

GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **AMCORE Bank, Aledo** prepared by the **Federal Reserve Bank of Chicago**, the institution's supervisory agency.

The evaluation represents the agency's current assessment and rating of the institution's CRA performance based on an examination conducted as of **January 21, 1997**. It does not reflect any CRA-related activities that may have been initiated or discontinued by the institution after the completion of the examination.

The purpose of the Community Reinvestment Act of 1977 (12 U. S. C. 2901), as amended, is to encourage each financial institution to help meet the credit needs of the communities in which it operates. The Act requires that in connection with its examination of a financial institution, each federal financial supervisory agency shall (1) assess the institution's record of helping to meet the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations of the institution, and (2) take that record of performance into account when deciding whether to approve an application of the institution for a deposit facility.

The Financial Institutions Reform, Recovery and Enforcement Act of 1989, Pub. L. No. 101-73, amended the CRA to require the Agencies to make public certain portions of their CRA performance assessments of financial institutions.

Basis for the Rating

The assessment of the institution's record takes into account its financial capacity and size, legal impediments and local economic conditions and demographics, including the competitive environment in which it operates. Assessing the CRA performance is a process that does not rely on absolute standards. Institutions are not required to adopt specific activities, nor to offer specific types or amounts of credit. Each institution has considerable flexibility in determining how it can best help to meet the credit needs of its entire community. In that light, evaluations are based on a review of 12 assessment factors, which are grouped together under 5 performance categories, as detailed in the following section of this evaluation.

ASSIGNMENT OF RATING

Identification of Ratings

In connection with the assessment of each insured depository institution's CRA performance, a rating is assigned from the following groups:

Outstanding record of meeting community credit needs.

An institution in this group has an outstanding record of, and is a leader in, ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Satisfactory record of meeting community credit needs.

An institution in this group has a satisfactory record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Needs to improve record of meeting community credit needs.

An institution in this group needs to improve its overall record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Substantial noncompliance in meeting community credit needs.

An institution in this group has a substantially deficient record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

DISCUSSION OF INSTITUTION'S PERFORMANCE

Institution's Rating:

This institution is rated **satisfactory record of meeting community credit needs**, based on the findings presented below.

COMMUNITY PROFILE

AMCORE Bank, Aledo is located in the City of Aledo, Mercer County, Illinois, approximately 160 west of Chicago, 40 miles south of the Quad Cities and 40 miles north of Galesburg. The bank has defined its delineated community as Mercer County. According to 1990 U.S. Census Data, Mercer County has a total population of 17,050 persons and Aledo has a total population of 3,681 persons. Minorities comprise less than 1.5% of the total county population.

The median family income for Mercer County is \$31,456, according to 1990 Census Data, slightly higher than the non-metropolitan statewide average of \$29,694. Approximately 15% of the county population are considered low income, 18% are considered moderate income, 24% are considered middle income and 43% are considered upper income families. The median housing value for the county is \$34,483, the non-metropolitan statewide median is \$40,181 and the statewide median is \$80,114. Approximately 68% of the housing units in the county are owner-occupied and 23% are renter-occupied.

Mercer County has few large manufacturing establishments; General Grind and Machine of Aledo employs 90 in its general machining job shop, Cannon Precision Manufacturing of Keithsburg employs 54 to manufacture bronze bearings and washers and Hideaway Plastics of Aledo employs 40 to manufacture plastic products. Major non-manufacturing employers include Mercer County Hospital (150 employees) and the Aledo Community School District (91 employees). Due to the lower cost of living in Mercer County when compared to the Quad Cities, Galesburg and Muscatine, Iowa areas, the county includes many bedroom communities for residents who work in these larger regional cities. According to the Illinois Department of Employment Security, the rate of unemployment for Mercer County was 4.9%, slightly higher than the statewide average of 4.5%, as of November, 1996.

BANK PROFILE

AMCORE Bank, Aledo, with total assets of approximately \$147 million as of September 30, 1996, is a subsidiary of AMCORE Financial, Inc., a multibank holding company with total assets of approximately \$2.8 billion as of June 30, 1996, located in Rockford, Illinois. The bank's only office is located in downtown Aledo. Although the bank has traditionally focused on serving its community's commercial and agricultural needs, the bank has increased its overall loan volume of consumer lending products since being acquired in December of 1994. These consumer products

include real estate mortgages, home equity lines of credit, credit cards, overdraft protection lines of credit and other consumer installment lending products. Full deposit services are available at the bank, in addition to two deposit-taking automated teller machines (ATMs), both located in Aledo.

Competition is provided by 1st Community Bank (Sherrard) with a branch located in Aledo, Farmers State Bank of Western Illinois (New Windsor) with branches located in Alexis and Viola, First Financial Bank (Stevens Point, Wisconsin) with a branch located in Aledo, and Joy State Bank (Joy) with a branch located in New Boston.

ASSESSMENT OF RECORD

I. ASCERTAINMENT OF COMMUNITY CREDIT NEEDS

Assessment Factor (a) - Activities conducted by the institution to ascertain the credit needs of its community, including the extent of the institution's efforts to communicate with members of its community regarding the credit services being provided by the institution.

Regulatory Expectation

The Statement of the Federal Financial Supervisory Agencies regarding the Community Reinvestment Act (Policy Statement) indicates that an effective CRA process must include methods to ascertain community credit needs on an ongoing basis through outreach efforts to local governments, businesses, and community members and organizations. This ascertainment effort should include a system that facilitates dialogue with these individuals and groups and enables them to communicate their concerns to an officer of the financial institution.

Scope and Findings

The minutes of the board of director meetings, minutes of community involvement meetings, internal CRA files, formal officer call program, and other ongoing activities to ascertain credit needs within the community were reviewed.

Directors, officers and staff participate in the following groups and organizations:

Name of Group/Organization

- Farm Bureau Marketing Commission
- Mercer County Farm Bureau
- Aledo Kiwanis Club
- Mercer Foundation for Health
- Aledo Area Chamber of Commerce
- Exchange Club of Aledo
- Local Boy Scouts of America
- Community Unit #201 School Board
- Mercer County Historical Society
- Junior Achievement of Aledo
- Mercer County Fair
- Mercer County Youth Services Bureau
- Mercer County Hospital Board

As the above list illustrates, the bank's directors, management and staff are active participants in local groups and organizations in the delineated community.

Bank management maintains a formal officer call program. Each call, and subsequent follow-up call, is separately documented by each loan officer, and summarized annually to create an Officer Call Activity Report. Bank officers conducted a total of 113 calls and follow-up calls to 58 separate businesses and individuals in 1996, an increase of 28 calls, or approximately 33% over 1995 levels. Approximately 78% of the 1996 calls were made within the bank's delineated community and approximately 66% of 1996 calls were made to prospective loan customers who did not have an existing credit relationship with the bank. Although an extension of credit did not result from each call, the effectiveness of the bank's program is supported by the increase in overall lending volume and the strong performance in community development and small business lending, as illustrated in Assessment Factors (I) and (h), respectively.

In December of 1996, the bank launched a "community involvement" meeting series for all bank officers. The purpose of the meeting series is to develop new strategies for the bank to take a leadership position in the community development of Aledo and surrounding Mercer County. Although a number of credit needs, including the creation of a community development corporation, high school expansion and government block grant funding were discussed, no results have yet been established due to the infancy of this meeting series.

The bank's holding company, has provided the bank with the ability to offer a greater number of consumer loan products. Since the previous examination, the bank has introduced home equity, and overdraft protection line of credit programs to its customers. Although the bank had not ascertained a need for these products through its local efforts, the bank has originated four home equity lines of credit for a total of \$52,000, and 50 overdraft protection lines for a total of \$31,600. See Assessment Factor (I) for further discussion of

the bank's
loan
originations.

Conclusions

The bank's call program and involvement in the community are adequate. Management has met regularly to discuss the results of its development activities and to ensure that credit products/services are responsive to the needs of the community. The bank's holding company provides additional assistance by allowing the bank to offer additional consumer loan products. There were no unmet credit needs identified within its delineated community by outside contacts made in the area.

Assessment Factor (c) - The extent of participation by the institution's board of directors in formulating the institution's policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act.

Regulatory Expectation

The Policy Statement states that banks are encouraged to develop a CRA plan to ensure an affirmative effort on the part of the bank to comply with the Act. It further states that the duty to coordinate and monitor the CRA process should be assigned to a senior officer or a committee charged with the responsibility to report periodically to the board of directors about the bank's CRA efforts, performance, and areas for improvement, where appropriate. An employee training program should be established which addresses information about those policies of the bank designed to help meet community credit needs including the needs of low- and moderate-income areas and small businesses. Procedures should be implemented to ensure that files are maintained, as required by the regulation, for purposes of receiving public comments and for reviewing and responding to the comments.

Regardless of how the bank organizes itself to implement its CRA plan, seeing that the institution has taken the steps necessary to help meet its community's credit needs is the responsibility of the entire organization, beginning with its board of directors and continuing through its line management. To be effective, a CRA plan must include methods to incorporate findings regarding community credit needs into the development of products and services that the bank decides to offer to help meet these needs.

The Policy Statement also states that the bank's CRA statement should accurately reflect the types of lending and other services that the bank is willing to offer to the community. This statement must be reviewed at least annually to ensure its accuracy. The services that the bank chooses to offer should be clearly articulated and reasonably related to community needs.

Scope and Findings

The minutes of the board of directors meetings, CRA public file and the CRA statement were reviewed to determine the level of oversight and direction provided by the bank's board of directors and senior management.

Procedures have been implemented to ensure that files are maintained, as required by the regulation, for purposes of receiving public comments and for reviewing and responding to the comments.

The board of directors reviews and approves the bank's CRA statement, at least annually, to ensure its accuracy, as evidenced by the February 26, 1996 board of directors meeting

minutes. The board of directors has appointed a vice president as CRA Officer. The CRA Officer monitors the bank's compliance with the regulation, and reports back to the board of directors on CRA-related issues that affect the bank. According to meeting minutes, the CRA Officer's last report was on September 16, 1996. The CRA Officer is also involved in workshops and committees sponsored by AMCORE Financial, Inc., to ensure an easy transition into new CRA procedures when the revised regulation takes effect.

Conclusions

The bank's CRA program is sufficient in identifying and responding to community credit needs. All levels of management are familiar with the requirements of the regulation and have taken an active approach in preparing for the implementation of the revised regulations.

II. MARKETING AND TYPES OF CREDIT OFFERED AND EXTENDED

Assessment Factor (b) - The extent of the institution's marketing and special credit-related programs to make members of the community aware of the credit services offered by the institution.

Regulatory Expectation

The Policy Statement indicates that an effective CRA plan should include marketing and advertising programs for lending products and services that are responsive to the needs of the community and that will inform and stimulate awareness of those products and services throughout the community, including low- and moderate-income areas.

Scope and Findings

The bank's marketing and advertising programs were reviewed to assess their effectiveness in making members of the community aware of the credit products offered by the bank. In addition, representatives of the community were interviewed regarding the effectiveness of the bank's marketing efforts.

The bank markets its products and services using two print publications: the *Aledo Times Record*, a weekly newspaper distributed by subscription to 2,990 households and the *Town Crier*, a free weekly delivered to 10,326 households both throughout Mercer County and smaller portions of four surrounding counties. The bank also uses WRMJ FM, a contemporary country music station located in Aledo to reach a larger audience. Additionally, the bank relies upon personal contact with local members of the community, word-of-mouth advertising, lobby signs and statement stuffers to promote the bank's loan products.

The following chart illustrates the bank's advertising efforts between September, 1995 and December, 1996:

ADVERTISING MEDIUM	BANK SERVICES ADVERTISED	FREQUENCY OF ADVERTISEMENTS	PERCENT OF TOTAL BY TYPE
The Times Record and Town Crier Newspaper Publications*	Real Estate/ Home Improvement	46	19.49
	Consumer	18	7.63
	Business/ Agricultural	48	20.34
	Deposit	82	34.75
	Trust/ Investment	2	.85
	Goodwill	40	16.94
WRMJ Radio	Real Estate/ Home Improvement	60	5.15
	Consumer	36	3.09
	Business/ Agricultural	230	19.72
	Deposit	445	38.16
	Goodwill	395	33.88

* Newspaper ads run simultaneously in each publication.

As the above chart illustrates, the bank placed a total of 1,402 advertisements through local media; 236, or approximately 17% in print, and 1,166, or 83% in radio spots. Approximately 31% of all advertisements placed were to promote the bank’s loan products.

Conclusions

The bank’s level and distribution of advertising sufficiently informs all segments of the bank’s delineated community of available loan products. The media used to advertise products and services cover the entire delineated community.

Assessment Factor (i) - The institution's origination of residential mortgage loans, housing rehabilitation loans, home improvement loans, and small business or small farm loans within its community, or the purchase of such loans originated in its community.

Scope and Findings

A review of the bank's September 30, 1996 Consolidated Report of Condition revealed a loan-to-deposit ratio of 48.66%, an increase of approximately 10% since the previous examination. The distribution by loan type was as follows:

LOAN TYPE	DOLLAR AMOUNT OUTSTANDING (000's)	PERCENT OF TOTAL LOANS
REAL ESTATE		
Construction	363	.81
Residential (1-4)	6,587	14.76
Multifamily	1,094	2.45
Commercial	7,593	17.01
Agricultural	8,720	19.54
CONSUMER		
Open-end Credit	24	.05
All Other	1,724	3.86
COMMERCIAL AND INDUSTRIAL	9,424	21.11
AGRICULTURAL	8,824	19.77
STATE AND POLITICAL OBLIGATIONS	119	.27
OTHER	166	.37

Based upon a comparison of the bank's loan distribution with June 30, 1995 Call Report information contained in the previous report of examination, total loans increased by \$8.84 million or approximately 25%. The largest increases in loan volume were noted in one-to-four family residential real estate at \$2.70 million, or 69.51% and commercial real estate lending at \$3.36 million or 79.55%. Other notable lending volume increases included 74.14% in closed-end consumer loans, and 21.66% in agricultural loans.

A decrease in lending volume was noted in the bank’s commercial portfolio, down \$1.70

million, or 18.06%. This decrease is offset by both the increase in commercial real estate lending noted above and the \$1.09 million increase in multifamily residential real estate. Overall, commercial lending, including commercial real estate and multifamily residential real estate, increased since the previous examination by \$2.76 million, or 17.95%.

Bank management attributed the increase in lending volume to the bank’s new Equity Plus and Equityline home loan programs and a renewed focus on consumer lending, including the introduction of Comfortline, an overdraft protection product (see Assessment Factor (a) for further information on the bank’s new loan products).

According to the Uniform Bank Performance Report (UBPR), dated September 30, 1996, the bank's performance compared to peer is illustrated in the following:

LOAN TYPE	BANK AVERAGE LOAN MIX (%)	PEER AVERAGE LOAN MIX (%)
REAL ESTATE LOANS		
Construction/Development	.48	1.74
1 - 4 Family Residential	10.86	27.76
Home Equity	.09	.32
Other Real Estate	40.29	21.17
Farmland	21.35	5.14
Multi-family	1.19	.67
Commercial	17.76	12.62
TOTAL REAL ESTATE LOANS	51.64	54.09
LOANS TO INDIVIDUALS	3.65	14.38
CREDIT CARD LOANS	.22	.27
COMMERCIAL & INDUSTRIAL LOANS	24.12	15.16
AGRICULTURAL LOANS	20.16	7.76
MUNICIPAL LOANS	.25	.46
OTHER LOANS*	.18	.23
*Excludes Financial Institution Loans, Acceptances of Other Banks, Foreign Office Loans and Leases, and Lease Financing Receivables		

BANK NET LOAN/LEASE TO DEPOSIT RATIO	PEER NET LOAN/LEASE TO DEPOSIT RATIO
48.66	66.14

The above chart illustrate that the bank’s loan to deposit ratio is below peer. Although the distribution of loans for one-to-four family residential real estate and consumer lending is

significantly less than peer, farmland and commercial real estate lending, and commercial and agricultural lending exceeds the peer averages.

Although the bank’s loan to deposit ratio is less than its national peer group, loan growth is expected to continue on an upward trend in 1997 with planned growth of \$7.5 million in new loan funding. The introduction of new consumer loan products, demonstrate that the bank is committed to increasing its loan penetration in its community. Additionally, the bank refers all of its 30-year and secondary market mortgages, which are not reflected in the bank’s loan portfolio, to AMCORE Mortgage, Inc., a subsidiary of the bank’s holding company. Since the previous examination, the bank has referred a total of 15 mortgages for a total of \$982,030 to the mortgage company.

Conclusions

The bank’s lending is adequate, given the makeup of its non-metropolitan delineated community. The successful introduction of new consumer loan products and the ability to offer long term home mortgages through AMCORE Mortgage, Inc. demonstrates that the bank is committed to meeting the credit needs of its community, including a renewed emphasis on fostering increased consumer lending.

Assessment Factor (j) - The institution's participation in governmentally insured, guaranteed or subsidized loan programs for housing, small business or small farms.

Scope and Findings

Management was interviewed, the bank’s loan portfolio was analyzed and members of the community were contacted to determine the level of demand for government loan programs and the bank’s response to the community’s demand. The following chart summarizes the bank's activity in the above mentioned government sponsored loan programs.

PROGRAM	OUTSTANDING		SINCE PREVIOUS EXAMINATION	
	NUMBER	DOLLAR AMOUNT	NUMBER	DOLLAR AMOUNT
Farmers Home Administration (FHA)	5	859,876	0	0
Small Business Administration (SBA)	6	826,365	1	95,000
Illinois Farm Development Authority (IFDA)	3	740,168	2	561,725

Discussions with management revealed that the bank has the ability to refer applications to AMCORE Mortgage, Inc. for Federal Housing Administration (FHA) and Veterans Administration (VA) loans; however, demand for these products has not been strong and as a result, no applications have been referred since the previous examination.

In addition to the above programs, the bank participates in the State of Illinois Agricultural Production Loan Program, a linked deposit program sponsored by the Illinois Treasurer's Office. In 1996, the bank funded approximately \$6 million to fund production expenses for 54 farms using \$4.5 million in linked deposits from the state and an additional \$1.5 million from other bank funds. For 1997, the bank anticipates \$6 million in available linked deposits to help meet the agricultural production loan needs of a targeted 60 farms.

The bank continues to work closely with small farm and business owners within the community. Since the previous examination, the bank has made a number of small farm and business loans. Refer to Assessment Factor (h) for specific examples.

Conclusions

The bank's participation in various government-insured loan programs meets the credit needs of the local community and is consistent with the bank's size and resources.

III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES

Regulatory Expectation

Reasonableness of Community Delineation

The regulation requires state member banks to prepare, and at least annually review, a delineation of the local community or communities that comprise its entire community, without excluding low- and moderate-income neighborhoods. Maps are required to be used to portray community delineations. The regulation requires Federal Reserve System examiners to review the reasonableness of the delineations.

The regulation states that a local community shall consist of the contiguous areas surrounding each office or groups of offices, including any low- and moderate-income neighborhoods in those areas. In preparing its delineation, a bank may use any one of the three methods, as stipulated in the regulation: (1) existing boundaries, such as those of a Metropolitan Statistical Area or counties in which the bank's office or offices are located; (2) the bank's effective lending territory, which is defined as that local area or areas where it makes a substantial portion of its loans and all other areas equidistant from its offices; or (3) any other reasonably delineated local area that meets the purposes of CRA and does not exclude low- and moderate-income areas.

Scope and Findings

The geographic distribution of the bank's lending was reviewed to assess the reasonableness of the bank's delineated community. The bank has defined its community as Mercer County. Bordering the Mississippi River on the west, the delineation encompasses four block numbering areas (BNAs). BNA numbers 402, 403 and 404, containing all but the northeastern section of the county, are considered middle income geographies. BNA number 401, located closest to the Quad Cities area, is considered an upper income geography. There are no low- or moderate-income geographies, nor any geographies with a high concentration of minority residents. This method of delineation is consistent with method number one described above.

The board of directors annually reviews the reasonableness of the bank's delineation, as

evidenced by the minutes of the February 26, 1996 board meeting. Bank management reviews its community delineation periodically to monitor its reasonableness. See Assessment Factor (e) for further discussion on the geographic assessment performed by the bank. The bank’s lending activity supports the reasonableness of its delineation; no geographies were excluded that the bank could reasonably be expected to serve.

Conclusions

The geographic distribution of the examination loan sample and the results of the self-assessment performed by the bank support the reasonableness of the delineation.

Assessment Factor (e) - The geographic distribution of the institution's credit extensions, credit applications and credit denials.

Regulatory Expectation

The Policy Statement states that the services that the bank chooses to offer should be distributed within the bank's community in a fair and nondiscriminatory manner, in keeping with the bank's general approach to its business.

Scope and Findings

The examination loan sample and the results of the bank’s self-assessment were reviewed to determine the extent of the bank’s geographic distribution of loans.

A review of the loan sample revealed the following geographic distribution:

LOAN TYPE	TOTAL SAMPLED	WITHIN THE LOCAL DELINEATED COMMUNITY	PERCENT OF TOTAL
REAL ESTATE	12	10	83.33
HOME EQUITY	4	4	100
DIRECT INSTALLMENT	10	9	90
INDIRECT INSTALLMENT	10	2	20
SINGLE PAYMENT	10	9	90
OVERDRAFT PROTECTION	10	9	90
COMMERCIAL	10	9	90
TOTAL LOANS	66	52	78.79

Analysis of the distribution of the examination loan sample revealed that approximately 79% of sampled loans were from within the bank’s delineation. This distribution is below the 92% loans sampled within the bank’s delineation noted in the previous examination. This decline is attributed to the bank’s new indirect lending program.

A further analysis of the bank's loan distribution was conducted in order to determine whether the bank was lending throughout its community. Approximately 67% of sampled loans were originated to addresses in the City of Aledo, and approximately 33% were originated outside Aledo, but within Mercer County.

Bank management conducts periodic reviews of its geographic distribution. According to the most recent self-assessment of the bank's commercial, consumer installment and home equity line of credit portfolios, conducted as of December 31, 1996, a total of 86% of sampled loans were originated from within the community. The analysis further illustrated that the loans originated in Mercer County were reasonably disbursed. Approximately 65% of sampled loans in the delineated community were to Aledo addresses, while the 35% balance were to other addresses in Mercer County.

Conclusions

The results of the bank's self-assessment and examination loan sample demonstrates that the bank is originating credit primarily from within its delineated community. Further review indicates that the loans are reasonably distributed throughout the community.

Assessment Factor (g) - The institution's record of opening and closing offices and providing services at offices.

Scope and Findings

The location, hours of operation, and delivery of services were reviewed to determine the bank's accessibility to members of the delineated community. The bank's office is located at 201 West Main Street in downtown Aledo, where loan applications are accepted. The bank operates a 24-hour ATM machine at its office and a 24-hour ATM machine in a shopping mall on the east side of Aledo. Both ATMs accept deposits. In addition, the bank has a loan-by-phone program called "AMLOAN" in which an applicant can apply for a loan anytime 24 hours a day.

The bank's lobby and drive-up hours were expanded in May of 1996 to provide greater accessibility to the community. The lobby is now open until 3 p.m. with the exception of Wednesday and Saturday, when the lobby is open until 12 noon. The bank's drive-up window is open until 4 p.m. with the exception of Friday and Saturday, when the window is open until 5 p.m. and 12 noon, respectively.

Conclusions

The bank's services, facilities and hours of operation are reasonably accessible to all portions of the delineated community and are consistent with the bank's size, resources and the nature of the community.

IV. DISCRIMINATION OR OTHER ILLEGAL CREDIT PRACTICES

Assessment Factor (d) - Any practices intended to discourage applications for types of credit set forth in the institution's CRA Statement(s).

Scope and Findings

The bank's CRA statement, loan policies and procedures, minutes of the board of directors meetings and a sample of approved loans and denied applications were reviewed to determine the bank's level of compliance with applicable provisions of fair lending laws and regulations. The bank's CRA statement indicates that the following types of credit are available to members of its community:

Consumer Installment - automobile, garages, secondary collateral, educational expenses, unsecured, readily marketable securities.

Other Consumer - single payment, Comfortline (overdraft protection), credit cards (through AMCORE Financial, Inc.).

Consumer Real Estate - balloon mortgages, 30 year mortgages through AMCORE Mortgage, Inc. (See Assessment Factor (i) for activity), Equity Plus (first or second mortgage), Equityline (revolving), construction.

Commercial - real estate, equipment, breeding stock, operating, feeder livestock, stored crop, inventory, negotiable warehouse receipts, municipalities.

In addition to the above products, the bank also offers a number of government-guaranteed and government-sponsored loan products. See Assessment Factor (j) for a detailed discussion of these products.

Conclusions

The examination loan sample, denied credit applications and discussions with community representatives indicate that the bank accepts applications and originates loans in accordance with its stated policy. No practices were detected during the examination which would tend to discourage applications for the types of credit listed in the CRA statement.

Assessment Factor (f) - Evidence of prohibited discriminatory or other illegal credit practices.

Scope and Findings

Recently approved installment, open-end, single payment, real estate, commercial and agricultural loans as well as rejected credit applications were reviewed for compliance with the applicable fair housing and fair lending laws and regulations. The bank's loan forms, policy and procedures were reviewed, and loan officers were interviewed. The bank receives training assistance from the holding company in the form of seminars and meetings.

An analysis of the examination sample of consumer loans by gender revealed that the percentage of applications submitted by joint applicants was approximately 49%, male applicants approximately 32% and female applicants approximately 19%. Joint applicants accounted for approximately 56% of sampled denials, male applicants accounted for approximately 17% and female applicants accounted for approximately 27%.

Conclusions

No evidence of prohibited discriminatory credit practices or procedures was detected during the examination. The bank is in compliance with the substantive provisions of the Fair Housing Act and the Equal Credit Opportunity Act. Discussions with community members did not indicate any concerns regarding the bank's credit practices with respect to protected classes.

V. COMMUNITY DEVELOPMENT

Assessment Factor (h) - The institution's participation, including investments, in local community development or redevelopment projects or programs.

Scope and Findings

The bank's loan and investment portfolios were reviewed. Additionally, representatives of the community and bank management were interviewed regarding its current efforts and overall level of participation in local community development activities.

The bank has approximately \$13.87 million in outstanding municipal bond issues, and \$470,000 in local government issues. Each year, the bank invests in City of Aledo Tax Anticipation Warrants. These warrants are issued on a short-term basis to cover a funds shortfall between the time local tax bills are sent, and when they are due. In 1996, the bank held four short-term warrants totaling \$141,000.

The bank provided examples of loans made in its delineation that served a community development purpose:

Purpose	Amount(\$)
Build 91 new housing units to attract new residents	650,000
Build new facility in a new industrial park	750,000
Retain crop dusting operation in county by financing its purchase	140,000 (SBA loan)
Retain veterinary services by financing it purchase	155,000
Finance the buyout of a business partner to retain auto dealership	500,000
Partner with the city in financing a new office building with a CPA as anchor	230,000

Conclusions

The bank’s level commercial lending activity, local bond issue obligations and its participation in other community initiatives is consistent with the primary development needs of the community.

Assessment Factor (k) - The institution's ability to meet various community credit needs based on its financial condition and size, legal impediments, local economic conditions and other factors.

There are no apparent factors relating to the bank's financial condition and size, or local economic conditions that would prevent the bank from meeting community credit needs.

Assessment Factor (l) - Any other factors that, in the regulatory authority's judgement, reasonably bear upon the credit needs of its entire community.

Scope and Findings

The bank regularly contributes to various local organizations. This financial support totaled nearly \$3,000 for 1996. Bank directors, officers and staff continue to donate a considerable amount of time and resources to local groups and organizations, as illustrated in Assessment Factor (a).