



SMALL BANK

Comptroller of the Currency
Administrator of National Banks
Washington, DC 20219

PUBLIC DISCLOSURE

June 4, 2007

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank in Munday
Charter Number 13593**

**111 South Munday Avenue
Munday, TX 76371**

**Comptroller of the Currency
Fort Worth
9003 Airport Freeway Suite 275
North Richland Hills, TX 75201**

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.

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-to-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 Community Reinvestment Act (CRA) performance of The First National Bank in Munday, Munday, Texas, as prepared by The Comptroller of the Currency, the institution's supervisory agency, as of June 4, 2007. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

First National Bank in Munday's lending performance reflects satisfactory responsiveness to its community's credit needs. This assessment is based on the following conclusions:

- The bank's average loan-to-deposit ratio of 60.34% is reasonable given the bank's size, financial condition, local competition, and assessment area credit needs.
- A significant majority of the bank's loan activity is within the bank's assessment area.
- The geographic distribution of loans demonstrates reasonable penetration in the moderate income geographies (there are no low income geographies in the assessment area).
- The distribution of loans demonstrates reasonable penetration among individuals of different income levels and businesses of different sizes.
- There have been no CRA related complaints filed against the bank.

DESCRIPTION OF FIRST NATIONAL BANK IN MUNDAY

The First National Bank in Munday (FNB) is a community bank with its main bank location in Munday, Texas, approximately 75 miles north of Abilene, Texas. FNB also operates from three additional branch locations in Haskell, Texas; Rochester, Texas; and Stamford, Texas.

FNB is wholly owned by First Munday Bancshares, Inc., which is primarily owned by Weatherford Bancshares, Inc. Weatherford Bancshares is primarily owned by First Baird Bancshares, Inc. Local residents manage and oversee their four locations.

The most recent CRA examination was performed as of August 27, 2001. The bank received a satisfactory rating at that examination. There are no legal or financial impediments to FNB's ability to meet the credit needs of its assessment area.

FNB is a full service bank offering traditional products and services. Competition consists of local community banks as well as other non-financial institutions in the immediate and surrounding counties. As of March 31, 2007, the bank's total assets were \$63.3 million, total gross loans were \$45 million, and total deposits were \$55.5 million. The following table depicts the loan portfolio by major loan product type as of March 31, 2007:

Loan Category	\$ (000)	%
1-4 Family Residential Real Estate	\$3,413	7.6%
Consumer Loans	\$3,282	7.3%
Commercial Real Estate	\$8,508	18.9%
Commercial	\$8,214	18.2%
Agricultural Production/Other Agricultural	\$15,324	34.0%
Farmland Real Estate	\$3,432	7.6%
Other Loans	\$2,876	6.4%
Total	\$45,050	100.0%
Percentage of Loans to Total Assets 71%		

DESCRIPTION OF ASSESSMENT AREA

FNB defines its assessment area as three whole and contiguous counties: Knox, Haskell, and Jones. The main facility is located in Knox County. The Haskell and Rochester branches are located in Haskell County and the Stamford facility is located in Jones County. Knox and Haskell counties are not part of any Metropolitan Statistical Area (MSA), while Jones County is a part of the Abilene, Texas MSA. There are a total of 13 census tracts in the assessment area. Of the thirteen tracts, two are moderate-income areas, seven are middle-income areas, and one is an unknown income area. The moderate-income areas are located in Jones County.

The following table reflects the assessment area demographics:

Demographic and Economic Characteristics of the Assessment Area *	
Population	
Number of Families	7,483
Number of Households	10,385
Geographies	
# Low-Income BNA	0
# Moderate-Income BNA	2
# Middle-Income BNA	7
# Upper-Income BNA	0
# Unknown-Income BNA	1
Median Family Income (MFI)	
2000 MFI for Assessment Area	\$33,304
2006 HUD Adjusted MFI	\$45,740
Economic Indicators	
Unemployment Rate	2.2%
2000 Median Housing Value	\$34,912
% of Households Below Poverty Level	19%

** Derived from the 2000 Census Bureau and 2006 Housing and Urban Development Agency (HUD) data.*

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Our conclusions are based on the bank's lending activity since the last CRA examination, dated June 4, 2007. The bank continues to make consumer, real estate, and small business loans to individuals of various income levels. Our assessment is based on the results of our sample, which included 68 1-4 family, 40 consumer auto and 40 business loans.

Loan-to-Deposit Ratio

The First National Bank in Munday's loan-to-deposit (LTD) ratio meets the standards for satisfactory performance.

The LTD ratio measures the extent to which the subject bank has returned the deposits it has received to the community in the form of loans. The average of such ratios for each quarter-end since the last CRA examination is used to determine performance in this area. The average LTD ratio for FNB since the last CRA examination is 60.34%. There are three other financial institutions in the area that comprises the primary competition, as detailed in the table below. Please note that these banks are listed in descending order of average LTD ratios, but no ranking is intended or implied.

Institution	Location	Average Loan/Deposit Ratio
The First National Bank of Anson	Anson, Texas	75.48%
Hamlin National Bank	Hamlin, Texas	69.39%
<i>First National Bank in Munday</i>	<i>Munday, Texas</i>	60.34%
Haskell National Bank	Haskell, Texas	42.06%

Lending in Assessment Area

The bank's lending within the assessment area meets the standards for satisfactory performance.

This criterion quantifies what proportion of the bank's lending activity is within its assessment area. An institution that exhausts its resources lending in other areas, to the exclusion and detriment of its own assessment area, would be considered less than satisfactory. However, FNB's lending efforts are concentrated within its assessment area.

At this time, FNB does not track loans by location. To assess the bank's performance in this area, we were required to sample a portion of the loan portfolio. We used the sample noted above to assess the bank's performance for this criterion. Based on our sample results, a significant majority of loans are within the bank's assessment area. The following table reflects the results of our assessment of the bank's efforts to lend in its assessment area.

TOTAL LOANS REVIEWED								
LOAN TYPE	IN ASSESSMENT AREA				OUT OF ASSESSMENT AREA			
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
1-4 Family Loans	58	85%	\$1,830	87%	10	15%	\$267	13%
Automobile Loans	35	88%	\$110	83%	5	12%	\$23	17%
Business Loans	37	93%	\$3,055	74%	3	7%	\$1,092	26%
Total Reviewed	130	88%	\$4,995	78%	18	12%	\$1,382	22%

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

The bank's loan distribution, to the different family and household income levels as well as businesses of different sizes, meets the standards for satisfactory performance.

The bank obtains and analyzes applicant income information during the loan decision process. However, this information is not monitored or used to assess the efforts to meet the standards for this criterion. To assess the bank's efforts, we used the sample of loans noted above. Our analysis, noted in the tables below, indicates the bank is reasonably lending to borrowers of all income levels and businesses of different sizes. Overall, we concluded that the bank's performance is generally proportionate to the income levels of the families and households within the assessment area, and the credit needs of low- and moderate-income individuals are being met. Also, FNB meets the credit needs of the small businesses located in the AA.

1-4 Family Real Estate Lending

1-4 FAMILY REAL ESTATE								
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Families	25%		21%		22%		32%	
	% of Number	% of Amount						
Sample Totals	7%	2%	22%	11%	22%	14%	49%	73%

Consumer Auto Lending

CONSUMER								
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Households	28%		17%		19%		36%	
	% of Number	% of Amount						
Sample Totals	48%	40%	20%	18%	18%	16%	12%	21%

Financial information was not available on 2% of the number and 5% of the dollar of our sample

Business Lending

BORROWER DISTRIBUTION OF SMALL LOANS TO BUSINESSES		
Business Revenues	≤\$1,000,000	>\$1,000,000
% of AA Businesses *Forty three percent of assessment area businesses did not report revenue figures	54%	3%
% of Bank Loans in AA #	88%	2%
% of Bank Loans in AA \$	83%	14%

Financial information was not available on 10% of the number and 3% of the dollar of our sample.

Geographic Distribution of Loans

The bank's loan distribution, to the different geography income levels, meets the standards for satisfactory performance. The distribution of loans originated follows a pattern indicative of an institution seeking to serve the credit needs of the assessment area.

As noted before, the bank does not track loans by location; therefore, the sample noted earlier was used to assess the bank's effort in this criterion. Based on our analysis, the bank's lending efforts reasonably penetrate into the geographies of the different income levels. The results of our analysis are illustrated in the following table.

GEOGRAPHIC DISTRIBUTION OF LOANS				
Geographic Breakdown *	Moderate Income		Middle Income	
% of Geographies	22%		78%	
	% of Number	% of Amount	% of Number	% of Amount
1-4 Family	33%	30%	67%	70%
Consumer	45%	55%	55%	45%
Business	40%	36%	60%	64%

* There are no Low or Upper Income geographies in the assessment area

Responses to Complaints

FNB has not received any complaints pertaining to its CRA performance during this evaluation period.

Fair Lending or Other Illegal Credit Practices Review

An analysis of public comments and consumer complaint information was performed according to the OCC's risk-based fair lending approach. Based on our analysis of this information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with this CRA evaluation.