



PUBLIC DISCLOSURE

September 29, 2003

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**BANK OF NICHOLS HILLS
RSSD# 2396583**

**P.O. BOX 18329
OKLAHOMA CITY, OKLAHOMA 73154-0329**

**Federal Reserve Bank of Kansas City
925 Grand Boulevard
Kansas City, Missouri 64198**

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

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GENERAL INFORMATION

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

This document is an evaluation of the CRA performance of Bank of Nichols Hills (BONH), chartered in Oklahoma City, Oklahoma, prepared by the Federal Reserve Bank of Kansas City (Reserve Bank), the institution's supervisory agency, as of September 29, 2003. The agency evaluates performance in assessment areas, as they are delineated by the institution, rather than individual branches. This evaluation may include visits to some, but not necessarily all, of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.

INSTITUTION'S CRA RATING: *This institution is rated "Satisfactory"*

BONH continues to have a satisfactory record of helping to meet the credit needs of its entire assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities. The bank's rating was assessed under the following five core criteria developed for evaluating the CRA performance of small banks:

- Net Loan-to-Deposit (LTD) Ratio;
- Lending Inside the Assessment Area;
- Lending to Borrowers of Different Income Levels and Businesses of Different Revenue Sizes;
- Distribution of Lending by Income Level of Geography; and
- Record of responding to complaints about the bank's CRA performance.

Conclusions for each of the performance criteria were based, in part, on data compiled from a statistically derived loan sample from BONH's major product lines and from information reported by the bank on its Home Mortgage Disclosure Act (HMDA) Loan/Application Register (LAR). BONH's major loan products were determined based on discussions with management, analysis of the bank's Report of Condition and Income

(Call Report), and a review of the volume of loan originations since the last examination. The product lines chosen were commercial and residential real estate loans.

SUMMARY OF FINDINGS

- BONH's LTD ratio reflected a strong effort to extend credit in a competitive banking market consistent with safe and sound banking practices;
- A significant majority of BONH's lending activity was within its assessment area;
- The distribution of loans among businesses of different sizes and borrowers of different income levels reflected a reasonable dispersion considering the performance context within which the bank operates;
- BONH's lending in low- and moderate-income census tracts was considered reasonable given the demographic and competitive factors of the area; and
- BONH's response to complaints was not evaluated because the bank has not received any complaints about its performance under the CRA since the last examination.

DESCRIPTION OF INSTITUTION

BONH, with assets of \$79,383M as of its June 30, 2003 Call Report, is headquartered in the northwestern part of Oklahoma City, Oklahoma adjacent to the community of Nichols Hills. The bank is wholly-owned by parent company Bancshares of Nichols Hills, Ponca City, Oklahoma (Bancshares), which in turn is controlled by Pioneer Bancshares, Incorporated, Ponca City, Oklahoma (Pioneer). Pioneer owns 73.5 percent of Bancshares, and also owns Pioneer Bank & Trust Company, Ponca City, Oklahoma.

BONH opened for business under a new charter on May 23, 1996 and became a state member bank of the Federal Reserve System on December 24, 1998. A new full-service branch in downtown Oklahoma City was approved on April 24, 2000. Both offices have drive-through facilities and full-service automated teller machines (ATMs). In addition, the bank has a full-service ATM located in an office building in northwestern Oklahoma City. An application for a new branch to be located in Edmond, a suburban community north of and adjacent to Oklahoma City, was approved on August 26, 2003.

According to the June 30, 2003 Call Report, commercial loans comprised the largest portion of the bank's loan portfolio at 78.9 percent of the total dollar volume. The remaining loan products were residential real estate loans at 16.4 percent and consumer loans at 4.2 percent. Agricultural loans and other loans accounted for less than 1 percent

combined. The loan portfolio mix has changed only slightly since the previous evaluation dated September 13, 1999. Commercial loans increased from 72.3 percent, while residential loans decreased 21.4 percent. Call Report information also indicated that BONH's net loans totaled \$66,468M, representing 83.7 percent of total assets. Market share data from the Federal Deposit Insurance Corporation (FDIC) indicated that BONH had \$34,178M in deposits on June 30, 2002, ranking it 23rd of 45 FDIC-insured financial institutions in Oklahoma County.

There are no legal, financial, or other factors that would significantly hinder the bank's ability to meet the credit needs of its assessment area. The bank received a satisfactory rating at its previous CRA evaluation on September 13, 1999 by the Reserve Bank.

DESCRIPTION OF THE BANK'S ASSESSMENT AREA

BONH's assessment area is Oklahoma County, which includes 227 census tracts, according to the 2000 census. Of the 227 census tracts, 8.8 percent (20) are low-income tracts; 37.0 percent (84) are moderate-income tracts; 30.0 percent (68) are middle-income tracts; and 22.4 percent (51) are upper-income tracts. Four of the tracts, or 1.8 percent, are not populated, and therefore have no income designation. Oklahoma County is one of six counties comprising the Oklahoma City Metropolitan Statistical Area (MSA), and is located in the middle of the MSA. It includes the city's central business district.

The Nichols Hills area, where the bank's main office and branch are located, is an older, upper-income area with higher-cost housing that includes little undeveloped land. The area was developed in the 1940's and 1950's. The median age of housing in Nichols Hills was 44 years, compared to 32 years for the assessment area and 29 years each for the MSA and the state as a whole. In addition, 63.5 percent of the housing units were built between 1940 and 1959, compared to 25.7 percent for the assessment area, 23.3 percent for the MSA, and 20.8 percent for the state. Although older, the housing values in Nichols Hills are very high. The median value in the 2000 census was \$261,700 compared to \$74,398 for the assessment area. With only a few open residential lots available for new home construction, however, the trend in Nichols Hills has shifted to the remodeling or demolition of older homes and building newer and larger, more contemporary homes, according to city officials.

The 2000 census indicated that the median family income in the community was \$125,748, compared to \$42,930 for the assessment area, \$45,059 for the MSA, and \$40,709 for the state as a whole. Over 31.0 percent of the families in Nichols Hills earned more than \$200,000 annually.

The city of Nichols Hills has a very stable population, while population growth in the assessment area was significantly lower than that in the MSA overall. In 1990, Nichols

Hills had a population of 4,020, and in 2000 the population was 4,056. During the same period, the assessment area had a population growth rate of 10.1 percent, and the MSA had a growth rate of 13.0 percent. Census data indicated that the assessment area's overall labor force grew more slowly at 6.5 percent, compared to the MSA growth rate of 11.1 percent and the statewide growth rate of 10.5 percent.

Although there is high demand for the housing in the Nichols Hills area and the median value is high, there are indications of housing dilapidation in the low- and moderate-income tracts in other parts of the assessment area. With a median age of 49 years for the low-income tracts and 38 years for the moderate-income tracts, the housing stock in these areas is significantly older than the median age of 33 years and 19 years for the middle- and upper-income tracts, respectively. Vacancies in the low- and moderate-income tracts are 18.5 percent and 12.3 percent, compared to 8.3 percent and 5.5 percent in the middle- and upper-income tracts, respectively. A residential realtor in the northwestern Oklahoma City MSA interviewed in connection with the CRA evaluation of another financial institution stated that rental housing units in the low- and moderate-income geographies are popular as investments.

Information from Dun and Bradstreet (D&B) indicates that the services industry employs the most people in the assessment area, with 13,462 employees that comprises 41.6 percent of the labor force. Census data indicates that the services and construction industries have grown by the fastest rates. Between 1993 and 1996, employment in the construction industry grew 24.2 percent. During the same period, services grew 22.4 percent and manufacturing grew 6.1 percent. According to information compiled by Oklahoma State University in 2001, of the nearly 75,000 MSA jobs created since 1995, more than 45,000 were in the services sector. Retail trade added 14,300 new jobs and construction industries added 6,800 new jobs during the same period. However, information from an affordable housing expert and a neighborhood revitalization specialist interviewed in connection with the CRA evaluations of other financial institutions indicated that the job market has recently grown much tighter in the Oklahoma City area. The community contacts stated that recent layoffs in the aircraft industry and consolidation in the petroleum industry have hurt the local economy.

Additional assessment area characteristics based on 2000 Census data are summarized in Table 1:

Table 1	
Bank of Nichols Hills' Assessment Area Characteristics	
<i>Tract Summary</i>	
Total Number of Tracts	227
Number of Low-Income Tracts	20
Number of Moderate-Income Tracts	84
Number of Middle-Income Tracts	68
Number of Upper-Income Tracts	51
Number of Unpopulated Tracts Without Income Designation	4
<i>Income Summary</i>	
Median Family Income	\$42,797
Percent Low-Income Families	22.4
Percent Moderate-Income Families	18.5
Percent Middle-Income Families	20.9
Percent Upper-Income Families	38.2
<i>Unemployment Summary</i>	
Labor Force Population (Assessment Area)	327,667
Percent Unemployment (Assessment Area)	3.3
Percent Unemployment (State)	3.0
<i>Miscellaneous Information</i>	
Total Population	660,448
Percentage of Families Below Poverty	11.7
Total Housing Units	295,020
Percentage Owner-Occupied Units to Total Units	54.6
Percentage Rental Units to Total Units	35.8
Percentage Vacant Units to Total Units	9.6

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

As previously noted, various criteria were considered when evaluating the bank's overall CRA performance, including the bank's level of lending in relation to its level of deposits, compared with local, state, and national peer financial institutions; the concentration of loans originated within the bank's assessment area; the bank's distribution of lending among businesses of different revenue sizes and borrowers of different income levels; and the distribution of loans by income level of geography within the bank's assessment area. Two community contacts were interviewed to gather additional information about the assessment area's credit needs and to confirm that products and services offered by the bank adequately met those needs. Nine additional community contact interviews conducted in connection with the examination of other area financial institutions were reviewed for additional information. The bank's responsiveness to CRA complaints was

not included in the evaluation, as no complaints pertaining to its CRA performance have been received since the last evaluation.

Loan-to-Deposit Ratio

BONH's net LTD ratio, based on an average of the 16 quarters since the previous CRA evaluation, was 83.9 percent, and showed a high level of responsiveness to the needs of the assessment area. The bank's average ratio for the last 8 quarters, 86.5 percent, was then compared to the average ratios of six similarly-situated competitor banks located in the assessment area. The six competitor banks had LTD ratios that ranged from 60.2 percent to 82.3 percent during the same period. Again, BONH's performance was strong. A comparison was also performed between BONH and its MSA, county, and national peer banks using the same eight quarters. The average LTD ratio of MSA banks with assets of \$100 million or less was 71.9 percent. Banks of all asset sizes in Oklahoma County had an average LTD ratio of 77.3 percent. Metropolitan banks nationwide with assets between \$50 million and \$100 million with two or fewer banking offices averaged 75.8 percent during the same period. BONH compared very favorably to all three peer groups.

Lending Inside the Assessment Area

A substantial majority of the bank's lending was originated in the assessment area, showing a good response to the credit needs of the area. A sample of 107 loans consisting of 30 commercial loans from the year-to-date 2003 trial balance and 77 residential real estate loans from the bank's 2001, 2002, and year-to-date 2003 HMDA LARs was reviewed. A total of 85.1 percent of the number of loans and 84.4 percent of the dollar amount of loans were originated to borrowers within the assessment area. Table 2 illustrates BONH's performance by loan product type, both in terms of the number of loans and the total dollar volume of loans.

Table 2				
Distribution of Loans Within the Banks Assessment Area				
Loan Type Sampled	Number of Loans	Percentage of Loans Reviewed By Number	\$ Amount of Loans (000's)	Percentage of Loans Reviewed By Dollar Amount
Commercial Loans	25	83.3	3,697	59.3
Residential Real Estate Loans	66	85.7	10,354	87.8
All loans Reviewed	91	85.1	14,051	84.4

Distribution of Loans to Businesses of Different Revenue Sizes and Borrowers of Different Income Levels

Based on the demographics of the assessment area and the nature of BONH's loan portfolio, the bank's distribution of commercial loans to business of different sizes and residential real estate loans to borrowers of different income levels was reasonable. The percentage of loans made to businesses with revenues of under \$1 million was compared to the percentage of businesses in the same category located in BONH's assessment area. Further, the percentage of BONH's residential real estate loans made to borrowers of different income levels was compared to the percentage of families in the assessment area that are designated low-, moderate-, middle- and upper-income. The analysis focused on the number of loans originated rather than the dollar volume, as it is a better indicator of the number of people benefiting from these products. In addition, BONH's commercial lending will be weighted more heavily, as commercial loans strongly dominated the loan portfolio in terms of dollar volume.

Commercial Loans

Of the 25 commercial loans that were originated inside the assessment area 15 loans, or 60.0 percent, were made to small businesses. Small businesses are defined by the CRA as those with gross annual revenues of \$1 million or less. According to D&B Business Geodemographic Data for 2002, 86.7 percent of businesses in the bank's assessment area had annual gross revenues of \$1 million or less. In addition, 17 of 25 loans (68.0 percent) were for \$100M or less, amounts typically needed by smaller businesses.

Although the 60.0 percent figure representing BONH's small business lending was below the 86.7 percent representing the small business presence in the assessment area, it was reasonable within the context of the bank's product focus and business strategy. BONH management revealed that the focus of the bank's commercial lending was the construction industry. Review of the commercial loans originated during the 12 months

prior to the examination revealed that more than half of both the number and the dollar volume of loans were originated to borrowers involved in the construction industry, more specifically home builders. Construction companies typically require a high influx of money, and therefore, require high gross revenues to make a profit, according to BONH loan officers. This statement was corroborated by a community contact involved in small business consulting interviewed in connection with BONH's CRA evaluation. The community contact stated that a successful construction firm with gross annual revenues of less than \$1 million would be rare.

Another factor affecting BONH's lending is the bank's business strategy to recruit experienced commercial lending officers with established client bases. Two such officers have been hired during the past 14 months, and both had loyal commercial clients who became BONH customers. Many of the customers were successful operations with high gross annual revenues in excess of \$1million, and thus not considered small businesses under the CRA.

Residential Real Estate Loans

The distribution of residential real estate loans to low- and moderate-income borrowers, although low, had a lesser impact on the BONH's overall lending performance because of the low volume of residential lending and therefore, was proportionately weighted in the overall rating. BONH's residential lending represented only 16.4 percent of the total dollar amount and 13.2 percent of the number of loans. In addition, factors such as area demographics and the ability of low- and moderate-income borrowers to qualify for residential loans were also considered. Table 3 summarizes the loan information and demographics used in the analysis.

Table 3 Percentage Distribution of Loans Reviewed Within the Bank's Assessment Area By Income Level of Borrower			
Area Median Family Income			*\$51,100
Income Level Of Borrower	Percentage of the Number of Residential Real Estate Loans Reviewed	Percentage of the Dollar Amount of Residential Real Estate Loans Reviewed	Percentage of Families within Assessment Area **
<i>Low (Less than 50 percent of median income)</i>	6.1	1.4	22.4
<i>Moderate (50 To 80 percent of median income)</i>	4.5	0.2	18.5
<i>Middle (80 To 120 percent of median income)</i>	9.1	2.4	20.9
<i>Upper (Greater than 120 percent of median income)</i>	80.3	96.0	38.2
<small>* Area Median Family Income is based on the 2003 HUD adjusted median family income. ** The Percentage of Families in Assessment Area is based on 2000 census data.</small>			

As seen in Table 3, although low- and moderate-income families represented 40.9 percent of the assessment area population, only 10.6 percent of BONH's residential real estate lending involved customers in these income categories. However, a majority of the low- and moderate-income families live in the low- and moderate-income tracts, which are geographically distant from the Nichols Hills branch. Of the 70,254 low- and moderate-income families in the assessment area in 2000, 56.1 percent live in low- and moderate-income tracts. The only three tracts in these income categories located within an eight-mile radius of the Nichols Hills office are relatively sparsely populated, with fewer than 500 families in each tract.

Loan Distribution by Income Level of Geography

BONH's distribution of residential real estate and commercial loans to geographies of different income levels was considered reasonable within the bank's performance context, despite apparent lending gaps in low- and moderate-income geographies. The percentage of loans originated in each category of tract was compared to the percentage of owner-occupied dwellings or businesses that were located in low-, moderate-, middle-, and upper-income tracts. The comparison is summarized in Table 4.

Table 4 Distribution of Loans Reviewed in The Bank's Assessment Area by Income Level of Geography				
2003 Assessment Area Median Family Income				\$51,100
Income Level of Census Tracts	Percent of Small Business Loans Reviewed	Percent of Small Businesses within Assessment Area	Percent of Residential Real Estate Loans Reviewed	Percent of Owner-Occupied Housing within Assessment Area
Low (Less than 50 percent of median income)	16.0	6.8	0	2.8
Moderate (50 to 80 percent of median income)	8.0	32.2	7.6	28.6
Middle (80 to 120 percent of Median Income)	28.0	33.6	21.2	34.5
Upper (over 120 percent of Median Income)	48.0	23.6	71.2	34.1
Totals	100.0	96.2*	100.0	100.0

*3.8 percent of the businesses are located in unpopulated tracts without an income designation.

As shown in Table 4, BONH's commercial lending to businesses in low-income tracts significantly exceeded the percentage of small businesses in those tracts, while the level of lending in moderate-income tracts was significantly lower. Bank management indicated that the uneven geographic dispersion of commercial loans in the sample was not representative of BONH's lending patterns. The reasoning was that several commercial loan customers included in the sample recently had been approved for construction loans for the development of one geographic area. Review of an expanded sample that included loans originated between August 29, 2002 and August 29, 2003 revealed that 6.1 percent were originated in low-income census tracts, 27.3 percent were in moderate-income tracts, 34.8 percent were in middle-income tracts, and 31.8 percent were in upper-income tracts. These figures were more comparable to the percentages representing the small business activity within each tract category.

Aggregate lending data from the Federal Financial Institutions Examination Council (FFIEC) provides a performance context within which to evaluate BONH's lending performance. The data represents the small business lending activity of the financial institutions reporting CRA data. Lending by CRA-reporting banks in low- and moderate-income tracts was at a low level in 2002. Of the 6,175 CRA-reported loans originated in the assessment area, only 5.4 percent were originated in low-income tracts, and only 16.1 percent were originated in moderate-income tracts. Comparing the bank's level of

lending at 16.0 percent in low-income tracts to the aggregate data makes the bank's performance particularly noteworthy, as the CRA reporters all have assets sizes of \$250 million or more.

Residential Real Estate Lending

BONH's level of residential real estate lending in low- and moderate-income tracts was not comparable to the percentages representing owner-occupied housing units within low- and moderate-income tracts, as shown in Table 4. Although 2.8 percent and 28.6 percent of the owner-occupied housing in the assessment area were located in the low- and moderate-income tracts, respectively, BONH originated no loans in the low-income tracts, and only 7.6 percent of its real estate loans in moderate-income tracts.

In addition to the bank's low volume of residential lending relative to its overall loan portfolio, several factors mitigated BONH's low level of lending in the low- and moderate-income geographies. For example, census data from 2000 indicated that the low- and moderate-income census tracts had lower loan demand. The owner-occupancy rates for low- and moderate-income tracts, at 32.3 percent and 42.1 percent respectively, were lower than those of middle- and upper-income tracts, at 58.9 percent and 71.5 percent, respectively. The owner-occupancy rate for the Nichols Hills area was 93.1 percent. In addition, the vacancy rates of the low- and moderate-income tracts, at 49.1 percent and 45.6 percent, respectively, were significantly higher than the 8.3 percent and 5.5 percent for middle- and upper-income tracts, respectively.

Further indication of low housing demand was that the majority of families in the assessment area at 62.5 percent lived in the middle- and upper-income tracts. Of the 20 low-income census tracts, one was unpopulated and another 13 had populations of under 500 people. Three of the tracts had no owner-occupied housing. In contrast, of the 51 upper-income census tracts, only two of the tracts had populations of under 500, and none of the tracts lacked occupied housing. The low level of residential loan demand was further corroborated by FFIEC aggregate lending data representing the lending patterns of the HMDA reporters in BONH's assessment area. Of the 31,225 total HMDA applications reported in 2002, only 1.4 percent were from low-income tracts.

COMPLIANCE WITH ANTIDISCRIMINATION LAWS AND REGULATIONS

No substantive violations of anti-discriminatory laws and regulations were identified during the examination. Discussions with bank personnel and a review of bank policies and procedures, credit applications, and loans revealed no practices designed to discourage loan applications on a prohibited basis. Further, the bank was not engaged in any illegal lending practices inconsistent with helping to meet the credit needs of the community.

GLOSSARY OF COMMON CRA TERMS

(For additional information, please see the Definitions section of Regulation BB at 12 CFR 228.12.)

Assessment Area – The geographic area(s) delineated by the bank and used in evaluating the bank’s record of helping to meet the credit needs of its community. The assessment area must include the geographies where the main office, branches, and deposit-taking automated tellers machines are located. The assessment area must consist only of whole geographies, may not reflect illegal discrimination, and may not arbitrarily exclude low- or moderate-income geographies.

Block Numbering Areas (BNAs) – BNAs are geographic entities similar to census tracts. Metropolitan areas are most often delineated into census tracts, while rural areas are delineated into BNAs.

Census Tracts – Census tracts are small, relatively permanent geographic entities within counties delineated by a committee of local data users. Generally, census tracts have between 2,500 and 8,000 residents and boundaries that follow visible features.

Community Development – Includes affordable housing (including multifamily rental housing) for low- and moderate-income individuals, community services targeted to low- and moderate-income individuals, activities that promote economic development by financing businesses or farms that have gross annual revenues of \$1 million or less, or activities that revitalize or stabilize low- or moderate-income geographies.

Community Development Loan – A loan that has community development as its primary purpose and (except in the case of a wholesale or limited-purpose bank).

1. Has not been reported or collected by the bank or an affiliate as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan and
2. Benefits the bank’s assessment area(s) or a broader statewide or regional area that includes the bank’s assessment area(s).

Community Development Service – A service that has as its primary purpose community development, is related to the provision of financial services, has not been considered in the evaluation of the bank’s retail banking services, benefits the banks assessment area(s) or a broader statewide or regional area that includes the bank’s assessment area and has not been claimed by other affiliated institutions.

Consumer Loans – Loans to individuals for household, family and other personal expenditures. These loans do not include real estate-secured loans.

Dun & Bradstreet Data – Data collected by Dun & Bradstreet regarding types of businesses and their respective gross annual revenues. The data can be sorted by geographies.

Geography – A census tract or a block numbering area.

Income Level – Both geographies and individuals can be described in terms of their income levels. In MSAs, the level is based on the MSA median income. In nonMSA areas, the level is based on the statewide, nonMSA median income.

Low-Income – Less than 50 percent of the area median income

Moderate-Income – At least 50 percent and less than 80 percent of the area median income

Middle-Income – At least 80 percent and less than 120 percent of the area median income

Upper-Income – At least 120 percent or more of the area median income

Metropolitan Statistical Area (MSA) - The general concept of an MSA is that of a core area containing a large population nucleus, together with adjacent communities having a high degree of economic and social integration with that core. Generally, a single city with at least 50,000 inhabitants or an urbanized area with a total population of at least 100,000 would meet the definition of an MSA.

Qualified Investment – A lawful investment, deposit, membership share or grant that has as its primary purpose community development.

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

Small Business Loan – A loan with an original amount of \$1 million or less that has been reported in the Consolidated Report of Condition and Income in the category “Loans secured by nonfarm nonresidential properties” or “Commercial and industrial loans.”

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

Small Farm Loan – A loan with an original amount of \$500,000 or less that has been reported in the Consolidated Report of Condition and Income in the category “Loans secured by farmland” or “Loans to finance agricultural production and other loans to farmers.”