AMSOUTH BANCORPORATION
Form 10-Q
May 15, 2001

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 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   Commission file number 1-7476

AmSouth Bancorporation
(Exact Name of registrant as specified in its charter)

Delaware	63-0591257
(State or other jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

AmSouth--Sonat Tower 1900 Fifth Avenue North Birmingham, Alabama	35203
(Address of principal executive offices)	(Zip Code)

(205) 320-7151
(Registrant's telephone number, including area code)

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 X   No

As of April 30, 2001, AmSouth Bancorporation had 370,360,331 shares of common stock outstanding.

AMSOUTH BANCORPORATION

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Forward-Looking Statements. Statements made in this report that are not purely historical are forward-looking statements (as defined in the Private Securities Litigation Reform Act of 1995), including any statements regarding descriptions of management's plans, objectives or goals for future operations, products or services, and forecasts of its revenues, earnings or other measures of performance. Factors that could cause future results to vary from current management expectations include, but are not limited to: legislation; general economic conditions, especially in the Southeast; changes in interest rates; deposit flows; the cost of funds; cost of federal deposit insurance premiums; demand for loan products; demand for financial services; competition; changes in the quality or composition of AmSouth's loan and investment portfolios; changes in accounting principles, policies or guidelines; other economic, competitive, governmental, regulatory, and technical factors affecting AmSouth's operations, products, services and prices; and the outcome of litigation, which is inherently uncertain and depends on the findings of judges and juries. Forward-looking statements in this report speak only as of the date of this report. AmSouth does not undertake a duty to update forward-looking statements to reflect circumstances or events that occur after the date the forward-looking statements are made.

PART I
FINANCIAL INFORMATION
Item 1. Financial Statements (Unaudited)

AMSOUTH BANCORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CONDITION
(Unaudited)

	March 31 2001	December 31 2000	March 31 2000
	(In thousands)		

ASSETS			
Cash and due from banks................	$ 1,153,243	$ 1,278,691	$ 1,541,259
Federal funds sold and securities purchased under agreements to resell...	1,651,419	2,155,665	57,843
Trading securities.....................	15,940	11,942	31,923
Available-for-sale securities..........	4,425,716	1,908,917	5,974,961
Held-to-maturity securities (market value of $4,686,230, $6,729,880 and $6,756,448, respectively).............	4,595,735	6,650,439	6,969,210
Loans held for sale....................	209,564	92,811	114,891
Loans..................................	24,981,703	25,088,186	26,912,786
Less: Allowance for loan losses.........	380,646	380,434	353,784
Unearned income......................	453,759	471,751	295,315
Net loans...........................	24,147,298	24,236,001	26,263,687
Other interest-earning assets..........	24,753	58,800	29,096
Premises and equipment, net............	635,888	634,201	681,999
Customers' acceptance liability.........	2,118	1,418	6,180
Accrued interest receivable and other assets...............................	1,964,137	1,907,093	2,019,124
	$38,825,811	$38,935,978	$43,690,173
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits and interest-bearing liabilities:			
Deposits:			
Noninterest-bearing demand.............	$ 4,649,832	$ 4,934,466	$ 5,030,443
Interest-bearing demand................	9,895,703	9,579,868	9,090,952
Savings................................	1,231,042	1,212,652	2,372,458
Time...................................	7,787,247	7,841,567	7,638,025
Foreign time...........................	269,584	503,414	1,440,749
Certificates of deposit of $100,000 or more................................	2,390,943	2,551,337	2,771,688
Total deposits......................	26,224,351	26,623,304	28,344,315
Federal funds purchased and securities sold under agreements to repurchase...	2,235,688	2,320,264	3,515,886
Other borrowed funds..................	233,963	536,848	1,841,519
Long-term Federal Home Loan Bank advances............................	5,189,381	4,898,308	5,417,765
Other long-term debt..................	1,003,580	985,097	980,913
Total deposits and interest-bearing liabilities........................	34,886,963	35,363,821	40,100,398
Acceptances outstanding................	2,118	1,418	6,180
Accrued expenses and other liabilities..	1,052,909	757,332	574,451
Total liabilities...................	35,941,990	36,122,571	40,681,029
Shareholders' equity:			
Preferred stock--no par value:			
Authorized--2,000,000 shares; Issued and outstanding--none................	-0-	-0-	-0-
Common stock--par value $1 a share:			
Authorized--750,000,000 shares; Issued--416,939,871, 416,941,331 and 416,948,890 shares, respectively......	416,940	416,941	416,949
Capital surplus.......................	692,032	691,677	690,954
Retained earnings.....................	2,509,653	2,466,048	2,533,827
Cost of common stock in treasury-- 45,808,835, 43,134,387 and 24,667,405			

shares, respectively..................	(697,930)	(651,328)	(355,574)
Deferred compensation on restricted stock................................	(17,494)	(2,381)	(5,308)
Accumulated other comprehensive loss...	(19,380)	(107,550)	(271,704)
Total shareholders' equity...........	2,883,821	2,813,407	3,009,144
	$38,825,811	$38,935,978	$43,690,173

See notes to consolidated financial statements.

AMSOUTH BANCORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF EARNINGS
(Unaudited)

	Three Months Ended March 31	
	2001	2000
	(In thousands except per share data)	
INTEREST INCOME		
Loans..	$525,454	$562,307
Available-for-sale securities.............................	72,422	100,615
Held-to-maturity securities...............................	74,826	115,055
Trading securities..	8	743
Loans held for sale.......................................	1,963	2,604
Federal funds sold and securities purchased under agreements to resell...	24,445	917
Other interest-earning assets.............................	699	457
Total interest income..................................	699,817	782,698
INTEREST EXPENSE		
Interest-bearing demand deposits..........................	83,607	71,725
Savings deposits..	4,909	16,589
Time deposits...	116,585	101,244
Foreign time deposits.....................................	3,797	17,757
Certificates of deposit of $100,000 or more................	38,467	38,260
Federal funds purchased and securities sold under agreements to repurchase..	27,617	51,454
Other borrowed funds......................................	4,508	26,611
Long-term Federal Home Loan Bank advances..................	74,355	73,956
Other long-term debt......................................	16,129	16,529
Total interest expense.................................	369,974	414,125
NET INTEREST INCOME.......................................	329,843	368,573
Provision for loan losses.................................	38,200	25,400
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES.........	291,643	343,173

NONINTEREST REVENUES		
Service charges on deposit accounts	59,871	56,853
Trust income	28,879	27,485
Consumer investment services income	23,672	64,627
Bank owned life insurance policies	14,081	12,218
Interchange income	13,046	12,015
Mortgage income	4,899	10,067
Portfolio income	2,943	4,129
Other noninterest revenues	34,910	32,643
Total noninterest revenues	182,301	220,037
NONINTEREST EXPENSES		
Salaries and employee benefits	141,732	150,583
Equipment expense	30,296	32,180
Net occupancy expense	27,813	29,949
Postage and office supplies	12,909	12,311
Communications expense	10,278	9,560
Amortization of intangibles	8,517	9,957
Marketing expense	8,507	11,993
Subscribers' commissions	-0-	30,594
Merger-related costs	-0-	21,954
Other noninterest expenses	48,015	46,276
Total noninterest expenses	288,067	355,357
INCOME BEFORE INCOME TAXES	185,877	207,853
Income taxes	59,666	68,916
NET INCOME	$126,211	$138,937
Average common shares outstanding	372,246	391,596
Earnings per common share	$ 0.34	$ 0.35
Diluted average common shares outstanding	374,940	394,502
Diluted earnings per common share	$ 0.34	$ 0.35

See notes to consolidated financial statements.

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AMSOUTH BANCORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
(Unaudited)

	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Deferred Compensation on Restricted Stock	Accumulated Other Comprehensive Loss	
				(In thousands)			
BALANCE AT JANUARY 1, 2001	$416,941	$691,677	$2,466,048	$(651,328)	$ (2,381)	$(107,550)	$2
Comprehensive income:							
Net income	-0-	-0-	126,211	-0-	-0-	-0-	
Other comprehensive							

income, net of tax:							
Cumulative effect of accounting change (net of $6,324 tax expense).............	-0-	-0-	-0-	-0-	-0-	32,262	
Net gain on derivative instruments (net of $3,917 tax expense)...	-0-	-0-	-0-	-0-	-0-	7,274	
Changes in unrealized gains and losses on available-for-sale securities, net of reclassification adjustment (net of $31,143 tax expense)..	-0-	-0-	-0-	-0-	-0-	48,634	
							--
Comprehensive income....							
Cash dividends declared..............	-0-	-0-	(81,311)	-0-	-0-	-0-	
Common stock transactions:							
Purchase of common stock................	-0-	-0-	-0-	(73,622)	-0-	-0-	
Employee stock plans...	(1)	355	(951)	23,887	(15,113)	-0-	
Dividend reinvestment plan.................	-0-	-0-	(344)	3,133	-0-	-0-	
	--------	--------	----------	---------	--------	---------	--
BALANCE AT MARCH 31, 2001..................	$416,940	$692,032	$2,509,653	$(697,930)	$(17,494)	$ (19,380)	$2
	========	========	==========	=========	========	=========	==
Disclosure of reclassification amount:							
Unrealized holding gains on available-for-sale securities arising during the period......						$ 50,187	
Less: Reclassification adjustment for gains realized in net income................						1,553	

Net unrealized gains on available-for-sale securities, net of tax...................						$ 48,634	
						=========	

See notes to consolidated financial statements.

AMSOUTH BANCORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

Three Months Ended

	March 31 2001	March 31 2000
	(In thousands)	
OPERATING ACTIVITIES		
Net income	$ 126,211	$ 138,937
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	38,200	25,400
Depreciation and amortization of premises and equipment	21,607	21,887
Amortization of premiums and discounts on held-to-maturity securities and available-for-sale securities	(916)	515
Noncash portion of merger-related costs	-0-	3,941
Net gain on branch sale	-0-	(5,007)
Net (increase) decrease in loans held for sale	(116,753)	56,499
Net (increase) decrease in trading securities	(5,204)	19,537
Net gains on sales of available-for-sale securities	(2,488)	(3,266)
Gains on sales of loans to dealer conduits	-0-	(1,404)
Gains on sales of loans to mortgage conduits	-0-	(7,291)
Net loss on loans held for accelerated disposition	-0-	1,551
Net increase in accrued interest receivable and other assets	(41,367)	(148,415)
Net increase (decrease) in accrued expenses and other liabilities	87,670	(81,904)
Provision for deferred income taxes	50,828	68,916
Amortization of intangible assets	8,506	9,924
Other operating activities, net	9,565	11,755
Net cash provided by operating activities	175,859	111,575
INVESTING ACTIVITIES		
Proceeds from maturities and prepayments of available-for-sale securities	158,045	142,464
Proceeds from sales of available-for-sale securities	100,784	139,718
Purchases of available-for-sale securities	(444,197)	(355,003)
Proceeds from maturities, prepayments and calls of held-to-maturity securities	175,838	239,242
Purchases of held-to-maturity securities	(204,683)	(159,177)
Net decrease in federal funds sold and securities purchased under agreements to resell	504,246	74,840
Net decrease (increase) in other interest-earning assets	34,047	(11,232)
Net decrease (increase) in loans, excluding dealer securitization and mortgage and dealer conduits sales	36,065	(1,158,259)
Proceeds from sales of loans to dealer conduits	-0-	250,182
Proceeds from sales of loans to mortgage conduits	-0-	500,038
Net purchases of premises and equipment	(23,294)	(25,579)
Net cash from sales of branches, business operations, subsidiaries and other assets	-0-	(28,240)
Net cash provided (used) by investing activities	336,851	(391,006)
FINANCING ACTIVITIES		
Net (decrease) increase in deposits	(398,953)	473,466
Net decrease in federal funds purchased and securities sold under agreements to repurchase	(84,576)	(579,861)

Net decrease in other borrowed funds	(302,885)	(294,201)
Issuance of long-term Federal Home Loan Bank advances and other long-term debt	500,000	2,625,000
Payments for maturing long-term debt	(208,927)	(1,828,266)
Cash dividends paid	(79,065)	(151,612)
Proceeds from employee stock plans and dividend reinvestment plan	9,870	16,183
Purchase of common stock	(73,622)	(5,828)
Net cash (used) provided by financing activities	(638,158)	254,881
Decrease in cash and cash equivalents	(125,448)	(24,550)
Cash and cash equivalents at beginning of period	1,278,691	1,565,809
Cash and cash equivalents at end of period	$1,153,243	$ 1,541,259

See notes to consolidated financial statements.

AMSOUTH BANCORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Three Months Ended March 31, 2001 and 2000

General--The consolidated financial statements conform to accounting principles generally accepted in the United States. The accompanying interim financial statements are unaudited; however, in the opinion of management, all adjustments necessary for the fair presentation of the consolidated financial statements have been included. All such adjustments are of a normal recurring nature. Certain amounts in the prior year's financial statements have been reclassified to conform with the 2001 presentation. These reclassifications had no effect on net income. The notes included herein should be read in conjunction with the notes to consolidated financial statements included in AmSouth Bancorporation's (AmSouth) 2000 annual report on Form 10-K.

Accounting Changes--Effective January 1, 2001, AmSouth adopted Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and for Hedging Activities," (Statement 133) as amended, and, at that time, designated anew the derivative instruments used for risk management into hedging relationships in accordance with the requirements of the new standard. Derivative instruments used to hedge changes in the fair value of assets and liabilities due to changes in interest rates were designated as fair value hedges. Derivative instruments used to hedge the variability of forecasted cash flows attributable to interest rate risk were designated as cash flow hedges. The impact of adopting Statement 133 on AmSouth's financial condition was a net-of-tax increase to other comprehensive income of approximately $5,650,000, of which $2,031,000 is expected to be reclassified into earnings during 2001 due to the receipt of variable interest on its hedged variable rate loans. The impact to net income of adopting Statement 133 was immaterial. AmSouth also recorded an increase to other comprehensive income of $26,612,000 as a result of transferring $2,107,919,000 of securities from held-to-maturity to available-for-sale in conjunction with the adoption of Statement 133. The transition amounts were determined based on the interpretive guidance issued by the Financial Accounting Standards Board (FASB) to date. The FASB continues to issue interpretive guidance which could require changes to AmSouth's application of Statement 133 and adjustments to the transition amounts.

In September 2000, Statement of Financial Accounting Standards No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities" (Statement 140), was issued by the FASB. Statement 140 replaces Statement 125, issued in June 1996. Statement 140 revises the standards for accounting for securitizations and other transfers of financial assets and collateral and requires certain disclosures, but carries over most of Statement 125's provisions without reconsideration. Statement 140 is effective for transfers occurring after March 31, 2001, except for certain paragraphs related to the isolation standards for financial institutions subject to receivership by the FDIC or other affected entities. For these entities, Statement 140's isolation standards would be effective for transfers of financial assets occurring after December 31, 2001. Therefore, affected institutions will have until December 31, 2001, to modify documents establishing securitization structures to comply with the new isolation standards. AmSouth is reviewing its conduit and securitization structures under this new guidance and plans to make any necessary revisions in the structure of these transactions to ensure these sales comply with the new guidance. The expanded disclosures about securitizations and collateral are effective for fiscal years ending after December 15, 2000. The adoption of Statement 140 will not have a material impact on AmSouth's financial condition or results of operations.

Cash Flows--For the three months ended March 31, 2001 and 2000, AmSouth paid interest of $371,005,000 and $401,652,000, respectively. During the three months ended March 31, 2001, AmSouth received income tax refunds of $38,686,000, and during the three months ended March 31, 2000, AmSouth paid income taxes of $558,000. Noncash transfers from loans to foreclosed properties for the three months ended March 31, 2001 and 2000, were $5,551,000 and $10,104,000, respectively, and noncash transfers from foreclosed properties to loans were $85,000 and $164,000, respectively. For the three months ended March 31, 2000, noncash transfers from loans to available-for-sale securities and to other assets of approximately $9,450,000 and $229,000, respectively, were made in connection with the participation of mortgages to third-party conduits.

Derivatives--In accordance with Statement 133, AmSouth recognizes all of its derivative instruments as either assets or liabilities in the statement of financial condition at fair value. For those derivative instruments that are designated and qualify as hedging instruments, AmSouth designates the hedging instrument, based upon the exposure being hedged, as either a fair value hedge or a cash flow hedge.

For derivative instruments that are designated and qualify as fair value hedges, the gain or loss on the derivative instrument as well as the offsetting loss or gain on the hedged item attributable to the hedged risk are recognized in other noninterest revenue during the period of the change in fair values. For derivative instruments that are designated and qualify as cash flow hedges, the effective portion of the gain or loss on the derivative instrument is reported as a component of other comprehensive income and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. The remaining gain or loss on the derivative instrument in excess of the cumulative change in the present value of future cash flows of the hedged item, if any, is recognized in other noninterest income during the period of change. For derivative instruments not designated as hedging instruments, the gain or loss is recognized in current earnings during the period of change.

Fair Value Hedging Strategy--AmSouth has entered into interest rate swap agreements for interest rate risk exposure management purposes. The interest rate swap agreements utilized by AmSouth effectively modify AmSouth's exposure to interest risk by converting a portion of AmSouth's fixed-rate certificates of deposit to floating rate. AmSouth also has interest rate swap agreements which effectively convert portions of its fixed-rate long-term debt to floating rate. During the period ended March 31, 2001, AmSouth recognized a net gain of $50,000 related to the ineffective portion of its hedging instruments.

Cash Flow Hedging Strategy--AmSouth has entered into interest rate swap agreements that effectively convert a portion of its floating-rate loans to a fixed-rate basis, thus reducing the impact of interest-rate changes on future interest income. Approximately $925,000,000 of AmSouth's loans were designated as the hedged items to the interest rate swaps agreements at March 31, 2001. During the period ended March 31, 2001, AmSouth recognized a net gain of $138,000 related to the ineffective portion of its hedging instruments.

Comprehensive Income--Total comprehensive income was $214.4 million and $116.1 million for the three months ended March 31, 2001 and 2000, respectively. Total comprehensive income consists of net income, the change in the unrealized gains or losses on AmSouth's available-for-sale securities portfolio arising during the period and the effective portion of cash flow hedges marked to market.

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Earnings Per Common Share--The following table sets forth the computation of earnings per common share and diluted earnings per common share:

	Three Months Ended March 31	
	2001	2000
	(In thousands except per share data)	
Earnings per common share computation:		
Numerator:		
Net income	$126,211	$138,937
Denominator:		
Average common shares outstanding	372,246	391,596
Earnings per common share	$ .34	$ .35
Diluted earnings per common share computation:		
Numerator:		
Net income	$126,211	$138,937
Denominator:		
Average common shares outstanding	372,246	391,596
Dilutive shares contingently issuable	2,694	2,906
Average diluted common shares outstanding	374,940	394,502
Diluted earnings per common share	$ .34	$ .35

Shareholders' Equity--On April 20, 2000, AmSouth's Board of Directors approved the repurchase by AmSouth of up to 35.0 million shares of its outstanding common stock over a two year period for the purpose of funding employee benefit and dividend reinvestment plans and for general corporate purposes. Through March 31, 2001, 26.7 million shares have been purchased under this authorization at a cost of $443.3 million. Cash dividends of $0.21 per common share were declared in the first quarter of 2001. This represents a five percent increase over the dividend paid during the first quarter of 2000.

Business Segment Information--AmSouth has three reportable segments: Consumer Banking, Commercial Banking, and Wealth Management. Treasury & Other is comprised of balance sheet management activities that include the investment portfolio, nondeposit funding and off-balance sheet financial instruments. Treasury & Other also includes income from bank owned life insurance policies, net gains on sales of fixed assets, merger-related costs, and corporate expenses such as corporate overhead and goodwill amortization. As a result of the sale of IFC Holdings, Inc. (IFC) at the end of the third quarter of 2000, all revenues and expenses of IFC for 2000 have been reclassified into Treasury & Other from Wealth Management. The following is a summary of the segment performance for the three months ended March 31, 2001 and 2000:

	Consumer Banking	Commercial Banking	Wealth Management	Treasury & Other	Total
	(In thousands)				
Three Months Ended March 31, 2001					
Net interest income from external customers........	$ 96,606	$ 176,833	$ (388)	$ 56,792	$329,843
Internal funding...........	135,514	(81,114)	1,197	(55,597)	-0-
Net interest income........	232,120	95,719	809	1,195	329,843
Noninterest revenues.......	81,282	25,462	52,724	22,833	182,301
Total revenues.............	313,402	121,181	53,533	24,028	512,144
Provision for loan losses..	28,652	9,336	-0-	212	38,200
Noninterest expenses.......	170,642	46,523	39,227	31,675	288,067
Income/(loss) before income taxes.....................	114,108	65,322	14,306	(7,859)	185,877
Income taxes/(benefits)....	42,951	24,519	5,360	(13,164)	59,666
Segment net income.........	$ 71,157	$ 40,803	$ 8,946	$ 5,305	$126,211
Three Months Ended March 31, 2000					
Net interest income from external customers........	$112,689	$ 209,991	$ (162)	$ 46,055	$368,573
Internal funding...........	115,712	(103,857)	601	(12,456)	-0-
Net interest income........	228,401	106,134	439	33,599	368,573
Noninterest revenues.......	82,119	20,993	46,959	69,966	220,037
Total revenues.............	310,520	127,127	47,398	103,565	588,610
Provision for loan losses..	21,270	4,114	-0-	16	25,400
Noninterest expenses.......	179,665	39,512	39,918	96,262	355,357
Income before income taxes.....................	109,585	83,501	7,480	7,287	207,853

Income taxes/(benefits)....	41,204	31,396	2,813	(6,497)	68,916
Segment net income.........	$ 68,381	$ 52,105	$ 4,667	$ 13,784	$138,937

Securitizations--During the period ended March 31, 2001, there were no securitizations or transfers to the dealer conduits or residential mortgage conduits. Therefore, no gains or losses on transfers were recognized during the period ended March 31, 2001. No gains or losses were recognized on commercial loans sold to third-party conduits nor was any retained interest recorded due to the relatively short life of the commercial loans sold into the conduits (average life of 30 days). The following table provides the assumptions used in the subsequent valuation of retained interests at March 31, 2001, the cash flows received from and paid to third-party conduits and securitization trusts during the year and the sensitivity of the current fair value of residual cash flows to a hypothetical immediate 10 and 20 percent adverse change in the current assumptions:

	Residential Mortgage Conduit	Dealer Conduit	Dealer Securitization
	(Dollars in millions)		
Cash flow information:			
Servicing fees and retained interests.....................	$ 7.6	$ 5.3	$ 2.1
Valuation assumptions at March 31, 2001:			
Discount rate..................	15-20%	15%	15%
Prepayment rate................	15-25% CPR	1 1/2% ABS	1 1/2% ABS
Weighted average life (years)..	3.61	1.34	1.41
Expected credit losses.........	.15%	1.35%	1.33%
Residual cash flow sensitivity:			
Fair value of servicing and retained interests at March 31, 2001......................	$ 57.5	$19.8	$36.2
Prepayment speed:			
10% change..................	(3.8)	(1.1)	(0.2)
20% change..................	(6.2)	(2.7)	(0.4)
Credit losses:			
10% change..................	(0.2)	(0.2)	(1.0)
20% change..................	(0.5)	(0.9)	(2.0)

This sensitivity test is hypothetical and isolates the potential impact of changes in a single assumption on total fair value. These and other assumptions used in the calculation of fair values may in fact exhibit some correlation (which would potentially magnify the impact of a scenario) or may exhibit some negative correlation (which would potentially have some partial offsetting benefit). Also, changes in assumptions do not provide linear results. Thus, it is not possible to extrapolate the impact of other scenarios from these projections.

The following table presents managed loan information on loans which have been securitized or sold to conduits. This information includes the total principal amount outstanding, the portion that has been derecognized and the portion that continues to be recognized in the statement of financial condition as of March 31, 2001, along with quantitative information about delinquencies and net credit losses (in millions). The following table includes commercial loans sold to third-party conduits, residential mortgages and dealer loans sold to third-party conduits during prior years, dealer loans securitized in 2000, and mortgage loans which were securitized through REMICS in 1998:

	Residential Mortgages	Dealer Loans	Other Residential Mortgages	Commercial Loans
	(Dollars in millions)			
Outstanding as of 3/31/01:				
Loans held in portfolio...........	$1,495	$3,069	$4,713	$ 8,758
Loans securitized/sold............	2,538	1,474	-0-	1,826
REMIC (bond portfolio)............	142	-0-	249	-0-
Total managed loans..............	$4,175	$4,543	$4,962	$10,584
Total delinquencies at 3/31/01.....	$ 102	$ 103	$ 123	$ 231
Delinquencies as a percent of ending managed loans..............	2.44%	2.26%	2.48%	2.18%
Net credit losses during 2001......	$ 0.4	$ 14	$ 2	$ 15
Net credit losses as a percent of ending managed loans..............	0.04%	1.26%	0.18%	0.57%

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Independent Accountants' Review Report

The Board of Directors
AmSouth Bancorporation

We have reviewed the accompanying consolidated statement of condition of AmSouth Bancorporation and subsidiaries as of March 31, 2001 and 2000, and the related consolidated statement of earnings and cash flows for the three-month periods ended March 31, 2001 and 2000, and the consolidated statement of shareholders' equity for the three-month period ended March 31, 2001. These financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with the standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data, and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States, which will be performed for the full year with the objective of expressing an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements referred to above for them to be in conformity with accounting principles generally accepted in the United States.

We have previously audited, in accordance with auditing standards generally accepted in the United States, the consolidated statement of condition of AmSouth Bancorporation and subsidiaries as of December 31, 2000, and the related consolidated statements of earnings, shareholders' equity, and cash flows for the year then ended (not presented herein) and in our report dated January 31, 2001, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated statement of condition as of December 31, 2000 is fairly stated, in all material respects, in relation to the consolidated statement of condition from which it has been derived.

/s/ ERNST & YOUNG LLP

May 11, 2001

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

Overview

AmSouth Bancorporation (AmSouth) recorded net income for the quarter ended March 31, 2001 of $126.2 million, a 9.2 percent decrease compared to last year's first quarter earnings of $138.9 million. Diluted earnings per share was $.34 for the first quarter of 2001, down 2.9 percent from $.35 for the same period of 2000. Return on average assets was 1.33 percent for the first quarter of 2001 compared to 1.28 percent for the same period in 2000. Return on equity decreased to 18.08 percent for the first three months of 2001 from 18.96 percent for the first quarter of 2000. The decrease in net income reflected lower net interest income and noninterest revenues as well as higher provision charges for loan losses. These items were offset by an 18.9 percent decrease in noninterest expenses in the quarter compared to the same period in 2000. The year over year decrease reflects the impact of the sale of approximately $5 billion in earning assets during 2000 and the third quarter sale of IFC Holdings, Inc. (IFC). See "Net Interest Income" and "Noninterest Revenues and Noninterest Expenses" for additional discussion.

Total assets at March 31, 2001 were $38.8 billion compared to $43.7 billion at March 31, 2000, while total interest-earning assets were $35.3 billion at March 31, 2001 compared to $39.9 billion at the end of the first quarter of 2000. These decreases reflected the impact of securities and loans sales associated with the third quarter 2000 financial restructuring. Loans net of unearned income at March 31, 2001 decreased $2.1 billion from March 31, 2000 to $24.5 billion. The investment portfolio, which consists of available-for-sale (AFS) and held-to-maturity (HTM) securities, decreased to $9.0 billion at March 31, 2001, compared to $12.9 billion at March 31, 2000, primarily as a result of the balance sheet restructuring in the third quarter of 2000. On January 1, 2001, AmSouth transferred approximately $2.1 billion of securities from HTM to AFS in conjunction with AmSouth's adoption of Statement 133.

On the funding side of the balance sheet, total deposits at March 31, 2001 decreased by $2.1 billion compared to March 31, 2000. Excluding the $1.2 billion decrease in foreign time deposits (Eurodollar deposits), domestic deposits declined by $949 million. Decreases in domestic deposits occurred in noninterest-bearing demand deposits and savings deposits. These decreases were partially offset by increases in interest-bearing demand deposits and time deposits. Federal funds purchased and securities sold under agreements to repurchase and other borrowed funds decreased by $1.3 billion and $1.6 billion, respectively, compared to March 31, 2000. The decrease reflects the use of proceeds from the restructuring transactions to reduce short-term borrowings including foreign time deposits.

Net Interest Income

Net interest income (NII) on a fully taxable equivalent basis for the three months ended March 31, 2001 was $329.8 million, a decrease of $38.7 million, or 10.5%, as compared to the first quarter of 2000. The decrease in net interest income was primarily due to a decrease in average interest-earning assets for the quarter, resulting from the third quarter 2000 financial restructuring. Average interest-earning assets for the first quarter of 2001 were $35.1 billion, a decrease of $4.9 billion from the same period of 2000. However, the net interest margin improved 16 basis points to 3.93% as the financial restructuring removed lower yielding assets from the balance sheet and freed up funds to pay down higher cost borrowings. Average borrowings for the quarter decreased to $8.7 billion, a $3.5 billion decrease from $12.2 billion during the first quarter of 2000. Further margin expansion was limited by AmSouth's $1.7 billion average position in lower-yielding federal funds sold and securities purchased under agreements to resell during the first quarter. As loan demand accelerates, AmSouth's plan is to shift these funds into higher yielding loans, raising the level of loans on the balance sheet and expanding the margin. Future interest-earning asset growth is expected to moderate in a range of four to six percent on an annualized basis. Management is also actively working to increase core deposits as a means of funding asset growth. AmSouth expects its net interest margin to improve to a range of 4.00 to 4.20 percent for the full year 2001.

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Asset/Liability Management

AmSouth maintains a formal asset and liability management process to quantify, monitor and control interest rate risk and to assist management in maintaining stability in the net interest margin under varying interest rate environments. AmSouth accomplishes this process through the development and implementation of lending, funding, pricing and hedging strategies designed to maximize NII performance under varying interest rate environments subject to specific liquidity and interest rate risk guidelines.

An earnings simulation model is the primary tool used to assess the direction and magnitude of changes in NII resulting from changes in interest rates. Key assumptions in the model include prepayment speeds on mortgage-related assets; cash flows and maturities of derivatives and other financial instruments held for purposes other than trading; changes in market conditions, loan volumes and pricing; deposit volume, mix and rate sensitivity; customer preferences; and management's financial and capital plans. These assumptions are inherently uncertain, and, as a result, the model cannot precisely estimate NII or precisely predict the impact of higher or lower interest rates on NII. Actual results will differ from simulated results due to timing, magnitude and frequency of interest rate changes and changes in market conditions and management's strategies, among other factors.

Based on the results of the simulation model as of March 31, 2001, AmSouth would expect NII to increase $8 million or approximately 0.5 percent and decrease $10 million or approximately 0.7 percent if interest rates gradually increase or decrease, respectively, from current rates by 100 basis points over a 12-month period. This level of interest rate risk is within AmSouth's policy guidelines. As of March 31, 2000, the simulation model indicated that NII would decrease $36.9 million and increase $35.6 million if interest rates gradually increased or decreased, respectively, from their current rates by 100 basis points over a 12-month period.

The reduction in AmSouth's interest sensitivity compared to the first quarter of 2000 was primarily the result of the financial restructuring initiated in the third quarter of 2000. As part of the financial restructuring, AmSouth sold $4.0 billion of low-yielding fixed-rate investment securities and securitized and sold approximately $1.0 billion of low-yielding fixed-rate automobile loans. These fixed-rate assets were primarily funded by floating-rate overnight and other short-term borrowings. This action reduced the impact of interest rate fluctuations on NII. In comparison to December 31, 2000 results, the simulation model at March 31, 2001 showed a slight increase in AmSouth's interest rate sensitivity. The change in the results of the simulation model reflected an extension of the maturities of commercial paper used by off-balance sheet conduits to fund loans previously purchased from AmSouth. The extension of the commercial paper maturities, which occurred during the first quarter of 2001, reduced the impact of interest rate changes, over a 12-month period, on the interest spread received by AmSouth on these loans. In addition, changes in the market dynamics as a result of Federal Reserve rate cuts during the first quarter, changes in the forecasted mix of earning assets and changes in AmSouth's deposit pricing strategy also impacted the change in the interest sensitivity results from year-end results.

As part of its activities to manage interest rate risk, AmSouth, from time to time, utilizes various derivative instruments such as interest rate swaps, caps and floors. There were maturities, calls and closeouts of interest rate swaps totaling $70 million during the first three months of 2001. At March 31, 2001, AmSouth had interest rate swaps, all of which receive fixed rates, totaling a notional amount of $2.6 billion. At March 31, 2001, AmSouth also held other derivative instruments to provide customers and AmSouth a means of managing the risks of changing interest and foreign exchange rates. These other derivative instruments were immaterial.

Credit Quality

AmSouth maintains an allowance for loan losses which management believes is adequate to absorb losses inherent in the loan portfolio. A formal review is prepared quarterly to assess the risk in the portfolio and to determine the adequacy of the allowance for loan losses. The review includes analyses of historical performance, the level of nonperforming and adversely rated loans, specific analyses of certain problem loans, loan activity since the previous quarter, reports prepared by the Credit Review Department, consideration of current economic conditions, and other pertinent information. The level of allowance to net loans outstanding will vary depending on the overall results of this quarterly review. The review is presented to and subsequently approved by senior management and reviewed by the Audit and Community Responsibility Committee of the Board of Directors.

Table 5 presents a five-quarter analysis of the allowance for loan losses. At March 31, 2001, the allowance for loan losses was $380.6 million, or 1.55% of loans net of unearned income, compared to $353.8 million, or 1.33%, for the prior year. This increase primarily reflects a deterioration of credit quality in AmSouth's syndicated commercial loan portfolio primarily due to a weakening economy. The coverage ratio of the allowance for loan losses to nonperforming loans was 181.84% at March 31, 2001, a decrease from the March 31, 2000 ratio of 289.12%.

Net charge-offs for the quarter ended March 31, 2001, were $38.0 million, an increase of $12.6 million from $25.4 million a year earlier. Annualized net charge-offs to average loans net of unearned income were .63% and .38%, respectively, for the three months ended March 31, 2001 and 2000. The increase in net charge-offs occurred primarily in the commercial loan and the dealer indirect automobile portfolios and primarily reflected the impact of a slowing economy. Commercial loan net charge-offs increased $7.4 million for the three months versus the same period of 2000. Net charge-offs in AmSouth's dealer indirect portfolio increased $1.9 million for the first three months of 2001 versus the same period of the prior year. In addition, net charge-offs for the revolving credit portfolio and other consumer portfolio increased $1.6 million and $1.1 million, respectively, for the three months ended March 31, 2001 versus the same period of the prior year. Annualized net charge-offs for the commercial and consumer loan portfolios were .40% and 1.03%, respectively, for the three months ended March 31, 2001, compared to .17% and .74%, respectively, for the same period of 2000. Consistent with the increased charge-offs, the provision for loan losses for the first quarter was $38.2 million compared to $25.4 million for the year-earlier period.

Table 6 presents a five-quarter comparison of the components of nonperforming assets. At March 31, 2001, nonperforming assets as a percentage of loans net of unearned income, foreclosed properties and repossessions increased 38 basis points to .93% compared to .55% at March 31, 2000. The level of nonperforming assets increased $82.4 million during the same period.

Included in nonperforming assets at March 31, 2001 and 2000, was $152.5 million and $58.3 million, respectively, in loans that were considered to be impaired, substantially all of which were on a nonaccrual basis. Collateral-dependent loans, which were measured at the fair value of the collateral, constituted a majority of these impaired loans. At March 31, 2001 and 2000, there was $59.3 million and $21.2 million, respectively, in the allowance for loan losses specifically allocated to these impaired loans. The average balance of impaired loans for the three months ended March 31, 2001 and 2000, was $128.5 million and $63.7 million, respectively. AmSouth recorded no material interest income on its impaired loans during the three months ended March 31, 2001.

Noninterest Revenues and Noninterest Expenses

For the three months ended March 31, 2001, noninterest revenues (NIR) totaled $182.3 million, compared to $220.0 million for the prior-year period, a 17.1% decrease. The decrease in NIR was primarily due to the sale of IFC in the third quarter of 2000. Excluding the revenues from IFC, NIR in the first quarter of 2001 would have shown an increase of 4.9% from an adjusted $173.8 million of NIR in 2000. This increase in NIR versus the prior year first quarter was primarily due to higher consumer investment services income, service charges on deposits, trust income and bank owned life insurance (BOLI) income offset by a decrease in mortgage and portfolio income. IFC contributed $44.4 million of consumer investment services income during the first quarter of 2000. Excluding IFC, consumer investment services income in the first quarter of 2001 increased by $3.4 million or approximately 17.0 percent versus the first quarter of 2000. The increase reflected higher annuity income associated with the continued strong performance of AmSouth's platform annuity sales program. The increase in service charge income was primarily the result of higher treasury management fees as a result of higher sales to corporate customers and new opportunities created by the merger with First American Corporation (First American). The increase in service charge income also reflected higher revenue from overdraft and NSF fees. Trust income increased by $1.4 million compared to the same period of 2000 adjusted for the impact of the IFC sale. The growth occurred despite the substantial declines in the capital markets and was primarily generated from new business won during the fourth and first quarters as well as early stage success with AmSouth's wealth management initiative. Income from BOLI increased $1.9 million as a result of AmSouth receiving a benefit payment in the first quarter of 2001. Partially offsetting these increases was a decrease in mortgage income of

0$5.2 million compared to the first quarter of 2000. This decline reflected a $7.3 million decrease in gains from the sale of mortgage loans to third-party conduits offset by higher gains on the sale of mortgage servicing of approximately $2.1 million. Portfolio income decreased as a result of fewer sales of available-for-sale securities in 2001. Management anticipates that sustainable noninterest revenue growth in a range of five to eight percent may be achievable with the strongest growth coming in consumer investment services.

Noninterest expenses decreased 18.9% to $288.1 million at March 31, 2001, compared to $355.4 million for the prior year. Excluding the impact of merger-related charges and expenses related to IFC recorded in the first quarter of 2000, NIE decreased 1.9 percent or $5.5 million in the first quarter of 2001 compared to $293.5 million in the same period of 2000. Salaries and employee benefits decreased $4.2 million when compared to the same period a year ago adjusted for the IFC sale. This decrease reflects synergies achieved as a result of the merger with First American partially offset by merit increases. Excluding the impact of IFC, marketing expense decreased $3.4 million or 28.8% to $8.5 million primarily due to cost control initiatives implemented in 2000. Equipment expense, excluding IFC, decreased 5.7% to $30.3 million, primarily due to synergies achieved as a result of the merger with First American. Net occupancy expense, adjusted for the IFC sale, decreased $1.3 million due primarily to branch closures and sales. As a result of the sale of IFC, no expense for subscriber commissions occurred in the first quarter of 2001, compared to $30.6 million in the same period last year. Partially offsetting these decreases was an increase in other noninterest expenses associated with higher collection charges and non-credit losses.

Capital Adequacy

At March 31, 2001, shareholders' equity totaled $2.9 billion or 7.4% of total assets. Since December 31, 2000, shareholders' equity increased $70.4 million primarily as a result of net income for the quarter of $126.2 million. In addition, shareholders' equity increased $75.2 million as a result of higher valuation of the AFS portfolio, of which $26.6 million was a result of transferring approximately $2.1 billion of securities from held-to-maturity to available-for-sale in conjunction with AmSouth's adoption of Statement 133. The increase in shareholders' equity also reflected $12.9 million of other comprehensive income associated with cash flow hedges, of which $5.7 million related to the initial adoption of Statement 133. These increases in shareholders' equity were offset by the declaration of dividends of $81.3 million and the purchase of 4.3 million shares of AmSouth common stock for $73.6 million during the first quarter.

Table 9 presents the capital amounts and risk-adjusted capital ratios for AmSouth and AmSouth Bank at March 31, 2001 and 2000. At March 31, 2001, AmSouth exceeded the regulatory minimum required risk-adjusted Tier 1 Capital Ratio of 4.00% and risk-adjusted Total Capital Ratio of 8.00%. In addition, the risk-adjusted capital ratios for AmSouth Bank were above the regulatory minimums, and the Bank was well capitalized at March 31, 2001.

Table 1--Financial Summary

	March 31		
	2001	2000	% Change
	(In thousands)		
Balance sheet summary			
End-of-period balances:			
Loans net of unearned income................	$24,527,944	$26,617,471	(7.9)%
Total assets................................	38,825,811	43,690,173	(11.1)
Total deposits..............................	26,224,351	28,344,315	(7.5)
Shareholders' equity........................	2,883,821	3,009,144	(4.2)
Year-to-date average balances:			
Loans net of unearned income................	$24,645,798	$26,681,345	(7.6)%
Total assets................................	38,498,447	43,594,571	(11.7)
Total deposits..............................	26,077,285	27,830,850	(6.3)
Shareholders' equity........................	2,831,229	2,947,234	(3.9)

	Three Months Ended March 31		
	2001	2000	% Change
	(In thousands except per share data)		
Earnings summary			
Net income..................................	$ 126,211	$ 138,937	(9.2)%
Earnings per common share...................	0.34	0.35	(2.9)
Diluted earnings per common share...........	0.34	0.35	(2.9)
Return on average assets (annualized).......	1.33%	1.28%	
Return on average equity (annualized).......	18.08	18.96	
Operating efficiency........................	55.12	59.71	
Selected ratios			
Average equity to assets....................	7.35%	6.76%	
End-of-period equity to assets..............	7.43	6.89	
End-of-period tangible equity to assets.....	6.63	6.00	
Allowance for loan losses to loans net of unearned income............................	1.55	1.33	
Common stock data			
Cash dividends declared.....................	$ 0.21	$ 0.20	
Book value at end of period.................	7.77	7.67	
Market value at end of period...............	16.81	14.94	
Average common shares outstanding...........	372,246	391,596	
Average common shares outstanding-diluted...	374,940	394,502	

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Table 2--Quarterly Yields Earned on Average Interest-Earning Assets and Rates Paid on Average Interest-Bearing Liabilities

	2001		
	First Quarter	Fourth Quarter	Third Quarte

	Average Balance	Revenue/ Expense	Yield/ Rate	Average Balance	Revenue/ Expense	Yield/ Rate	Average Balance	Revenu Expens
					(Taxable equivalent basis-dolla			
Assets								
Interest-earning assets:								
Loans net of unearned income..	$24,645,798	$530,572	8.73%	$24,599,887	$556,775	9.00%	$25,613,223	$573,6
Available-for-sale securities:								
Taxable..........	3,900,993	71,850	7.47	1,869,932	34,361	7.31	5,678,994	94,7
Tax-free.........	95,192	1,830	7.80	62,293	1,136	7.25	64,747	1,1
Total available-for-sale securities.......	3,996,185	73,680	7.48	1,932,225	35,497	7.31	5,743,741	95,9
Held-to-maturity securities:								
Taxable..........	4,256,209	72,571	6.91	6,298,607	108,737	6.87	6,445,507	110,9
Tax-free.........	347,660	6,316	7.37	395,589	7,078	7.12	397,506	7,1
Total held-to-maturity securities.......	4,603,869	78,887	6.95	6,694,196	115,815	6.88	6,843,013	118,1
Total investment securities......	8,600,054	152,567	7.19	8,626,421	151,312	6.98	12,586,754	214,0
Other interest-earning assets...	1,883,404	27,115	5.84	2,120,770	36,453	6.84	258,080	4,2
Total interest-earning assets...	35,129,256	710,254	8.20	35,347,078	744,540	8.38	38,458,057	791,9
Cash and other assets............	3,710,493			3,660,557			3,929,663	
Allowance for loan losses............	(381,223)			(367,361)			(348,796)	
Market valuation on available-for-sale securities...	39,921			(8,998)			(178,535)	
	$38,498,447			$38,631,276			$41,860,389	
Liabilities and Shareholders' Equity								
Interest-bearing liabilities:								
Interest-bearing demand deposits..	$ 9,707,570	83,607	3.49	$ 9,401,061	88,712	3.75	$ 9,502,341	87,3
Savings deposits.........	1,211,685	4,909	1.64	1,244,649	5,224	1.67	1,333,857	5,6
Time deposits....	7,824,754	116,585	6.04	8,010,342	122,922	6.10	7,816,704	115,8
Foreign time deposits.........	332,426	3,797	4.63	397,954	5,622	5.62	1,234,991	19,8
Certificates of deposit of $100,000 or more............	2,518,103	38,467	6.20	2,659,888	42,201	6.31	2,861,681	45,0
Federal funds								

purchased and securities sold under agreements to repurchase....	2,341,302	27,617	4.78	2,388,137	32,909	5.48	3,540,942	53,0
Other interest-bearing liabilities......	6,383,876	94,992	6.03	6,485,954	102,391	6.28	7,411,097	118,1
Total interest-bearing liabilities......	30,319,716	369,974	4.95	30,587,985	399,981	5.20	33,701,613	444,8
Net interest spread...........			3.25%			3.18%		
Noninterest-bearing demand deposits..........	4,482,747			4,527,554			4,640,946	
Other liabilities.......	864,755			758,421			744,397	
Shareholders' equity...........	2,831,229			2,757,316			2,773,433	
	$38,498,447			$38,631,276			$41,860,389	
Net interest income/margin on a taxable equivalent basis............		340,280	3.93%		344,559	3.88%		347,0
Taxable equivalent adjustment:								
Loans............		5,118			18,786			3,7
Available-for-sale securities..		1,257			882			8
Held-to-maturity securities.......		4,062			4,775			4,7
Trading securities.......		-0-			-0-			-
Total taxable equivalent adjustment.......		10,437			24,443			9,3
Net interest income..........		$329,843			$320,116			$337,7

		First Quarter		
	Yield/ Rate	Average Balance	Revenue/ Expense	Yield/ Rate
Assets				
Interest-earning assets:				
Loans net of unearned income..	8.82%	$26,681,345	$563,191	8.49%
Available-for-sale securities:				
Taxable..........	6.66	6,014,598	100,290	6.71
Tax-free.........	6.64	65,763	1,183	7.24

Total available-for-sale securities.......	6.66	6,080,361	101,473	6.71
Held-to-maturity securities:				
Taxable..........	6.91	6,612,916	112,836	6.86
Tax-free.........	7.34	387,092	6,962	7.23
Total held-to-maturity securities.......	6.94	7,000,008	119,798	6.88
Total investment securities......	6.81	13,080,369	221,271	6.80
Other interest-earning assets...	6.46	270,785	4,721	7.01
Total interest-earning assets...	8.15	40,032,499	789,183	7.93
Cash and other assets............		4,138,693		
Allowance for loan losses............		(355,515)		
Market valuation on available-for-sale securities...		(221,106)		
		$43,594,571		
Liabilities and Shareholders' Equity				
Interest-bearing liabilities:				
Interest-bearing demand deposits..	3.38	$ 9,086,434	71,725	3.17
Savings deposits.........	2.23	2,352,997	16,589	2.84
Time deposits....	5.60	7,619,385	101,244	5.34
Foreign time deposits.........	6.01	1,296,318	17,757	5.51
Certificates of deposit of $100,000 or more.............	5.83	2,778,322	38,260	5.54
Federal funds purchased and securities sold under agreements to repurchase....	5.52	4,044,026	51,454	5.12
Other interest-bearing liabilities......	6.04	8,166,443	117,096	5.77
Total interest-bearing liabilities......	4.96	35,343,925	414,125	4.71
Net interest spread............	3.19%			3.22%

Noninterest-bearing demand deposits..........		4,697,394		
Other liabilities.......		606,018		
Shareholders' equity............		2,947,234		
		$43,594,571		
Net interest income/margin on a taxable equivalent basis.............	3.79%		375,058	3.77%
Taxable equivalent adjustment:				
Loans............			884	
Available-for-sale securities..			858	
Held-to-maturity securities.......			4,743	
Trading securities.......			-0-	
Total taxable equivalent adjustment.......			6,485	
Net interest income..........			$368,573	

NOTE: The taxable equivalent adjustment has been computed based on the statutory federal income tax rate, adjusted for applicable state income taxes net of the related federal tax benefit. Loans net of unearned income includes nonaccrual loans for all periods presented. Available-for-sale securities excludes certain noninterest-earning, marketable equity securities. Statement 133 valuation adjustments related to time deposits, certificates of deposit of $100,000 or more and other interest-bearing liabilities are included in other liabilities.

Table 3--Maturities and Interest Rates Exchanged on Swaps

	Mature During							
	2001	2002	2003	2004	2005	2008	2009	Total
	(Dollars in millions)							
Receive fixed swaps:								
Notional amount.....	$ 537	$ 970	$ 290	$ 350	$ 150	$ 125	$ 175	$2,597
Receive rate........	6.40%	6.62%	6.34%	6.21%	6.25%	6.15%	6.22%	6.42%
Pay rate............	5.01%	5.18%	5.20%	5.21%	5.28%	5.38%	5.26%	5.17%

NOTE: The interest rates exchanged are calculated assuming that interest rates remain unchanged from March 31, 2001. Call option expiration date is used as maturity date until the option expires. The information presented could change as LIBOR rates change and call options are exercised or expire.

Table 4--Loans and Credit Quality

	Loans* March 31		Nonperforming Loans** March 31		Net Charge-offs Three Months Ended March 31	
	2001	2000	2001	2000	2001	2000
	(In thousands)					
Commercial:						
Commercial & industrial	$ 7,189,519	$ 8,203,477	$140,889	$ 35,021	$15,289	$ 7,129
Commercial loans--secured by real estate	1,568,868	1,976,573	19,121	38,247	(295)	463
Total commercial	8,758,387	10,180,050	160,010	73,268	14,994	7,592
Commercial real estate:						
Commercial real estate mortgages	2,426,021	2,432,683	26,461	15,948	165	(113)
Real estate construction	2,398,445	2,238,612	5,011	6,160	289	(60)
Total commercial real estate	4,824,466	4,671,295	31,472	22,108	454	(173)
Consumer:						
Residential first mortgages	1,495,249	1,638,740	12,355	13,099	438	317
Other residential mortgages	4,712,525	4,179,034	4,613	10,198	2,257	2,435
Dealer indirect	3,068,844	4,153,408	2	682	11,121	9,191
Revolving credit	490,391	467,470	-0-	253	5,056	3,425
Other consumer	1,178,082	1,327,474	881	2,757	3,668	2,597
Total consumer	10,945,091	11,766,126	17,851	26,989	22,540	17,965
	$ 24,527,944	$26,617,471	$209,333	$122,365	$37,988	$25,384

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* Net of unearned income.

** Exclusive of accruing loans 90 days past due and $29.2 million of nonperforming assets classified as held for accelerated disposition at March 31, 2000.

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Table 5--Allowance for Loan Losses

	2001	2000			
	1st Quarter	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
	(Dollars in thousands)				
Balance at beginning of period................	$380,434	$365,164	$346,030	$353,784	$354,679
Loans charged off.......	(50,506)	(55,221)	(48,319)	(34,471)	(40,377)
Recoveries of loans previously charged off...................	12,518	14,411	12,890	11,743	14,993
Net charge-offs.........	(37,988)	(40,810)	(35,429)	(22,728)	(25,384)
Addition to allowance charged to expense.....	38,200	55,600	123,800	22,800	25,400
Allowance sold/transferred, net..	-0-	-0-	(69,091)	(5,500)	-0-
Allowance transferred to other liabilities......	-0-	480	(146)	(2,326)	(911)
Balance at end of period................	$380,646	$380,434	$365,164	$346,030	$353,784
Allowance for loan losses to loans net of unearned income........	1.55%	1.55%	1.49%	1.35%	1.33%
Allowance for loan losses to nonperforming loans*................	181.84%	211.75%	249.99%	290.58%	289.12%
Allowance for loan losses to nonperforming assets*...............	167.02%	193.82%	224.46%	256.94%	243.19%
Net charge-offs to average loans net of unearned income (annualized)..........	0.63%	0.66%	0.55%	0.34%	0.38%

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* Exclusive of accruing loans 90 days past due and $35.6 million and $29.2 million of nonperforming assets classified as held for accelerated disposition at June 30, 2000 and March 31, 2000, respectively.

Table 6--Nonperforming Assets

	2001	2000			
	March 31	December 31	September 30	June 30	March 31
	(Dollars in thousands)				
Nonaccrual loans........	$209,333	$179,659	$146,069	$119,082	$122,365
Foreclosed properties...	13,688	12,360	12,714	13,780	19,839
Repossessions...........	4,888	4,259	3,906	1,810	3,274
Total nonperforming					

assets*	$227,909	$196,278	$162,689	$134,672	$145,478
Nonperforming assets* to loans net of unearned income, foreclosed properties and repossessions	0.93%	0.80%	0.66%	0.53%	0.55%
Accruing loans 90 days past due	$ 89,237	$ 85,410	$ 78,314	$ 70,800	$ 66,375

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* Exclusive of accruing loans 90 days past due and $35.6 million and $29.2 million of nonperforming assets classified as held for accelerated disposition at June 30, 2000 and March 31, 2000, respectively.

Table 7--Investment Securities

	March 31, 2001		March 31, 2000	
	Carrying Amount	Market Value	Carrying Amount	Market Value
	(In thousands)			
Held-to-maturity:				
U.S. Treasury and federal agency securities	$2,945,415	$2,996,471	$5,200,882	$5,025,562
Other securities	1,308,143	1,331,382	1,387,016	1,356,160
State, county and municipal securities	342,177	358,377	381,312	374,726
	$4,595,735	$4,686,230	$6,969,210	$6,756,448
Available-for-sale:				
U.S. Treasury and federal agency securities	$3,502,255		$5,067,236	
Other securities	815,316		833,896	
State, county and municipal securities	108,145		73,829	
	$4,425,716		$5,974,961	

NOTES:

1. The weighted average remaining life, which reflects the amortization on mortgage related and other asset-backed securities, and the weighted average yield on the combined held-to-maturity and available-for-sale portfolios at March 31, 2001, were approximately 4.4 years and 6.70%, respectively. Included in the combined portfolios was $7.3 billion of mortgage-backed securities. The weighted-average remaining life and the weighted-average yield of mortgage-backed securities at March 31, 2001, were approximately 4.1 years and 6.68%, respectively. The duration of the combined portfolios, which considers the repricing frequency of variable rate securities, is approximately 2.6 years.
2. The available-for-sale portfolio included net unrealized gains of $94.8 million and unrealized losses of $227.2 million at March 31, 2001 and 2000,

respectively.

Table 8--Other Interest-Bearing Liabilities

	March 31 2001	March 31 2000
	(In thousands)	
Other borrowed funds:		
Short-term bank notes	$ 150,000	$ 550,000
Treasury, tax and loan notes	25,000	608,083
Term Federal Funds purchased	-0-	540,000
Commercial paper	12,686	10,821
Other short-term debt	46,277	132,615
Total other borrowed funds	$ 233,963	$1,841,519
Other long-term debt:		
6.45% Subordinated Notes Due 2018	$ 303,398	$ 303,896
6.125% Subordinated Notes Due 2009	174,531	174,387
6.75% Subordinated Debentures Due 2025	149,920	149,902
7.75% Subordinated Notes Due 2004	149,710	149,618
7.25% Senior Notes Due 2006	99,637	99,548
6.875% Subordinated Notes Due 2003	49,934	49,895
6.625% Subordinated Notes Due 2005	49,749	49,709
Other long-term debt	8,196	3,958
Statement 133 valuation adjustment	18,505	-0-
Total other long-term debt	$1,003,580	$ 980,913

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Table 9--Capital Amounts and Ratios

	March 31 2001		March 31 2000	
	Amount	Ratio	Amount	Ratio
	(Dollars in thousands)			
Tier 1 capital:				
AmSouth	$2,569,961	7.69%	$2,850,335	7.68%
AmSouth Bank	3,256,881	9.74	3,419,621	9.23
Total capital:				
AmSouth	$3,724,657	11.14%	$4,037,456	10.88%
AmSouth Bank	3,937,527	11.77	4,083,113	11.02
Leverage:				
AmSouth	$2,569,961	6.72%	$2,850,335	6.59%
AmSouth Bank	3,256,881	8.53	3,419,621	7.92

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The information required by this item is included on page 15 of Part 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

PART II

OTHER INFORMATION

Item 1. Legal Proceedings

Several of AmSouth's subsidiaries are defendants in legal proceedings arising in the ordinary course of business. Some of these proceedings seek relief or damages that are substantial. The actions relate to AmSouth's lending, collections, loan servicing, deposit taking, investment, trust, and other activities.

Among the actions which are pending against AmSouth subsidiaries are actions filed as class actions. The actions are similar to others that have been brought in recent years against financial institutions in that they seek punitive damage awards in transactions involving relatively small amounts of actual damages. A disproportionately higher number of the lawsuits against AmSouth have been filed in Mississippi relative to the amount of deposits held by AmSouth in Mississippi. In addition, lawsuits brought in Alabama and Mississippi against AmSouth and other corporate defendants typically demand higher damages than similar lawsuits brought elsewhere. Legislation has been enacted in Alabama that is designed to limit the potential amount of punitive damages that can be recovered in individual cases in the future. However, AmSouth cannot predict the effect of the legislation at this time.

It may take a number of years to finally resolve some of these legal proceedings pending against AmSouth subsidiaries, due to their complexity and for other reasons. It is not possible to determine with any certainty at this time the corporation's potential exposure from the proceedings. At times, class actions are settled by defendants without admission or even an actual finding of wrongdoing but with payment of some compensation to purported class members and large attorney's fees to plaintiff class counsel. Nonetheless, based upon the advice of legal counsel, AmSouth's management is of the opinion that the ultimate resolution of these legal proceedings will not have a material adverse effect on AmSouth's financial condition or results of operations.

Item 6. Exhibits and Reports on Form 8-K

Item 6(a) -- Exhibits

The exhibits listed in the Exhibit Index at page 26 of this Form 10-Q are filed herewith or are incorporated by reference herein.

Item 6(b) -- Reports on Form 8-K

No reports on Form 8-K were filed by AmSouth during the period January 1, 2001 to March 31, 2001.

SIGNATURES

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

May 14, 2001	By: /s/ C. Dowd Ritter C. Dowd Ritter Chairman, President and Chief Executive Officer
May 14, 2001	By: /s/ Donald R. Kimble Donald R. Kimble Executive Vice President, Chief Accounting Officer and Controller

EXHIBIT INDEX

The following is a list of exhibits including items incorporated by reference.

2 Agreement and Plan of Merger, dated May 31, 1999 (1)

3-a Restated Certificate of Incorporation of AmSouth Bancorporation (2)

3-b By-Laws of AmSouth Bancorporation

10-a Amendment Number One to the AmSouth Bancorporation Supplemental Retirement Plan

10-b Amendment of Merger of First American Corporation Supplemental Executive Retirement Program

15 Letter Re: Unaudited Interim Financial Information

NOTES TO EXHIBITS

(1) Filed as Exhibit 2.1 to AmSouth's Report on Form 8-K filed June 8, 1999, incorporated herein by reference.
(2) Filed as Exhibit 3.1 to AmSouth's Report on Form 8-K filed October 15, 1999, incorporated herein by reference.