

AMCORE Financial, Inc.

Corporate Governance Guidelines

Adopted as of February 11, 2004

Amended February 9, 2005

Amended February 8, 2006

Amended May 3, 2006

Amended February 7, 2007

Amended February 6, 2008

Amended February 12, 2009

The following Corporate Governance Guidelines have been adopted by the Board of Directors (the "Board") of AMCORE Financial, Inc. (the "Company") to assist the Board in the exercise of its responsibilities. These Corporate Governance Guidelines reflect the Board's commitment to monitor the effectiveness of policy and decision making both at the Board and management level, with a view to enhancing long-term shareholder value. These Corporate Governance Guidelines are not intended to change or interpret any Federal or state law or regulation, including the Nevada law or the Certificate of Incorporation or By-laws of the Company. These Corporate Governance Guidelines are subject to modification from time to time by the Board.

THE BOARD

Role of Directors

The business and affairs of the Company shall be managed by or under the direction of the Board. A director is expected to spend the time and effort necessary to properly discharge such director's responsibilities. Accordingly, a director is expected to regularly attend meetings of the Board and committees on which such director sits, and to review prior to meetings material distributed in advance for such meetings. A director who is unable to attend a meeting (which it is understood will occur on occasion) is expected to notify the Chairman of the Board or the Chairman of the appropriate committee in advance of such meeting.

The Board's Goals

The Board's goal is to build long-term value for the Company's shareholders consistent with the Company's responsibility to its customers, employees, and other third party individuals and organizations who interact with the Company.

To achieve these goals the Board will monitor both the performance of the Company (in relation to its goals, strategy and competitors) and the performance of the Chief Executive Officer, and offer him or her constructive advice and feedback. When it is appropriate or necessary, it is the Board's responsibility to remove the Chief Executive Officer and to select his or her successor.

Selection of the Chairman of the Board

The Board does not require the separation of the offices of the Chairman of the Board and the Chief Executive Officer. The Board shall be free to choose its Chairman of the Board in any way that it deems best for the Company at any given point in time.

Size of the Board

The Board believes that it should generally have no fewer than three and no more than fourteen directors. This range permits diversity of experience without hindering effective discussion or diminishing individual accountability. The size of the Board could, however, be increased or

decreased if determined to be appropriate by the Board. For example, it may be desirable to increase the size of the Board in order to accommodate the availability of an outstanding candidate for director.

Selection of New Directors

The Board shall be responsible for nominating members for election to the Board and for filling vacancies on the Board that may occur between annual meetings of stockholders. The Governance and Nominating Committee of the Board (the "Governance and Nominating Committee") is responsible for identifying, assessing and recommending candidates to the Board for Board membership. When formulating its Board membership recommendations, the Governance and Nominating Committee shall also consider advice and recommendations from others, as it deems appropriate.

Board Membership Criteria

Nominees for director shall be selected on the basis of, among other things, experience, knowledge, skills, expertise, integrity, diversity, ability to make independent analytical inquiries, understanding of the Company's business environment and willingness to devote adequate time and effort to Board responsibilities.

The Governance and Nominating Committee shall be responsible for assessing the appropriate balance of criteria of Board members. Each director shall be expected, within a reasonable period of time following his or her election to the Board, to own equity in the Company (in the form of Company stock or in-the-money options to purchase Company stock) in an amount that is appropriate for such director's financial circumstances. At a minimum, no later than five (5) years from the date of initial election to the Board, each non-employee director is required to own equity in the Company with a fair market value no less than three times the annual retainer received by such director from the Company.

Other Public Company Directorships

The Company does not have a policy limiting the number of other public Company boards of directors upon which a director may sit. However, the Governance and Nominating Committee shall consider the number of other public Company boards and other boards (or comparable governing bodies) on which a prospective nominee is a member, and may recommend that a director consider limiting present or future involvement if elected to the AMCORE Board.

Independence of the Board

The Board shall be comprised of a substantial majority of directors who qualify as independent directors ("Independent Directors") under the listing standards of the National Association of Securities Dealers Automated Quotation ("NASDAQ"). No more than two management executives may serve on the Board at the same time.

The Board shall review annually the relationships that each director has with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company). Following such annual review, only those directors who the Board affirmatively determines have no material relationship with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company) will be considered Independent Directors, subject to additional qualifications prescribed under the listing standards of NASDAQ or under applicable law. The Board may adopt and disclose categorical standards to assist it in determining director independence.

Independent Director Leadership

The Chairman of the Board may not always be an Independent Director. When the Chairman is not an Independent Director, it is expected that the Company's Independent Directors will designate two of the Independent Directors on the Board to serve in a facilitation role of meetings held in executive session without the Chairman's presence and to communicate with the Chairman of actions contemplated or taken by the Independent Directors. These two Independent Directors include the Chairs of the Compensation and Governance and Nominating Committees and their duties are included within the Charters of the two committees.

Directors Who Change Their Present Job Responsibility

Directors who are also employees of the Company shall tender their resignation from the Board at the same time they leave employment with the Company.

The Board does not believe that independent directors who retire or change the position they held when they became a member of the Board should necessarily leave the Board. However, the Board believes that promptly following such event, the director must notify the Governance and Nominating Committee, which shall review the continued appropriateness of the affected director remaining on the Board under the circumstances. The affected director is expected to act in accordance with the Governance and Nominating Committee's recommendation following such review.

Retirement Age

It is the policy of the Company that no director having attained the age of 70 years shall be nominated for re-election or reappointment to the Board.

Director Tenure

In connection with each director nomination recommendation, the Governance and Nominating Committee shall consider the issue of continuing director tenure and take steps as may be appropriate to ensure that the Board maintains an openness to new ideas and a willingness to critically re-examine the status quo. An individual director's renomination is dependent upon such director's performance evaluation, as well as a suitability review, each to be conducted by the Governance and Nominating Committee in connection with each director nomination recommendation.

Board Compensation

A director who is also an officer of the Company shall not receive additional compensation for such service as a director.

The Company believes that compensation for non-employee directors should be competitive and should encourage increased ownership of the Company's stock through the payment of a portion of director compensation in Company stock, options to purchase Company stock or similar compensation. The Governance and Nominating Committee will periodically review the level and form of the Company's director compensation, including how such compensation relates to director compensation of companies of comparable size, industry and complexity. Such review will also include a review of both direct and indirect forms of compensation to the Company's directors. Changes to director compensation will be proposed to the full Board for consideration.

Director's fees and compensation available to all independent members of the Board (including any additional amounts paid to chairs of committees and to members of committees of the Board) are the only compensation a member of the Audit Committee may receive from the Company.

Separate Sessions of Non-Management Directors

The non-management directors of the Company shall meet in executive session without management on a regularly scheduled basis, but no less than four times a year. Chairperson of the Governance and Nominating Committee shall preside at such executive sessions. Following such executive sessions, the Chairperson of the Governance and Nominating Committee and the Chairperson of the Compensation Committee shall communicate with the Chief Executive Officer. Where necessary, they will report back to the full Board of independent Directors on any issues that arose in the conversation with the CEO.

Any interested parties desiring to communicate with the Chairperson of the Governance and Nominating Committee and the other non-management directors regarding the Company may directly contact such directors by sending a certified letter marked "personal and confidential" addressed to the Chair of the Governance and Nominating Committee, c/o AMCORE Financial, Inc., 501 7th Street, Rockford, Illinois 61104.

Self-Evaluation by the Board

The Governance and Nominating Committee will sponsor an annual self-assessment of the Board's performance of the Board, the results of which will be discussed with the full Board and each committee. The assessment should include a review of any areas in which the Board or management believes the Board can make a better contribution to the Company. The Governance and Nominating Committee will utilize the results of this self-evaluation process in assessing and determining the characteristics and critical skills required of prospective candidates for election to the Board and making recommendations to the Board with respect to assignments of Board members to various committees.

Strategic Direction of the Company

Normally it is management's job to formalize, propose and implement strategic choices and the Board's role to approve strategic direction and evaluate strategic results.

However, as a practical matter, the Board and management will be better able to carry out their respective strategic responsibilities if there is an ongoing dialogue among the Chief Executive Officer, other members of top management and Board members. To facilitate such discussions, members of senior management who are not directors may be invited to participate in Board meetings when appropriate.

Board Access to Management

Board members shall have access to the Company's management and, as appropriate, to the Company's outside advisors. Board members shall coordinate such access through the Chairman of the Board and Board members will use judgment to assure that this access is not distracting to the business operation of the Company.

Election of Officers

The Board shall annually consider and elect officers of the corporation to serve for the ensuing year.

Attendance of Management Personnel at Board and Committee Meetings

The Board encourages the Chief Executive Officer to bring members of management from time to time into Board and Committee meetings to (i) provide management insight into items being

discussed by the Board which involve the manager; (ii) make presentations to the Board or Committee on matters which involve the manager; and (iii) bring managers with significant potential into contact with the Board. Attendance of such management personnel at Board meetings is at the discretion of the Board. Should the Chief Executive Officer desire to add additional members of management as attendees on a regular basis, this should be suggested to the Board for its concurrence.

Board Materials Distributed in Advance

Information and materials that are important to the Board's understanding of the agenda items and other topics to be considered at a Board meeting should, to the extent practicable, be distributed sufficiently in advance of the meeting to permit prior review by the directors. In the event of a pressing need for the Board to meet on short notice or if such materials would otherwise contain highly confidential or sensitive information, it is recognized that written materials may not be available in advance of the meeting.

Board Interaction with Institutional Investors, Analysts, Press and Customers

The Board believes that management generally should speak for the Company in accordance with the Company's Communication Policy. Each director shall refer all inquiries from institutional investors, analysts, the press or customers to the Chief Executive Officer or his or her designee as noted under this policy.

Board Orientation and Continuing Education

The Company shall provide new directors with a director orientation program to familiarize such directors with, among other things, the Company's business, strategic plans, significant financial, accounting and risk management issues, compliance programs, conflicts policies, code of business conduct and ethics, corporate governance guidelines, principal officers, internal auditors and independent auditors. The Company shall also provide each director with a Director's Handbook that communicates much of the information needed by each director. Each director is expected to participate in continuing educational programs in order to maintain the necessary level of expertise to perform his or her responsibilities as a director.

BOARD MEETINGS

Frequency of Meetings

There shall be four regularly scheduled meetings of the Board each year.

Selection of Agenda Items for Board Meetings

The Chairman of the Board shall annually prepare a "Board of Directors Master Agenda." This Master Agenda shall set forth a general agenda of items to be considered by the Board at each of its specified meetings during the year. Thereafter, the Chairman of the Board may adjust the agenda to include special items not contemplated during the initial preparation of the annual Master Agenda.

Upon completion, a copy of the Master Agenda shall be provided to the entire Board. Each Board member shall be free to suggest inclusion of items on the agenda as well as free to raise at any regular Board meeting subjects that are not specifically on the agenda for that meeting.

COMMITTEE MATTERS

Number and Names of Board Committees

The Company shall have five standing committees: Audit, Governance and Nominating, Compensation, Investment, and Executive. The purpose and responsibilities for each of these committees shall (to the extent possible) be outlined in committee charters adopted by the Board. The Board may want, from time to time, to form a new committee or disband a current committee depending on circumstances. In addition, the Board may determine to form *ad hoc* committees from time to time, and determine the composition and areas of competence of such committees.

Independence of Board Committees

Each of the Audit Committee, the Governance and Nominating Committee and the Compensation Committee shall be composed entirely of Independent Directors satisfying applicable legal, regulatory and stock exchange requirements necessary for an assignment to any such committee. Independent Directors shall chair all other standing Board committees, except that the Board may determine that the Chairman of the Board shall chair the Executive Committee, even if he or she is not an Independent Director.

Investigations and Studies; Outside Advisers

Each standing Committee may conduct or authorize investigations into or studies of matters within the Committee's scope of responsibilities, and may retain, at the Company's expense, such independent counsel or other advisers as it deems necessary. Each Committee shall report back to the full Board concerning any implemented, ongoing or completed investigations or studies since the last meeting of the full Board.

Assignment and Rotation of Committee Members

The Governance and Nominating Committee shall be responsible, after consultation with the Chairman of the Board, for making recommendations to the Board with respect to the assignment of Board members to various committees. After reviewing the Governance and Nominating Committee's recommendations, the Board shall be responsible for appointing the Chairman and members to the committees on an annual basis.

The Governance and Nominating Committee shall annually review the committee assignments and shall consider the rotation of the Chairman and members with a view toward balancing the benefits derived from continuity against the benefits derived from the diversity of experience and viewpoints of the various directors. With regard to the Chairman of the Governance and Nominating Committee, as well as the other standing committees with the exception of the Executive Committee, such position shall rotate at least once every six years. After the Chair has rotated out of the role of Chair, the former Chair may be asked to remain on the committee in order to assure continuity and to utilize the knowledge and expertise gained in their time on the committee.

LEADERSHIP DEVELOPMENT

Selection of the Chief Executive Officer

The Board shall be responsible for identifying potential candidates for, and selecting, the Company's Chief Executive Officer. In identifying potential candidates for, and selecting, the Company's Chief Executive Officer, the Board shall consider, among other things, a candidate's experience, understanding of the Company's business environment, leadership qualities, knowledge, skills, expertise, integrity, and reputation in the business community.

Evaluation of Chief Executive Officer

The Board will provide the Chief Executive Officer with an annual performance review for the prior year **no later than** at the fourth regularly scheduled meeting of the Board each fiscal year.

Each non-management director will provide his or her assessment of the Chief Executive Officer's performance orally to the full Board in executive session, without the presence of the CEO. These assessments should include the director's appraisal of:

- ❑ The Company's performance and the Chief Executive Officer's contribution to it, both compared to competitors and the Company's own strategic goals;
- ❑ Achievement of personal goals set by the Chief Executive Officer for the year, as part of his or her self-evaluation; and
- ❑ Other aspects of the Chief Executive Officer's performance, which the nonmanagement director deems relevant

After concurrence by the non-management directors to the evaluation, the Chairman of the Compensation Committee and the Chairman of the Governance and Nominating Committee will meet with the Chief Executive Officer to discuss the Board's assessment. The Chief Executive Officer may then take the opportunity to discuss his or her reaction to the evaluation.

Succession Planning

The Board shall plan for the succession to the position of the Chief Executive Officer. To assist the Board, the Chief Executive Officer shall prepare and distribute to the Board an annual report on succession planning for all senior officers of the Company with an assessment of senior managers and their potential to succeed the Chief Executive Officer and other senior management positions. In addition, the Chief Executive Officer shall prepare, on a continuing basis, a short-term succession plan that delineates a temporary delegation of authority to certain officers of the Company, if all or a portion of the senior officers should unexpectedly become unable to perform their duties. The short-term succession plan as presented to the Board shall provide a basis for the Board to take action when necessary.

Management Development

The Board shall determine that a satisfactory system is in effect for education, development, and orderly succession of senior and mid-level managers throughout the Company.