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Comptroller of the Currency  
Administrator of National Banks

LARGE BANK

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## **PUBLIC DISCLOSURE**

April 12, 1999

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**AMCORE Bank N.A., Rock River Valley  
Charter Number 14366**

**101 West First Street  
Dixon, Illinois 61021**

**Comptroller of the Currency**

**440 South LaSalle Street  
One Financial Place, Suite 2700  
Chicago, IL, 60605**

**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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## **GLOSSARY OF TERMS AND COMMON ABBREVIATIONS**

The following terms and abbreviations are used throughout this Performance Evaluation.

**Assessment Area** - The geographic area in which an institution's CRA (Community Reinvestment Act) performance is assessed.

**Block Numbering Area (BNA)** - A small, statistical area within a nonmetropolitan county.

**Community Development Loan** - A loan with a primary purpose of community development. With one exception, community development loans specifically exclude loans reported on the Home Mortgage Disclosure Act (HMDA) or CRA Disclosure Statement. Multi-family housing loans are the only type that can be reported both as a HMDA and as a Community Development loan.

**Community Development** - Affordable housing (including multi-family rental housing) for low and moderate income (LMI) individuals; community services targeted for LMI individuals; activities that promote economic development by financing businesses or farms that meet certain size and revenue standards prescribed by regulation; and, activities that revitalize or stabilize LMI geographies.

**Community Development Service** - A service, related to the provision of financial services, with a primary purpose of community development.

**CRA Disclosure** - Report based on annual information filed by an institution reflecting small business, small farm, and community development loan activity.

**Geography** - Locally defined statistical units commonly known as Census Tracts in MSA's and Block Numbering Areas in non-MSA's.

**Home Mortgage Disclosure Act (HMDA)** - A statute that requires mortgage lenders to file annual summary reports of housing-related lending activity.

**Income Levels** - There are four income categories relating to individuals, families, and geographies.

Low-Income:	less than 50% of the median
Moderate-Income:	at least 50%, but less than 80% of the median
Middle-Income:	at least 80%, but less than 120% of the median
Upper-Income:	above 120% of the median

## **GLOSSARY OF TERMS AND COMMON ABBREVIATIONS**

**(Continued)**

**Median Family Income (MFI)**- The MFI is determined by the United States Census Bureau. The Department of Housing and Urban Development updates this figure annually using an estimated inflation factor.

**Metropolitan Statistical Area (MSA)** - An area containing a city with a population of at least 50,000 or an urban area with a population of 50,000 within a metropolitan area of at least 100,000.

**Qualified Investment** - A lawful investment with a primary purpose of community development.

**Small Business** - A business with gross annual revenues of \$1 million or less.

**Small Farm** - A farm with gross annual revenues of \$1 million or less.

**Small Loan to a Business** - A loan of \$1 million or less to any business.

**Small Loan to a Farm** - A loan of \$500,000 or less to any farm.

## 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., Rock River Valley**, located in **Dixon, Illinois**, as prepared by **The Office of the Comptroller of the Currency (OCC)**, the institution's supervisory agency, as of **April 12, 1999**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than by individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The OCC rates the CRA performance of a bank consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25.

This evaluation considered the bank's lending, investment, and service activities. Lending activity was assessed primarily in 1997 and 1998. Investment and service activities were considered since the last CRA evaluation through April 12, 1999. The bank's prior evaluation dated May 20, 1996, resulted in a "Satisfactory" CRA rating.

**CRA RATING:** This institution is rated **"Satisfactory Record of Meeting Community Credit Needs."**

The major factors that support this rating include:

- C The bank's lending volume reflects good responsiveness to the credit needs of the assessment area.
- C The bank has a good record of serving the credit needs of low- and moderate-income borrowers, small businesses, and small farm customers.
- C The level of community development lending is reasonable based on the opportunities that exist in the bank's assessment area.
- C Retail services, including alternative delivery systems, are reasonably accessible to essentially all portions of the assessment area.

The following table indicates the performance level of AMCORE Bank N.A., Rock River Valley with respect to the lending, investment, and service tests.

Performance Levels	AMCORE Bank N.A., Rock River Valley 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.

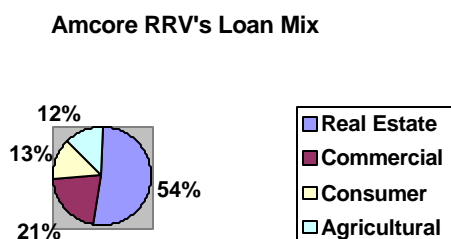
## DESCRIPTION OF INSTITUTION

AMCORE Bank N.A. Rock River Valley (AMCORE RRV) is a \$655 million institution. The bank's main office is located in Dixon, Illinois, which is about 60 miles southwest of Rockford, Illinois. AMCORE RRV is an intrastate bank.

AMCORE RRV is 100% owned by AMCORE Financial, Inc. (AFI), a publicly traded company. AFI is a multi-bank holding company with approximately \$4.1 billion in assets. AFI has five banks in Northern Illinois and four banks in Southern Wisconsin. AFI also owns several nonbank subsidiaries: AMCORE Consumer Finance Company, Inc.; AMCORE Insurance Group, Inc.; AMCORE Investment Group, N.A.; AMCORE Investment Services, Inc., AMCORE Mortgage, Inc. (AMI); and, Investors Management Group, Ltd.

AMCORE RRV reported net income of \$6.7 million for the year ended December 31, 1998. This compares to \$6.8 million and \$5.9 million reported for the years ended 1997 and 1996, respectively. AMCORE RRV provides a full range of retail and commercial products. Loans represent the largest component of the bank's total asset base at 56%. At year-end 1998, total loans and leases were \$371 million. Loan growth for AMCORE RRV has been steadily increasing, averaging between 8 and 12 percent over the past two years. The growth in loans has been mainly in the real estate and agricultural loan portfolios. Residential mortgages are provided in the bank's assessment area through the bank and through their affiliate, AMI. Mortgage originators are located in each of the AMCORE RRV branches. Bank employees refer mortgage inquiries to these originators. For these reasons, the bank requested that their internal HMDA loans and AMI's lending be considered in this evaluation.

The loan mix as of year-end 1998 is shown below:



Total deposits at December 31, 1998 were \$487 million. The bank's loan to deposit ratio as of December 31, 1998 was 75%. The loan-to-deposit ratio is good, although it has slightly decreased from 78.5% at year-end 1997 and 78.6% at year-end 1996.

Overall, the bank is capable of meeting the community credit needs based on its financial condition and size and product offerings. There are no major constraints or legal impediments that impact the bank's ability to fulfill the spirit of CRA.

## DESCRIPTION OF THE ASSESSMENT AREA

AMCORE RRV has one assessment area. The assessment area consists of Lee, Ogle, and Whiteside counties in Illinois. There are 37 census tracts within these three counties. There are no low- or moderate-income geographies within the assessment area. Of the total census tracts in the area, 34 are middle-income and three are upper-income areas.

The bank's main office is located in Dixon, Illinois. Other primary cities within the assessment area are Sterling, Rock Falls, Oregon, and Mt. Morris. The assessment area also consists of several rural communities.

The local economy in Lee, Ogle, and Whiteside counties is stable. Unemployment is low at approximately 3.74% based on year-end 1995 information from the U.S. Bureau of Labor Statistics. The industries within this area consist of mainly manufacturing, services, and retail trade. Agriculture is also a primary trade within the assessment area. The major employers in the area include Northwestern Steel & Wire Company, National Manufacturing Company, Illinois Department of Transportation, Raynor Garage Doors, KSB Hospital, Wahl Manufacturing, Sauk Valley Community College, and Kable News, Incorporated.

The following Demographics Profile Table provides details on the major characteristics within the bank's assessment area. We used this information to understand the context of the area in which the bank operates.

Assessment Area Demographic Profile

DEMOGRAPHIC CHARACTERISTICS	#	LOW-INCOME	MODERATE-INCOME	MIDDLE-INCOME	UPPER-INCOME
Census Tracts or BNA's	37	0%	0%	92%	8%
Population	140,535	0%	0%	92%	8%
Families by Income Level	38,788	15%	19%	27%	40%
Families by Census Tract or BNA Income Level	38,788	0%	0%	92%	8%
Owner Occupied Housing Units by Income Level	37,196	0%	0%	92%	8%
Businesses by Income Level	4,747	0%	0%	92%	8%
Farms by Income Level	227	0%	0%	90%	10%
Income Data 1990 Median Family Income = \$31,689 1998 HUD Adjusted MFI = \$42,256 1998 State-wide Non-MSA MFI = \$39,500					

Source: 1990 U.S. Census, Dun & Bradstreet



Primary financial institution competitors in the assessment area include Mercantile Bank of Northern Illinois, Grand National Bank, Stillman Bancorp N.A., and the Byron Bank. Other large institutions such as Norwest Mortgage, Inc., Green Tree Financial and The Money Store are present in the bank's assessment area and provide strong competition.

Based on June 30, 1998 information reported by the FDIC, AMCORE RRV has about 21% of the total deposits in its three county assessment area. Their largest share of deposits is in Lee County at 30%, followed by 25% in Whiteside County and 7% in Ogle County. There are 36 institutions with 66 offices that physically exist within the three county areas.

Local civic and community leaders were contacted during this evaluation period. The contacts indicated that small business development and affordable housing units, to the extent possible, are the primary needs in the community. Management also stated that home improvement and refinance of mortgage loans are credit needs in the assessment area. With respect to community development, the contacts confirmed that there are limited opportunities for bank's to participate in such activities.

## CONCLUSION WITH RESPECT TO PERFORMANCE TESTS

AMCORE RRV's overall lending performance is good. The bank's involvement in community development activities with respect to the investment and service tests is reasonable given the existing opportunities in the assessment area.

### LENDING TEST

#### *Major Conclusions:*

- C The bank's lending volume reflects good responsiveness to the credit needs of the assessment area.
- C The distribution of loans to customers of different income levels and to business and farm customers of different sizes is good.
- C The level of community development lending is reasonable based on the opportunities that exist in the bank's assessment area.

#### **Lending Activity**

The bank's volume of lending in 1997 and 1998 is good. As of December 31, 1998, AMCORE RRV's loan to deposit ratio was 75.43%. The average of other peer banks in the assessment area was 75.48%.

Table 1 details the number and dollar amount of reportable loans that the bank originated or purchased over the evaluation period. During this time period, AMCORE RRV made 3,319 loans totaling \$202 million. In addition, AMI made 742 or \$59 million home mortgage loans in the bank's assessment area. The bank's highest concentration is in home mortgage loans, followed closely by small business loans. Home mortgage loans consist of home purchase, home improvement, and refinance loans.

As Table 1 indicates, the bank and AMI made 1,784 home mortgage loans in 1997 and 1998. AMCORE RRV ranked third out of 171 lenders, with an overall market share of 10.03% in the bank's assessment area in 1997 (the most current year that HMDA market share data is available). In addition, AMI ranked tenth with market share of 2.48% in the assessment area.

The bank is a leader in making home improvement loans. Over the past two years, AMCORE RRV made 639 home improvement loans. Based on the 1997 aggregate HMDA data submitted by lenders in the assessment area, AMCORE RRV ranked first of 42 lenders, with an overall market share of 34.8%.

The bank made 1,446 small business loans in 1997 and 1998. Based on the 1997 Small Business Aggregate data, AMCORE RRV ranked seventh out of 156 lenders. Small farm lending activity in 1997 and 1998 is also good. The bank made a total of 831 small farm loans. AMCORE RRV ranked fourth out of 69 lenders with an overall market share of 5.39%.

### **Assessment Area Concentration**

A high percentage of AMCORE RRV's home mortgage, small business, small farm, and community development loans were made in the bank's assessment area. The bank originated approximately 75% of its home mortgage loans in the assessment area. It should be noted that although AMI originates mortgage loans in the bank's assessment area, these numbers were not included in the percentage analysis. The bank originated about 92% of the small business and 90% of the small farm loans in the assessment area. Overall, AMCORE RRV originated 86% of its total loans in its assessment area. This is a good indicator of the degree to which the bank is focused on serving its local community.

### **Geographic Distribution of Loans**

As stated in the Description of the Assessment Area section of this evaluation, there are no low- or moderate-income geographies within the bank's assessment area. Therefore, the geographic distribution of the bank's loans was not as meaningful in the evaluation of the lending test.

However, a brief analysis of the dispersion of home mortgage lending in the middle- and upper-income geographies was performed. Based on 1997 and 1998 HMDA data, the bank's volume of home mortgage loans is comparable with the percentage of owner occupied units in those same geographies. Tables 2 through 4 depict the bank's home mortgage lending in detail.

A market share analysis was also analyzed to evaluate the bank's home mortgage lending in the various geographies. Tables 2 through 4 present AMCORE RRV's market rank and market share ratio as of 1997 in terms of the geographies. Market share numbers do not include the mortgage company loans and are based on the bank's loan activity only. As shown, AMCORE RRV's overall market share is highest in the home improvement and refinance loans. The bank was ranked first and had overall market share of about 35% in the home improvement category. In the refinance category, the bank was ranked tenth with a 2% share of the market. Both home improvement and refinance loans are credit needs within the community.

The geographic distribution of the bank's small business and small farm loans was also briefly reviewed. Tables 5 and 6 show the dispersion of small business and small farm lending within the middle- and upper-income geographies compared to the percentage of businesses or farms, which operate in those areas. Overall, the tables demonstrate that AMCORE RRV's lending is in proportion to the number of businesses and farms.

In addition, we used a market share analysis to evaluate the bank's small business and small farm lending. Tables 5 and 6 present AMCORE RRV's market rank and market share ratio as of 1997 in terms of the geographies. As the tables indicate, AMCORE RRV's overall market rank is seventh for small business and fourth for small farm loans.

A lending gap analysis was performed. There were no unexplained gaps in the bank's assessment area. This is based on a review of total lending, which includes HMDA, Small Business, and Small Farm loans.

### **Borrowers' Profile**

The lending test also considers the distribution of the bank's loans to borrowers of different income levels and to businesses and farms of different sizes. In particular, the focus is on loans to low- and moderate-income persons and small business and small farm loans. Based on AMCORE RRV's lending in 1997 and 1998, the bank has a good distribution of loans compared to the each particular income level in its assessment area.

Tables 7 through 9 illustrate the borrower distribution of home mortgage loans. The tables also present market rank and market share ratios based on 1997 aggregate market data. Based on this information, AMCORE RRV is making between 3% and 7% of its home mortgage loans to low-income families. Considering the borrower characteristics, percentage of households living below the poverty level, percentage of households on public assistance, and percentage of households on social security income, this level of lending is reasonable. About 15% of the families living in the assessment area are classified as low-income. They earn roughly \$21,000 a year. The median housing value (\$50,000) is almost 2.5 times higher than their annual income. About 10% of the households in the assessment area are living below the poverty level, 5% are on public assistance, and almost 30% of the households are on social security. For these reasons, these families and households would have a limited ability to assume debt obligations. Therefore, the slightly lower level of home mortgage lending to low-income borrowers is still considered reasonable.

The bank is making an additional 10% to 18% of the home mortgage loans to moderate-income families. The bank's performance in the moderate-income range is much better considering that 19% of the families living in the assessment area are moderate-income. Their strongest performance is in the home improvement category.

The market share data also supports the bank's distribution of home mortgage loans to low- and moderate-income borrowers. AMCORE RRV is particularly doing well in the home improvement loan origination market. Aggregate data for 1997 shows that AMCORE RRV is the leader in making home improvement loans with an overall market share of 35%. The bank's market share to low-income

borrowers is 28%. Their share to moderate-income borrowers is higher at 41%.

Tables 10 and 11 illustrate the distribution of small business and small farm loans in the assessment area.

We evaluated business and farm loans based on gross annual revenues and by loan amount.

AMCORE RRV is making a significant percentage, 92%, of their business loans to applicants with gross annual revenues less than \$1 million.

This is very good in comparison to the 72% of businesses in the assessment area with revenues less than \$1 million. Considering the amount of the loans, a substantial majority or 80% of the business loans were for amounts less than \$100,000. This level of performance is very good given the distribution in the size of businesses in the assessment area.

AMCORE RRV's small farm lending activity is also very good. During 1997 and 1998, the bank originated 90% of its farm loans to applicants with gross annual revenues less than \$1 million. In addition, 634 out of 831, or 76% of the farm loans were for amounts less than \$100,000.

A market share analysis as of 1997 was assessed in the bank's small business and small farm loan categories. As shown in tables 10 and 11, AMCORE RRV's overall market share is good at 3.7% for small business and 5.4% for small farm. The bank was ranked seventh overall out of 156 lenders for small business loans and fourth out of 69 lenders for small farm loans. Market share percentages are also good for small business and small farm loans to applicants with revenues less than \$1 million. Based on aggregate 1997 data, the bank's market share was high at 5.4% in both loan categories.

### **Community Development Lending**

The bank made one community development loan which meets the definition of the CRA regulation. However, during this evaluation period, AMCORE RRV originated several other small business loans with a community development purpose. Based on the revenue size of these business loans, they were reported on the CRA Loan Register. And, these business loans loan projects are considered under the Borrower Profile section.

A brief description of the loans which meet the community development definition and those business loans with a community development purpose are as follows:

AMCORE RRV originated a loan for \$2 million through the Illinois Housing Development Authority (IHDA). The purpose of the loan was for affordable housing to individuals with a maximum income of 60% of the area median income as determined by the department of Housing and Urban Development. Specifically, the loan proceeds were used to construct a 72-unit housing project for senior citizens in Rock Falls, Illinois.

AMCORE RRV provided financing to purchase and renovate the Nachusa House Hotel into 35

residential housing units. The Hotel is located in Dixon, Illinois. The intent of the renovation project is to provide affordable housing to residents over age 55 and who qualify as low- or moderate-income. The bank financed \$550,000 towards this project.

AMCORE RRV also originates and participates in loans through the Lee/Whiteside Community Development Corporation (CDC). They are one of eleven member banks with an investment in the CDC. The purpose of the CDC is to provide gap financing to new and existing small businesses at current market rates. Gap financing is that portion of a loan request that is not provided by a financial institution or the business owner. Since 1997, the bank has participated in two loans for about \$44,000 through the CDC. These loans are in the bank's loan portfolio. AMCORE RRV is the lead bank on one of the recent loans and has the highest share in the CDC at 22.5%.

In addition, the bank is involved in the Dixon Main Street Loan Program (Program). Although there are no low- or moderate-income geographies in the community, the Program helps to continue growth and development in the Dixon community. The Program's purpose is to offer low interest loans to small business owners in the Dixon community who have property in the business district. The proceeds of the loan program are to rehabilitate, remodel, and upgrade the exterior of the downtown buildings. The loan program has been in effect for several years; however, AMCORE RRV remains a leader in the program. In 1998, the bank extended seven loans under this program for \$161,500. This is part of the Illinois Main Street Community project which is designed to promote economic development and revitalize the community of Dixon.

## **Product Innovation**

AMCORE RRV is responsive to credit needs by offering several flexible mortgage loan products, as well as small business loan products. Each of these loan products help low- and moderate-income individuals obtain credit which they might not have had access to under the bank's normal underwriting standards. Examples of these products/programs are given below:

IHDA: First-Time Homebuyer Program - This program is designed to assist low- and moderate-income persons with affordable housing financing. The funds from this program can be used for a variety of single and multi-family initiatives. The number and volume of loans under this program were not available.

Affordable Housing Loan Programs - The bank offers a 15, 20, and 30 year fixed rate program through the FHLMC. The maximum loan amount is \$207,000 and the maximum loan to value ratio is 97%. The number and volume of loans originated under this program were not available.

FHA/VA Loan Programs - The bank offers 15 and 30 year fixed rate loans under these two programs. The underwriting standards are less restrictive than the banks normal underwriting. Loans under this

program were recorded on the bank's HMDA LAR.

SBA - The bank offers the SBA Low-Doc and 7a loan programs through the Small Business Administration. Loans originated under this program are recorded on the bank's CRA Register.

100% Equity Line - The bank offers a revolving credit in which you may borrow up to 100% of equity built up in your home. Other features include a variable interest rate, check access, flexible payments and tax deductibility of interest. There is a minimum monthly payment of 1% of the principal balance plus monthly interest at a rate as low as Prime plus 2%. The number and volume of loans originated under this program were not available.

## INVESTMENT TEST

### *Major Conclusions:*

- AMCORE RRV has an adequate level of qualified investments. The bank exhibits reasonable responsiveness to the investment needs of the community given the limited amount of opportunity for community development in the assessment area.

During this evaluation period, the bank made grants in the amount of \$4,000 to organizations that promote community development to low- and moderate-income individuals. Specifically, these grants went to an affordable housing organization, a low- and moderate-income youth program, and to a low-income senior program. AMCORE RRV makes a variety of other donations to organizations in the community. However, these particular organizations do not meet the definition of community development as defined by the CRA regulation.

In April of 1999, the bank donated a plot of land for the building site of the next Habitat for Humanity house. This organization helps provide homes to low- and moderate-income families. The donation of land is estimated at \$5,000.

AMCORE RRV is one of eleven member banks with an investment in the Lee/Whiteside Community Development Corporation (CDC). The bank has the largest percentage of shares in the CDC. The CDC is a for-profit organization that provides gap financing to new and existing small businesses. This in turn promotes economic development in the assessment area. The bank's initial capitalization was in 1994 for \$100,000 and remains a continuous project.

Table 12 details the bank's prior investments, as well as current investments through April 12, 1999. We determined investment opportunities, in part, determined from community contacts, a review of the demographics of the community, and through discussions with senior bank management.



## SERVICE TEST

### *Major Conclusions:*

- C AMCORE RRV's delivery systems are reasonably accessible to essentially all portions of the assessment area.
- C The bank closed one branch, located in a middle-income census tract, effective March 6, 1999. The closing does not adversely affect the bank's delivery systems. During this evaluation, the bank opened one branch and three automatic teller machines(ATMs). These changes have been positive in respect to branch locations and accessibility.
- C Services, including business hours, are convenient and meet the needs of the assessment area, including low- and moderate-income individuals. Loan and deposit products are standardized and made available in all locations.
- C The bank provides an adequate level of community development services given the limited opportunities in the assessment area. Bank employees provide technical expertise to various organizations within the assessment area to the extent possible.

AMCORE RRV makes its retail services accessible to all individuals in the assessment area through its office locations and alternative delivery systems. The bank operates seven full service branches in the assessment area, which includes the main office in Dixon, Illinois. The main office and branch lobby hours are reasonable. There are no differences in the types of services available at the different locations. The bank has extended banking hours through its six drive-through facilities. AMCORE RRV also maintains 12 ATMs, of which 10 are deposit-taking ATMs.

The main office and branches are located in middle-income census tracts in the assessment area. As stated earlier, there are no low- or moderate-income census tracts; therefore, the distribution is reasonable. The ATMs maintained by the bank are scattered between the middle- and upper-income census tracts in the assessment area. Six of the ATMs are located at the same location as the branch and the other six are off-site. Table 13 details the distribution of the branches and ATMs.

Since the last CRA evaluation, the bank closed the Leaf River branch. The effective date of the closing was March 6, 1999. Management gave consideration to the impact on the community. They determined there were no outstanding CRA issues and the closing of the branch did not have an adverse impact on the community. AMCORE RRV has two other branch locations within close proximity from the Leaf River branch. These two branches offer all the same products and services offered at the Leaf River branch.

In addition, the bank opened a branch in Oregon, Illinois. The bank opened three ATMs in 1997 and

1998: One at the new Oregon branch; another at the new Shell Gas Station in Dixon, Illinois; and, the third in the Wahl Clipper Corporation in Sterling, Illinois.

AMCORE RRV provides alternative systems for delivering retail banking services. These systems are provided to both low- and moderate-income areas and individuals. Besides the 12 ATMs, the bank offers a 24-hour AmLoan service. The AmLoan service allows individual to apply for automobile, credit card, installment, home equity, and home improvement loans by telephone. The bank also offers Telebank, a 24-hour telephone account information system. The service is offered to customers free of charge and is available at any time. Using this service, a customer can obtain information on a checking account, savings account, and loan account. A depositor can also transfer funds among account.

In addition, the bank offers the Advantage-At-Work program. This program offers convenient banking, tailored products and services, reduced rates on installment loans, and special offers on other services. The program is available to persons who work for certain local employers and who have a direct deposit account with AMCORE RRV. To date, there are ten local employers who participate in the program and are in partnership with AMCORE RRV. This has resulted in over 600 deposit accounts.

AMCORE RRV also offers Databank, a banking software system that links business customers directly to their accounts using a personal computer. Other features include reviewing account histories and transferring funds electronically. The system also offers account reconciliation.

The extent of the availability and effectiveness for delivering these services to low- and moderate-income individuals is unknown. There was not enough data available to determine these factors.

### **Community Development Services**

The bank provides an adequate level of community development services given the limited opportunities in the assessment area. An adequate number of bank employees, including senior management, provide technical expertise to various organizations within the assessment area. These organizations address the needs of the low- and moderate-income residents of this area and the needs of small businesses. Some examples of activities and the organizations with which the bank and its employees are affiliated follow. This represents an adequate number of groups considering the opportunity and needs of the assessment area.

- Illinois State Treasurer's Smart Money Program - AMCORE RRV participates in this program that is designed to provide low cost banking services for individuals who receive state aid. The bank participates in the program in two ways. They cash public benefit checks for recipients of state aid if the individual resides in Dixon regardless of when an account relationship exists. They also offer individuals under state aid with a modified checking product. The product is only available to

persons who use direct deposit. There are no maintenance fees, minimum balances, or minimum deposits.

- CASA - This program has Court Appointed Special Advocates that represent battered and abused children in court. A majority of the children come from low- and moderate-income families. An employee of the bank serves on the Board of Directors of this organization. In addition, they use their financial expertise on CASA's finance committee.
- Sauk Valley Small Business Development Center - Bank employees are active with this group. They refer potential small business owners to the Center for basic education on how to start a business. The Center also provides assistance with business plans, forecasting, marketing, and other basic financial planning skills.
- Dixon Industrial Development Association - Bank employees serve as committee members and Board members of this organization. The primary purpose of this organization is to bring economic development to the community, including small businesses.
- Dixon Main Street - Several bank employees are involved with this organization whose main purpose is to ensure continued growth and development of the local economy and businesses in downtown Dixon.

## **COMPLIANCE WITH FAIR LENDING LAWS**

The bank has a satisfactory record of complying with the fair lending laws and regulations. This encompasses the Equal Credit Opportunity Act, Fair Housing Act, and Home Mortgage Disclosure Act. For fair lending analysis purposes, approved White applicants were compared to denied Hispanic applicants. Underwriting standards were tested in each group. Based on this analysis, we noted no violations of the substantive provisions of the fair lending laws and regulations during this evaluation.

We verified a sample of HMDA, small business, and small farm loans reported in 1998 in order to determine the accuracy of loan data presented by the bank. We reviewed HMDA reportable transactions to ensure the purpose, action taken, race, gender, applicant income, and loan size were accurately included on the Loan Application Register (LAR). Our review of these files noted only minor errors. Overall, the data was reliable. We performed a similar review on small business loan files to ensure the bank accurately reported the loan amount, revenue category, and location. The small business and small farm loan information reported on the CRA Data Listing Report was substantially correct and reliable.

**APPENDIX A: SCOPE OF EXAMINATION**

<b>Time Period Reviewed</b>	Lending Test: January 1, 1997 to December 31, 1998 Investment Test: May 20, 1996 to April 12, 1999 Service Test: May 20, 1996 to April 12, 1999		
<b>Financial Institution</b>	<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Products Reviewed</b>
AMCORE Bank N.A., Rock River Valley	Lee, Ogle, and Whiteside Counties in Illinois	On-site	1997 & 1998 HMDA Loans* 1997 & 1998 CRA Loans* (*)Originated and/or Purchased in Lee, Ogle, and Whiteside Counties
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>		<b>Products Reviewed</b>
AMCORE Mortgage Incorporated	Mortgage Company		1998 HMDA Loans* 1997 HMDA Loans through the third quarter* (*)Originated in Lee, Ogle, and Whiteside Counties

**APPENDIX B: TABLES 1-13**