

Reporting

strong performance.

Dear Fellow Shareholders:

The state of BT Holdings is strong. The highlights of our fourth quarter performance:

- book value per share has reached \$10.45
- loans are up 10.25% since 2006
- total assets are up 7.79% since 2006

We are especially proud of this strong performance given the housing downturn that plagues much of the country. The conservative lending philosophy that we have employed for some time — in which we make zero sub-prime loans — continues to serve us well, with write-offs substantially below industry norms.

We continue to search for new growth opportunities. Inside this update, you'll learn more about our expansion into Tyler, Longview, and Lindale as well as new products that put us at an advantage relative to our competitors.

As always, more detailed financial information is available within the "news" section of www.btholdings.org. And please feel free to contact us directly at 903-763-2264 should you have any questions or comments.

Sincerely,

J. D. Nichols
Chairman

Troy M. Robinson
President & CEO

BT Holdings

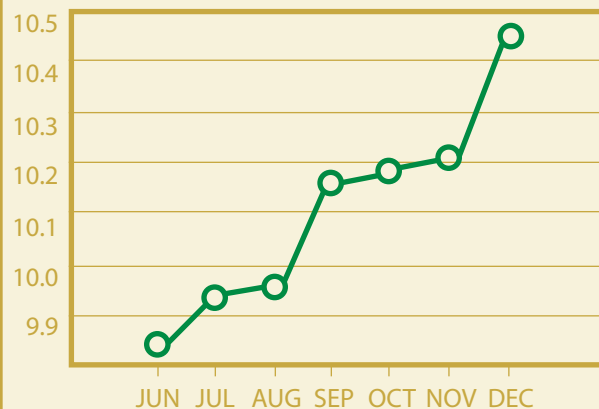
www.btholdings.org

BankTexas

www.banktexas.org
903-763-2264 • Member FDIC



Book Value Per Share BT HOLDINGS, INC.



Fourth-Quarter Financial Highlights BANKTEXAS, N.A.

	2007	2006
Assets	\$162,478	\$150,735
Loans	85,291	77,355
Investment Securities	61,824	58,731
Deposits	132,696	124,801
Shareholder Equity	16,050	14,381

(Dollars in thousands)

Innovation & Expansion

RECENT EXPANSION

Loan Production Offices in Tyler and Longview

In our last update, we announced that we were opening a Loan Production Office in Tyler. Since then, we expanded to Longview with a second Loan Production Office and hired experienced local lenders for both Tyler and Longview. These two offices will manage and originate commercial, mortgage, and consumer loans.

“Bank Store” Concept Coming to Lindale

We have filed for permission from the Office of the Comptroller of the Currency to build a new branch office in Lindale. This office will be our first “bank store,” where we will offer the services of a traditional branch in a more service-focused environment. (For more information, visit the “news” section at banktexas.org.)

INTRODUCING ‘PROSPERITY CHECKING’

In January 2008, we introduced “Prosperity Checking,” our unique free checking account that rewards customers with CD-like interest rates and refunds on ATM withdrawal fees. In exchange, account holders help us operate more efficiently; to receive rewards, one must:

1. Make at least 10 free debit/check card transactions per cycle (excluding ATMs)
2. Receive their monthly statement via secure email notification (versus a paper statement)
3. Make one Direct Deposit or ACH debit
4. Access online banking

To learn more about this exciting account, we encourage you to call us at 903-763-2264.

BT Holdings, Inc.

PARENT-ONLY FINANCIAL STATEMENT

December 31, 2007 (Unaudited)

ASSETS

Cash	\$86,063
Investment in Subsidiary	16,970,353
Goodwill	12,261,034
Other assets	217,000
Total Assets	\$29,534,450

LIABILITIES & EQUITY

Current Liabilities	\$53,279
Debentures Payable	217,000
Trust Preferred Security	7,000,000
Total Liabilities	7,270,279
Capital Stock	2,114,578
Paid-in-Capital	19,097,935
Net Income	968,969
Unrealized Gain on Securities	82,689
Total Equity	22,264,171
Total Liabilities & Equity	\$29,534,450

INCOME STATEMENT (Year-to-Date)

December 31, 2007

Dividend Income	\$327,535
Interest Income	41,902
Undistributed Income	1,157,326
Total Income	1,526,763
Interest Expense	337,046
Operating Expense	147,991
Total Expense	485,037
Net Ordinary Income	\$1,041,726
Earnings Per Share	48.9¢