

# Dear Fellow Shareholders,

This is the thirteenth quarterly update I have written in an effort to keep you updated on the progress of your investment in BT Holdings.

I am pleased to report that by many measures BankTexas – like our nation at large – is moving past the economic downturn of the past two years:

- BankTexas's Net Interest Margin, a good measure of our core profitability, is now 4.10%, up 0.33% since this time a year ago, reflecting our efforts at decreasing the cost of our deposits and improving what we earn on our loans
- The logical extension of improving core profitability is better returns: BankTexas's Return on Assets and Return on Equity were 1.03% and 9.93%, respectively, in the fourth quarter, up substantially over a year ago and now near their historical norms

These highlights are promising, as is our continued work at resolving our remaining problem credits and at growing our loan portfolio. Altogether, they give us good reason to be optimistic about what's in store for 2011.

Best regards,



Troy M. Robinson  
President & Chief Executive Officer

## quarterly shareholder update

BT Holdings, Inc. • Fourth 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 growth reinforced by quality customer service, conservative lending principles, and community support.

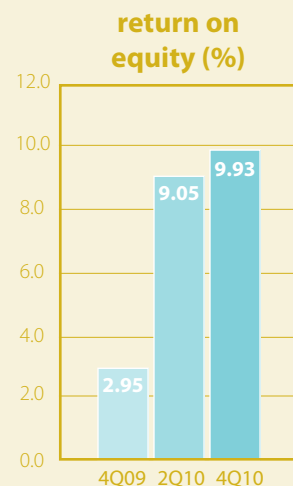
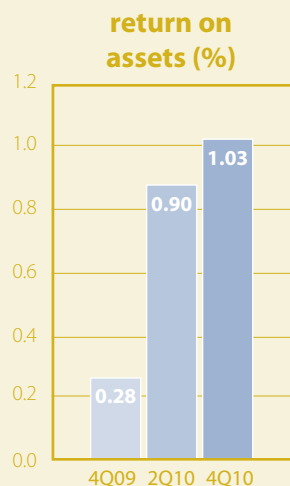
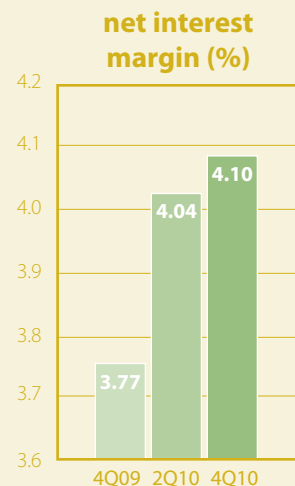
[www.btholdings.org](http://www.btholdings.org) • [www.banktexas.org](http://www.banktexas.org)  
903-763-2264

**BT Holdings**

**BankTexas**

Member FDIC  Equal Housing Lender

## improving fundamental performance at BankTexas



## fourth-quarter financial highlights BankTexas

	2010	2009
assets	\$194,187	\$198,196
loans	108,007	112,152
investment securities	63,287	59,926
deposits	162,536	160,816
shareholder equity	19,496	18,967
net income	1,640	1,279

(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 shareholder.

## BT Holdings, Inc.

### PARENT-ONLY FINANCIAL STATEMENT

December 31, 2010 (Unaudited)

#### ASSETS

Cash	\$73,989
Investment in Subsidiary	19,947,080
Goodwill	13,863,415
Other assets	276,417
<b>Total Assets</b>	<b>\$33,710,901</b>

#### LIABILITIES & EQUITY

Current Liabilities	\$139,203
Debentures Payable	217,000
Trust Preferred Security	7,000,000
<b>Total Liabilities</b>	<b>7,356,203</b>
Capital Stock	2,191,672
Paid-in-Capital & Retained Earnings	22,552,304
Net Income	1,121,614
Unrealized Gain on Securities	489,107
<b>Total Equity</b>	<b>26,354,698</b>
<b>Total Liabilities &amp; Equity</b>	<b>\$33,710,901</b>

#### INCOME STATEMENT

December 31, 2010

Dividend Income	\$660,625
Interest Income	15,112
Undistributed Income	978,085
<b>Total Income</b>	<b>1,653,822</b>
Interest Expense	502,592
Operating Expense	29,252
<b>Total Expense</b>	<b>531,884</b>
<b>Net Ordinary Income</b>	<b>\$1,121,978</b>
<b>Earnings Per Share</b>	<b>51¢</b>