Form 5500

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Annual Return/Report of Employee Benefit Plan

This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), and 6058(a) of the Internal Revenue Code (the Code).

▶ **Complete all entries in accordance with the instructions to the Form 5500.**

OMB Nos. 1210-0110
1210-0089

2010

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

A This return/report is for:
- [ ] a multiemployer plan;
- [ ] a multiple-employer plan; or
- [X] a single-employer plan;
- [ ] a DFE (specify) ____

B This return/report is:
- [ ] the first return/report;
- [ ] the final return/report;
- [ ] an amended return/report;
- [ ] a short plan year return/report (less than 12 months).

C If the plan is a collectively-bargained plan, check here. . . . . ▶ [ ]

D Check box if filing under:
- [X] Form 5558;
- [ ] automatic extension;
- [ ] the DFVC program;
- [ ] special extension (enter description)

Part II Basic Plan Information—enter all requested information

1a Name of plan
MOODY NATIONAL BANK EMPLOYEES' PENSION PLAN

1b Three-digit plan number (PN) ▶ 001

1c Effective date of plan 02/01/1956

2a Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.)
MOODY NATIONAL BANK

2302 POST OFFICE STREET
GALVESTON, TX 77550-1935

2b Employer Identification Number (EIN) 74-0560665

2c Sponsor's telephone number 409-765-5561

2d Business code (see instructions) 522110

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/17/2011	JULIE KEENA
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with incorrect/unrecognized electronic signature.	10/14/2011	VICTOR PIERSON
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

3a Plan administrator's name and address (if same as plan sponsor, enter "Same")
MOODY NATIONAL BANK EMPLOYEES PENSION & P/S COMMITTEE

2302 POST OFFICE STREET
GALVESTON, TX 77550-1935

3b Administrator's EIN
74-6042559

3c Administrator's telephone number
409-765-5561

4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report:
a Sponsor's name

4b EIN

4c PN

5	Total number of participants at the beginning of the plan year	**5**	190
6	Number of participants as of the end of the plan year (welfare plans complete only lines **6a, 6b, 6c,** and **6d**).		
a	Active participants	**6a**	142
b	Retired or separated participants receiving benefits	**6b**	9
c	Other retired or separated participants entitled to future benefits	**6c**	30
d	Subtotal. Add lines **6a**, **6b**, and **6c**	**6d**	181
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits	**6e**	0
f	Total. Add lines **6d** and **6e**	**6f**	181
g	Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	
h	Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	1
7	Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	**7**	

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:
1A 1G

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

9a Plan funding arrangement (check all that apply)

(1)		Insurance
(2)		Code section 412(e)(3) insurance contracts
(3)	X	Trust
(4)		General assets of the sponsor

9b Plan benefit arrangement (check all that apply)

(1)		Insurance
(2)		Code section 412(e)(3) insurance contracts
(3)	X	Trust
(4)		General assets of the sponsor

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

(1)	X	**R** (Retirement Plan Information)
(2)		**MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
(3)	X	**SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

(1)	X		**H** (Financial Information)
(2)			**I** (Financial Information – Small Plan)
(3)		0	**A** (Insurance Information)
(4)	X		**C** (Service Provider Information)
(5)			**D** (DFE/Participating Plan Information)
(6)			**G** (Financial Transaction Schedules)

SCHEDULE SB (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Single-Employer Defined Benefit Plan Actuarial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500 or 5500-SF.**

OMB No. 1210-0110

2010

This Form is Open to Public Inspection

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of $1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan
MOODY NATIONAL BANK EMPLOYEES' PENSION PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF
MOODY NATIONAL BANK

D Employer Identification Number (EIN)
74-0560665

E Type of plan: [X] Single [ ] Multiple-A [ ] Multiple-B

F Prior year plan size: [ ] 100 or fewer [X] 101-500 [ ] More than 500

Part I Basic Information

1	Enter the valuation date: Month 01 Day 01 Year 2010			
2	Assets:			
a	Market value	**2a**		6695727
b	Actuarial value	**2b**		6902224
3	Funding target/participant count breakdown		**(1)** Number of participants	**(2)** Funding Target
a	For retired participants and beneficiaries receiving payment	**3a**	10	2220991
b	For terminated vested participants	**3b**	31	691241
c	For active participants:			
	(1) Non-vested benefits	**3c(1)**		156216
	(2) Vested benefits	**3c(2)**		4121368
	(3) Total active	**3c(3)**	149	4277584
d	Total	**3d**	190	7189816
4	If the plan is at-risk, check the box and complete items (a) and (b) [ ]			
a	Funding target disregarding prescribed at-risk assumptions	**4a**		
b	Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been at-risk for fewer than five consecutive years and disregarding loading factor	**4b**		
5	Effective interest rate	**5**		6.73 %
6	Target normal cost	**6**		589529

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE

09/30/2011
Signature of actuary — Date

FREDERICK NELSON, A.S.A., E.A.
Type or print name of actuary

11-04692
Most recent enrollment number

HARBRIDGE CONSULTING GROUP, L.L.C.
Firm name

713-744-3832
Telephone number (including area code)

820 GESSNER ROAD, SUITE 1250
HOUSTON, TX 77024-4289
Address of the firm

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions [ ]

Part II Beginning of year carryover and prefunding balances

		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (Item 13 from prior year)	0	0
8	Portion used to offset prior year's funding requirement (Item 35 from prior year)	0	0
9	Amount remaining (Item 7 minus item 8)	0	0
10	Interest on item 9 using prior year's actual return of 15.74 %	0	0
11	Prior year's excess contributions to be added to prefunding balance:		
a	Excess contributions (Item 38 from prior year)		734302
b	Interest on (a) using prior year's effective rate of 8.37 %		61461
c	Total available at beginning of current plan year to add to prefunding balance		795763
d	Portion of (c) to be added to prefunding balance		795763
12	Reduction in balances due to elections or deemed elections	0	0
13	Balance at beginning of current year (item 9 + item 10 + item 11d – item 12)	0	795763

Part III Funding percentages

14	Funding target attainment percentage	14	84.93 %
15	Adjusted funding target attainment percentage	15	96.00 %
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	107.75 %
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV Contributions and liquidity shortfalls

18 Contributions made to the plan for the plan year by employer(s) and employees:

(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
09/10/2010	440466	0			
12/16/2010	219895	0			
09/15/2011	1069752	0			
		Totals ► 18(b)		1730113	18(c) 0

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:

a	Contributions allocated toward unpaid minimum required contribution from prior years.	19a	0
b	Contributions made to avoid restrictions adjusted to valuation date	19b	0
c	Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	1585446

20 Quarterly contributions and liquidity shortfalls:

a Did the plan have a "funding shortfall" for the prior year? ☐ Yes ☒ No

b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☐ Yes ☐ No

c If 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of Quarter of this plan year

(1) 1st	(2) 2nd	(3) 3rd	(4) 4th

Part V Assumptions used to determine funding target and target normal cost

21 Discount rate:

a Segment rates:

1st segment:	2nd segment:	3rd segment:	
5.03 %	6.73 %	6.82 %	☐ N/A, full yield curve used

b Applicable month (enter code) **21b** 4

22 Weighted average retirement age **22** 65

23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute

Part VI Miscellaneous items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment. ..... ☐ Yes ☒ No

25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment. ..... ☒ Yes ☐ No

26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment..... ☒ Yes ☐ No

27 If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment..... **27**

Part VII Reconciliation of unpaid minimum required contributions for prior years

28 Unpaid minimum required contribution for all prior years **28** 0

29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (item 19a)..... **29** 0

30 Remaining amount of unpaid minimum required contributions (item 28 minus item 29)..... **30** 0

Part VIII Minimum required contribution for current year

31 Target normal cost, adjusted, if applicable (see instructions)..... **31** 589529

32 Amortization installments:	Outstanding Balance	Installment
a Net shortfall amortization installment	0	0
b Waiver amortization installment.....	0	0

33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount **33**

34 Total funding requirement before reflecting carryover/prefunding balances (item 31 + item 32a + item 32b – item 33)..... **34** 589529

	Carryover balance	Prefunding balance	Total balance
35 Balances used to offset funding requirement	0	0	0

36 Additional cash requirement (item 34 minus item 35)..... **36** 589529

37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (Item 19c)..... **37** 1585446

38 Interest-adjusted excess contributions for current year (see instructions)..... **38** 995917

39 Unpaid minimum required contribution for current year (excess, if any, of item 36 over item 37)..... **39** 0

40 Unpaid minimum required contribution for all years **40** 0

SCHEDULE C (Form 5500)	Service Provider Information	OMB No. 1210-0110
Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ **File as an attachment to Form 5500.**	**2010** **This Form is Open to Public Inspection.**

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

A Name of plan
MOODY NATIONAL BANK EMPLOYEES' PENSION PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
MOODY NATIONAL BANK

D Employer Identification Number (EIN)
74-0560665

Part I Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions).. . . . . ☐ Yes ☒ No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

HARBRIDGE CONSULTING GROUP, LLC

ONE LINCOLN CENTER, 12TH FLOOR
SYRACUSE, NY 13202-1324

30-0192194

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
11 17 50 70	NONE	28030	Yes [ ] No [X]	Yes [ ] No [ ]	0	Yes [ ] No [ ]

(a) Enter name and EIN or address (see instructions)

EDWARD J. WALSH & ASSOCIATES

MOODY BANK BUILDING, 6TH FLOOR
P.O. BOX 538
GALVESTON, TX 77553-0538

76-0266034

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
10 50	NONE	12750	Yes [ ] No [X]	Yes [ ] No [ ]	0	Yes [ ] No [ ]

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes [ ] No [ ]	Yes [ ] No [ ]		Yes [ ] No [ ]

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	**(c)** Relationship to employer, employee organization, or person known to be a party-in-interest	**(d)** Enter direct compensation paid by the plan. If none, enter -0-.	**(e)** Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	**(f)** Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	**(g)** Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	**(h)** Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	**(c)** Relationship to employer, employee organization, or person known to be a party-in-interest	**(d)** Enter direct compensation paid by the plan. If none, enter -0-.	**(e)** Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	**(f)** Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	**(g)** Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	**(h)** Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	**(c)** Relationship to employer, employee organization, or person known to be a party-in-interest	**(d)** Enter direct compensation paid by the plan. If none, enter -0-.	**(e)** Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	**(f)** Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	**(g)** Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	**(h)** Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received $1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

Part III **Termination Information on Accountants and Enrolled Actuaries (see instructions)**
(complete as many entries as needed)

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

a	Name:	**b** EIN;
c	Position:	
d	Address:	**e** Telephone:

Explanation:

a	Name:	**b** EIN;
c	Position:	
d	Address:	**e** Telephone:

Explanation:

SCHEDULE H (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Financial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2010

This Form is Open to Public Inspection

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

A Name of plan
MOODY NATIONAL BANK EMPLOYEES' PENSION PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
MOODY NATIONAL BANK

D Employer Identification Number (EIN)
74-0560665

Part I Asset and Liability Statement

1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	431534	1069752
(2) Participant contributions	1b(2)		
(3) Other	1b(3)	29950	29403
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(2) U.S. Government securities	1c(2)	524614	393413
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)	1954337	2414461
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)	3125819	3870100
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)		
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)	651989	835874
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)		

			(a) Beginning of Year	(b) End of Year
1d	Employer-related investments:			
	(1) Employer securities	1d(1)		
	(2) Employer real property	1d(2)		
e	Buildings and other property used in plan operation	1e		
f	Total assets (add all amounts in lines 1a through 1e)	1f	6718243	8613003
	Liabilities			
g	Benefit claims payable	1g		
h	Operating payables	1h		
i	Acquisition indebtedness	1i		
j	Other liabilities	1j		
k	Total liabilities (add all amounts in lines 1g through1j)	1k	0	0
	Net Assets			
l	Net assets (subtract line 1k from line 1f)	1l	6718243	8613003

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

	Income		(a) Amount	(b) Total
a	**Contributions:**			
	(1) Received or receivable in cash from: **(A)** Employers	2a(1)(A)	1730113	
	(B) Participants	2a(1)(B)		
	(C) Others (including rollovers)	2a(1)(C)		
	(2) Noncash contributions	2a(2)		
	(3) Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)**	2a(3)		1730113
b	**Earnings on investments:**			
	(1) Interest:			
	(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
	(B) U.S. Government securities	2b(1)(B)	20824	
	(C) Corporate debt instruments	2b(1)(C)	91161	
	(D) Loans (other than to participants)	2b(1)(D)		
	(E) Participant loans	2b(1)(E)		
	(F) Other	2b(1)(F)		
	(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		111985
	(2) Dividends: **(A)** Preferred stock	2b(2)(A)		
	(B) Common stock	2b(2)(B)	75896	
	(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	119	
	(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	2b(2)(D)		76015
	(3) Rents	2b(3)		
	(4) Net gain (loss) on sale of assets: **(A)** Aggregate proceeds	2b(4)(A)	1530490	
	(B) Aggregate carrying amount (see instructions)	2b(4)(B)	1532533	
	(C) Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result	2b(4)(C)		-2043

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)	475460	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		475460
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		
c Other income	2c		845
d Total income. Add all **income** amounts in column (b) and enter total	2d		2392375
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	447620	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		447620
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense	2h		
i Administrative expenses: (1) Professional fees	2i(1)	40780	
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		40780
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		488400
Net Income and Reconciliation			
k Net income (loss). Subtract line 2j from line 2d	2k		1903975
l Transfers of assets:			
(1) To this plan	2l(1)		
(2) From this plan	2l(2)		9215

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: EDWARD J. WALSH AND ASSOCIATES, CPA (2) EIN: 76-0625995

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

		Yes	No	Amount
a	Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)	4a		X	
b	Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)	4b		X	
c	Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	4c		X	
d	Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)	4d		X	
e	Was this plan covered by a fidelity bond?	4e	X		7500000
f	Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	4f		X	
g	Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	4g		X	
h	Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	4h		X	
i	Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	4i	X		
j	Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	4j	X		
k	Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	4k		X	
l	Has the plan failed to provide any benefit when due under the plan?	4l		X	
m	If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m			
n	If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	4n			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? If yes, enter the amount of any plan assets that reverted to the employer this year ☐ **Yes** ☒ **No** **Amount:**

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	**5b(2)** EIN(s)	**5b(3)** PN(s)

SCHEDULE R (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Retirement Plan Information

This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2010

This Form is Open to Public Inspection.

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

A Name of plan
MOODY NATIONAL BANK EMPLOYEES' PENSION PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
MOODY NATIONAL BANK

D Employer Identification Number (EIN)
74-0560665

Part I Distributions

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions **1** 0

2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits):

EIN(s): 74-0560665

Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.

3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year **3** 7

Part II Funding Information (If the plan is not subject to the minimum funding requirements of section of 412 of the Internal Revenue Code or ERISA section 302, skip this Part)

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? ..... ☐ **Yes** ☐ **No** ☒ **N/A**

If the plan is a defined benefit plan, go to line 8.

5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. **Date:** Month _____ Day _____ Year _____

If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.

6 **a** Enter the minimum required contribution for this plan year **6a**

b Enter the amount contributed by the employer to the plan for this plan year **6b**

c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount) **6c**

If you completed line 6c, skip lines 8 and 9.

7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? ..... ☐ **Yes** ☐ **No** ☒ **N/A**

Part III Amendments

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box(es). If no, check the "No" box. ..... ☐ **Increase** ☐ **Decrease** ☐ **Both** ☒ **No**

Part IV ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? ..... ☐ **Yes** ☐ **No**

11 **a** Does the ESOP hold any preferred stock? ..... ☐ **Yes** ☐ **No**

b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) ..... ☐ **Yes** ☐ **No**

12 Does the ESOP hold any stock that is not readily tradable on an established securities market? ..... ☐ **Yes** ☐ **No**

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

14 Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	**14a**	
b The plan year immediately preceding the current plan year	**14b**	
c The second preceding plan year	**14c**	

15 Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	**15a**	
b The corresponding number for the second preceding plan year	**15b**	

16 Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	**16a**	
b If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	**16b**	

17 If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

18 If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

19 If the total number of participants is 1,000 or more, complete items (a) through (c)

a Enter the percentage of plan assets held as:
Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate item 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

EDWARD J. WALSH
and ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
Established 1932

Moody National Bank Tower · Suite 602
Post Office Box 538 · Galveston, Texas 77553 · (409) 763-4626

EDWARD J. WALSH, JR., CPA
EDWARD J. WALSH, III, CPA, CFE
KEVIN C. WALSH, CPA

EDWARD J. WALSH, SR., CPA (1901-1960)

Members of American Institute and Texas Society of Certified Public Accountants

Association of Certified Fraud Examiners

September 8, 2011

Independent Auditor's Report

To the Administrative Committee of the
Moody National Bank Employees' Pension Plan
2302 Postoffice Street
Galveston, Texas 77550

We have audited the accompanying statements of net assets available for benefits of the Moody National Bank Employees' Pension Plan as of December 31, 2010 and 2009, and the related statements of changes in net assets available for benefit for the years then ended, and the statement of accumulated plan benefits as of December 31, 2009 and the related statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

Except as discussed in the following paragraph, we conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As permitted by 29CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note I, which was certified by Moody National Bank, the trustee of the Plan, except for comparing the information with the related information included in the financial statements and supplemental schedules. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of and for the years ended December 31, 2010 and 2009, that the information provided to the plan administrator by the trustee is complete and accurate.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we performed procedures with respect to the information summarized in Note I, the financial statements referred to above present fairly, in all material respects, the net assets available for benefit of Moody National Bank Employees' Pension Plan as of December 31, 2010 and 2009, the statement of accumulated plan benefits as of December 31, 2009, and changes in its net assets available for benefit for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental Schedule of Assets Held for Investment Purposes at years December 31, 2010 and 2009, as shown in the attachment to IRS Schedule H (IRS Form 5500), are presented for the purpose of additional analysis and are not a required part of the basic financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental

information is the responsibility of the Plan's management. The supplemental schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, except for the effects on the Schedule of Assets Held for Investment Purposes of such adjustments, if any, as might have been determined to be necessary had we performed procedures with respect to the information summarized in Note H as described in the second preceding paragraph, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Edward J. Walsh and Associates

Edward J. Walsh and Associates
Certified Public Accountants

Moody National Bank Employees' Pension Plan
Schedule SB, Line 26 - Schedule of Active Participant Data
EIN/PN: 74-0560665/001

Attained Age	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	Summary
Under 25	0	4	2	0	0	0	0	0	0	0	6
25 to 29	0	4	11	0	0	0	0	0	0	0	15
30 to 34	0	6	7	6	0	0	0	0	0	0	19
35 to 39	0	3	10	6	1	0	0	0	0	0	20
40 to 44	0	2	5	1	3	0	0	0	0	0	11
45 to 49	0	5	8	4	3	1	0	0	0	0	21
50 to 54	0	1	7	3	3	3	1	1	0	0	19
55 to 59	0	4	2	3	5	4	0	1	0	0	19
60 to 64	0	2	5	3	1	0	0	0	0	0	11
65 to 69	0	0	0	0	2	0	0	0	0	0	2
70 & up	0	0	0	0	0	0	0	0	0	0	0
Total	0	31	57	26	18	8	1	2	0	0	143

The valuation of a defined benefit pension plan involves estimates and assumptions about the probability of events occurring far into the future. Examples include assumptions about future employment, mortality, and retirement. Below is a description of the actuarial assumptions used in the valuation.

Funding Target Liability

Valuation Date: January 1, 2010

Demographic Information: The demographic information was provided as of January 1, 2010 by Moody National Bank. Although we did not audit the data, we did review the data for reasonableness.

Actuarial Cost Method: As required by PPA, the Traditional Unit Credit Cost Method was used. In addition, as required under PPA, annuity substitution was utilized in the valuation of the Funding Target Liability applicable to the benefits that were assumed to be paid in the form of a lump sum, as determined under 417(e). Specifically, the mortality table used for these benefits, for the post benefit commencement period, was the Commissioner's Standard Mortality Table for 2010.

Actuarial Value of Assets: The actuarial value of assets is determined by averaging the fair market value of assets as of the valuation date and the adjusted fair market values as of the preceding two valuation dates. This methodology is consistent with that provided in IRS Notice 2009-22.

Expected Rate of Return on Assets: 8.00%

Interest Rates: The September 2009 funding segment rates were utilized as prescribed by IRC Section 430(h) and elected by Moody National Bank.

Segment	Interest Rate
Segment 1	5.03%
Segment 2	6.73%
Segment 3	6.82%

Segment 1 is applied to benefit payments expected to be made in the first 5 years, segment 2 is applied to benefit payments expected to be made in the next 15 years and segment 3 is applied thereafter.

Effective Interest Rate: 6.73%

Rate of Compensation Increase: Salaries are assumed to increase at 3.50% per year.

Social Security Wage Base Increase: Increases to the taxable wage base were assumed to be 4.00% per annum.

Mortality: The sex-distinct annuitant/non-annuitant 2010 IRS Table as prescribed under IRS Notice 2008-85.

Retirement Incidence: Employees were assumed to retire at normal retirement age (65) or current age, if later.

Post-retirement Cost of Living Increase: A constant increase of 2.00% was assumed.

Termination: Termination rates were assumed in the valuation according to the T-5 Table based on the Crocker, Sarason and Straight series. Employees were assumed to terminate in accordance with the rates shown below:

Age	Percentage
20	7.94%
25	7.72%
30	7.22%
35	6.28%
40	5.15%
45	3.98%
50	2.56%
55	0.94%
60	0.09%

Disability: Rates of disability were not assumed.

Administrative Expenses: Actual plan expenses, not including investment advisory fees, paid out of the trust during the previous plan year adjusted to reflect actual PBGC premiums for the current year.

Spouse Assumptions: 100% of participants not currently collecting benefits are assumed to be married, with both male and female spouses assumed to be the same age as the participant.

Form of Benefit: Active participants are assumed to receive a lump sum. Lump sums were calculated using the Commissioner's Standard Mortality Table for 2010 and the September 2009 funding segment rates. Lump sum calculations include a 2.00% COLA per year. Inactive participants are assumed to receive a monthly annuity.

Actuarial Present Value of Accumulated Plan Benefits (ASC 960)

Interest Rate: 8.00%

Form of Benefit: Active participants are assumed to receive a lump sum. Lump sums were calculated using the Commissioner's Standard Mortality Table for 2010 and 5.50% discount rate. Lump sum calculations include a 2.00% COLA per year. Inactive participants are assumed to receive a monthly annuity.

Unless specifically mentioned, all remaining assumptions for the Actuarial Present Value of Accumulated Plan Benefits remain the same as described for the Funding Target Liability above.

MNB

SCHEDULE OF REPORTABLE TRANSACTIONS

ACCOUNT NUMBER
1860003900

REPORTABLE TRANSACTIONS WORKSHEET
FROM 1/1/10 TO 12/31/10
MNB EMPLOYEES PENSION PLAN TRUST

DATE BOUGHT/SOLD	SHARES PAR VALUE	UNIT PRICE	EXPENSE INCURRED	PRINCIPAL CASH EX	TRANSACTION COST	REALIZED GAIN/LOSS
BEGINNING MARKET VALUE			6,286,709.19			
COMPARATIVE VALUE (5%)			314,335.46			
CATEGORY 1 - SINGLE TRANSACTION EXCEEDS 5% OF VALUE						
ISSUE: 783965726 - SEI DAILY INCOME TR TREAS #38 CL A						
09/13/10 B	874,886	1.000	0	874,886-*	874,886	
ISSUE: 783965726 - SEI DAILY INCOME TR TREAS #38 CL A						
12/17/10 B	323,068	1.000	0	323,068-*	323,068	
GRAND TOTAL			0	1,197,954	1,197,954	0

SCHEDULE SB (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Single-Employer Defined Benefit Plan Actuarial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code).

▶ File as an attachment to Form 5500 or 5500-SF.

OMB No. 1210-0110

2010

This Form is Open to Public Inspection

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of $1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan
MOODY NATIONAL BANK EMPLOYEES' PENSION PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF
MOODY NATIONAL BANK

D Employer Identification Number (EIN)
74-0560665

E Type of plan: [X] Single [ ] Multiple-A [ ] Multiple-B

F Prior year plan size: [ ] 100 or fewer [X] 101-500 [ ] More than 500

Part I Basic Information

1	Enter the valuation date: Month 01 Day 01 Year 2010			
2	Assets:			
	a Market value	2a		6695727
	b Actuarial value	2b		6902224
3	Funding target/participant count breakdown		(1) Number of participants	(2) Funding Target
	a For retired participants and beneficiaries receiving payment	3a	10	2220991
	b For terminated vested participants	3b	31	691241
	c For active participants:			
	(1) Non-vested benefits	3c(1)		156216
	(2) Vested benefits	3c(2)		4121368
	(3) Total active	3c(3)	149	4277584
	d Total	3d	190	7189816
4	If the plan is at-risk, check the box and complete items (a) and (b) [ ]			
	a Funding target disregarding prescribed at-risk assumptions	4a		
	b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been at-risk for fewer than five consecutive years and disregarding loading factor	4b		
5	Effective interest rate	5		6.73%
6	Target normal cost	6		589529

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE Frederick Nelson F.N. — 9/30/2011

Signature of actuary — Date

FREDERICK NELSON, A.S.A., E.A. — 1104692

Type or print name of actuary — Most recent enrollment number

HARBRIDGE CONSULTING GROUP, L.L.C. — 713-744-3832

Firm name — Telephone number (including area code)

820 GESSNER ROAD, SUITE 1250

HOUSTON TX 77024-4289

Address of the firm

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions [ ]

Part II Beginning of year carryover and prefunding balances

		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (item 13 from prior year)	0	0
8	Portion used to offset prior year's funding requirement (item 35 from prior year)	0	0
9	Amount remaining (item 7 minus item 8)	0	0
10	Interest on item 9 using prior year's actual return of 15.74%	0	0
11	Prior year's excess contributions to be added to prefunding balance:		
	a Excess contributions (item 38 from prior year)		734302
	b Interest on (a) using prior year's effective rate of 8.37%		61461
	c Total available at beginning of current plan year to add to prefunding balance		795763
	d Portion of (c) to be added to prefunding balance		795763
12	Reduction in balances due to elections or deemed elections	0	0
13	Balance at beginning of current year (item 9 + item 10 + item 11d – item 12)	0	795763

Part III Funding percentages

14	Funding target attainment percentage	14	84.93%
15	Adjusted funding target attainment percentage	15	96.00%
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	107.75%
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV Contributions and liquidity shortfalls

18 Contributions made to the plan for the plan year by employer(s) and employees:

(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
09/10/2010	440466	0			
12/16/2010	219895	0			
09/15/2011	1069752	0			
		Totals ▶ 18(b)	1730113	18(c)	0

19	Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:		
	a Contributions allocated toward unpaid minimum required contribution from prior years	19a	0
	b Contributions made to avoid restrictions adjusted to valuation date	19b	0
	c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	1585446

20 Quarterly contributions and liquidity shortfalls:

a Did the plan have a "funding shortfall" for the prior year? ☐ Yes ☒ No

b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☐ Yes ☐ No

c If 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of Quarter of this plan year

(1) 1st	(2) 2nd	(3) 3rd	(4) 4th

Part V Assumptions used to determine funding target and target normal cost

21 Discount rate:

a Segment rates:	1st segment:	2nd segment:	3rd segment:	☐ N/A, full yield curve used
	5.03%	6.73%	6.82%	

b Applicable month (enter code)	21b	4
22 Weighted average retirement age	22	65

23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute

Part VI Miscellaneous items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment		☐ Yes ☒ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment		☒ Yes ☐ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment		☒ Yes ☐ No
27 If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment	27	

Part VII Reconciliation of unpaid minimum required contributions for prior years

28 Unpaid minimum required contribution for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (item 19a)	29	0
30 Remaining amount of unpaid minimum required contributions (item 28 minus item 29)	30	0

Part VIII Minimum required contribution for current year

31 Target normal cost, adjusted, if applicable (see instructions)	31		589529
32 Amortization installments:		Outstanding Balance	Installment
a Net shortfall amortization installment		0	0
b Waiver amortization installment		0	0
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33		
34 Total funding requirement before reflecting carryover/prefunding balances (item 31 + item 32a + item 32b – item 33)	34		589529

	Carryover balance	Prefunding balance	Total balance
35 Balances used to offset funding requirement	0	0	0

36 Additional cash requirement (item 34 minus item 35)	36	589529
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (Item 19c)	37	1585446
38 Interest-adjusted excess contributions for current year (see instructions)	38	995917
39 Unpaid minimum required contribution for current year (excess, if any, of item 36 over item 37)	39	0
40 Unpaid minimum required contribution for all years	40	0

Moody National Bank Employees' Pension Plan

Financial Statements

and

Auditor's Report

December 31, 2010 and 2009

EDWARD J. WALSH
and ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
Established 1932

Moody National Bank Employees' Pension Plan

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EDWARD J. WALSH
and ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
Established 1932

Moody National Bank Tower · Suite 602
Post Office Box 538 · Galveston, Texas 77553 · (409) 763-4626

EDWARD J. WALSH, JR., CPA
EDWARD J. WALSH, III, CPA, CFE
KEVIN C. WALSH, CPA

EDWARD J. WALSH, SR., CPA (1901-1960)

Members of American Institute and Texas Society of Certified Public Accountants

Association of Certified Fraud Examiners

September 8, 2011

Independent Auditor's Report

To the Administrative Committee of the
Moody National Bank Employees' Pension Plan
2302 Postoffice Street
Galveston, Texas 77550

We have audited the accompanying statements of net assets available for benefits of the Moody National Bank Employees' Pension Plan as of December 31, 2010 and 2009, and the related statements of changes in net assets available for benefit for the years then ended, and the statement of accumulated plan benefits as of December 31, 2009 and the related statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

Except as discussed in the following paragraph, we conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As permitted by 29CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note I, which was certified by Moody National Bank, the trustee of the Plan, except for comparing the information with the related information included in the financial statements and supplemental schedules. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of and for the years ended December 31, 2010 and 2009, that the information provided to the plan administrator by the trustee is complete and accurate.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we performed procedures with respect to the information summarized in Note I, the financial statements referred to above present fairly, in all material respects, the net assets available for benefit of Moody National Bank Employees' Pension Plan as of December 31, 2010 and 2009, the statement of accumulated plan benefits as of December 31, 2009, and changes in its net assets available for benefit for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental Schedule of Assets Held for Investment Purposes at years December 31, 2010 and 2009, as shown in the attachment to IRS Schedule H (IRS Form 5500), are presented for the purpose of additional analysis and are not a required part of the basic financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental

information is the responsibility of the Plan's management. The supplemental schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, except for the effects on the Schedule of Assets Held for Investment Purposes of such adjustments, if any, as might have been determined to be necessary had we performed procedures with respect to the information summarized in Note H as described in the second preceding paragraph, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Edward J. Walsh and Associates

Edward J. Walsh and Associates
Certified Public Accountants

Moody National Bank Employees' Pension Plan
Statement of Net Assets Available for Benefit
December 31, 2010 and 2009

	2010	2009
Assets		
Investments - at Fair Value :		
Short term cash investments (net)	$ 835,874	$ 651,989
U. S. Government and Agency obligations	1,433,715	1,483,145
Corporate bonds and obligations	1,374,159	995,806
Corporate equity investments	3,870,100	3,125,819
	$ 7,513,848	$ 6,256,759
Receivable:		
Accrued employer contribution	$ 1,069,752	$ 431,534
Accrued interest and dividends	29,403	29,950
	$ 1,099,155	$ 461,484
Total Assets	$ 8,613,003	$ 6,718,243
Net Assets Available for Benefit	$ 8,613,003	$ 6,718,243

See accompanying notes to financial statements.

Moody National Bank Employees' Pension Plan
Statement of Changes in Net Assets Available for Benefits
Years ended December 31, 2010 and 2009

	2010	2009
Additions to Net Assets		
Investment Income:		
Net appreciation (depreciation) in fair value of investments	$ 473,417	$ 640,040
Interest	111,985	119,804
Dividend	76,015	68,070
Mutual Fund income	-	429
Class action settlements and refunds	845	23,969
	$ 662,262	$ 852,312
Contributions:		
Employer contributions	1,730,113	811,490
Total Additions	$ 2,392,375	$ 1,663,802
Deductions from Net Assets		
Benefits paid to participants	$ 447,620	$ 581,993
Administrative expense	49,995	56,618
Total Deductions	$ 497,615	$ 638,611
Net Increase (decrease)	$ 1,894,760	$ 1,025,191
Net Assets Available for Benefits		
Beginning of year	6,718,243	5,693,052
End of Year	$ 8,613,003	$ 6,718,243

See accompanying notes to financial statements.

Moody National Bank Employees' Pension Plan
Statement of Accumulated Plan Benefit
Year ended December 31, 2009

	2009 Valued as of January 1, 2010
Actuarial Present Value of Accumulated Plan Benefits	
Vested Benefits:	
Participants currently receiving payments	$ 1,998,588
Other vested benefits	4,859,826
	6,858,414
Nonvested Benefits:	162,412
Total Actuarial Present Value of Accumulated Plan Benefits	$ 7,020,826

See accompanying notes to financial statements.

Moody National Bank Employees' Pension Plan
Statement of Changes in Accumulated Plan Benefits
Year Ended December 31, 2009

	2008 Valued through January 1, 2009
Actuarial Present Value of Accumulated Plan Benefits at Beginning of Year	$ 6,512,453
Increase (decrease) during the year that is attributable to:	
Change in plan design	-
Change in actuarial assumptions	79,280
Benefits accumulated and actuarial gains and losses	513,368
Increase for interest due to the decrease in discount period at 8%	497,717
Benefits paid	(581,992)
Actuarial Present Value of Accumulated Plan Benefits at End of Year	$ 7,020,826

See accompanying notes to financial statements.

NOTE A - DESCRIPTION OF PLAN

The following brief description of the Moody National Bank Employees' Pension Plan (Plan) is provided for general information purposes only. Participants should refer to the Plan agreement for more complete information.

General. The Plan is a defined benefit pension plan covering certain employees of Moody National bank (Company) who have attained the age of 21 years and have been employed for 12 months or longer. It is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The Plan is frozen to the entry of new participants, effective after December 31, 2008.

Pension Benefits. Employees are entitled to base monthly retirement benefits, payable as a single life annuity, beginning at normal retirement age (65) for life based on a formula of 1.5% of the high-five average monthly salary per year of service at normal retirement date, not to exceed 25 years, plus .63% of the high-five average monthly salary in excess of Social Security Covered Compensation for each year of service, not to exceed 25 years, provided that the accrued retirement benefit shall not be less than the benefit accrued as of January 31, 1989.

The base and excess percentages are adjusted for those participants whose normal retirement age occurs prior to their social security normal retirement age, not adjusted for partial years. In particular, the base portion of the benefit formula is increased by 1/15 for each of the first five years and 1/30 for each of the next ten years that the normal retirement age precedes the participant's social security normal retirement age, and the excess portion of the benefit formula is decreased by the same amount.

Any participant who has attained the age of 50 and has completed 5 or more years of vested service may retire and receive an immediate monthly retirement benefit equal to his accrued benefit reduced $1/15^{th}$ for each of the first five years and $1/30^{th}$ for each of the next ten years by which the early retirement precedes normal retirement.

Cost of Living Adjustment. The annuity value of each retiree shall be adjusted annually in January, based on the change in the Consumer Price Index (CPI) each December from the previous December, with a limit of 2% on the annual increase. In no event shall any decrease in cost of living reduce the benefit below the initial annuity amount at retirement.

Benefits payable as a lump sum shall reflect an annual assumed increase in the CPI, subject to a limit of 2%.

Death and Disability Benefits. The death benefit is payable to a participant's beneficiary if the participant was vested. The benefit is the present value of the participant's vested accrued benefit. In the event that a participant becomes totally and permanently disabled, as determined by the Plan Committee, and he has completed 15 or more years of service, or attained age 50 and completed one year of vested service, he is entitled to receive the benefit he would have received has he continued in the service of the employer to normal retirement date.

Vesting: Participants become vested in their accrued benefits in accordance with the following schedule:

Years of Credited Service	Vesting Percentage
0 - 5 years	0%
5 or more years	100%

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Investment Valuation and Income Recognition

If available, quoted market prices in an active market are used to value investments. Many factors are considered in arriving at that fair market value when quoted market price is not available. In general, however, corporate bonds are valued based on yields currently available on comparable securities of issuers with similar credit ratings. Investments in certain restricted common stocks are valued at the quoted market price of the issuer's unrestricted common stock less an appropriate discount. If a quoted market price for unrestricted common stock of the issuer is not available, restricted common stocks are valued at a multiple of current earnings less an appropriate discount. The multiple chosen is consistent with multiples of similar companies based on current market prices.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Purchases and sales of securities are recorded on a trade-date basis. The net appreciation (depreciation) in fair value of investments is comprised of realized gains and losses calculated on the historical cost basis plus unrealized gains and losses calculated as the change in fair value that occurred during the reporting year. This differs from the method of reporting gains and losses on the IRS form 5500 where both realized and unrealized gains and losses are calculated on the revalued cost basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Actuarial Present Value of Accumulated Plan Benefits

Accumulated plan benefits are those future periodic payments, including lump-sum distributions, which are attributable under the Plan's provisions to the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, beneficiaries of employees who have died, and (c) present employees or their beneficiaries.

Benefits under the Plan are based on employees' compensation during their high-five average monthly salary per year of credited service. The accumulated plan benefits for active employees are based on their projected high-five average monthly salary as of the date the benefit information is presented (the valuation date). Benefits payable under all circumstances-retirement, death, disability, and termination of employment-are included, to the extent they are deemed attributable to employee service rendered to the valuation date.

The actuarial present value of accumulated plan benefits is determined by an actuary from Harbridge Consulting Group, LLC and is that amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment.

The significant actuarial assumptions used to determine actuarially equivalent benefits as of December 31, 2009, were (a) life expectancy of participants (the Commissioner's Standard Mortality Table for 2010 was used), (b) retirement age assumptions, and (c) investment return of 8% per year compounded annually. The salary scale assumes a 3.5% increase per year through assumed retirement age with a post retirement cost of living adjustment of 2% per year, compounded annually. The foregoing actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits. See the Plan documents and actuarial assumptions and methods for complete plan policies and assumptions.

Payment of Benefits. Benefit payments to participants are recorded upon distribution.

NOTE C – FAIR VALUE MEASUREMENTS

The Plan's investments are reported at fair value in the accompanying statement of net assets available for benefit. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Fair Value Measurements Using:	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)
December 31, 2009		
Short term cash investments	$ 651,989	$ 651,989
U.S. government and agency obligations	1,483,145	1,483,145
Corporate Bonds and obligations	995,806	995,806
Corporate equity investments	3,125,819	3,125,819
Total	$ 6,256,759	$ 6,256,759
December 31, 2010		
Short term cash investments	$ 835,874	$ 835,874
U.S. government and agency obligations	1,433,715	1,433,715
Corporate Bonds and obligations	1,374,159	1,374,159
Corporate equity investments	3,870,100	3,870,100
Total	$ 7,513,848	$ 7,513,848

(continued)

NOTE C – FAIR VALUE MEASUREMENTS (continued)

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs have the lowest priority. The Plan uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Plan measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. No Level 2 or 3 inputs were available to the Plan.

Level 1 Fair Value Measurements

The fair value of mutual funds is based on quoted net asset values of the shares held by the Plan at year-end. The fair values of common stocks, corporate bonds, and U.S. Government securities are based on the closing price reported on the active market where the individual securities are traded.

Gains and losses (realized and unrealized) included in changes in net assets available for benefits are reported in net appreciation in fair value of investments.

NOTE D - FUNDING POLICY

The Company's funding policy is to make annual contributions to the Plan in amounts that are estimated to fund the required retirement benefit that is called for by the plan so that all employees' benefits will be fully provided for by the time they retire. The Company's contributions for 2009 and 2010 exceeded the minimum funding requirements of ERISA, including any prior service cost. The Plan's target funding attainment percentage is 84.39% for 2010 and 107.75% for 2009.

Although it has not expressed any intention to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in ERISA.

NOTE E - PLAN TERMINATION

Should the plan terminate at some future time, its net assets generally will not be available on a pro-rata basis to provide participants' benefits. Whether a particular participant's accumulated plan benefits will be paid depends on both the priority of those benefits and the level of benefits guaranteed by the Pension Benefit Guarantee Corporation (PBGC) at that time. Some benefits may be fully or partially provided for by the then existing assets and the PBGC guaranty while other benefits may not be provided for at all. Further information is provided in the plan and PBGC documents.

NOTE E - PLAN TERMINATION (continued)

In the event the Plan terminates, the net assets of the Plan will be allocated, as prescribed by Section 4044 of ERISA and its related regulations, generally to provide the following benefits in the order indicated:

a. Benefits attributable to voluntary employee contributions (if applicable), taking into account those paid out before termination.

b. Annuity benefits that former employees or their beneficiaries have been receiving for at least three years, or that employees eligible to retire for that three-year period would have been receiving if they had retired with benefits in the normal form of annuity under the Plan. The priority amount is limited to the lowest benefit that was payable (or would have been payable) during those three years. The amount is further limited to the lowest benefit that would be payable under Plan provisions in effect at any time during the five years preceding Plan termination.

c. Other vested benefits insured by the Pension Benefit Guaranty Corporation (PBGC) (a U.S. government agency) up to the applicable limitations (discussed below).

d. All other vested benefits (that is, vested benefits not insured by the PBGC).

e. All non-vested benefits.

Certain benefits under the Plan are insured by the PBGC if the Plan terminates. Generally, the PBGC guarantees most vested normal age retirement benefits, early retirement benefits, and certain disability and survivor's pensions. However, the PBGC does not guarantee all types of benefits under the Plan, and the amount of benefit protection is subject to certain limitations. Vested benefits under the Plan are guaranteed at the level in effect on the date of the Plan's termination. However, there is a statutory ceiling, which is adjusted periodically, on the amount of an individual's monthly benefit that the PBGC guarantees.

The ceiling for Plan terminations occurring during 2010 is $4,500 per month. That ceiling applies to those pensioners who elect to receive their benefits in the form of a single-life annuity and are at least 65 years old at the time of retirement or plan termination (whichever comes later). For younger annuitants or for those who elect to receive their benefits in some form more valuable than a single-life annuity, the corresponding ceilings are actuarially adjusted downward.

NOTE F - TAX STATUS

The Internal Revenue Service has determined and informed the Company, through a favorable letter of determination, dated April 27, 1992, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC), including the Tax Reform Act of 1986 (TRA 86) and other tax acts such as TEFRA, DEFRA, REA, GATT and EGTRRA.

The plan has been amended since receiving this Determination Letter. The Plan administrator and actuary believe that the plan has been, and is currently designed and being operated in compliance with the applicable requirements of the IRC, therefore no provision for income taxes has been included in the plan's financial statements.

NOTE G - INVESTMENTS

The following table presents the fair values of investments at December 31, 2010 and 2009. Investments that represent 5% or more of the Plan's net assets, valued as of January 1, 2010, are separately identified.

Investments at Fair Value As Determined by Quoted Market Price:

Short Term Cash Investments	**2010**	**2009**
SEI Daily Income Trust and Cash	$ 835,874	$ 651,999
U. S. Government and Agency Obligations		
Other U.S. Government and agency obligations	1,433,715	1,483,145
Corporate Bonds and Obligations		
Other corporate obligations	1,374,159	995,806
Corporate Equity Investments		
Other corporate equity investments	3,870,100	3,125,819
	$ 7,513,848	$ 6,256,759

NOTE G – INVESTMENTS (continued)

During 2010 and 2009, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year), calculated on a re-valued cost basis, appreciated (depreciated) in value, as follows. Investments that represent 5% or more of the Plan's net assets, valued as of January 1, 2010, are separately identified.

Investments at Fair Value as Determined by Quoted Market Price:

U. S. Government and Agency Obligations	**2010**	**2009**
Government and Agency obligations	$ (24,430)	$ (26,707)
Corporate Bonds and Obligations		
Other corporate obligations	28,703	112,598
Corporate Equity Investments		
Other corporate equity investments	469,144	554,149
	$ 473,417	$ 640,040

NOTE H - CONCENTRATION OF CREDIT RISK

The plan is invested in a combination of short term cash investments, corporate and government debt obligations and corporate stock investments. All investments are subject to market risk as the values of the investments will fluctuate due to market conditions and the performance of the underlying investment.

NOTE I – INFORMATION PREPARED AND CERTIFIED BY TRUSTEE

The following information included in the accompanying financial statements and supplemental schedules was obtained from data that has been prepared and certified to as complete and accurate by the trustee.

Investments at Fair Value	***2010***	***2009***
Short term cash investments (net)	$ 835,874	$ 651,989
U. S. Government and Agency obligations	1,433,715	1,483,145
Corporate bonds and obligations	1,374,159	995,806
Corporate equity investments	3,870,100	2,125,819
Total Investments	$ 7,513,848	$ 6,256,759

NOTE J – RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest, rate market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits.

NOTE K – PLAN AMENDMENTS

On September 11, 2002, the plan was amended to come into compliance with the Economic Growth and Tax Relief Act of 2002 (EGTRRA). This amendment increased plan contribution limits, simplified discrimination testing, increased benefit portability and adjusted the maximum annual benefit adjustment for participants who retire prior to Social Security retirement age.

On October 3, 2008, the plan was amended and implemented an eligibility freeze. Employees who were not participating in the plan prior to January l, 2009, are no longer eligible to participate in the plan.

NOTE L – RELATED PARTY TRANSACTIONS

The plan has entered into an investment management, accounting and trust arrangement with the Moody National Bank Trust department and Securities Management and Research, Inc. (SM&R), an investment and management company owned by the American National Insurance Company (ANICO). Mr. Robert L. Moody, a participant of the plan and member of the plan's administrative committee, is also Chairman of the Board and President of the Moody National Bank of Galveston, who is the plan's sponsor and whose trust department acts as trustee of the plan. In addition, a trust(s), established for his children, holds a majority interest in the bank's holding company, Moody Bancshares, Inc. This individual is also the chairman, president and chief executive officer of ANICO and is the chairman of the Board of Trustees of The Moody Foundation, which owns a significant interest in ANICO.

NOTE M - RECONCILIATION OF FINANCIAL STATEMENTS TO IRS FORM 5500

The net appreciation (depreciation) in fair value of investments, consisting of $473,417 for 2010 reconciles to IRS form 5500, Schedule H, Part II, Line 2b(4)(C), Net gain or (loss) on sale of assets of $(2,043) plus line 2b(5)(A), unrealized appreciation of assets of $475,460. The U. S. government and agency obligations of $1,433,715 reconciles to IRS Form 5500, Schedule H, Part I, Line 1c(2), U. S. government securities of $393,413, plus a portion of Line 1c(3)(B), corporate debt instruments in the amount of $1,040,302.

NOTE N – CONTINGENCY

A recent Federal court ruling had clarified that, under Federal law, defined benefit plans that provided an automatic annual cost-of-living adjustment (COLA) to annuity recipients must include the value of such COLA in benefits that are distributed as lump sums. The COLA element had not been included in Plan liabilities and the minimum funding requirement prior to January 1, 2009.

In the second development, it was determined that a Plan provision affecting the retirement benefit formula had not been administered in accordance with the Plan document since 2001. The participants affected by this provision were generally those born in 1943 or later. Under the provision, the retirement benefits under the regular benefit formula were to be adjusted by a varying increase of up to 13 1/3%. During the restatement process for the Plan document in 2001, this provision had been unknowingly and unintentionally inserted into the draft document. Subsequently, the Plan provision was overlooked and benefit determinations for participants did not take the provision into account. This Plan provision also had not been included in Plan liabilities and the minimum funding requirement prior to January 1, 2009.

NOTE N – CONTINGENCY (continued)

On the advice of benefits counsel, the Bank decided in December 2009 to begin administering the neglected Plan provision prospectively, and to make a retroactive determination of the benefits of participants who had received distributions since 2001 that were understated.

The actuarial present value of accumulated Plan benefits reflect (1) the COLA element and the retirement formula element that had not been previously included in Plan obligations for prior years, and (2) make-up payments due affected participants but not yet paid.

Moody National Bank has decided to distribute corrective payments to participants that elected a lump sum distribution since January 1, 2004. In addition, it was determined that a Plan provision affecting the retirement benefit formula had not been administered in accordance with the Plan document since 2001. The Bank has decided to rectify this error by distributing corrective payments to all affected participants.

Additional Information as Required by
the
Internal Revenue Service
and the
Department of Labor

(IRS Form 5500 - Schedule H - Financial Schedules)

MNB

SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES

SCHEDULE H, LINE 4I

5500 REPORT DETAIL

MNB EMPLOYEES PENSION PLAN TRUST
ACCOUNT: 1860003900

FOR THE PERIOD 01/01/10 THROUGH 12/31/10

ASSETS HELD AT END OF PERIOD

ASSET NAME	BEGINNING MARKET	COST OF ASSETS PURCHASED	ENDING MARKET	UNREALIZED GAIN/LOSS
ABBOTT LABORATORIES	24,295.50	0.00	21,559.50	2,736.00-
ADOBE SYS INC	0.00	21,578.40	23,854.50	2,276.10
AECOM TECHNOLOGY CORP	0.00	7,787.15	9,789.50	2,002.35
AGILENT TECHNOLOGIES INC	7,767.50	0.00	10,357.50	2,590.00
AKAMAI TECHNOLOGIES INC	7,602.00	0.00	14,115.00	6,513.00
ALBERTO-CULVER CO-WI	14,645.00	0.00	18,520.00	3,875.00
ALCOA INC	16,120.00	0.00	15,390.00	730.00-
ALLEGHENY ENERGY INC	7,044.00	0.00	7,272.00	228.00
ALTRIA GROUP INC	0.00	47,599.86	47,393.50	206.36-
AMDOCS LTD	7,845.75	0.00	7,554.25	291.50-
AMERICAN EXPRESS CO	0.00	21,608.29	23,606.00	1,997.71
AMERICAN TOWER CORP CL-A	8,642.00	0.00	10,328.00	1,686.00
ANADARKO PETROLEUM CORPORATION	31,210.00	0.00	38,080.00	6,870.00
ANHEUSER-BUSCH INBEV SPONS ADR	0.00	17,277.30	17,127.00	150.30-
APACHE CORP 3.625% 2/01/21	0.00	49,485.00	48,252.00	1,233.00-
APPLE INC	57,951.30	0.00	88,704.00	30,752.70
ASPEN INSURANCE	17,815.00	0.00	20,034.00	2,219.00
AT & T INC	53,957.75	0.00	56,556.50	2,598.75
AVON PRODUCTS INC 6.500% 3/01/19	55,879.00	0.00	58,129.00	2,250.00
BAKER HUGHES INC	14,168.00	0.00	20,009.50	5,841.50
BANK OF AMER CRP MTN 4.500% 11/15/19	0.00	50,000.00	48,129.50	1,870.50-
BANK OF AMERICA CORP	25,602.00	0.00	22,678.00	2,924.00-
BANK OF NEW YORK MELLON CORP	23,774.50	0.00	25,670.00	1,895.50
BARCLAYS BK PLC MTN 3.000% 11/18/18	0.00	50,000.00	48,077.00	1,923.00-
BAXTER INTL INC	0.00	10,189.71	8,858.50	1,331.21-
BECKMAN COULTER INC	0.00	10,665.94	13,165.25	2,499.31
BED BATH & BEYOND INC	0.00	15,603.44	19,660.00	4,056.56
BELLSOUTH TELECOMM 6.375% 6/01/28	99,820.00	313.69	105,667.00	5,533.31
BEST BUY INC	23,676.00	0.00	20,574.00	3,102.00-
BHP BILLITON FIN 5.400% 3/29/17	26,784.50	136.10	27,670.50	749.90
BLOCK H & R INC	0.00	7,707.65	5,955.00	1,752.65-
BOEING CO	24,358.50	0.00	29,367.00	5,008.50

MNB

MNB EMPLOYEES PENSION PLAN TRUST
ACCOUNT: 1860003900

5500 REPORT DETAIL

FOR THE PERIOD 01/01/10 THROUGH 12/31/10

ASSETS HELD AT END OF PERIOD

ASSET NAME	BEGINNING MARKET	COST OF ASSETS PURCHASED	ENDING MARKET	UNREALIZED GAIN/LOSS
BOEING CO 3.750% 11/20/16	0.00	50,634.98	52,315.00	1,680.02
BP CAPITAL PLC 3.125% 10/01/15	0.00	50,650.00	49,965.50	684.50-
BP PLC SPONS ADR	34,782.00	0.00	26,502.00	8,280.00-
BUCYRUS INTERNATIONAL INC-A	0.00	7,468.10	13,410.00	5,941.90
CAMERON INTERNATIONAL CORP	0.00	9,599.49	15,219.00	5,619.51
CARPENTER TECH CORP 6.625% 5/15/13	50,928.00	0.00	53,299.00	2,371.00
CBS CORPORATION CLASS B W/I	5,620.00	0.00	7,620.00	2,000.00
CELGENE CORP	27,840.00	0.00	29,570.00	1,730.00
CENTERPOINT ENERGY INC	4,353.00	0.00	4,716.00	363.00
CEPHALON INC	20,286.50	0.00	20,059.00	227.50-
CHARLES SCHWAB CORP	16,938.00	0.00	15,399.00	1,539.00-
CHEVRON CORPORATION	34,645.50	0.00	41,062.50	6,417.00
CHURCH & DWIGHT INC	0.00	18,727.39	18,980.50	253.11
CISCO SYS INC	47,880.00	0.00	40,460.00	7,420.00-
CITIGROUP INC	4,965.00	0.00	7,095.00	2,130.00
CITY NATL CORP 5.125% 2/15/13	50,120.50	0.00	52,327.50	2,207.00
COCA COLA COMPANY	31,350.00	0.00	36,173.50	4,823.50
CONSOLIDATED EDISON INC	13,629.00	0.00	14,871.00	1,242.00
CORNING INC	0.00	10,595.46	12,558.00	1,962.54
COVIDIEN PLC	8,380.75	0.00	7,990.50	390.25-
CVS CAREMARK CORP	24,962.75	0.00	26,946.75	1,984.00
CYTEC INDUSTRIES 4.600% 7/01/13	26,037.00	92.61	26,153.25	23.64
DANAHER CORP	20,680.00	0.00	25,943.50	5,263.50
DAVITA INC	8,811.00	0.00	10,423.50	1,612.50
DISNEY WALT COMPANY	35,475.00	0.00	41,261.00	5,786.00
DU PONT E I DE NEMOURS & CO	10,101.00	0.00	14,964.00	4,863.00
DUKE ENERGY HOLDING CORP	22,373.00	0.00	23,153.00	780.00
E M C CORP MASS	10,482.00	0.00	13,740.00	3,258.00
ELECTRONIC ARTS INC	4,881.25	0.00	4,504.50	376.75-
EMERSON ELECTRIC COMPANY	21,300.00	0.00	28,585.00	7,285.00
ENDO PHARMACEUTICALS HLDGS INC	6,156.00	0.00	10,713.00	4,557.00
ENERGIZER HLDGS INC	0.00	17,747.80	18,225.00	477.20

ASSETS HELD AT END OF PERIOD

ASSET NAME			BEGINNING MARKET	COST OF ASSETS PURCHASED	ENDING MARKET	UNREALIZED GAIN/LOSS
EXELON CORP			9,774.00	0.00	8,328.00	1,446.00-
EXXON MOBIL CORP			68,190.00	24,065.12	104,196.00	11,940.88
FEDEX CORPORATION			16,690.00	0.00	18,602.00	1,912.00
FFCB	2.350%	11/15/17	0.00	100,000.00	95,613.00	4,387.00-
FFCB	3.370%	4/08/16	0.00	100,000.00	100,755.00	755.00
FFCB	3.370%	12/03/20	0.00	100,000.00	97,092.00	2,908.00-
FFCB	3.650%	12/28/18	0.00	100,000.00	99,620.00	380.00-
FFCB	4.875%	6/04/18	50,515.50	0.00	53,733.00	3,217.50
FHLB	2.550%	10/26/18	0.00	100,000.00	95,037.00	4,963.00-
FHLB	3.100%	11/16/20	0.00	100,000.00	95,235.00	4,765.00-
FHLB	3.125%	7/12/17	0.00	100,000.00	100,168.00	168.00
FHLB	3.625%	3/17/17	0.00	100,000.00	100,576.00	576.00
FHLB	4.500%	6/03/15	103,156.00	0.00	101,620.00	1,536.00-
FHLB	4.625%	3/11/19	99,875.00	859.23-	100,853.00	1,837.23
FHLMC MTN V-A	2.000%	12/15/16	0.00	100,000.00	99,846.00	154.00-
FHLMC MTN V-A	2.125%	3/21/19	0.00	100,000.00	96,356.00	3,644.00-
FHLMC MTN V-A	2.250%	9/15/20	0.00	100,000.00	96,710.00	3,290.00-
FMC TECHNOLOGIES INC			0.00	9,103.22	15,559.25	6,456.03
FNMA	4.000%	2/25/19	99,563.00	0.00	100,501.00	938.00
*FRONTIER COMMUNICATIONS CORP			0.00	1,966.15	2,101.68	135.53
GALLAGHER ARTHUR J & CO			11,255.00	0.00	14,540.00	3,285.00
GEN ELEC CAP CRP MTN	4.375%	11/21/11	52,074.00	689.22	51,622.00	1,141.22-
GENERAL ELECTRIC CO			49,929.00	0.00	60,357.00	10,428.00
GENZYME CORP COM (GENERAL DIVISION)			12,252.50	0.00	17,800.00	5,547.50
GILEAD SCIENCES INC			10,817.50	0.00	9,060.00	1,757.50-
GOLDMAN SACHS GROUP INC			37,989.00	0.00	37,836.00	153.00-
GOODRICH CORP.			38,550.00	0.00	52,842.00	14,292.00
GOOGLE INC-CL A			0.00	43,910.93	59,397.00	15,486.07
HALLIBURTON COMPANY			0.00	22,328.19	36,747.00	14,418.81
HARRIS CORP DEL			17,831.25	0.00	16,987.50	843.75-
HARTFORD FINL SVCS GROUP INC			9,304.00	0.00	10,596.00	1,292.00
HEINZ H J CO			16,035.00	0.00	18,547.50	2,512.50

* - FOR THIS ASSET, AVERAGE PRICES WERE USED

MNB

5500 REPORT DETAIL

MNB EMPLOYEES PENSION PLAN TRUST
ACCOUNT: 1860003900

FOR THE PERIOD 01/01/10 THROUGH 12/31/10

ASSETS HELD AT END OF PERIOD

ASSET NAME	BEGINNING MARKET	COST OF ASSETS PURCHASED	ENDING MARKET	UNREALIZED GAIN/LOSS
HEWLETT PACKARD CO	37,344.75	0.00	30,522.50	6,822.25-
HEWLETT-PACKARD CO 4.500% 3/01/13	53,008.00	56.63-	53,518.00	566.63
HOLOGIC INC	4,350.00	0.00	5,646.00	1,296.00
HOME DEPOT	0.00	23,029.52	28,048.00	5,018.48
HONEYWELL INTERNATIONAL INC	23,520.00	0.00	31,896.00	8,376.00
ILLINOIS TOOL WKS INC	19,196.00	0.00	21,360.00	2,164.00
INTEL CORPORATION	73,440.00	0.00	75,708.00	2,268.00
INTERNATIONAL BUSINESS MACHINES CORP	55,632.50	3,124.93	66,042.00	7,284.57
INTL PAPER CO 5.300% 4/01/15	51,545.00	0.00	53,859.00	2,314.00
JOHNSON & JOHNSON	61,189.50	0.00	58,757.50	2,432.00-
JOY GLOBAL INC	0.00	7,705.61	13,012.50	5,306.89
JP MORGAN CHASE & CO	84,923.46	0.00	86,451.96	1,528.50
KRAFT FOODS INC-A	15,628.50	0.00	18,118.25	2,489.75
LILLY ELI & CO	21,426.00	0.00	21,024.00	402.00-
LIMITED BRANDS, INC.	19,240.00	0.00	30,730.00	11,490.00
LINEAR TECHNOLOGY CORP	11,460.00	0.00	12,971.25	1,511.25
LOWES COS INC	29,237.50	0.00	31,350.00	2,112.50
MARSH & MCLENNAN COS INC	17,664.00	0.00	21,872.00	4,208.00
MATTEL INC	0.00	10,482.25	12,715.00	2,232.75
MCCORMICK & CO INC NON-VTG	14,452.00	0.00	18,612.00	4,160.00
MCDONALDS CORP	37,464.00	0.00	46,056.00	8,592.00
MEDTRONIC INC 4.450% 3/15/20	0.00	50,275.42	51,909.00	1,633.58
MERCK & CO INC	32,886.00	0.00	32,436.00	450.00-
METLIFE INC	0.00	23,708.44	27,775.00	4,066.56
METLIFE INC 5.000% 6/15/15	0.00	52,619.29	54,150.50	1,531.21
MICROSOFT CORP	121,920.00	0.00	111,640.00	10,280.00-
MOLSON COORS BREWING CO-B	0.00	18,836.78	18,821.25	15.53-
MONSANTO CO NEW	14,306.25	0.00	12,187.00	2,119.25-
MORGAN STANLEY	29,600.00	0.00	27,210.00	2,390.00-
NATIONAL RURAL UTILS 7.200% 10/01/15	56,369.00	199.80-	58,055.50	1,886.30
NATIONAL-OILWELL INC	0.00	8,967.56	18,493.75	9,526.19
NATL CITY BK MTN 6.250% 3/15/11	26,106.75	209.45	25,260.50	1,055.70-

ASSETS HELD AT END OF PERIOD

ASSET NAME	BEGINNING MARKET	COST OF ASSETS PURCHASED	ENDING MARKET	UNREALIZED GAIN/LOSS
NEWELL RUBBERMAID INC	13,509.00	0.00	16,362.00	2,853.00
*NEXTERA ENERGY INC	0.00	9,243.50	9,098.25	145.25-
NORTHROP GRUMMAN CORP	11,170.00	0.00	12,956.00	1,786.00
NRG ENERGY INC	4,722.00	0.00	3,908.00	814.00-
NYSE EURONEXT INC	14,547.50	0.00	17,238.50	2,691.00
OCCIDENTAL PETROLEUM CORP	0.00	22,965.84	29,430.00	6,464.16
ORACLE CORPORATION	11,038.50	0.00	14,085.00	3,046.50
PATTERSON COS INC	6,295.50	0.00	6,891.75	596.25
PENNEY J C INC	27,940.50	0.00	33,925.50	5,985.00
PEPSICO INC	30,400.00	0.00	32,665.00	2,265.00
PEPSICO INC 3.100% 1/15/15	0.00	50,874.46	52,156.00	1,281.54
PFIZER INC	47,093.91	0.00	45,333.39	1,760.52-
PNC FINANCIAL SERVICES GROUP	32,465.85	0.00	37,342.80	4,876.95
PPG INDUSTRIES INC	17,562.00	0.00	25,221.00	7,659.00
PPL CORPORATION	5,654.25	0.00	4,606.00	1,048.25-
PRAXAIR INC	10,038.75	0.00	11,933.75	1,895.00
PRAXAIR INC 6.375% 4/01/12	54,943.00	410.74-	53,334.50	1,197.76-
PRINCIPAL FINANCIAL GROUP	16,828.00	0.00	22,792.00	5,964.00
PROCTER & GAMBLE CO	57,598.50	0.00	61,113.50	3,515.00
PRUDENTIAL FINL INC	28,612.00	0.00	33,758.25	5,146.25
PUBLIC STORAGE INC	8,145.00	0.00	10,142.00	1,997.00
QUALCOMM INC	27,756.00	0.00	29,694.00	1,938.00
QUEST DIAGNOSTICS INC	10,566.50	0.00	9,444.75	1,121.75-
RESEARCH IN MOTION LIMITED	13,508.00	0.00	11,626.00	1,882.00-
ROCKWELL COLLINS	11,072.00	0.00	11,652.00	580.00
ROGERS COMMUNICATIONS-CL B	6,200.00	0.00	6,926.00	726.00
ROYAL DUTCH-ADR A	36,066.00	0.00	40,068.00	4,002.00
SCHLUMBERGER LTD	35,799.50	0.00	45,925.00	10,125.50
SEALED AIR CORP NEW	10,930.00	0.00	12,725.00	1,795.00
SEI DAILY INCOME TR TREAS #38 CL A	0.00	835,874.04	835,874.04	0.00
SEMPRA ENERGY	6,997.50	0.00	6,560.00	437.50-
SENSIENT TECHNOLOGIES CORP	42,080.00	0.00	58,768.00	16,688.00

* - FOR THIS ASSET, AVERAGE PRICES WERE USED

ASSETS HELD AT END OF PERIOD

ASSET NAME	BEGINNING MARKET	COST OF ASSETS PURCHASED	ENDING MARKET	UNREALIZED GAIN/LOSS
SHELL INTL FIN 4.300% 9/22/19	0.00	49,577.50	52,127.50	2,550.00
SOUTHERN CO	26,656.00	0.00	30,584.00	3,928.00
SOUTHWESTERN EL PWR 5.550% 1/15/17	50,453.00	510.84	53,142.50	2,178.66
SPECTRA ENERGY CORP WI	15,300.46	0.00	18,642.54	3,342.08
STAPLES INC	0.00	14,745.38	17,646.75	2,901.37
STARWOOD HOTELS & RESORTS	43,884.00	0.00	72,936.00	29,052.00
STATE STR CORP	15,239.00	0.00	16,219.00	980.00
SWISS BANK CP NY MTN 7.375% 6/15/17	30,465.08	112.09-	31,698.45	1,345.46
SYMANTEC CORPORATION	8,945.00	0.00	8,370.00	575.00-
TARGET CORP	41,114.50	0.00	51,110.50	9,996.00
TEXAS INSTRUMENTS INC	37,787.00	0.00	47,125.00	9,338.00
THERMO FISHER SCIENTIFIC INC	13,114.75	0.00	15,224.00	2,109.25
TRANSOCEAN LTD	20,700.00	0.00	17,377.50	3,322.50-
TRAVELERS COMPANIES INC	28,669.50	0.00	32,033.25	3,363.75
TYCO ELECTRONICS LTD	11,047.50	0.00	15,930.00	4,882.50
TYCO INTERNATIONAL LTD	6,244.00	0.00	7,252.00	1,008.00
UNION PAC CORP	15,975.00	0.00	23,165.00	7,190.00
UNITED PARCEL SERVICE-CLASS B	20,079.50	0.00	25,403.00	5,323.50
UNITED TECHNOLOGIES CORP	24,293.50	0.00	27,552.00	3,258.50
UNITEDHEALTH GROUP INC	9,144.00	0.00	10,833.00	1,689.00
US BANCORP	34,170.18	0.00	40,940.46	6,770.28
VARIAN MEDICAL SYSTEMS INC	11,712.50	0.00	17,320.00	5,607.50
VERIZON COMMUNICATIONS	29,817.00	1,966.48-	32,202.00	4,351.48
WACHOVIA BK 5.000% 8/15/15	97,061.50	95.55	101,386.85	4,229.80
WAL MART STORES INCORPORATED	48,105.00	0.00	48,537.00	432.00
WALGREEN CO	0.00	18,497.25	19,480.00	982.75
WEATHERFORD INTL LTD	17,910.00	0.00	22,800.00	4,890.00
WELLPOINT INC	11,658.00	0.00	11,372.00	286.00-
WELLS FARGO & CO NEW	37,786.00	0.00	43,386.00	5,600.00
WESTERN UNION CO 5.930% 10/01/16	107,872.00	0.00	111,954.00	4,082.00
WINDSTREAM CORP	11,814.25	0.00	14,985.50	3,171.25
3M CO	28,934.50	0.00	30,205.00	1,270.50
TOTAL ALL ASSETS	4,163,137.99	2,875,269.83	7,513,848.17	475,440.35

ASSETS DISPOSED DURING PERIOD

ASSET NAME			BEGINNING MARKET	COST OF ASSETS PURCHASED	SALE PROCEEDS	REALIZED GAIN/LOSS
AMGEN INC			11,314.00	0.00	10,835.93	478.07-
ANADARKO PETROLEUM CORPORATION			18,726.00	0.00	21,921.86	3,195.86
ARRIS GROUP INC			7,429.50	0.00	7,518.42	88.92
AVON PRODS INC			15,750.00	0.00	14,658.35	1,091.65-
BARNES GROUP INC			6,760.00	0.00	8,219.70	1,459.70
BELLSOUTH CAP FDG	7.750%	2/15/10	55,438.90	0.00	55,000.00	438.90-
COLGATE PALMOLIVE CO			24,645.00	0.00	23,168.06	1,476.94-
DISCOVER FINL SVCS			5,884.00	0.00	5,488.86	395.14-
FFCB	3.700%	4/01/16	98,750.00	0.00	100,000.00	1,250.00
FFCB	4.200%	2/19/15	100,406.00	625.00	100,000.00	1,031.00-
FHLB	4.150%	2/25/15	150,796.50	0.00	150,000.00	796.50-
FHLB	4.600%	3/11/19	99,688.00	0.00	100,000.00	312.00
FHLB	5.050%	6/23/15	101,969.00	0.00	100,000.00	1,969.00-
FHLB	5.500%	6/15/12	153,375.00	0.00	150,000.00	3,375.00-
FHLMC	5.300%	5/12/20	50,131.00	73.13-	50,000.00	57.87-
FHLMC MTN	2.300%	11/08/12	50,169.50	0.00	50,000.00	169.50-
FHLMC MTN	4.000%	4/29/18	0.00	100,000.00	100,000.00	0.00
FNMA	4.000%	11/24/17	98,438.00	0.00	100,000.00	1,562.00
FNMA	4.050%	10/27/17	98,313.00	0.00	100,000.00	1,687.00
FNMA	4.150%	4/01/15	25,218.75	0.00	25,000.00	218.75-
FNMA	4.720%	12/17/15	102,781.00	0.00	100,000.00	2,781.00-
FPL GROUP INC			9,243.50	9,243.50-	0.00	0.00
*FRONTIER COMMUNICATIONS CORP			0.00	0.33	0.28	0.05-
GLOBAL PAYMENTS INC			9,425.50	0.00	7,680.03	1,745.47-
GOLDMAN SACHS GROUP	4.500%	6/15/10	50,901.00	86.54	50,000.00	987.54-
HEINZ H J CO			6,414.00	0.00	7,290.43	876.43
HOST HOTELS & RESORTS, INC			4,166.19	0.00	4,992.11	825.92
KIMBERLY CLARK CORP COM			23,891.25	0.00	23,431.44	459.81-
NOKIA CORP SPNSD ADR			6,425.00	0.00	4,927.56	1,497.44-
PITNEY BOWES INC			6,828.00	0.00	7,053.33	225.33
RENAISSANCE RE HLDGS LTD			17,273.75	0.00	20,202.14	2,928.39
SEI DAILY INCOME TR TREAS #38 CL A			651,988.65	1,959,963.72	2,611,952.37	0.00

* - FOR THIS ASSET, AVERAGE PRICES WERE USED

ASSETS DISPOSED DURING PERIOD

ASSET NAME	BEGINNING MARKET	COST OF ASSETS PURCHASED	SALE PROCEEDS	REALIZED GAIN/LOSS
TJX COS INC	19,188.75	0.00	21,458.27	2,269.52
TYCO ELECTRONICS LTD	0.00	0.00	144.00	144.00
VIACOM INC-B W/I	11,892.00	0.00	11,499.41	392.59-
TOTAL ALL ASSETS	2,093,620.74	2,051,358.96	4,142,442.55	2,537.15-

MNB

SCHEDULE OF REPORTABLE TRANSACTIONS

ACCOUNT NUMBER
1860003900

REPORTABLE TRANSACTIONS WORKSHEET
FROM 1/1/10 TO 12/31/10
MNB EMPLOYEES PENSION PLAN TRUST

DATE BOUGHT/SOLD	SHARES PAR VALUE	UNIT PRICE	EXPENSE INCURRED	PRINCIPAL CASH EX	TRANSACTION COST	REALIZED GAIN/LOSS
BEGINNING MARKET VALUE			6,286,709.19			
COMPARATIVE VALUE (5%)			314,335.46			
CATEGORY 1 - SINGLE TRANSACTION EXCEEDS 5% OF VALUE						
ISSUE: 783965726 - SEI DAILY INCOME TR TREAS #38 CL A						
09/13/10 B	874,886	1.000	0	874,886-*	874,886	
ISSUE: 783965726 - SEI DAILY INCOME TR TREAS #38 CL A						
12/17/10 B	323,068	1.000	0	323,068-*	323,068	
GRAND TOTAL			0	1,197,954	1,197,954	0

This summary is intended as an outline of plan provisions and does not alter the intent or meaning of the provisions contained in the plan document.

Eligibility

All employees who have attained the age of 21 years and have been employed for 12 months or longer.

No employees shall enter the plan as participants after December 31, 2007.

Considered Compensation

Total compensation paid during the preceding plan year

Average Monthly Compensation

Average of considered compensation over the five-consecutive years during the most recent 10 years of employment that produce the highest average.

Normal Retirement Date

First of the month coincident with or following the attainment of age 65

Normal Retirement Benefit

Monthly retirement benefit payable as a single life annuity is equal to 1.5% of average monthly compensation per year of service at Normal Retirement Date, not to exceed 25 years, plus .63% of average monthly compensation in excess of Social Security Covered Compensation for each year of service not to exceed 25 years, provided that the accrued retirement benefit shall not be less than the benefit accrued as of January 31, 1989.

The above notwithstanding, the base and excess percentages are adjusted for those participants whose normal retirement age occurs prior to their social security normal retirement age, not adjusted for partial years. In particular, the base portion of the benefit formula is increased by 1/15 for each of the first five years and 1/30 for each of the next ten years that the normal retirement age precedes the participant's social security normal retirement age, and the excess portion of the benefit formula is decreased by the same amount.

Early Retirement Benefit

Any participant who has attained age 50 and has completed 5 or more years of vesting service may retire and receive an immediate monthly retirement benefit equal to his accrued benefit reduced 1/15th for each of the first five years and 1/30th for each of the next ten years by which early retirement precedes normal retirement.

Cost of Living Adjustment

The annuity value of each retiree shall be adjusted annually in January based on the change in the Consumer Price Index (CPI) each December from the previous December, with a limit of 2% on the annual increase. In no event shall any decrease in Cost of Living reduce the benefit below the initial annuity amount at retirement.

Benefits payable as a lump sum shall reflect an annual assumed increase in the CPI, subject to a limit of 2%.

Pre-Retirement Death Benefit

Upon the death of a participant, his/her beneficiary shall receive the present value of the participant's accrued benefit.

Disability Benefit

In the event a participant becomes totally and permanently disabled, as determined by the Plan Committee, and he has completed 15 or more years of vesting service, or attained age 50 and completed one year of vesting service, he is entitled to receive the benefit he would have received had he continued in the service of the employer to normal retirement date. The disability benefit is payable the first of the month following the participant's last day of employment.

Vesting

Participants become vested in their accrued benefits in accordance with the following schedule:

Years of Credited Service	Vested Percentage
0-5 years	0%
5 or more	100%

Single Sum Distribution Availability

Upon termination of employment, single sum distributions are available with the consent of the participant and his spouse if applicable.

Assumptions for Determining Actuarially Equivalent Benefits

Benefits Payable in the Form of a Monthly Annuity:

Mortality: 1983 Group Annuity Blended Mortality Table

Interest: 7.50% per year, compounded annually.

Benefits Payable in the Form of a Single Sum Distribution:

Mortality: The prevailing Commissioner's Standard Mortality Table

Interest: Interest rates mandated by the IRS as of November 1 of the year preceding the calendar year during which distribution is made.

MNB

SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES

SCHEDULE H, LINE 4I

5500 REPORT DETAIL

MNB EMPLOYEES PENSION PLAN TRUST
ACCOUNT: 1860003900

FOR THE PERIOD 01/01/10 THROUGH 12/31/10

ASSETS HELD AT END OF PERIOD

ASSET NAME	BEGINNING MARKET	COST OF ASSETS PURCHASED	ENDING MARKET	UNREALIZED GAIN/LOSS
ABBOTT LABORATORIES	24,295.50	0.00	21,559.50	2,736.00-
ADOBE SYS INC	0.00	21,578.40	23,854.50	2,276.10
AECOM TECHNOLOGY CORP	0.00	7,787.15	9,789.50	2,002.35
AGILENT TECHNOLOGIES INC	7,767.50	0.00	10,357.50	2,590.00
AKAMAI TECHNOLOGIES INC	7,602.00	0.00	14,115.00	6,513.00
ALBERTO-CULVER CO-WI	14,645.00	0.00	18,520.00	3,875.00
ALCOA INC	16,120.00	0.00	15,390.00	730.00-
ALLEGHENY ENERGY INC	7,044.00	0.00	7,272.00	228.00
ALTRIA GROUP INC	0.00	47,599.86	47,393.50	206.36-
AMDOCS LTD	7,845.75	0.00	7,554.25	291.50-
AMERICAN EXPRESS CO	0.00	21,608.29	23,606.00	1,997.71
AMERICAN TOWER CORP CL-A	8,642.00	0.00	10,328.00	1,686.00
ANADARKO PETROLEUM CORPORATION	31,210.00	0.00	38,080.00	6,870.00
ANHEUSER-BUSCH INBEV SPONS ADR	0.00	17,277.30	17,127.00	150.30-
APACHE CORP 3.625% 2/01/21	0.00	49,485.00	48,252.00	1,233.00-
APPLE INC	57,951.30	0.00	88,704.00	30,752.70
ASPEN INSURANCE	17,815.00	0.00	20,034.00	2,219.00
AT & T INC	53,957.75	0.00	56,556.50	2,598.75
AVON PRODUCTS INC 6.500% 3/01/19	55,879.00	0.00	58,129.00	2,250.00
BAKER HUGHES INC	14,168.00	0.00	20,009.50	5,841.50
BANK OF AMER CRP MTN 4.500% 11/15/19	0.00	50,000.00	48,129.50	1,870.50-
BANK OF AMERICA CORP	25,602.00	0.00	22,678.00	2,924.00-
BANK OF NEW YORK MELLON CORP	23,774.50	0.00	25,670.00	1,895.50
BARCLAYS BK PLC MTN 3.000% 11/18/18	0.00	50,000.00	48,077.00	1,923.00-
BAXTER INTL INC	0.00	10,189.71	8,858.50	1,331.21-
BECKMAN COULTER INC	0.00	10,665.94	13,165.25	2,499.31
BED BATH & BEYOND INC	0.00	15,603.44	19,660.00	4,056.56
BELLSOUTH TELECOMM 6.375% 6/01/28	99,820.00	313.69	105,667.00	5,533.31
BEST BUY INC	23,676.00	0.00	20,574.00	3,102.00-
BHP BILLITON FIN 5.400% 3/29/17	26,784.50	136.10	27,670.50	749.90
BLOCK H & R INC	0.00	7,707.65	5,955.00	1,752.65-
BOEING CO	24,358.50	0.00	29,367.00	5,008.50

MNB

MNB EMPLOYEES PENSION PLAN TRUST
ACCOUNT: 1860003900

5500 REPORT DETAIL

FOR THE PERIOD 01/01/10 THROUGH 12/31/10

ASSETS HELD AT END OF PERIOD

ASSET NAME	BEGINNING MARKET	COST OF ASSETS PURCHASED	ENDING MARKET	UNREALIZED GAIN/LOSS
BOEING CO 3.750% 11/20/16	0.00	50,634.98	52,315.00	1,680.02
BP CAPITAL PLC 3.125% 10/01/15	0.00	50,650.00	49,965.50	684.50-
BP PLC SPONS ADR	34,782.00	0.00	26,502.00	8,280.00-
BUCYRUS INTERNATIONAL INC-A	0.00	7,468.10	13,410.00	5,941.90
CAMERON INTERNATIONAL CORP	0.00	9,599.49	15,219.00	5,619.51
CARPENTER TECH CORP 6.625% 5/15/13	50,928.00	0.00	53,299.00	2,371.00
CBS CORPORATION CLASS B W/I	5,620.00	0.00	7,620.00	2,000.00
CELGENE CORP	27,840.00	0.00	29,570.00	1,730.00
CENTERPOINT ENERGY INC	4,353.00	0.00	4,716.00	363.00
CEPHALON INC	20,286.50	0.00	20,059.00	227.50-
CHARLES SCHWAB CORP	16,938.00	0.00	15,399.00	1,539.00-
CHEVRON CORPORATION	34,645.50	0.00	41,062.50	6,417.00
CHURCH & DWIGHT INC	0.00	18,727.39	18,980.50	253.11
CISCO SYS INC	47,880.00	0.00	40,460.00	7,420.00-
CITIGROUP INC	4,965.00	0.00	7,095.00	2,130.00
CITY NATL CORP 5.125% 2/15/13	50,120.50	0.00	52,327.50	2,207.00
COCA COLA COMPANY	31,350.00	0.00	36,173.50	4,823.50
CONSOLIDATED EDISON INC	13,629.00	0.00	14,871.00	1,242.00
CORNING INC	0.00	10,595.46	12,558.00	1,962.54
COVIDIEN PLC	8,380.75	0.00	7,990.50	390.25-
CVS CAREMARK CORP	24,962.75	0.00	26,946.75	1,984.00
CYTEC INDUSTRIES 4.600% 7/01/13	26,037.00	92.61	26,153.25	23.64
DANAHER CORP	20,680.00	0.00	25,943.50	5,263.50
DAVITA INC	8,811.00	0.00	10,423.50	1,612.50
DISNEY WALT COMPANY	35,475.00	0.00	41,261.00	5,786.00
DU PONT E I DE NEMOURS & CO	10,101.00	0.00	14,964.00	4,863.00
DUKE ENERGY HOLDING CORP	22,373.00	0.00	23,153.00	780.00
E M C CORP MASS	10,482.00	0.00	13,740.00	3,258.00
ELECTRONIC ARTS INC	4,881.25	0.00	4,504.50	376.75-
EMERSON ELECTRIC COMPANY	21,300.00	0.00	28,585.00	7,285.00
ENDO PHARMACEUTICALS HLDGS INC	6,156.00	0.00	10,713.00	4,557.00
ENERGIZER HLDGS INC	0.00	17,747.80	18,225.00	477.20

ASSETS HELD AT END OF PERIOD

ASSET NAME			BEGINNING MARKET	COST OF ASSETS PURCHASED	ENDING MARKET	UNREALIZED GAIN/LOSS
EXELON CORP			9,774.00	0.00	8,328.00	1,446.00-
EXXON MOBIL CORP			68,190.00	24,065.12	104,196.00	11,940.88
FEDEX CORPORATION			16,690.00	0.00	18,602.00	1,912.00
FFCB	2.350%	11/15/17	0.00	100,000.00	95,613.00	4,387.00-
FFCB	3.370%	4/08/16	0.00	100,000.00	100,755.00	755.00
FFCB	3.370%	12/03/20	0.00	100,000.00	97,092.00	2,908.00-
FFCB	3.650%	12/28/18	0.00	100,000.00	99,620.00	380.00-
FFCB	4.875%	6/04/18	50,515.50	0.00	53,733.00	3,217.50
FHLB	2.550%	10/26/18	0.00	100,000.00	95,037.00	4,963.00-
FHLB	3.100%	11/16/20	0.00	100,000.00	95,235.00	4,765.00-
FHLB	3.125%	7/12/17	0.00	100,000.00	100,168.00	168.00
FHLB	3.625%	3/17/17	0.00	100,000.00	100,576.00	576.00
FHLB	4.500%	6/03/15	103,156.00	0.00	101,620.00	1,536.00-
FHLB	4.625%	3/11/19	99,875.00	859.23-	100,853.00	1,837.23
FHLMC MTN V-A	2.000%	12/15/16	0.00	100,000.00	99,846.00	154.00-
FHLMC MTN V-A	2.125%	3/21/19	0.00	100,000.00	96,356.00	3,644.00-
FHLMC MTN V-A	2.250%	9/15/20	0.00	100,000.00	96,710.00	3,290.00-
FMC TECHNOLOGIES INC			0.00	9,103.22	15,559.25	6,456.03
FNMA	4.000%	2/25/19	99,563.00	0.00	100,501.00	938.00
*FRONTIER COMMUNICATIONS CORP			0.00	1,966.15	2,101.68	135.53
GALLAGHER ARTHUR J & CO			11,255.00	0.00	14,540.00	3,285.00
GEN ELEC CAP CRP MTN	4.375%	11/21/11	52,074.00	689.22	51,622.00	1,141.22-
GENERAL ELECTRIC CO			49,929.00	0.00	60,357.00	10,428.00
GENZYME CORP COM (GENERAL DIVISION)			12,252.50	0.00	17,800.00	5,547.50
GILEAD SCIENCES INC			10,817.50	0.00	9,060.00	1,757.50-
GOLDMAN SACHS GROUP INC			37,989.00	0.00	37,836.00	153.00-
GOODRICH CORP.			38,550.00	0.00	52,842.00	14,292.00
GOOGLE INC-CL A			0.00	43,910.93	59,397.00	15,486.07
HALLIBURTON COMPANY			0.00	22,328.19	36,747.00	14,418.81
HARRIS CORP DEL			17,831.25	0.00	16,987.50	843.75-
HARTFORD FINL SVCS GROUP INC			9,304.00	0.00	10,596.00	1,292.00
HEINZ H J CO			16,035.00	0.00	18,547.50	2,512.50

* - FOR THIS ASSET, AVERAGE PRICES WERE USED

MNB

5500 REPORT DETAIL

MNB EMPLOYEES PENSION PLAN TRUST
ACCOUNT: 1860003900

FOR THE PERIOD 01/01/10 THROUGH 12/31/10

ASSETS HELD AT END OF PERIOD

ASSET NAME	BEGINNING MARKET	COST OF ASSETS PURCHASED	ENDING MARKET	UNREALIZED GAIN/LOSS
HEWLETT PACKARD CO	37,344.75	0.00	30,522.50	6,822.25-
HEWLETT-PACKARD CO 4.500% 3/01/13	53,008.00	56.63-	53,518.00	566.63
HOLOGIC INC	4,350.00	0.00	5,646.00	1,296.00
HOME DEPOT	0.00	23,029.52	28,048.00	5,018.48
HONEYWELL INTERNATIONAL INC	23,520.00	0.00	31,896.00	8,376.00
ILLINOIS TOOL WKS INC	19,196.00	0.00	21,360.00	2,164.00
INTEL CORPORATION	73,440.00	0.00	75,708.00	2,268.00
INTERNATIONAL BUSINESS MACHINES CORP	55,632.50	3,124.93	66,042.00	7,284.57
INTL PAPER CO 5.300% 4/01/15	51,545.00	0.00	53,859.00	2,314.00
JOHNSON & JOHNSON	61,189.50	0.00	58,757.50	2,432.00-
JOY GLOBAL INC	0.00	7,705.61	13,012.50	5,306.89
JP MORGAN CHASE & CO	84,923.46	0.00	86,451.96	1,528.50
KRAFT FOODS INC-A	15,628.50	0.00	18,118.25	2,489.75
LILLY ELI & CO	21,426.00	0.00	21,024.00	402.00-
LIMITED BRANDS, INC.	19,240.00	0.00	30,730.00	11,490.00
LINEAR TECHNOLOGY CORP	11,460.00	0.00	12,971.25	1,511.25
LOWES COS INC	29,237.50	0.00	31,350.00	2,112.50
MARSH & MCLENNAN COS INC	17,664.00	0.00	21,872.00	4,208.00
MATTEL INC	0.00	10,482.25	12,715.00	2,232.75
MCCORMICK & CO INC NON-VTG	14,452.00	0.00	18,612.00	4,160.00
MCDONALDS CORP	37,464.00	0.00	46,056.00	8,592.00
MEDTRONIC INC 4.450% 3/15/20	0.00	50,275.42	51,909.00	1,633.58
MERCK & CO INC	32,886.00	0.00	32,436.00	450.00-
METLIFE INC	0.00	23,708.44	27,775.00	4,066.56
METLIFE INC 5.000% 6/15/15	0.00	52,619.29	54,150.50	1,531.21
MICROSOFT CORP	121,920.00	0.00	111,640.00	10,280.00-
MOLSON COORS BREWING CO-B	0.00	18,836.78	18,821.25	15.53-
MONSANTO CO NEW	14,306.25	0.00	12,187.00	2,119.25-
MORGAN STANLEY	29,600.00	0.00	27,210.00	2,390.00-
NATIONAL RURAL UTILS 7.200% 10/01/15	56,369.00	199.80-	58,055.50	1,886.30
NATIONAL-OILWELL INC	0.00	8,967.56	18,493.75	9,526.19
NATL CITY BK MTN 6.250% 3/15/11	26,106.75	209.45	25,260.50	1,055.70-

ASSETS HELD AT END OF PERIOD

ASSET NAME	BEGINNING MARKET	COST OF ASSETS PURCHASED	ENDING MARKET	UNREALIZED GAIN/LOSS
NEWELL RUBBERMAID INC	13,509.00	0.00	16,362.00	2,853.00
*NEXTERA ENERGY INC	0.00	9,243.50	9,098.25	145.25-
NORTHROP GRUMMAN CORP	11,170.00	0.00	12,956.00	1,786.00
NRG ENERGY INC	4,722.00	0.00	3,908.00	814.00-
NYSE EURONEXT INC	14,547.50	0.00	17,238.50	2,691.00
OCCIDENTAL PETROLEUM CORP	0.00	22,965.84	29,430.00	6,464.16
ORACLE CORPORATION	11,038.50	0.00	14,085.00	3,046.50
PATTERSON COS INC	6,295.50	0.00	6,891.75	596.25
PENNEY J C INC	27,940.50	0.00	33,925.50	5,985.00
PEPSICO INC	30,400.00	0.00	32,665.00	2,265.00
PEPSICO INC 3.100% 1/15/15	0.00	50,874.46	52,156.00	1,281.54
PFIZER INC	47,093.91	0.00	45,333.39	1,760.52-
PNC FINANCIAL SERVICES GROUP	32,465.85	0.00	37,342.80	4,876.95
PPG INDUSTRIES INC	17,562.00	0.00	25,221.00	7,659.00
PPL CORPORATION	5,654.25	0.00	4,606.00	1,048.25-
PRAXAIR INC	10,038.75	0.00	11,933.75	1,895.00
PRAXAIR INC 6.375% 4/01/12	54,943.00	410.74-	53,334.50	1,197.76-
PRINCIPAL FINANCIAL GROUP	16,828.00	0.00	22,792.00	5,964.00
PROCTER & GAMBLE CO	57,598.50	0.00	61,113.50	3,515.00
PRUDENTIAL FINL INC	28,612.00	0.00	33,758.25	5,146.25
PUBLIC STORAGE INC	8,145.00	0.00	10,142.00	1,997.00
QUALCOMM INC	27,756.00	0.00	29,694.00	1,938.00
QUEST DIAGNOSTICS INC	10,566.50	0.00	9,444.75	1,121.75-
RESEARCH IN MOTION LIMITED	13,508.00	0.00	11,626.00	1,882.00-
ROCKWELL COLLINS	11,072.00	0.00	11,652.00	580.00
ROGERS COMMUNICATIONS-CL B	6,200.00	0.00	6,926.00	726.00
ROYAL DUTCH-ADR A	36,066.00	0.00	40,068.00	4,002.00
SCHLUMBERGER LTD	35,799.50	0.00	45,925.00	10,125.50
SEALED AIR CORP NEW	10,930.00	0.00	12,725.00	1,795.00
SEI DAILY INCOME TR TREAS #38 CL A	0.00	835,874.04	835,874.04	0.00
SEMPRA ENERGY	6,997.50	0.00	6,560.00	437.50-
SENSIENT TECHNOLOGIES CORP	42,080.00	0.00	58,768.00	16,688.00

* - FOR THIS ASSET, AVERAGE PRICES WERE USED

ASSETS HELD AT END OF PERIOD

ASSET NAME	BEGINNING MARKET	COST OF ASSETS PURCHASED	ENDING MARKET	UNREALIZED GAIN/LOSS
SHELL INTL FIN 4.300% 9/22/19	0.00	49,577.50	52,127.50	2,550.00
SOUTHERN CO	26,656.00	0.00	30,584.00	3,928.00
SOUTHWESTERN EL PWR 5.550% 1/15/17	50,453.00	510.84	53,142.50	2,178.66
SPECTRA ENERGY CORP WI	15,300.46	0.00	18,642.54	3,342.08
STAPLES INC	0.00	14,745.38	17,646.75	2,901.37
STARWOOD HOTELS & RESORTS	43,884.00	0.00	72,936.00	29,052.00
STATE STR CORP	15,239.00	0.00	16,219.00	980.00
SWISS BANK CP NY MTN 7.375% 6/15/17	30,465.08	112.09-	31,698.45	1,345.46
SYMANTEC CORPORATION	8,945.00	0.00	8,370.00	575.00-
TARGET CORP	41,114.50	0.00	51,110.50	9,996.00
TEXAS INSTRUMENTS INC	37,787.00	0.00	47,125.00	9,338.00
THERMO FISHER SCIENTIFIC INC	13,114.75	0.00	15,224.00	2,109.25
TRANSOCEAN LTD	20,700.00	0.00	17,377.50	3,322.50-
TRAVELERS COMPANIES INC	28,669.50	0.00	32,033.25	3,363.75
TYCO ELECTRONICS LTD	11,047.50	0.00	15,930.00	4,882.50
TYCO INTERNATIONAL LTD	6,244.00	0.00	7,252.00	1,008.00
UNION PAC CORP	15,975.00	0.00	23,165.00	7,190.00
UNITED PARCEL SERVICE-CLASS B	20,079.50	0.00	25,403.00	5,323.50
UNITED TECHNOLOGIES CORP	24,293.50	0.00	27,552.00	3,258.50
UNITEDHEALTH GROUP INC	9,144.00	0.00	10,833.00	1,689.00
US BANCORP	34,170.18	0.00	40,940.46	6,770.28
VARIAN MEDICAL SYSTEMS INC	11,712.50	0.00	17,320.00	5,607.50
VERIZON COMMUNICATIONS	29,817.00	1,966.48-	32,202.00	4,351.48
WACHOVIA BK 5.000% 8/15/15	97,061.50	95.55	101,386.85	4,229.80
WAL MART STORES INCORPORATED	48,105.00	0.00	48,537.00	432.00
WALGREEN CO	0.00	18,497.25	19,480.00	982.75
WEATHERFORD INTL LTD	17,910.00	0.00	22,800.00	4,890.00
WELLPOINT INC	11,658.00	0.00	11,372.00	286.00-
WELLS FARGO & CO NEW	37,786.00	0.00	43,386.00	5,600.00
WESTERN UNION CO 5.930% 10/01/16	107,872.00	0.00	111,954.00	4,082.00
WINDSTREAM CORP	11,814.25	0.00	14,985.50	3,171.25
3M CO	28,934.50	0.00	30,205.00	1,270.50
TOTAL ALL ASSETS	4,163,137.99	2,875,269.83	7,513,848.17	475,440.35

Moody National Bank Employees' Pension Plan
Schedule SB, Line 25 - Change in Method
EIN/PN: 74-0560665/001

Effective January 1, 2010, the interest rates were changed from the October 2008 yield curve published in November 2008 to the September 2009 funding segment rates.

The actuarial cost method was modified from the 2009 valuation to incorporate the annuity substitution method as provided in the final IRC Section 430 regulations with regard to the valuation of the Funding Target Liability applicable to benefits that are assumed to be paid in the form of a lump sum, as determined under 417(e). This change is allowed under the automatic approval provided for plan years 2008, 2009, or 2010 under the final IRC Section 430 regulations.

Moody National Bank Employees' Pension Plan
Schedule SB, Line 22 - Description of Weighted Average Retirement Age
EIN/PN: 74-0560665/001

All participants were assumed to retire at age 65.