



Our first office, located on Wood County's courthouse square

Local Ownership

Since BT Holdings took ownership of BankTexas in May, we have sought to differentiate ourselves based on our unique ownership. We believe this strategy makes sense in the context of community banking: not only do we support local charities, schools, and projects, but our profits stay in East Texas.

In recent months, banners at each of our offices have proclaimed "Celebrating Local Ownership." We are presently expanding upon this theme through radio advertising that tells the story of our Bank's founder, William Lloyd. He believed in treating his customers like family, earning the nickname "Uncle Bill." Today, we continue to emphasize quality customer service and treating people right.

Loan Portfolio

BankTexas, a leading provider of mortgage loans to East Texas residents, is experiencing increasingly strong loan demand. In addition, our loan portfolio is performing well.

LOAN LOSS PROVISION

So far this year, loan losses are equal to recoveries. Currently, our reserve account has a balance of \$1,360,268 or 1.6% of loans. While we believe we will experience some losses in the future, those losses will be charged against this reserve without affecting our profitability.

SUB-PRIME LENDING IN THE NEWS

The news media continues to report record numbers of home foreclosures due to so-called "sub-prime loans." These adjustable-rate mortgages appeal to "sub-prime" borrowers because they offer low introductory rates; however, these rates quickly increase to unaffordable levels.

BankTexas does not engage in sub-prime lending. Nevertheless, lenders who are involved in this activity are aggressive competitors of ours.

BT Holdings, Inc.

PARENT-ONLY FINANCIAL STATEMENT

June 30, 2007

(Unaudited)

ASSETS

Cash	\$709,291
Investment in Sub	15,694,191
Goodwill	12,261,034
Other assets	217,000
Total Assets	\$28,881,516

LIABILITIES & EQUITY

Current Liabilities	\$694,422
Debentures Payable	217,000
Trust Preferred Security	7,000,000
Total Liabilities	7,911,422
Capital Stock	2,114,578
Paid-in-Capital	19,097,934
Net Income	459,101
Unrealized Loss on Securities	(701,519)
Total Equity	20,970,094
Total Liabilities & Equity	\$28,881,516

INCOME STATEMENT

June 30, 2007

Interest Income	\$34,095
Undistributed Income	665,372
Total Income	699,466
Interest Expense	75,977
Operating Expense	91,633
Total Expense	167,610
Net Ordinary Income	\$531,856
Earnings Per Share	24.9¢