



Comptroller of the Currency
Administrator of National Banks

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Public Disclosure

July 7, 1997

Community Reinvestment Act Performance Evaluation

**AMCORE Bank N.A., Rockford
Charter Number 13652**

**640 Blackhawk Boulevard
South Beloit, Illinois 61080**

NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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General Information

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of **AMCORE Bank N.A., Rockford** (AMCORE) prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **July 7, 1997**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.

Institution's CRA Rating: This institution is rated Satisfactory.

The prior examination dated August 17, 1995 resulted in an outstanding CRA rating.

AMCORE's responsiveness to its communities' credit needs is adequate. The dispersion of loans within the assessment areas is good and the loan distribution among borrowers of different income levels and businesses of various sizes is adequate. AMCORE originates a high level of community development loans. The level of qualified investments is adequate. Retail banking services are reasonably accessible and alternative delivery systems are readily available to bank customers.

The following table indicates the performance level of AMCORE with respect to the lending, investment, and service tests.

Performance Levels	AMCORE Bank N.A., Rockford Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High satisfactory			X
Low satisfactory	X	X	
Needs to improve			
Substantial noncompliance			

* Note: The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

Description of the Institution

AMCORE, with total assets of \$1,459,095,000 at March 31, 1997, is headquartered in South Beloit, Illinois. AMCORE is wholly owned by AMCORE Financial Inc. (AFI), a multi-bank holding company with total assets of approximately \$3 billion. AFI is a six bank holding company with banks located in South Beloit, Woodstock, Dixon, Aledo and Mendota, Illinois, and one bank in Monroe, Wisconsin. AFI also owns several nonbank subsidiaries: AMCORE Financial Life Insurance Company, AMCORE Mortgage Inc. (AMI), AMCORE Investment Group, AMCORE Consumer Finance Company, Rockford Mercantile Agency, AMCORE Foundation Inc., and AMCORE Investment Banking, Inc., currently inactive.

AMCORE is the largest locally-based financial institution when compared to others in the surrounding area. Although the bank is headquartered in South Beloit, its main office is located in the downtown area of Rockford. It owns AMCORE Insurance Group, Inc., a full service insurance agency.

AMCORE has 19 branch offices in Rockford, Loves Park, Belvidere, Roscoe, South Beloit, Carpentersville, Elgin, Rochelle and Freeport, Illinois. Seven of the nineteen are located in grocery stores (in-store branches). Three new branches were opened since the last CRA examination. One automated teller machine (ATM) is located at each of 16 branch office locations. Two are offsite ATM locations.

AMCORE offers traditional deposit services and a wide variety of lending products. Commercial loans are handled primarily through the main office and the Roscoe and Elgin branch offices. However, commercial loans are available by appointment at the remaining offices, with the exception of the drive-up facilities. Home mortgage loans are processed through AMI. AMCORE may purchase such loans when they cannot be sold in the secondary market.

The bank's business focus is on small businesses. In 1996, the credit card portfolio and merchant processing operations were sold. Along with the merchant processing operations, 39 point-of-sale terminals were sold. In addition, AMCORE sold approximately \$50 million in loans to affiliated banks.

There are no current impediments which would hamper AMCORE's ability to meet the credit needs of its communities. On March 31, 1997, AMCORE had total equity capital of \$87,144,000, net income of \$4,814,000, total loans of \$786,289,000, and a loan-to-deposit ratio of 77%. Loans make up 54% of total assets. Table 1 displays the distribution of the loan portfolio.

Table 1 Loan Portfolio Distribution March 31, 1997		
Type of Loans:	\$ (000's)	% of Total Loans
Residential Real Estate	\$212,730	27%
Consumer	\$192,350	24%
Commercial & Industrial	\$181,321	23%
Commercial Real Estate	\$158,992	20%
Construction & Development	\$38,641	5%
Agriculture and Agriculture Real Estate	\$1,817	0%
Lease Financing Receivables	\$438	0%
Total Loans	\$786,289	100%

Source: Consolidated Report of Condition and Income - March 31, 1997.

AMCORE'S largest market is in the Rockford area. Table 2 shows the distribution of deposits and loans in the different market areas.

Table 2 AMCORE'S Market Areas April 30, 1997 (000's)					
Market Areas	Deposits		Loans		
	Retail	Commercial	Commercial	Small Business*	Consumer
Rockford & Surrounding Areas	\$570,860	\$557,151	\$359,479	\$1,218	\$222,135
Elgin & Carpentersville	\$38,758	\$32,001	\$41,989	\$957	\$7,613
Freeport & Surrounding Areas	\$9,237	\$69	\$0	\$0	\$1,759

Source: Bank's Internal Records.

* - Bank's Internal Guidelines - \$250,000 or less.

Description of the Assessment Areas

AMCORE'S assessment areas consists of:

- Most of the Rockford Metropolitan Statistical Area (MSA 6880) - all geographies except two (census tracts 9609.00 and 9615.00) in southwest Ogle County. The two geographies are not included because they are part of an affiliated bank's market area. Additional information about this assessment area can be found under the Metropolitan Statistical Area - MSA 6880 section of this Disclosure. (A geography is a census tract or block numbering area).
- A small portion of the Chicago MSA (MSA 1600) - 24 geographies in northeast Kane County (includes the cities of Elgin and Carpentersville) and five geographies in southeast McHenry

County (includes portions of Crystal Lake, Huntley, Algonquin, and Barrington Hills). The remaining geographies in the Chicago MSA are not included in the assessment area because they are not within a reasonable distance surrounding the bank's branch locations. Additional information about this assessment area can be found under the Metropolitan Statistical Area - MSA 1600 section of this Disclosure.

- Non-MSA areas of Illinois - All of Stephenson County and one geography (block numbering area 1.00) in northeast Lee County.

AMCORE's assessment areas have a population of 530,180 per 1990 census data. Table 3 displays other demographic information.

Income Level:	Total Population	% of Total	# of Families	% of Total	# of Geographies*	% of Total	# of Owner-Occupied Units	% of Owner-Occupied Units
Low Income	14,929	3%	23,131	16%	6	5%	1,609	1%
Moderate Income	69,811	13%	25,314	18%	21	17%	13,977	10%
Middle Income	299,546	56%	38,050	26%	66	54%	78,269	57%
Upper Income	145,894	28%	57,469	40%	30	24%	42,766	31%
Total	530,180	100%	143,964	100%	123	100%	136,621	100%

Source: 1990 Census Data.

There are 204,167 housing units. Of this volume, 66% are owner-occupied, 30% are rental and 4% are vacant housing units. The median housing value is \$60,850 with a median year built of 1960.

On a whole, the assessment area's local economies are stable to good. The manufacturing industry is the largest industry, followed by the service and wholesale trade industries. Major employers are detailed under each MSA section later in this Public Disclosure. Overall, a majority of businesses in the assessment areas are small businesses. Approximately 94% of businesses have less than 50 employees, 5% have 50 to 499, and 1% employ 500 or more.

There are numerous financial institutions in the bank's assessment areas including credit unions, brokerage companies, home mortgage and insurance companies. Competition from banks located in Chicago is increasing. There are also several branches of banks headquartered elsewhere in Illinois, or the United States.

The greatest credit need is home mortgage loans including affordable housing for low- or moderate-income individuals. Another credit need is financing for small businesses, both for start-up businesses and for the expansion of established businesses. These needs were identified

through numerous community contacts with business, housing, economic development and government representatives conducted by the three banking regulatory agencies in the past 24 months. Five community contacts were conducted during this examination. Three were with housing and neighborhood organizations, and two with economic development organizations.

The following sections discuss the various performance tests with respect to AMCORE. The tables on pages 7 - 17 provide a summary of this Office's overall conclusions for each of the three performance tests.

Conclusions with Respect to Performance Tests

Lending Test

Overall, AMCORE's lending activity reflects:

- An adequate responsiveness to credit needs in its communities;
- A substantial majority of loans are originated within the assessment areas;
- A good dispersion of loans within the assessment areas;
- An adequate distribution of loans among borrowers of different income levels and businesses of different sizes;
- Limited use of flexible and innovative lending criteria; and,
- A high level of community development lending.

Lending Activity:

AMCORE's lending volume is satisfactory. As of March 31, 1997, the loan-to-deposit ratio was 77%. The average ratio for other banks in MSA 6880 was 63%, while the average ratio for other similarly-situated banks on a nationwide basis was 82%.

The loan portfolio grew 16.5% and 4.7%, in 1995 and 1996, respectively. The low growth rate in 1996 can be attributed to the sale of approximately \$50 million in loans to bank affiliates. AMCORE originates a wide variety of home mortgage, business and consumer loans. Home mortgage loans include purchase money, refinance, home improvement, multi-family, and home equity.

As shown in Table 4, a substantial majority of AMCORE's loans, 89%, are within the assessment areas.

Table 4 Loans Within the Assessment Areas January 1, 1996 through March 31, 1997		
Type of Loans:	All Loans Originated	Loans Originated within the Assessment Areas

	#	\$ (000's)	#	% of Type Originated	\$ (000's)	% of Type Originated
Home Mortgage*	1,013	\$61,574	862	85%	\$46,931	76%
Business*	938	\$101,832	875	93%	\$94,989	93%
Total	1,951	\$163,406	1,737	89%	\$141,920	87%

Source: 1996 and Year-to-Date 1997 Home Mortgage Disclosure Act (HMDA) - Loan Application Register (LAR); 1996 and Year-to-Date 1997 Small Business Data Collection Register.

* - See Appendix - Loans Reviewed - for further details.

Geographic Distribution of Loans:

Overall, AMCORE's geographic distribution of home mortgage and business loans reflects a good distribution within the assessment areas.

Home Mortgage Loans

The following four tables display that AMCORE is helping to meet the home mortgage loan credit need of its communities. As shown in Table 5 below, AMCORE's distribution of home mortgage loans in low- and moderate-income geographies is good when compared to the owner-occupied characteristics of the assessment areas.

Income Level of Geography:	Loans		% of Total		Assessment Area Characteristics	
	#	\$ (000's)	#	\$	% of Owner-Occupied Units*	% of Geographies
Low Income	48	\$1,615	2%	1%	1%	5%
Moderate Income	247	\$9,819	11%	6%	10%	17%
Middle Income	1,195	\$76,424	52%	45%	57%	54%
Upper Income	825	\$83,850	36%	49%	31%	24%
TOTAL	2,315	\$171,708	100%	100%	100%	100%

Source: 1996 and Year-to-Date 1997 HMDA - LAR.

* - Emphasis is placed on the distribution of owner-occupied units.

Table 5 shows that AMCORE's home mortgage loan volume of 2% in low-income and 11% in moderate-income geographies compare favorably to the 1% and 10% of owner-occupied units in low- and moderate-income geographies, respectively.

Tables 6 and 7 display the distribution of home mortgage loans by product type.

Table 6 Home Mortgage Loan Distribution By Loan Product and By Income Level of Geography January 1, 1996 through March 31, 1997						
Income Level of Geography:	Home Purchase		Home Improvement		Refinance	
	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)
Low Income	27	\$1,130	14	\$189	7	\$296
Moderate Income	135	\$6,501	60	\$595	50	\$2,505
Middle Income	623	\$49,613	284	\$3,572	283	\$20,934
Upper Income	465	\$54,780	128	\$1,906	227	\$25,813
TOTAL	1,250	\$112,024	486	\$6,262	567	\$49,548

Source: 1996 and Year-to-Date 1997 HMDA -LAR.

Table 7 Home Mortgage Loan Distribution By Loan Product and By Income Level of Geography January 1, 1996 through March 31, 1997							
Income Level of Geography:	Home Purchase		Home Improvement		Refinance		Assessment Area Characteristics
	Number*	\$ (000's)	Number*	\$ (000's)	Number*	\$ (000's)	% of Owner-Occupied Units
Low Income	2%	1%	3%	3%	1%	1%	1%
Moderate Income	11%	6%	12%	10%	9%	5%	10%
Middle Income	50%	44%	58%	57%	50%	42%	57%
Upper Income	37%	49%	26%	30%	40%	52%	31%
TOTAL	100%	100%	100%	100%	100%	100%	100%

Source: 1996 and Year-to-Date 1997 HMDA - LAR.

* - Represents the percent of the number of loans. \$ - Represents the percent of the dollar volume of loans.

Table 7 shows that overall, AMCORE's home mortgage loan volume by product type compares favorably to the owner-occupied characteristics of the assessment areas. AMCORE's loan volume is good in low- and moderate-income geographies. In addition, the volume of home improvement loans of 3% and 12% in low- and moderate-income geographies, respectively, is excellent when compared to the 1% and 10% of owner-occupied units in these same two income levels.

Table 8 displays the distribution of multi-family home mortgage loans within the assessment areas.

Table 8 Multi-Family Home Mortgage Loans By Income Level of Geography January 1, 1996 through March 31, 1997					
Income Level of Geography:	Loans		Percent of Total		Assessment Area Characteristics
	#	\$ (000's)	#	\$	% of Multi-Family Structures
Low Income	0	\$0	0%	0%	10%
Moderate Income	2	\$218	17%	6%	11%
Middle Income	5	\$2,305	42%	59%	64%
Upper Income	5	\$1,351	42%	35%	15%
TOTAL	12	\$3,874	100%	100%	100%

Source: 1996 and Year-to-Date 1997 HMDA - LAR.

Table 8 reveals there are no multi-family home mortgage loans in low-income geographies. AMCORE's loan volume of 17% in moderate-income geographies is satisfactory when compared to the 11% of structures in the assessment areas.

Business Loans

A small loan to a business is a loan with an original amount of \$1 million or less. The following two tables show that AMCORE is meeting the credit needs of businesses in its assessment areas, particularly in low-income geographies. Table 9 displays AMCORE's distribution of small loans.

Table 9 Small Loans By Income Level of Geography January 1, 1996 through March 31, 1997					
Income Level of Geography:	Loans		% of Total		Assessment Area Characteristics
	#	\$ (000's)	#	\$	% of Geographies
Low Income	113	\$8,477	13%	9%	5%
Moderate Income	118	\$11,903	14%	13%	17%
Middle Income	349	\$39,834	40%	42%	54%
Upper Income	294	\$33,576	34%	36%	24%
TOTAL	874	\$93,790	100%	100%	100%

Source: 1996 and Year-to-Date 1997 Small Business Data Collection Register.

Table 9 reveals the business loan volume in low-income geographies of 13% is excellent and the volume of loans in moderate-income geographies of 14% is adequate when compared to the 5% and 17% distributions of these same geographies in the assessment areas. Overall, AMCORE has a good record of originating small dollar loans in low- and moderate-income geographies.

A small business loan is a loan in an original amount of \$1 million or less to a business with annual

gross revenues of less than \$1 million. Table 10 displays the distribution of small business loans.

Table 10 Small Business Loans By Income Level of Geography January 1, 1996 through March 31, 1997					
Income Level of Geography:	Loans		% of Total		Assessment Area Characteristics
	#	\$ (000's)	#	\$	% of Geographies
Low Income	59	\$3,325	10%	7%	5%
Moderate Income	80	\$5,821	14%	13%	17%
Middle Income	249	\$17,417	43%	38%	54%
Upper Income	187	\$19,694	33%	43%	24%
TOTAL	575	\$46,257	100%	100%	100%

Source: 1996 and Year-to-Date 1997 Small Business Data Collection Register.

Table 10 reveals that AMCORE's small business loan volume of 10% is high in low-income geographies and the volume of 14% is adequate in moderate-income geographies when compared to the 5% and 17% distribution of these same geographies in the assessment areas. Overall, AMCORE has a good record of originating loans to small businesses in low- and moderate-income geographies.

Loan Distribution By Borrower Income:

AMCORE's distribution by borrower income of home mortgage and small business loans is adequate.

Home Mortgage Loans

Table 11 displays the volume of home mortgage loans to low- or moderate-income borrowers.

Table 11 Home Mortgage Loans By Borrower Income January 1, 1996 through March 31, 1997						
Borrower Income as a % of MSA Median Family Income:	Loans		% of Total		Assessment Area Characteristics	
	#	\$ (000's)	#	\$	% of Families*	% of Population
Low Income	137	\$4,819	6%	3%	16%	3%
Moderate Income	460	\$22,688	20%	13%	18%	13%
Middle Income	673	\$39,711	29%	23%	26%	56%
Upper Income	991	\$96,765	43%	56%	40%	28%
NA	54	\$7,725	2%	4%	0%	0%
TOTAL	2,315	\$171,708	100%	100%	100%	100%

Source: 1996 and Year-to-Date 1997 HMDA - LAR.

* - Emphasis is on % of families.

Table 11 reveals that overall, AMCORE's lending to low- or moderate- income borrowers, 26% of the number and 16% of the dollar, is adequate when compared to the population, 16%, in the assessment areas. When compared to the 34% of families in these same two income levels, AMCORE's loan volume of 26% is low. This low volume can be attributed to the lower number, 16%, of low-income families in the assessment areas, particularly in the Rockford MSA. These families are home owners at a lower rate than those at higher income levels. Home ownership details are discussed under each Metropolitan Statistical Area section later in this Disclosure.

Business Loans

A majority of AMCORE's business loans are small loans to small businesses. Table 12 displays the distribution of small loans by loan size, and it displays the volume of small business loans.

Table 12 Business Loans by Loan Size and Loans to Businesses with Annual Revenues of Less than \$1 Million January 1, 1996 through March 31, 1997				
Loan Size:	Loans		% of Total	
	#	\$ (000's)	#	\$
Less than \$100,000	627	\$24,026	72%	26%
\$100,000 - \$249,999	153	\$25,478	18%	27%
\$250,000 - \$1,000,000	94	\$44,285	11%	47%
Total Small Loans	874	\$93,789	100%	100%
Total Small Loans to Businesses with Annual Revenues of Less Than \$1 Million (Small Business Loans)	575	\$46,257		
As a % of Total Small Loans	66%	49%		

Source: 1996 and Year-to-Date 1997 Small Business Data Collection Register.

Table 12 shows AMCORE's distribution of small loans and loans to small businesses is adequate. Sixty-six percent of the loans are small loans to small businesses. This level of loans is reasonable considering a substantial majority of businesses in the assessment areas are small businesses.

Community Development Loans:

AMCORE originates a high level of community development loans. A community development loan is a loan that: 1) has as its primary purpose community development; and, 2) except in the case of a wholesale or limited purpose bank, has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan; and, benefits the bank's assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s).

AMCORE originated three community development loans totaling \$995,179 as follows:

- Zion Development Corporation is a not-for-profit organization whose purpose is to help economically disadvantaged people by offering job training, employment, and affordable housing. The housing program provides decent, safe, and affordable housing to families with low incomes by purchasing and rehabilitating dilapidated multi-family units in Rockford's near east-side neighborhoods. AMCORE originated five loans totaling \$145,000. The loans were for the purchase of residential structures for the subsequent rental to low- or moderate-income persons or for the remodeling/rehabilitation of such residences.

AMCORE has assisted the Zion Development Corporation in their economic development efforts through the origination of loans which are included in the business loan totals above. Zion's emphasis is in the 7th Street and surrounding areas. AMCORE's main office is located

within this area.

- Longwood Plaza is a housing project for elderly and handicapped/disabled households. Twenty-percent or more of the project must be occupied by persons whose adjusted income is less than or equal to 50% of the Winnebago County's median income. AMCORE has a 26% loan participation (\$780,000) in the construction loan of the building. The project is being completed with additional funds from the Illinois Housing Authority, Illinois Department of Energy and the City of Rockford. The project is eligible for low-income housing tax credits. After the construction phase is completed, AMCORE will participate in the permanent financing.
- Rockford Neighborhood Redevelopment Corporation (RNRC) is a not-for-profit organization. Its mission is to bring stability to the blighted neighborhoods of Rockford's west side through the rehabilitation of substandard and abandoned housing for sale to low-income families. Two loans totaling \$70,179 were made to RNRC. The purpose of the first loan was for the rehabilitation of a single family residence for resale in a moderate-income geography. The purpose of the second loan was for the rehabilitation of a duplex for resale in a low-income geography.

Innovative or Flexible Lending Practices:

AMCORE makes limited use of flexible lending practices. While the bank offers loans under the following programs, there is a limited volume of loans outstanding under those programs.

AMCORE Bank Rockford's Affordable Home Loan product is geared to low- or moderate income borrowers and is considered a flexible product. The program offers a fixed-rate with 15 or 30 year terms, 5% minimum down payment, and a loan amount of up to \$47,500 with a maximum sales prices of \$50,000. Maximum debt to income ratios are slightly higher than traditional ratios. The program is limited to families whose yearly gross incomes fall below pre-established guidelines.

AMCORE uses other flexible programs for borrowers with various financing needs. Loans made under these programs are included in the home mortgage and business loan totals discussed above. These programs are:

U.S. Small Business Administration;
Illinois Development Financing Authority;
Federal Home Administration;
Veteran's Administration;
Illinois Housing Development Authority;
City of Rockford's various home loan programs; and
State of Illinois various home mortgage and business loan programs.

Investment Test

Overall, AMCORE's investment volume totaling \$677,346 is adequate. The one investment is not innovative but can be considered complex.

AMCORE has a 99% equity interest in the 528 Seventh St., an Illinois Limited Liability Corporation. The project is an eight-unit apartment building, rented to low-income tenants whose income is 50% or less of the area median income. Zion Development Corporation is the project developer and manager. AMCORE'S investment totaled \$520,046.

AMCORE Foundation Inc., provided grants totaling \$145,375 to organizations within the bank's assessment areas. These organizations provide services to low- or moderate-income individuals, provide home or credit counseling, promote community development in/to low- and moderate-income areas and individuals, or provide financial assistance to small businesses. Some of the more significant grants were provided to the following organizations:

Blackhawk Day Care;
Community Crisis Center - Elgin;
Crusader Health Foundation;
Davis Memorial Park;
Elgin Area Chamber of Commerce;
La Voz Latina;
Neighborhood Housing Services of Elgin;
Northern Illinois Aids Center;
Northern Illinois Hospice Association;
Rock Valley Pantry;
Rockford Area Literacy Council;
Rockford Neighborhood Redevelopment;
Rockford Area Habitat for Humanity;
United Ways of Rock River Valley, Dundee and Elgin; and
Wesley Willows.

Service Test

AMCORE'S retail banking services are reasonably accessible to most of its assessment areas with the exception of moderate-income geographies. Alternative delivery systems are available to the bank's customers. AMCORE provides an adequate level of community development services.

Retail Banking Services:

AMCORE has 19 branch offices, seven of which are in-store branches. Table 13 displays AMCORE'S current distribution of delivery systems.

Table 13 Distribution of Delivery Systems						
Income Level of Geography:	Branches		ATMs		Assessment Area Characteristics	
	#	% of Total	#	% of Total	Distribution of Geographies	Distribution of Population*
Low Income	4	21%	3	17%	5%	3%
Moderate Income	0	0%	0	0%	17%	13%
Middle Income	10	53%	11	61%	54%	56%
Upper Income	5	26%	4	22%	24%	28%
TOTAL	19	100%	18	100%	100%	100%

Source: Bank's Internal Records.

* - Emphasis is placed on the Distribution of Population.

Although Table 13 shows AMCORE does not have any branches in moderate-income geographies, the overall distribution of delivery systems compares favorably to the characteristics of the assessment areas. The volume in low-income geographies is high when compared to the percent of low-income geographies in the assessment areas and to the population in those geographies.

Of the four branches in low-income geographies: one offers all loan and deposit products; one offers residential and retail loans, commercial loans by appointment, and deposit products; and, two are drive-up facilities which accept deposits and do not offer loan products or open new deposit accounts. Fourteen branches, located in middle- and upper-income geographies, offer deposit products, residential and retail loans, while commercial loans are available by appointment. The Roscoe branch offers all loan and deposit products.

AMCORE's hours are generally tailored to the needs of the surrounding area by monitoring the volume, by time of day, of deposit transactions. All branch offices, with the exception of the one located in downtown Rockford, maintain Saturday hours. AMCORE's seven in-store branches also maintain Saturday hours of 9:00 a.m. to 5:00 p.m., and Sunday hours of 11:00 a.m. to 3:00 p.m.

Since the last CRA examination, AMCORE opened three branches, all of which are located in middle-income geographies. Those branches were opened in Rockford, Rochelle, and Carpentersville.

One office was converted to a drive-up facility. This reduction in service did not adversely affect the accessibility of banking services as the main office and an in-store branch are located a short distance away. No branches have been closed.

Alternative Delivery Systems:

AMCORE'S alternative delivery systems are available to all bank customers, including low- or moderate-income individuals who cannot readily visit a branch office.

As shown in Table 13 above, AMCORE maintains 18 proprietary ATMs. Of the 18, 16 are located at branch offices or drive-up facilities. Three of the eighteen are located in low-income census tracts. One ATM is located adjacent to two moderate-income geographies.

AMCORE offers a **24-hour Phone Loan** service through which individuals may apply for automobile loans.

AMCORE offers **Telebank**, a 24 hour telephone account information system. Telebank allows a bank customer to obtain information about checking and savings accounts, Comfortline overdraft protection, certificates of deposit, and home mortgage loans. This system is available to both retail and business customers.

Through the **Advantage at Work** program, AMCORE bankers visit businesses and provide information regarding the bank's products and services.

Community Development Services:

AMCORE offers a no fee **Smart Money Account** to public aid recipients. It requires direct deposit of funds into the account.

AMCORE offers **Economy Checking**, a low cost account for low-income individuals who have little activity. The minimum opening balance is \$100, with a monthly maintenance fee of \$3.00 and a \$.20 per check fee.

For a \$5 fee, AMCORE will cash a government check for a non-deposit customer.

Numerous bank employees are active in organizations whose missions are to assist in economic development or provide housing financial assistance and other financial services to low-income individuals. Some of these organizations are:

7th Street Development Council;
Blackhawk Development Commission;
City of Rockford - Small Business Loan Committee;
City of Rockford Fair Housing Board;
Consumer Credit Counseling;
Crusader Health Clinic;
Elgin Community College - Small Business Advisory Center;
La Voz Latina;

Neighborhood Housing Services of Elgin;
Rockford Affordable Housing Coalition;
Rockford Local Development Corporation;
Rockford Neighborhood Redevelopment;
Rockton Chamber of Commerce; and
Roscoe Chamber of Commerce.

FAIR LENDING REVIEW

We conducted a fair lending examination to determine if all applicants applying for home improvement loans are treated similarly. Specifically, we compared files of denied applicants to approved loan applicants to make this determination. We found no evidence of discrimination. Recommendations were made to help improve the current fair lending process.

Metropolitan Statistical Area - MSA 6880

Conclusions with Respect to Performance Test in MSA 6880 - Rockford, Illinois

AMCORE's performance in MSA 6880 is consistent with the overall rating assigned to the bank.

Description of the Institution's Operations in MSA 6880

AMCORE's main office and largest market is in this assessment area. This area accounts for the following:

- 93% of deposits;
- 92% of loans; and,
- 16 (84%) branch offices and 15 (83%) ATMs.

Description of the Assessment Area in MSA 6880

AMCORE's assessment area in the Rockford MSA consists of most geographies in the MSA. The assessment area has 81 geographies in Winnebago, Boone, and Ogle Counties. Two geographies in south-west Ogle County are not included because they are part of an affiliated bank's market area. Larger cities in the assessment area are Rockford, Belvidere and Rochelle.

The assessment area has a population of 320,867 per 1990 census data. The 1990 MSA median family income is \$37,078. Table 14 contains demographic information for the Rockford MSA.

Table 14 Demographic Information								
Income Level:	Total Population	% of Total	# of Families	% of Total	# of Geographies	% of Total	# of Owner-Occupied Units	% of Owner-Occupied Units
Low Income	14,929	5%	15,852	18%	6	7%	1,610	2%
Moderate Income	56,151	17%	15,978	18%	17	21%	12,160	15%
Middle Income	186,839	58%	23,253	26%	44	54%	50,364	60%
Upper Income	62,948	20%	33,020	37%	14	17%	19,301	23%
Total	320,867	100%	88,103	100%	81	100%	83,435	100%

Source: 1990 Census Data.

There are 127,516 housing units. Of this volume, 65% are owner-occupied, 31% are rental and 4% are vacant housing units. The median housing value is \$57,300 with a median year built of 1960. When compared to AMCORE's assessment areas as a whole, this area makes up 60% of the population, 63% of households, 61% of families, and 61% of owner-occupied units.

The city of Rockford ranks among the most affordable U.S. cities in which to live. However, Rockford ranks among the lowest in home ownership when compared to other cities of similar characteristics. Home ownership represents 65% on a nationwide basis versus 61% for Rockford. The difference is most likely attributed to the low level of low-income families who are home owners.

The area's local economy is stable. In March 1997, the unemployment rate was at 4.9%. This is lower than the Illinois state unemployment rate of 5.5% and the national average of 5.6%. Manufacturing is the largest industry, followed by the service and wholesale trade industries. Major area employers are: Chrysler Corporation, an automobile manufacturer, Rockford Health System, a health care provider, and Sundstrand Corporation, an aircraft and aerospace components manufacturer. A majority of businesses in the area are small businesses. Approximately 94% of businesses have less than 50 employees, 5% have 50 to 499 employees and 1% have 500 or more employees.

There are numerous financial institutions in this assessment area. Competition from banks located in and surrounding Chicago is increasing. There are also several branches of multi-national banks headquartered elsewhere in Illinois, or the United States.

The greatest credit need is home mortgage loans including affordable housing for low- or moderate-income individuals. Another credit need is financing for small businesses, both for start-up businesses and for the expansion of established businesses. These needs were identified through numerous community contacts conducted by the three banking regulatory agencies in the past 24 months.

The following sections discuss the three performance tests with respect to this assessment area.

Conclusions with Respect to Performance Tests

Lending Test

AMCORE's dispersion of loans and distribution among borrowers of different incomes and businesses of different sizes is adequate. There is limited use of flexible and innovative lending products. However, there is a high level of community development lending.

Geographic Distribution of Loans:

AMCORE's overall geographic distribution of home mortgage and business loans within the assessment area is adequate.

Home Mortgage Loans

As illustrated in Table 15 below, AMCORE's volume of home mortgage loans in low- and moderate-income geographies is adequate when compared to the owner-occupied characteristics

of the assessment area.

Table 15 Home Mortgage Loans By Income Level of Geography January 1, 1996 through March 31, 1997						
Income Level of Geography:	Loans		% of Total		Assessment Area Characteristics	
	#	\$ (000's)	#	\$	% of Owner-Occupied Units*	% of Geographies
Low Income	48	\$1,615	2%	1%	2%	7%
Moderate Income	241	\$9,330	11%	6%	15%	21%
Middle Income	1,121	\$72,434	52%	46%	60%	54%
Upper Income	729	\$72,946	34%	47%	23%	17%
TOTAL	2,139	\$156,325	100%	100%	100%	100%

Source: 1996 and Year-to-Date 1997 HMDA - LAR.

* - Emphasis is placed on the distribution of owner-occupied units.

Table 15 shows that AMCORE's home mortgage loan volume of 2% in low-income and 11% in moderate-income geographies compares adequately to the 2% and 15% of owner-occupied units in low- and moderate-income geographies, respectively.

Table 16 displays that AMCORE's home mortgage loan volume by product type adequately compares to the owner-occupied characteristics of the assessment area. The table also reveals that the volume of home improvement loans in low- and moderate-income areas is good.

Table 16 Home Mortgage Loan Distribution By Loan Product and Income Level of Geography January 1, 1996 through March 31, 1997							
Income Level of Geography:	Home Purchase		Home Improvement		Refinance		Assessment Area Characteristics
	Number *	\$	Number *	\$	Number *	\$	% of Owner-Occupied Units
Low Income	2%	1%	3%	3%	1%	1%	2%
Moderate Income	11%	6%	14%	11%	9%	5%	15%
Middle Income	51%	46%	57%	56%	52%	44%	60%
Upper Income	35%	47%	26%	30%	38%	50%	23%
TOTAL	100%	100%	100%	100%	100%	100%	100%

Source: 1996 and Year-to-Date 1997 HMDA - LAR.

* - Represents the percent of the number of loans.

\$ - Represents the percent of the dollar volume of loans.

Table 16 shows that overall, AMCORE's home mortgage loan volume by product type is adequate when compared to the owner-occupied characteristics of the assessment area. AMCORE's loan volume is adequate in low- and moderate-income geographies. In addition, the

volume of home improvement loans of 3% and 14% in low- and moderate-income geographies, respectively, is good when compared to the 2% and 15% of owner-occupied units in these same two income levels.

Table 17 illustrates AMCORE’s distribution of multi-family mortgage loans.

Table 17 Multi-Family Home Mortgage Loans By Income Level of Geography January 1, 1996 through March 31, 1997					
Income Level of Geography:	Loans		% of Total		Assessment Area Characteristics
	#	\$ (000's)	#	\$	% of Multi-Family Structures
Low Income	0	\$0	0%	0%	17%
Moderate Income	2	\$218	17%	6%	12%
Middle Income	5	\$2,305	42%	59%	63%
Upper Income	5	\$1,351	42%	35%	9%
TOTAL	12	\$3,874	100%	100%	100%

Source: 1996 and Year-to-Date 1997 HMDA - LAR.

Table 17 shows that there are no multi-family home mortgage loans in low-income geographies. AMCORE’s loan volume of 17% in moderate-income geographies is satisfactory when compared to the 12% of structures in the same income level of geography in the assessment area.

Business Loans

A small loan to a business is a loan with an original amount of \$1 million or less. The following two tables show that AMCORE is meeting the credit needs of businesses in this assessment area, particularly in low-income geographies. Table 18 displays AMCORE’s distribution of business loans.

Table 18 Small Loans By Income Level of Geography January 1, 1996 through March 31, 1997					
Income Level of Geography:	Loans		% of Total		Assessment Area Characteristics
	#	\$ (000's)	#	\$	% of Geographies
Low Income	112	\$8,477	14%	10%	7%
Moderate Income	117	\$11,852	14%	14%	21%
Middle Income	327	\$36,760	40%	42%	54%
Upper Income	262	\$30,114	32%	35%	17%
TOTAL	818	\$87,203	100%	100%	100%

Source: 1996 and Year-to-Date 1997 Small Business Data Collection Register.

Table 18 reveals the business loan volume in low-income geographies of 14% is excellent and the loan volume in moderate-income geographies of 14% is low when compared to the 7% and 21% distributions of these same geographies in the assessment area. Combined, AMCORE's volume in both of these income categories is adequate.

A small business loan is a loan in an original amount of \$1 million or less to a business with annual gross revenues of less than \$1 million. Table 19 below shows that AMCORE's overall volume of small business loans in low- and moderate-income geographies is adequate. Lending in low-income areas is particularly good.

Table 19 Small Business Loans By Income Level of Geography January 1, 1996 through March 31, 1997					
Income Level of Geography:	Loans		% of Total		Assessment Area Characteristics
	#	\$ (000's)	#	\$	% of Geographies
Low Income	59	\$3,326	11%	8%	7%
Moderate Income	79	\$5,770	15%	13%	21%
Middle Income	234	\$17,027	43%	39%	54%
Upper Income	167	\$17,410	31%	40%	17%
TOTAL	539	\$43,533	100%	100%	100%

Source: 1996 and Year-to-Date 1997 Small Business Data Collection Register.

Table 19 reveals that AMCORE's small business loan volume of 11% is high in low-income geographies and the volume of 15% is adequate in moderate-income geographies when compared to the 7% and 21% distributions of these same geographies in the assessment area. Overall, AMCORE has an adequate record of originating loans to small businesses in low- and moderate-income geographies.

Loan Distribution by Borrower Income:

Overall, AMCORE's lending to borrowers of different incomes and businesses of different sizes is adequate.

Home Mortgage Loans

As displayed in Table 20, the volume of home mortgage loans to low- and moderate-income borrowers is low.

Borrower Income as a % of MSA Median Family Income:	Loans		% of Total		Assessment Area Characteristics	
	#	\$ (000's)	#	\$	% of Families*	% of Population
Low Income	127	\$4,325	6%	3%	18%	5%
Moderate Income	436	\$21,011	20%	13%	18%	17%
Middle Income	625	\$36,997	29%	24%	26%	58%
Upper Income	913	\$88,305	43%	56%	37%	20%
NA	38	\$5,687	2%	4%	NA	NA
TOTAL	2,139	\$156,325	100%	100%	100%	100%

Source: 1996 and Year-to-Date 1997 HMDA - LAR.

* - Emphasis is on the % of families.

N/A - Income information is not available.

Table 20 reveals that overall, AMCORE's lending to low- or moderate- income borrowers, 26% of the number and 16% of the dollar, is adequate when compared to the population, 22%, in the assessment area. When the bank's loan volume is compared to the 36% of families in these same two income levels, AMCORE's loan volume of 26% is low. This low volume can be attributed to the lower home ownership rate of low-income families in the assessment area.

Business Loans

A majority of AMCORE's business loans are small loans to small businesses. Table 21 displays the distribution of small loans by loan size and it displays the volume of small business loans.

Table 21 Business Loans by Loan Size and Loans to Businesses with Annual Revenues of Less than \$1 Million January 1, 1996 through March 31, 1997				
Loan Size:	Loans		% of Total	
	#	\$	#	\$
Less than \$100,000	586	\$22,317	72%	26%
\$100,000 - \$249,999	144	\$23,821	18%	27%
\$250,000 - \$1,000,000	88	\$41,065	11%	47%
Total Business Loans	818	\$87,203	100%	100%
Small Business Loans to Businesses with Annual Revenues of Less Than \$1 Million (Small Business Loans)	539	\$43,533		
As a % of Total Business Loans	66%	50%		

Source: 1996 and Year-to-Date 1997 Small Business Data Collection Register.

Table 21 shows that a majority, 72% of the number and 26% of the dollar volume, of loans are in amounts of less than \$100,000. Of the 818 small loans, 66% are small business loans. This level of loans is reasonable considering a substantial majority of businesses in the assessment area are small businesses.

Community Development Loans:

AMCORE originates a high level of community development loans, all of which are located in this assessment area. These loans are discussed under the Bank Rating - Lending Test section of this Public Disclosure.

Innovative or Flexible Lending Practices:

AMCORE makes limited use of flexible lending practices. See the Bank Rating - Lending Test section of this Public Disclosure for further details.

Investment Test

There are no significant investments in this assessment area. However, through AMCORE Foundation, Inc., AMCORE provided grants totaling \$137,700 to organizations who provide community services to low-income individuals, provide affordable housing to low-income families, or provide financial assistance to small businesses. Some of the more significant grants were provided to organizations listed under the Bank Rating - Investment Test section of this Public Disclosure.

Service Test

AMCORE'S retail banking services and alternative delivery systems are reasonably accessible to most areas of the Rockford MSA. AMCORE provides an adequate level of community development services.

Retail Banking Services:

Table 22 displays AMCORE'S current distribution of delivery systems.

Table 22 Distribution of Delivery Systems						
Income Level of Geography:	Branches		ATMs		Assessment Area Characteristics	
	#	% of Total	#	% of Total	Distribution of Geographies	Distribution of Population
Low Income	4	25%	3	20%	7%	5%
Moderate Income	0	0%	0	0%	21%	17%
Middle Income	9	56%	10	67%	54%	58%
Upper Income	3	19%	2	13%	17%	20%
TOTAL	16	100%	15	100%	100%	100%

Source: Bank's Internal Records.

Although Table 22 shows AMCORE does not have any branches in moderate-income geographies, the overall distribution of delivery systems compares satisfactorily to the characteristics of the assessment area.

Of the four branches in low-income geographies: one offers all loan and deposit products; one offers residential and retail loans, commercial loans by appointment, and deposit products; and, two are drive-up facilities which accept deposits and do not offer loan products or open new deposit accounts. Twelve branches, located in middle- and upper-income geographies, offer deposit products, residential and retail loans, while commercial loans are available by appointment. The Roscoe branch offers all loan and deposit products.

AMCORE's hours are somewhat tailored to the needs of the surrounding area. All branches, with the exception of the one located in downtown Rockford, maintain Saturday hours. AMCORE has six in-store branches. All of these branches maintain Saturday hours of 9:00 a.m. to 5:00 p.m., and Sunday hours of 11:00 a.m. to 3:00 p.m.

Since the last CRA examination, AMCORE opened two branches, both of which are in middle-income geographies. One each was opened in Rockford and Rochelle. One office was converted to a drive-up facility. This reduction in service did not adversely affect the accessibility of banking services as the main office and one in-store branch office are located a short distance away. No branches have been closed.

Alternative Delivery Systems:

AMCORE maintains 15 proprietary ATMs in the Rockford MSA as is shown in Table 22 above. Of the 15, 11 are located at a branch office or drive-up facility. Three of the 15 are located in low-income census tracts. One ATM is located adjacent to two moderate-income geographies.

See the Bank Rating - Service Test section of this Public Disclosure for further details.

Community Development Services:

Numerous bank employees are active in organizations whose missions are to assist in economic development or provide housing financial assistance and other financial services to low-income individuals. See the Bank Rating - Service Test section of this Public Disclosure for a listing of some of those organizations.

Metropolitan Statistical Area - MSA 1600

Conclusions with Respect to Performance Test in MSA 1600 - Chicago, Illinois

AMCORE's performance within MSA 1600 is generally consistent with the overall rating assigned to the bank.

Description of the Institution's Operations in MSA 1600

AMCORE's activity in MSA 1600 accounts for:

- 6% of deposits;
- 8% of loans; and,
- 2 (11%) branch offices and 2 (11%) ATMs.

One branch and ATM, each, is located at the Elgin and Carpentersville branch office.

Description of the Assessment Area in MSA 1600

AMCORE's assessment area in MSA 1600 consists of a small portion of Kane County and McHenry County as follows: twenty-four geographies in north-east Kane County (includes the cities of Elgin and Carpentersville); and, five geographies in south-east McHenry County (includes portions of Crystal Lake, Huntley, Algonquin, and Barrington Hills).

The assessment area's population is 158,237. The Chicago MSA census median family income is \$42,758. Table 23 contains other demographic information of the assessment area.

Table 23 Demographic Information								
Income Level:	# of Families	% of Total	Total Population	% of Total	# of Geographies	% of Total	# of Owner-Occupied Units	% of Owner-Occupied Units
Low Income	5,301	13%	There are no low-income geographies in this assessment area.					
Moderate Income	6,939	17%	11,469	7%	3	11%	1,234	3%
Middle Income	11,493	28%	84,305	53%	15	54%	20,470	52%
Upper Income	17,870	43%	62,463	39%	10	36%	17,315	44%
Total	41,603	100%	158,237	100%	28	100%	39,019	100%

Source: 1990 Census Data.

There are 55,161 housing units in the assessment area. Of this volume, 70% are owner-occupied, 27% are rental and 3% are vacant housing units. Of the rental units, 12% consist of multi-family units. The median housing value is \$99,700, with a median year built of 1964. When compared to AMCORE's assessment areas as a whole, this area makes-up 30% of the population, 27% of

households, 29% of families, and 29% of owner-occupied units.

Major cities are Elgin and Carpentersville in Kane County and Crystal Hills in McHenry County. The area's economy is good. The unemployment rate is about 4.9%. The Elgin and Carpentersville areas have seen tremendous industrial growth in recent years. The growth is attributed to excellent transportation access, good location, access to land for expansion and a large, stable workforce. Major industries are manufacturing, retail trade and the service industry. Major area employers are: Sears, Motorola Inc., Ameritech, Northwest Community Hospital, and Northrop Grumman Corporation. Primary employers in Elgin are the Elgin Unit School District, First Chicago Credit Card, Sherman Hospital, Elgin Mental Health Center and the Elgin Riverboat Resort.

According to the U. S. Census Bureau, a vast majority of establishments are small businesses. Approximately 95% of business establishments employ less than 50 persons, 5% employ 50 to 499 persons, and less than 1% employ 500 or more persons.

The market for financial services is strong as there are numerous financial institutions and several mortgage companies in the immediate area.

The following sections discuss the three performance tests with respect to this assessment area.

Conclusions with Respect to Performance Tests

Lending Test

AMCORE's dispersion of loans and distribution among borrowers of different incomes and businesses of different sizes is adequate. There is limited use of flexible and innovative lending products. There are no community development loans in this assessment area.

Geographic Distribution of Loans:

Overall, AMCORE's geographic distribution is adequate. AMCORE's distribution of home mortgage loans is good. However, the distribution of small business loans is low in moderate-income areas.

Home Mortgage Loans

Table 24 shows AMCORE's distribution of home mortgage loans among the various categories of geographies.

Table 24 Home Mortgage Loans By Income Level of Geography January 1, 1996 through March 31, 1997						
Income Level of Geography:	Loans		% of Total		Assessment Area Characteristics	
	#	\$ (000's)	#	\$	% of Owner-Occupied Units*	% of Geographies
Moderate Income	6	\$489	4%	3%	3%	11%
Middle Income	63	\$3,884	43%	27%	52%	54%
Upper Income	78	\$10,185	53%	70%	44%	36%
TOTAL	147	\$14,558	100%	100%	100%	100%

Source: 1996 and Year-to-Date 1997 HMDA - LAR.

* - Emphasis is placed on the distribution of owner-occupied units.

Table 24 shows AMCORE's home mortgage loan volume of 4% in moderate-income geographies is good when compared to the 3% of owner-occupied characteristics in the assessment area.

Table 25 illustrates the home mortgage loan distribution by loan product.

Table 25 Home Mortgage Loan Distribution By Loan Product and Income Level of Geography January 1, 1996 through March 31, 1997							
Income Level of Geography:	Home Purchase		Home Improvement		Refinance		Assessment Area Characteristics
	Number*	\$	Number*	\$	Number*	\$	% of Owner-Occupied Units
Moderate Income	5%	3%	0%	0%	5%	3%	3%
Middle Income	32%	26%	83%	78%	28%	23%	52%
Upper Income	63%	71%	17%	22%	67%	74%	44%
TOTAL	100%	100%	100%	100%	100%	100%	100%

Source: 1996 and Year-to-Date 1997 HMDA - LAR.

* - Represents the percent of the number of loans.

\$ - Represents the percent of the dollar volume of loans (in thousands).

Table 25 reveals that AMCORE's home purchase and refinance mortgage loan volume in moderate-income geographies is good when compared to the owner-occupied characteristics of the assessment area. No home improvement loans were made in moderate-income geographies. AMCORE did not originate multi-family home mortgage loans in this assessment area.

Business Loans

A small loan to a business is a loan with an original amount of \$1 million or less. Table 26 displays AMCORE's distribution of small loans.

Table 26 Small Loans By Income Level of Geography January 1, 1996 through March 31, 1997					
Income Level of Geography:	Loans		% of Total		Assessment Area Characteristics
	#	\$ (000's)	#	\$	% of Geographies
Moderate Income	1	\$50	2%	1%	11%
Middle Income	18	\$2,897	35%	45%	54%
Upper Income	32	\$3,459	63%	54%	36%
TOTAL	51	\$6,406	100%	100%	100%

Source: 1996 and Year-to-Date 1997 Small Business Loan Data Collection Register.

Table 26 shows AMCORE's small loans are primarily originated in upper-income geographies. Few small loans are originated in moderate-income geographies when compared to the characteristics of the assessment area. This low volume can be attributed to the limited number of moderate-income geographies, and the location of those geographies, at the furthest eastern portion of the assessment area. The bank's Elgin branch office is located in northwest Elgin.

A small business loan is a loan with an original amount equal to or less than \$1 million to a business with gross annual revenues of \$1 million or less. Table 27 displays AMCORE's distribution of small business loans.

Table 27 Small Business Loans By Income Level of Geography January 1, 1996 through March 31, 1997					
Income Level of Geography:	Loans		% of Total		Assessment Area Characteristics
	#	\$ (000's)	#	\$	% of Geographies
Moderate Income	1	\$50	3%	1%	11%
Middle Income	13	\$1,547	38%	40%	54%
Upper Income	20	\$2,279	59%	59%	36%
TOTAL	34	\$3,876	100%	100%	100%

Source: 1996 and Year-to-Date 1997 Small Business Loan Data Collection Register.

Table 27 shows AMCORE's small business loans are made primarily in middle- and upper-income geographies. Few small business loans are originated in moderate-income geographies due to the limited number of those geographies and the location of the Elgin branch office.

Loan Distribution By Borrower Income:

AMCORE's lending to borrowers of different income levels and businesses of different sizes is adequate.

Home Mortgage Loans

Table 28 shows AMCORE'S distribution of home mortgage loans by borrower income.

Table 28 Home Mortgage Loans By Borrower Income January 1, 1996 through March 31, 1997					
Borrower Income as a % of MSA Median Family Income:	Loans		% of Total		Assessment Area Characteristics
	#	\$ (000's)	#	\$	% of Families
Low Income	10	\$494	7%	3%	13%
Moderate Income	20	\$1,662	14%	11%	17%
Middle Income	39	\$2,512	27%	17%	28%
Upper Income	63	\$7,925	43%	54%	43%
NA	15	\$1,965	10%	13%	NA
TOTAL	147	\$14,558	100%	100%	100%

Source: 1996 and Year-to-Date 1997 HMDA - LAR.
 NA - Income information is not available.

Table 28 shows that AMCORE's loan volume is low to low-income borrowers and is adequate to moderate-income borrowers. The median housing value of homes in this assessment area is higher at \$99,700, which explains the low level of home mortgage loans to low-income borrowers. Combined, AMCORE's lending to low- and moderate-income borrowers is low.

Business Loans

AMCORE is meeting the credit needs of small businesses. Table 29 displays AMCORE's distribution of small loans to businesses and its volume of small business loans.

Table 29 Business Loans By Loan Size and Loans to Businesses with Annual Revenues of Less than \$1 Million January 1, 1996 through March 31, 1997				
Loan Size:	Loans		% of Total	
	#	\$ (000's)	#	\$
Less than \$100,000	36	\$1,619	71%	25%
\$100,000 - \$249,999	9	\$1,567	18%	24%
\$250,000 - \$1,000,000	6	\$3,220	12%	50%
Total Small Loans	51	\$6,406	100%	100%
Total Small Loans to Businesses with Annual Revenues of Less Than \$1 Million (Small Business Loans)	34	\$3,876		
As a % of Total Small Loans	67%	61%		

Source: 1996 and Year-to-Date 1997 Small Business Loan Data Collection Register.

Table 29 shows AMCORE's distribution of small loans and loans to small businesses is adequate. Sixty-seven percent of the loans are small loans to small businesses. This level of loans is reasonable considering a substantial majority of businesses in the assessment area are small businesses.

Community Development Loans:

There are no community development loans in this assessment area.

Innovative or Flexible Lending Practices:

AMCORE makes limited use of flexible lending practices. See the Bank Rating - Lending Test section of this Public Disclosure for further details.

Investment Test

In this assessment area, AMCORE's investment activity is limited. However, through AMCORE Foundation, Inc., AMCORE has provided \$7,675 to organizations who provide community services or provide affordable housing to low- or moderate-income persons, promote community development in low- and moderate-income areas, or provide financial assistance to small businesses. Some of these organizations are: United Way of Elgin, United Way of Dundee, Community Crisis Center, Literacy Connection, and the Neighborhood Housing Services of Elgin.

Service Test

AMCORE'S retail banking services are reasonably accessible in this assessment area. Alternative delivery systems are readily available to the bank's customers. The level of community development services is adequate.

Retail Banking Services:

Table 30 displays AMCORE's current distribution of delivery systems.

Income Level of Geography:	# of Branches	% of Total	ATMs		Assessment Area Characteristics	
			#	% of Total	Distribution of Geographies	Distribution of Population
Moderate Income	0	0%	0	0%	11%	7%
Middle Income	1	50%	1	50%	54%	53%
Upper Income	1	50%	1	50%	36%	39%
TOTAL	2	100%	2	100%	101%	99%

Source: Bank's Internal Records.

Table 30 shows AMCORE does not have any branches in moderate-income geographies. The Elgin branch is generally a full service facility. The Carpentersville's branch offers deposit products, residential and retail loans, and commercial loans by appointment. Both branch offices maintain Saturday hours. In December 1995, the Carpentersville branch was opened in a middle-income geography. No branches have been closed.

Alternative Delivery Systems:

Table 30 shows AMCORE maintains two proprietary ATMs in this assessment area. Both are located at a branch office.

See the Bank Rating - Service Test section of this Public Disclosure for further details regarding alternative delivery systems.

Community Development Services:

A few bank employees are active in organizations whose missions are to assist in economic development or provide housing financial assistance and other financial services to low-income individuals. These organizations are: Elgin Area Chamber of Commerce, Elgin Community College - Small Business Advisory Center, and the Neighborhood Housing Services of Elgin.

See the Bank Rating - Service Test section of this Public Disclosure for further details regarding community development services.

Appendix

Scope of Examination

Time Period Reviewed: January 1, 1996 through March 31, 1997			
Financial Institution AMCORE Bank N.A., Rockford			Products Reviewed Home Mortgage Loans Small Business Loans Community Development Loans
Affiliate(s)	Affiliate Relationship		Products Reviewed
AMCORE Mortgage Company	Holding Company Subsidiary		Home Mortgage Loans
AMCORE Foundation, Inc.	Holding Company Subsidiary		Grants and Donations
List of Assessment Areas and Type of Examination			
Assessment Area	Type of Exam	Branches Visited	Other Information
Illinois MSA 6880 Rockford MSA 1600 Chicago Non-MSA Rural Illinois	on-site on-site off-site	2 1 0	

Loans Reviewed

Home Mortgage Loans: AMCORE and AMI's 1996 and year-to-date 1997 (through March 31, 1997) HMDA-LAR were used in assessing the bank's performance under the Lending Test, except in Table 4, where only AMCORE's loans were considered.

Business Loans: AMCORE'S 1996 and year-to-date 1997 (through March 31, 1997) Small Business Data Collection Register was tested for accuracy. A 5% sample of the total 1,568 loans was reviewed. Of the loans reviewed, 55% had been renewed or extended and should not have been reported in the Register. The small business loan totals in this Public Disclosure were adjusted to reflect a 45% accuracy rate and were used in assessing the bank's performance under the Lending Test.