

Dear Fellow Shareholders,

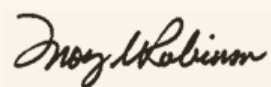
It has become my practice to update you, every quarter, on the performance of BT Holdings and BankTexas, the organizations we own.

As you are aware, 2009 was a year of upheaval for the banking industry, with bank failures reappearing in full force for the first time since the last banking crisis 20 years ago. To recoup losses from these failures, the FDIC imposed higher insurance premiums on banks such as ours, crimping earnings of all banks including ours, but ensuring stability of the system.

During this period, we hunkered down and focused our efforts on laying a foundation for future growth. For example, we produced a dramatic shift away from higher-cost CDs (down 6%) to lower cost checking accounts (up 10%); and as a result, decreased our cost of funds by 34% to just 1.4%, a rate that beats any of our competitors. As loan demand increases, we expect this more economical funding to produce significant value. In 2010, we will introduce several initiatives and new products to continue growing this deposit base and to take advantage of it to grow earnings.

I look forward to seeing you at our Annual Shareholders Meeting coming up soon, and in the meantime, thank you for your confidence.

Best regards,



Troy M. Robinson
President & Chief Executive Officer

quarterly shareholder update

BT Holdings, Inc. • Fourth Quarter 2009


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.

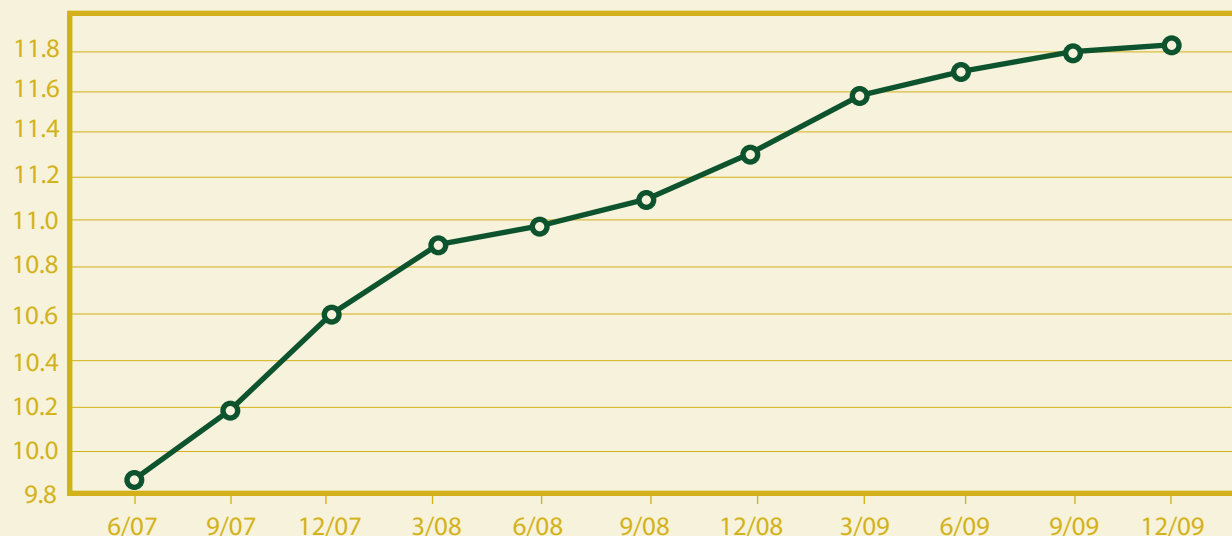
www.btholdings.org • www.banktexas.org
903-763-2264

BT Holdings

BankTexas

Member FDIC  Equal Housing Lender

Book Value Per Share BT Holdings (Since Inception)



Fourth-Quarter Financial Highlights BankTexas

	2009	2008
Assets	\$198,211	\$200,646
Loans	112,150	110,880
Investment Securities	59,926	71,720
Deposits	160,816	159,007
Shareholder Equity	19,800	17,341
Net Income	\$1,279	\$1,815

(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

December 31, 2009 (Unaudited)

ASSETS

Cash	\$7,795
Investment in Subsidiary	18,987,003
Goodwill	13,863,415
Other assets	378,893
Total Assets	\$33,237,106

LIABILITIES & EQUITY

Current Liabilities	\$99,847
Debentures Payable	217,000
Trust Preferred Security	7,000,000
Total Liabilities	7,316,847
Capital Stock	2,191,672
Paid-in-Capital & Retained Earnings	21,967,839
Net Income	803,633
Unrealized Gain on Securities	957,115
Total Equity	25,920,259
Total Liabilities & Equity	\$33,237,106

INCOME STATEMENT (Year-to-Date)

December 31, 2009

Dividend Income	\$621,875
Interest Income	15,112
Undistributed Income	656,113
Total Income	1,293,100
Interest Expense	502,592
Operating Expense	(13,125)
Total Expense	489,457
Net Ordinary Income	\$803,633
Earnings Per Share	37¢