

Dear Fellow Shareholders,

At BT Holdings and BankTexas, we are pleased to introduce two new initiatives aimed at growing our deposit and loan portfolios:

- **MyMusic™ Checking** is a bold new free checking account that rewards customers who meet simple monthly requirements with \$7 of free iTunes® downloads per month. This product, aimed at a younger demographic, is designed to complement our successful Prosperity Checking product, now known as MyCash™ Checking.
- Our new **“Home Loan Specialist” Campaign** features billboards in each of our key markets with pictures of our lending team. These billboards emphasize that our lenders go beyond being “loan officers” to “specializing” in home lending — knowing the “ins and outs” of local property values, title companies, realtors, builders, and even neighbors. Our qualified lending team distinguishes us from competitors who lack dedicated or experienced lenders in local markets.

I look forward to seeing you soon, and in the meantime, thank you for your continued support of our organization.

Best regards,



Troy M. Robinson

President & Chief Executive Officer

quarterly shareholder update

BT Holdings, Inc. • First Quarter 2010

ABOUT BT HOLDINGS & BANKTEXAS

BT Holdings, Inc. is the parent company of BankTexas, an East Texas community bank whose local roots date back to the 1890s. BT Holdings and BankTexas focus on steady asset and earnings growth reinforced by quality customer service, conservative lending principles, and community support.

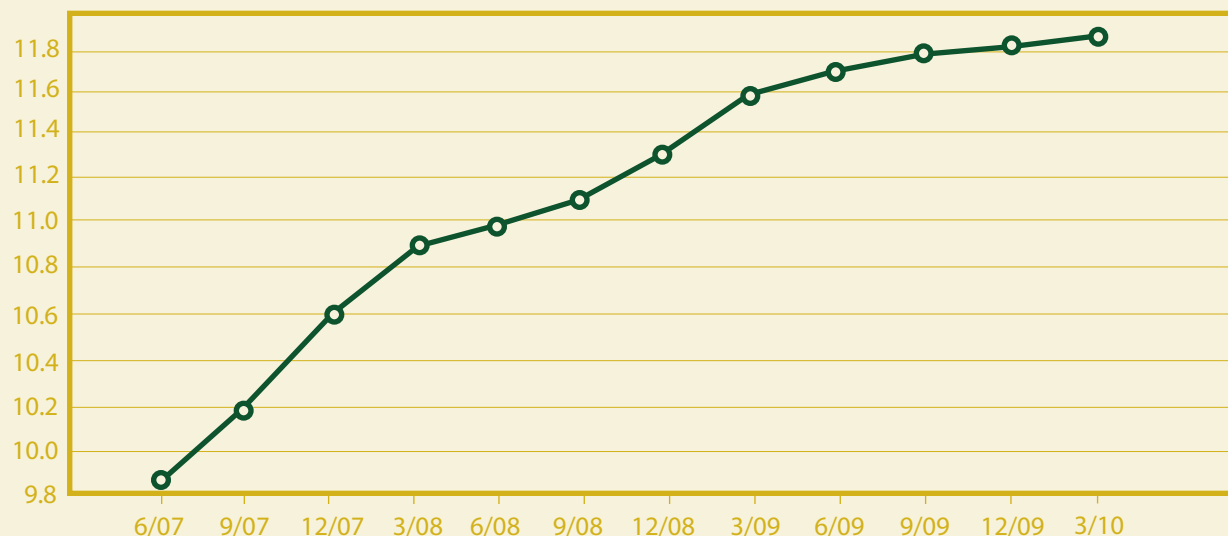
www.btholdings.org • www.banktexas.org
903-763-2264

BT Holdings

BankTexas

Member FDIC  Equal Housing Lender

Book Value Per Share BT Holdings (Since Inception)



First-Quarter Financial Highlights BankTexas

| | 2010 | 2009 |
|-----------------------|-----------|-----------|
| Assets | \$197,422 | \$208,396 |
| Loans | 110,113 | 111,037 |
| Investment Securities | 61,655 | 76,070 |
| Deposits | 159,912 | 165,734 |
| Shareholder Equity | 19,051 | 17,546 |
| Net Income | \$362 | \$490 |

(Dollars in thousands)

We want your business!

Are you banking with BankTexas?

If not, come see us. Our distinct customer service and experienced local lenders have made us the bank of choice with many East Texans. As a shareholder, you can expect our highest level of service. Remember, thanks to our convenient Monday-Saturday telephone hours, internet banking and bill payment, and other services, it's easy to bank with us no matter where you live.

If so, thank you! Doing business with the bank you own makes good sense, helping earn money that ultimately belongs to you, our shareholders.

BT Holdings, Inc.

PARENT-ONLY FINANCIAL STATEMENT

March 31, 2010 (Unaudited)

ASSETS

| | |
|--------------------------|------------|
| Cash | \$115,627 |
| Investment in Subsidiary | 19,052,739 |
| Goodwill | 13,863,415 |
| Other assets | 258,417 |

Total Assets **\$33,290,198**

LIABILITIES & EQUITY

| | |
|--------------------------|-----------|
| Current Liabilities | \$100,159 |
| Debentures Payable | 217,000 |
| Trust Preferred Security | 7,000,000 |

Total Liabilities 7,317,159

| | |
|-------------------------------------|------------|
| Capital Stock | 2,191,672 |
| Paid-in-Capital & Retained Earnings | 22,661,888 |
| Net Income | 215,928 |
| Unrealized Gain on Securities | 903,551 |

Total Equity 25,973,039

Total Liabilities & Equity **\$33,290,198**

INCOME STATEMENT (Year-to-Date)

March 31, 2010

| | |
|----------------------|-----------|
| Dividend Income | \$242,813 |
| Interest Income | 3,778 |
| Undistributed Income | 119,300 |

Total Income 365,891

| | |
|-------------------|---------|
| Interest Expense | 125,648 |
| Operating Expense | 24,315 |

Total Expense 149,963

Net Ordinary Income **\$215,928**

Earnings Per Share **10¢**