well as a valuation allowance. The increase in this expense item for the first quarter of 2001 was \$5.7 million compared to the same period in 2000, and the increase was \$5.0 million compared to the fourth quarter of 2000.

OTHER MISCELLANEOUS EXPENSES. For the first quarter of 2001, miscellaneous charge-offs increased \$2.6 million to \$2.7 million. The increase over the same period last year was due to a recovery of previously charged-off items in the first quarter of 2000. Compared to the fourth quarter of 2000, miscellaneous charge-offs decreased \$7.1 million. Advertising and promotion expense for the first quarter of 2001 decreased \$2.7 million compared to the fourth quarter of 2000.

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UNION PLANTERS CORPORATION AND SUBSIDIARIES CONSOLIDATED AVERAGE BALANCE SHEET AND INTEREST RATES

	THREE MONTHS ENDED	
	2001	
AVERAGE BALANCE	INTEREST INCOME/ EXPENSE	FTE YIELD/ RATE

(DOLLARS IN THO

ASSETS

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Interest-bearing deposits at financial institutions	\$ 33,320	\$ 487	5.93%
Federal funds sold and securities purchased under agreements to resell	34,799	519	6.05
Trading account assets	206,574	4,237	8.32
Investment securities(1) (2)			
Taxable	5,450,605	88,685	6.60
Tax-exempt	1,183,380	22,958	7.87
	-----	-----	
Total investment securities	6,633,985	111,643	6.83
Loans, net of unearned income(1) (3) (4)	25,195,199	540,797	8.70
	-----	-----	
TOTAL EARNING ASSETS(1) (2) (3) (4)	32,103,877	657,683	8.31
	-----	-----	
Cash and due from banks	793,520		
Premises and equipment	602,916		
Allowance for losses on loans	(338,675)		
Goodwill and other intangibles	962,693		
Other assets	979,492		

TOTAL ASSETS	\$ 35,103,823		
	=====		
LIABILITIES AND SHAREHOLDERS' EQUITY			
Money market accounts	\$ 3,945,402	\$ 42,477	4.37%
Interest-bearing checking	3,149,582	11,433	1.47
Savings deposits	1,350,986	4,877	1.46
Certificates of deposit of \$100,000 and over	2,263,341	34,783	6.23
Other time deposits	8,514,807	123,531	5.88
Short-term borrowings			
Federal funds purchased and securities sold under agreements to repurchase	3,843,865	50,730	5.35
Short-term senior notes	--	--	--
Other	2,121,701	31,134	5.95
Long-term debt			
Federal Home Loan Bank advances	1,336,153	19,595	5.95
Subordinated capital notes	657,925	11,234	6.92
Medium-term senior notes	60,000	1,025	6.93
Trust Preferred Securities	199,084	4,128	8.41
Other	103,212	2,444	9.60
	-----	-----	
TOTAL INTEREST-BEARING LIABILITIES	27,546,058	337,391	4.97
Noninterest-bearing demand deposits	3,890,023	--	
	-----	-----	
TOTAL SOURCES OF FUNDS.....	31,436,081	337,391	
	-----	-----	
Other liabilities	691,137		
Shareholders' equity			
Preferred stock	19,532		
Common equity	2,957,073		

Total shareholders' equity	2,976,605		

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 35,103,823		
	=====		
NET INTEREST INCOME(1)		\$ 320,292	
		=====	
INTEREST-RATE SPREAD(1)			3.34%
			=====
NET INTEREST MARGIN(1)			4.05%

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=====

TAXABLE-EQUIVALENT ADJUSTMENTS:

Loans	\$	1,670
Investment securities		7,596

TOTAL	\$	9,266
		=====

- (1) Taxable-equivalent yields are calculated assuming a 35% federal income tax rate.
- (2) Yields are calculated on historical cost and exclude the impact of the unrealized gain (loss) on available for sale securities.
- (3) Includes loan fees in both interest income and the calculation of the yield on income.
- (4) Includes loans on nonaccrual status.

UNION PLANTERS CORPORATION AND SUBSIDIARIES
ANALYSIS OF VOLUME AND RATE CHANGES

THRE

		INCREASE DUE TO C
	AVERAGE VOLUME	

INTEREST INCOME		
Interest-bearing deposits at financial institutions	\$	(20)
Federal funds sold and securities purchased under agreements to resell		(549)
Trading account assets		(1,213)
Investment securities (FTE)		(17,816)
Loans, net of unearned income (FTE)		64,001

TOTAL INTEREST INCOME (FTE)		44,403

INTEREST EXPENSE		
Money market accounts		275
Interest-bearing checking		(1,008)
Savings deposits		(792)
Certificates of deposit of \$100,000 and over		3,927
Other time deposits		1,341
Short-term borrowings		6,960
Long-term debt		18,307

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TOTAL INTEREST EXPENSE	29,010
CHANGE IN NET INTEREST INCOME (FTE)	\$ 15,393
PERCENTAGE DECREASE IN NET INTEREST INCOME (FTE) FROM PRIOR PERIOD	

 FTE = Fully taxable-equivalent basis

- (1) The change due to both rate and volume has been allocated to change due to volume and change due to rate in proportion to the relationship of the absolute dollar amounts of the change in each.

FINANCIAL CONDITION

Union Planters' total assets were \$35.4 billion at March 31, 2001, compared to \$33.4 billion at March 31, 2000 and \$34.7 billion at December 31, 2000. Average assets were \$35.1 billion for the first quarter of 2001 compared to \$33.3 billion for the first quarter of 2000. The increase in the first quarter of 2001 relates primarily to the Jefferson Heritage acquisition (see Note 2 to the unaudited interim consolidated financial statements).

Earning assets at March 31, 2001 were \$32.5 billion, an increase of \$.9 billion from December 31, 2000. Average earning assets were \$32.1 billion for the first quarter of 2001 which compares to \$30.0 billion for the same period last year and compared to \$31.2 billion for the fourth quarter of 2000.

INVESTMENT SECURITIES

Union Planters' investment securities portfolio of \$6.5 billion at March 31, 2001 consisted entirely of available for sale securities, which are carried on the balance sheet at fair value. This compares to investment securities of \$7.3 billion and \$6.8 billion at March 31, 2000 and December 31, 2000, respectively. The decrease in investment securities is consistent with management's strategy of reducing the proportion of investment securities to total earning assets as loan growth occurs.

At March 31, 2001, these securities had net unrealized gains of \$90.2 million (before income taxes). This compares to net unrealized losses of \$230.7 million and \$5.8 million, respectively, at March 31, 2000 and December 31, 2000. The change from an unrealized loss in the portfolio to an unrealized gain resulted from the decreasing interest-rate environment. Reference is made to Note 5 to the unaudited interim consolidated financial statements which provides the composition of the investment portfolio at March 31, 2001 and December 31, 2000.

U.S. Treasury and U.S. Government agency obligations represented approximately 50.6% of the investment securities portfolio at March 31, 2001, (82.0% of which were Collateralized Mortgage Obligations (CMOs) and mortgage-backed securities issues). Union Planters has some credit risk in the investment portfolio; however, management does not consider that risk to be significant and does not believe that cash flows will be significantly impacted. Reference is made to the "Net Interest Income" and "Asset/Liability and Market Risk Management" discussions for information regarding the market-risk in the

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investment securities portfolio.

The limited credit risk in the investment securities portfolio at March 31, 2001 consisted of 26.2% investment grade CMOs, 18.7% municipal obligations, and 4.5% other stocks and securities (primarily Federal Reserve Bank and FHLB stock).

LOANS

Loans, net of unearned income, at March 31, 2001 were \$24.6 billion compared to \$22.2 billion and \$24.0 billion at March 31, 2000 and December 31, 2000, respectively. Average loans for the first quarter of 2001 were \$25.2 billion compared to \$22.0 billion for the first quarter of 2000 and \$24.0 billion for the fourth quarter of 2000. Note 3 to the unaudited interim consolidated financial statements included in Part I. Item 1 of this report presents the composition of the loan portfolio.

Excluding FHA/VA loans, average loans increased 15.7% in the first quarter of 2001 compared to the same period in 2000. The acquisition of Jefferson Heritage increased average loans \$674 million. At the end of the first quarter of 2001, the Company securitized and sold \$417 million of residential loans (which had a \$42 million average impact on loans for the quarter). Excluding the impact of the acquisition and the loan securitization and sale, average loans increased 12.7%.

The loan growth in the first quarter compared to the first quarter last year was driven by a 22.3% increase in residential real estate loans, an 11.8% increase in commercial, financial, and agricultural loans, and an 11.8% increase in other real estate loans. Consumer loans decreased 4.5% over this same time period. Compared to the fourth quarter of 2000, average loans increased 2.6%. The slower rate of growth was consistent with the slowing of overall economic growth. During this period, residential real estate loans grew 5.1%, commercial, financial, and agricultural loans grew 3.1% and other real estate loans grew 1.9%. Consumer loans decreased 3.6% compared to the fourth quarter of 2000.

ALLOWANCE FOR LOSSES ON LOANS

Union Planters maintains the allowance for losses on loans (the allowance) at a level deemed sufficient to absorb estimated losses in the loan portfolio at the balance sheet date. The allowance is reviewed quarterly to assess the risk in the portfolio. This methodology includes assigning loss factors to loans with similar characteristics for which estimates of inherent probable loss can be assessed. The loss factors are based on historical experience as adjusted for current business and economic conditions, and are applied to the respective portfolios to assist in determination of the overall adequacy of the allowance.

A periodic review of selected loans (based on loan size) is conducted to identify loans with heightened risk or inherent losses. The primary responsibility for this review rests with management who has been assigned accountability for the credit relationship. This review is supplemented with periodic reviews by Union Planters' credit review function and regulatory agencies. These reviews provide information which assists in the timely identification of problems or potential problems and provides a basis for deciding whether the credit represents a probable loss or risk which should be recognized.

The following table provides a reconciliation of the allowance at the

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dates indicated and certain key ratios for the three-month periods ended March 31, 2001 and 2000 and for the year ended December 31, 2000.

		THREE MONTH MARCH
		----- 2001 -----
		(D)
BALANCE AT THE BEGINNING OF PERIOD	\$	335,452
LOANS CHARGED OFF		
Commercial, financial, and agricultural		10,746
Foreign		22
Accounts receivable - factoring		3,704
Real estate - construction		879
Real estate - mortgage		
Secured by 1-4 family residential		4,255
Other mortgage		2,646
Home equity		347
Consumer		13,451
Direct lease financing		64

Total charge-offs		36,114

RECOVERIES ON LOANS PREVIOUSLY CHARGED OFF		
Commercial, financial, and agricultural		3,105
Foreign		430
Accounts receivable - factoring		892
Real estate - construction		317
Real estate - mortgage		
Secured by 1-4 family residential		680
Other mortgage		1,655
Home equity		50
Consumer		6,385
Direct lease financing		--

Total recoveries		13,514

Net charge-offs		(22,600)
Provision charged to expense		25,300
Decrease due to loan sales		(1,767)
Increase due to acquisitions		5,753

BALANCE AT END OF PERIOD	\$	342,138
		=====
Total loans, net of unearned income, at end of period	\$	24,597,971
Less: FHA/VA government insured/guaranteed loans		303,177

LOANS USED TO CALCULATE RATIOS	\$	24,294,794
		=====
Average total loans, net of unearned income, during period	\$	25,195,199
Less: Average FHA/VA government-insured/guaranteed loans		290,423

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AVERAGE LOANS USED TO CALCULATE RATIOS \$ 24,904,776
 =====

RATIOS(1):

Allowance at end of period/loans, net of unearned income	1.41%
Charge-offs/average loans, net of unearned income(2) .....	.59
Recoveries/average loans, net of unearned income(2) .....	.22
Net charge-offs/average loans, net of unearned income(2) .....	.37
Provision/average loans, net of unearned income(2) .....	.41

- (1) Ratio calculations exclude FHA/VA government-insured/guaranteed loans (FHA/VA loans), since they represent minimal credit risk.
- (2) Amounts annualized for March 31, 2001 and 2000.

The allowance at March 31, 2001 was \$342.1 million, an increase of \$6.7 million from December 31, 2000. The allowance at March 31, 2000 was \$345.8 million. The increase in the allowance from December 31, 2000 related to an increase from the acquisition of Jefferson Heritage and the provision for losses on loans exceeding net charge-offs by \$2.7 million in the first quarter. Annualized net charge-offs as a percentage of average loans were .37% for the first quarter of 2001, an increase over the first quarter of 2000 and up slightly from the level for all of 2000. The higher levels of charge-offs were primarily related to real estate loans. With a slowing economy, the level of charge-offs is likely to trend upward over the next few quarters. This is a forward-looking statement and actual results could differ because of several factors, including those identified in this discussion and in the discussion of Cautionary Statements Regarding Forward-Looking Information.

NONPERFORMING ASSETS

NONACCRUAL, RESTRUCTURED, AND PAST DUE LOANS AND FORECLOSED PROPERTIES

	MARCH

	2001

	(DOLLARS)
NONACCRUAL LOANS	\$174,027
RESTRUCTURED LOANS	1,401

TOTAL NONPERFORMING LOANS	175,428

FORECLOSED PROPERTIES	
Other real estate owned, net	54,819
Other foreclosed property	2,016

TOTAL FORECLOSED PROPERTIES	56,835

TOTAL NONPERFORMING ASSETS	\$232,263
	=====

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LOANS PAST DUE 90 DAYS OR MORE AND STILL ACCRUING INTEREST	\$109,705
	=====
FHA/VA GOVERNMENT-INSURED/GUARANTEED LOANS	
Loans past due 90 days or more and still accruing interest	\$129,776
Nonaccrual loans	3,216
RATIOS(1) :	
Nonperforming loans/loans, net of unearned income .....	.72%
Nonperforming assets/loans, net of unearned income plus foreclosed properties.....	.95
Allowance for losses on loans/nonperforming loans	195
Loans past due 90 days or more and still accruing interest/loans, net of unearned income	.45

(1) FHA/VA government-insured/guaranteed loans are excluded from loans in the ratio calculations.

The breakdown of nonaccrual loans and loans past due 90 days or more and still accruing interest, both excluding FHA/VA loans, is as follows:

LOAN TYPE	NONACCRUAL LOANS (1)			LOAN
	MARCH 31,		DECEMBER 31,	
	2001	2000	2000	20
	-----	-----	-----	-----
	(DOLLARS IN THOUSAND)			
Commercial, financial, and agricultural	\$ 66,031	\$ 45,455	\$ 50,319	\$ 13
Foreign	960	686	--	
Real estate - construction	10,891	19,158	12,597	3
Real estate - mortgage				
Secured by 1-4 family residential	49,747	19,550	32,086	73
Other mortgage	41,312	41,376	34,692	12
Home equity	3,265	1,422	1,456	
Consumer	1,806	2,821	1,711	4
Direct lease financing	15	15	408	1
	-----	-----	-----	-----
TOTAL	\$174,027	\$130,483	\$133,269	\$109
	=====	=====	=====	=====

(1) See the preceding table for the amount of FHA/VA government-insured guaranteed/loans on nonaccrual and past due 90 days or more and still accruing interest.

LOANS OTHER THAN FHA/VA LOANS. As shown in the table above, nonperforming assets increased \$54.3 million over year-end and \$59.9 million over March 31, 2000. With a slowing of the economy, a general increase in all categories of nonperforming assets was experienced during the first quarter. The largest increase related to residential real estate loans. The increase was also partially attributable to the Jefferson Heritage acquisition, which increased

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nonperforming assets \$13 million. This trend is expected to continue in the second quarter unless economic conditions improve. Management believes the risk of losses in nonperforming assets will be mitigated by the diversity of the loan portfolio and the conservative underwriting practices across the banking franchise. These are forward-looking

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statements and actual results could differ because of several factors, including those mentioned in the Cautionary Statements Regarding Forward-Looking Information at the beginning of this discussion.

Loans past due 90 days or more and still accruing interest totaled \$109.7 million, or .45% of loans, at March 31, 2001 compared to \$96.7 million, or .41%, and \$81.7 million, or .38% of loans, at December 31, 2000 and March 31, 2000, respectively. The preceding table details the composition of these loans. As discussed above the increase in these loans related primarily to the slowing of the economy.

FHA/VA LOANS. FHA/VA government-insured/guaranteed loans do not, in management's opinion, have traditional credit risk inherent in the balance of the loan portfolio and risk of principal loss is considered minimal. FHA/VA loans past due 90 days or more and still accruing interest totaled \$129.8 million at March 31, 2001 which compares to \$216.2 million and \$121.3 million at March 31, 2000 and December 31, 2000, respectively. The decrease in past due loans relates to a decline in the overall volume of these loans. At March 31, 2001, March 31, 2000, and December 31, 2000, \$3.2 million, \$5.8 million and \$3.6 million, respectively, of these loans were placed on nonaccrual status by management because the contractual payment of interest by FHA/VA had stopped due to missed filing dates. No loss of principal is expected from these loans.

FHA/VA FORECLOSURE CLAIMS

Provisions for losses related to FHA/VA claims are provided through noninterest expense as provisions for losses on FHA/VA foreclosure claims and the corresponding liability is carried in other liabilities. At March 31, 2001, the Company had a reserve for FHA/VA claims losses of \$8.1 million compared to \$11.2 million and \$18.4 million at December 31, 2000 and March 31, 2000, respectively.

POTENTIAL PROBLEM ASSETS

Potential problem assets are assets which are generally collateralized and not currently considered nonperforming, but where information about possible credit problems has caused management to have serious doubts as to the ability of the borrowers to comply in the future with present repayment terms. Historically, these assets were loans, which became nonperforming. At March 31, 2001, Union Planters had potential problem assets of \$66.7 million, composed of 15 loans, the largest being \$13.5 million. This compares to \$44.1 million, or 11 loans, at December 31, 2000 and \$52.2 million, or 14 loans, at March 31, 2000.

DEPOSITS

Union Planters' core deposit base is its most important and stable funding source and consists of deposits from the communities served by Union Planters.

	TH
	MARCH
	2001
	(DOL)
Noninterest-bearing demand	\$ 3,890,023
Money market	3,945,402
Interest-bearing checking	3,149,582
Savings	1,350,986
Other time	8,514,807

Total average core deposits	20,850,800
Certificates of deposit of \$100,000 and over.....	2,263,341

Total average deposits	\$23,114,141
	=====

Average deposits were \$23.1 million for the first quarter of 2001 compared to \$23.0 billion for the fourth quarter of 2000 and \$23.3 billion for the first quarter of 2000. Average first quarter of 2001 deposits were increased \$456 million (\$858 million as of March 31, 2001) by the Jefferson Heritage acquisition. The downward trend in deposit levels is due primarily to the competitive environment in the markets Union Planters serves. Management is continuing to monitor deposit pricing in all the markets it serves to ensure competitive levels.

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SHAREHOLDERS' EQUITY

Union Planters' total shareholders' equity increased by \$168 million from December 31, 2000 to \$3.1 billion at March 31, 2001. The major items affecting shareholders' equity are as follows:

- \$148.8 million increase due to the Jefferson Heritage acquisition.
- \$60.7 million increase due to the net change in the unrealized gain or loss on available for sale investment securities.
- \$38.5 million increase due to retained net earnings (net earnings less dividends paid).
- \$3.0 million increase due to common stock issued for employee benefit plans.
- \$83.0 million decrease due to shares purchased (2.2 million shares purchased).

On February 17, 2000, the Board of Directors authorized the purchase from time to time of up to an additional 7.1 million shares. The purchases were expected to take place over a period of 18 to 24 months (beginning February 2000) either in the open market or privately negotiated transactions. As of March 31, 2001, 1.6 million shares had been purchased under this plan. Management has also announced the intent to purchase shares up to the number of shares issued in the Jefferson Heritage acquisition. As of March 31, 2001, 2.2

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million of the 4.4 million shares issued in the acquisition have been purchased.

CAPITAL ADEQUACY

The following table presents capital adequacy information for Union Planters:

	MARCH 31,	
	2001	2000
	----	----
CAPITAL ADEQUACY DATA		
Total shareholders' equity/total assets (at period end)	8.72%	8.09
Average shareholders' equity/average total assets	8.48	8.55
Tier 1 capital/unweighted average assets (leverage ratio)(1)	6.61	6.48

(1) Based on period-end capital and quarterly adjusted average assets.

The following table presents Union Planters' risk-based capital and capital adequacy ratios. Union Planters' regulatory capital ratios qualify Union Planters for the "well-capitalized" regulatory classification.

UNION PLANTERS CORPORATION
RISK-BASED CAPITAL

	MARCH	
	2001	(DO
	-----	-----
TIER 1 CAPITAL		
Shareholders' equity	\$ 3,088,107	
Trust Preferred Securities and minority interest in consolidated subsidiaries.....	203,777	
Less: Goodwill and other intangibles	(978,636)	
Disallowed deferred tax asset	(476)	
Unrealized (gain) loss on available for sale securities	(56,881)	
Other	(278)	

TOTAL TIER 1 CAPITAL	2,255,613	
TIER 2 CAPITAL		
Allowance for losses on loans	329,851	
Qualifying long-term debt	909,459	
Other adjustments	--	

TOTAL CAPITAL BEFORE DEDUCTIONS	3,494,923	
Less investment in unconsolidated subsidiaries	(9,786)	

TOTAL CAPITAL	\$ 3,485,137	
	=====	
RISK-WEIGHTED ASSETS	\$26,375,798	
	=====	

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RATIOS AS A PERCENT OF END OF PERIOD RISK-WEIGHTED ASSETS

Tier 1 capital	8.55%
Total capital	13.21

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UNION PLANTERS BANK, NATIONAL ASSOCIATION
RISK-BASED CAPITAL

	MARCH 31,	
	2001	2000
	(DOLLAR)	
TIER 1 CAPITAL	\$ 2,057	\$ 2,057
Total capital	2,664	2,664
Risk-weighted assets	25,241	25,241
RATIOS		
Leverage	6.25%	6.25%
Tier 1 risk-based capital	8.15	8.15
Total risk-based capital	10.55	10.55

LIQUIDITY

Union Planters requires liquidity sufficient to meet cash requirements for deposit withdrawals, to make new loans and satisfy loan commitments, to take advantage of attractive investment opportunities, and to repay borrowings at maturity. Deposits, available for sale securities and money market investments are Union Planters' primary sources of liquidity. Liquidity is also achieved through short-term borrowings, borrowings under available lines of credit, and issuance of securities and debt instruments in the financial markets. Union Planters believes it has adequate liquidity to meet its operating requirements.

Parent company liquidity is achieved and maintained by dividends received from subsidiaries, interest on advances to subsidiaries, and interest on its available for sale investment securities portfolio. At March 31, 2001, the parent company had cash and cash equivalents totaling \$585.0 million, which compares to \$170.2 million and \$154.6 million, respectively, at March 31, 2000 and December 31, 2000. Net working capital (total assets maturing within one year less similar liabilities) was \$579.3 million, which compares to \$195.1 million and \$162.8 million, respectively, at March 31, 2000 and December 31, 2000. The increase in parent company liquidity relates to the issuance of \$500 million of subordinated notes in February 2001.

At April 1, 2001, the parent company could have received dividends from subsidiaries of \$108 million without prior regulatory approval. The payment of dividends by Union Planters' subsidiaries will be dependent on the future earnings and growth of the subsidiaries. Management believes that the parent company has adequate liquidity to meet its cash needs, including the payment of its regular dividends and servicing of its debt.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

ASSET/LIABILITY AND MARKET RISK MANAGEMENT

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Union Planters' assets and liabilities are principally financial in nature and the resulting earnings, primarily net interest income, are subject to changes as a result of fluctuations in market interest rates and the mix of the various assets and liabilities. Interest rates in the financial markets affect decisions on pricing its assets and liabilities, which impacts net interest income, which is approximately 65% of Union Planters' operating revenues. As a result, a substantial part of Union Planters' risk management activities are devoted to managing interest-rate risk. Currently, Union Planters does not have any significant risks related to foreign exchange, commodities or equity risk exposure.

INTEREST-RATE RISK. One of the most important aspects of management's efforts to sustain long-term profitability for Union Planters is the management of interest-rate risk. Management's goal is to maximize net interest income within acceptable levels of interest-rate risk and liquidity. To achieve this goal, a proper balance must be maintained between assets and liabilities with respect to size, maturity, repricing date, rate of return, and degree of risk.

The Union Planters' Asset/Liability Management Committee (the ALCO Committee) oversees the conduct of asset/liability and interest-rate management. The ALCO Committee meets monthly and reviews the outlook for the economy and interest rates, Union Planters' balance sheet structure, and yields on earning assets and rates on interest-bearing liabilities. Union Planters uses two methods to measure interest-rate risk, interest-rate sensitivity analysis and simulation analysis.

Interest-rate sensitivity analysis (GAP analysis) is used to monitor the amounts and timing of balances exposed to changes in interest rates, as shown in the following table. The analysis has been made at a point in time and could change significantly on a daily

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basis. At March 31, 2001, the interest-rate sensitivity gap within the one-year period was 6% of Union Planters' total assets with \$2.0 billion more liabilities repricing than assets. This compares to 13% of Union Planters' total assets at December 31, 2000 with \$4.6 billion more liabilities repricing than assets at December 31, 2000. The shift in sensitivity from December 31, 2000 occurred primarily as a result of management initiatives and strategies, which included asset sales, long-term debt issuance, and retirement of short-term borrowings.

At the one-year GAP, \$4.3 billion of the liabilities are scheduled money market, savings, and interest-bearing checking deposits whose rates are administered by management. For purposes of the GAP analysis, total money market, savings, and interest-bearing checking deposits of \$8.7 billion that have no contractual maturity are scheduled according to management's best estimate of their repricing in response to changes in interest rates. Even with conservative estimates of their rate sensitivity, the resulting impact on earnings at risk in simulation analysis produces results, which bring interest-rate risk into an acceptable range and one not implied by GAP analysis alone.

Interest-rate risk is evaluated by conducting balance sheet simulation analysis to project net interest income for twelve months forward under different interest rate scenarios. Each of these scenarios is compared with a base case scenario wherein current market rates and current period balances are held constant for the simulation period.

The scenarios include immediate "shocks" to current rates of 200 basis points up and down and a "most likely" scenario in which current rates are moved

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according to economic forecasts and management's expectations of changes in administered rates.

The results of these simulations are compared to policy guidelines approved by the ALCO Committee of Union Planters. The policy limits the changes of net interest income to 20% of net operating earnings (net earnings before nonoperating items, net of taxes, annualized - see the "Summary of Consolidated Results" on page 16) when compared with the base case (flat) scenario. The simulations have consistently fallen within the policy guidelines.

At March 31, 2001, the 200 basis point immediate rise in interest rates produced a projected 7.6% (\$33 million after-tax) decrease in net operating earnings, which compares to a projected 15.4% (\$63 million after-tax) decrease at December 31, 2000. The 200 basis point immediate fall in interest rates produced a projected 1.5% (\$6 million after-tax) increase in net operating earnings versus a projected 7.6% (\$31 million after-tax) increase at December 30, 2000. The "most likely" calculated scenario at March 31, 2001 produced a projected .4% (\$2 million after-tax) decrease in net operating earnings compared to a projected 2.6% (\$11 million after-tax) increase in net operating earnings at December 31, 2000. The "most likely" scenario at March 31, 2001 assumed the Federal Funds rate decreases 75 basis points to 4.25% over the next three months and then remains flat over the remaining nine months of the twelve-month period. The "most likely" scenario at December 31, 2000 assumed the Federal Funds rate decreasing 100 basis points over the first six months of 2001 and then remaining flat over the remainder of 2001. These are forward-looking statements and actual results could differ because of several factors, including those identified in this discussion and in the discussion of Cautionary Statements Regarding Forward-Looking Information.

The key assumptions used in simulation analysis include the following

- prepayment rates on mortgage-related assets
- cash flows and maturities of all financial instruments
- changes in volumes and pricing
- future shapes of the yield curve
- money market spreads
- credit spreads
- deposit sensitivity
- management's financial capital plan

These assumptions are inherently uncertain and, as a result, the simulation cannot precisely estimate net interest income or precisely predict the impact of higher or lower interest rates on net interest income. Actual results will differ from simulated results due to timing, magnitude, and frequency of interest-rate changes, the difference between actual experience and the characteristics assumed, and changes in market conditions and management strategies.

UNION PLANTERS CORPORATION AND SUBSIDIARIES RATE SENSITIVITY ANALYSIS AT MARCH 31, 2001

INTEREST-SENSITIVE WITHIN (1)

0-90 DAYS	91-180 DAYS	181-365 DAYS	1-3 YEARS	3-5 YEARS	5-1 YEAR

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	-----	-----	-----	-----	-----	-----
	(DOLLARS IN MILLIONS)					
ASSETS						
Loans and leases(2) (3) (4)	\$ 9,431	\$ 2,198	\$3,435	\$6,587	\$2,203	\$ 2,203
Investment securities(5) (6)	548	194	404	1,777	1,821	1,435
Other earning assets	1,347	--	--	--	--	--
Other assets	--	--	--	--	--	--
TOTAL ASSETS	\$11,326	\$ 2,392	\$3,839	\$8,364	\$4,024	\$1,700
	=====	=====	=====	=====	=====	=====
SOURCES OF FUNDS						
Money market deposits(7) (8)	\$ 1,451	\$ --	\$1,332	\$1,372	\$ --	\$ --
Savings and interest-bearing checking deposits(7) (8)	1,504	--	--	1,504	--	1,504
Other time deposits	2,268	2,519	2,380	1,256	205	--
Certificates of deposit of \$100,000 and over	797	674	529	159	22	--
Short-term borrowings	5,301	--	--	--	--	--
Short- and medium-term senior notes	--	40	20	--	--	--
Federal Home Loan Bank Advances	600	--	--	531	11	200
Other long-term debt	102	--	--	75	100	80
Noninterest-bearing deposits	--	--	--	--	--	--
Other liabilities	--	--	--	--	--	--
Shareholders' equity	--	--	--	--	--	--
TOTAL SOURCES OF FUNDS	\$12,023	\$ 3,233	\$4,261	\$4,897	\$ 338	\$2,600
	=====	=====	=====	=====	=====	=====
INTEREST-RATE SENSITIVITY GAP	\$ (697)	\$ (841)	\$ (422)	\$3,467	\$3,686	\$ (800)
CUMULATIVE INTEREST-RATE SENSITIVITY GAP (8)	(697)	(1,538)	(1,960)	1,507	5,193	4,300
CUMULATIVE GAP AS A PERCENTAGE OF TOTAL ASSETS(8) ... POLICY	(2)% None	(4)% +/-15%	(6)% +/-10%	4% +/-5%	15% >0%	15% >0%

Management has made the following assumptions in presenting the above analysis:

- (1) Assets and liabilities are generally scheduled according to their earliest repricing dates regardless of their contractual maturities.
- (2) Nonaccrual loans and accounts receivable-factoring are included in the noninterest-bearing category.
- (3) Fixed-rate mortgage loan maturities include estimates of principal prepayments using industry estimates of prepayment speeds for various coupon segments of the portfolio.
- (4) Delinquent FHA/VA loans are scheduled based on foreclosure and repayment patterns.
- (5) The scheduled maturities of mortgage-backed securities and CMOs assume principal prepayment of these securities calculated within a proprietary cash flow model.

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- (6) Securities are generally scheduled according to their call dates when valued at a premium to par.
- (7) Money market deposits and savings deposits that have no contractual maturities are scheduled according to management's best estimate of their repricing in response to changes in market rates. The impact of changes in market rates would be expected to vary by product type and market.
- (8) If all money market, NOW, and savings deposits had been included in the 0-90 Days category above, the cumulative gap as a percentage of total assets would have been negative (18%), (21%), and (18%) for the 0-90 Days, 91-180 Days 181-365 Days, 0% for the 1-3 Years categories and positive 10%, 12%, and 12%, respectively, for the 3-5 Years, 5-15 Years, and over 15 Years categories at March 31, 2001.

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PART II -- OTHER INFORMATION

ITEM 1 -- LEGAL PROCEEDINGS

Union Planters' and/or its' various subsidiaries are parties to certain pending or threatened civil actions, including an action that was filed on February 20, 2001, which are described in Item 3, Part I of the Union Planters 2000 10-K, in Note 20 to Union Planters' consolidated financial statements, on page 67 of the 2000 Annual Report, and Note 12 to Union Planters unaudited interim consolidated financial statements included herein under Item 1 of Part I. Various other legal proceedings pending against Union Planters and/or its subsidiaries have arisen in the ordinary course of business.

Based upon present information, including evaluations of certain actions by outside counsel, management believes that neither Union Planters' financial position, results of operations, nor liquidity will be materially affected by the ultimate resolution of pending or threatened legal proceedings. There were no significant developments during the first quarter of 2001 in any of the pending or threatened actions that affected such opinion.

ITEM 2 -- CHANGES IN SECURITIES

None

ITEM 3 -- DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4 -- SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

ITEM 5 -- OTHER INFORMATION

None

ITEM 6 -- EXHIBITS AND REPORTS ON FORM 8-K

- a) Exhibits:

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- 3(b) Amended and Restated Bylaws of Union Planters Corporation
- 4(b) Copy of Registrant's Agreement pursuant to Item 601(b)(4)(iii)(A) of Regulation S-K dated March 8, 2001 with respect to certain debt instruments (incorporated by reference to Exhibit 4(b) to Union Planters Corporation's Annual Report on Form 10-K dated December 31, 2000, Commission File No. 1-10160)
- 11 Computation of Per Share Earnings (incorporated by reference to Note 10 to Union Planters' unaudited interim consolidated financial statements included herein)

b) Reports on Form 8-K:

Date of Current Report

- 1. January 18, 2001
- 2. February 22, 2001
- 3. March 5, 2001
- 4. April 19, 2001

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Press release ann
December 31, 2000
under Item 5.
Union Planters' c
earnings to fixed
under Item 5.
Issuance of \$500
subordinated debt
reported under It
Press release ann
2001 net earnings

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.

UNION PLANTERS CORPORATION

(Registrant)

Date: May 14, 2001

By: /s/ Jackson W. Moore

Jackson W. Moore
Chairman and Chief Executive Officer

By: /s/ Bobby L. Doxey

Bobby L. Doxey
Senior Executive Vice President,
Chief Financial Officer, and
Chief Accounting Officer

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UNION PLANTERS CORPORATION
EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION
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4 (b)	Copy of Registrant's Agreement pursuant to Item 601(b) (4) (ii) of Regulation S-K dated March 8, 2001 with respect to certain debt instruments (incorporated by reference to Exhibit 4 (b) Union Planters Corporation's Annual Report on Form 10-K dated December 31, 2000, Commission File No. 1-10160)
11	Computation of Per Share Earnings (incorporated by reference to Note 10 to Union Planters' unaudited interim consolidated financial statements included herein)