BancTrust
Financial Group, Inc.

March 5, 2009

VIA EMAIL: SIGTARP.response@do.treas.gov
AND VIA U.S. MAIL

Mr. Neil M. Barofsky, Special Inspector General – TARP
1500 Pennsylvania Ave., N.W., Suite 1064
Washington, D.C. 20220

Re: Response to Letter of Inquiry of February 6, 2009

Dear Mr. Barofsky:

We offer the following discussion and the attachments to this letter in response to your letter of inquiry of February 6, 2009. On October 29, 2008, BancTrust Financial Group, Inc. ("we" or the "Company") and its subsidiary bank, BankTrust (the "Bank"), submitted an application for participation in the TARP Capital Purchase Program initiated under the Emergency Economic Stabilization Act of 2008 ("EESA"). In our application we requested a $50 million investment by the Treasury in our senior preferred stock.

In our transmittal letter and in an exhibit to our application, we outlined our plans for the $50 million in capital, should we be approved, as follows:

1. $18 million would be used to repay a portion of a $38 million bank loan. We obtained the bank loan to acquire another bank holding company in October of 2007. We paid for this acquisition using a combination of cash and stock. The cash portion was financed with the bank loan because the trust preferred market collapsed just prior to the time we were to close the acquisition. We noted in our application that the TARP funds would allow us to replace a portion of the bank loan with Tier 1 Capital, since bank loans of this type do not qualify as Tier 1 Capital.

2. $30 million would be injected into the Bank as Tier 1 Capital.

We received preliminary approval of our application on December 12, 2008, and on December 19, we issued 50,000 shares of $1,000 per share liquidation preference senior preferred stock to the U.S. Treasury in exchange for $50 million. On December 30, 2008, we paid $18 million on the $38 million bank loan. On January 28, 2009, we injected $30 million of capital into the Bank. Attached is our February 16, 2009, earnings release reporting year-end and fourth quarter 2008 results.

Phone: 251.431.7800 Fax: 251.431.7851

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Mobile, AL 36652

The capital we received from the U.S. Treasury was not segregated from other funds. We manage from a total balance sheet perspective, and capital investments are typically not segregated. We do not believe that such segregation is common practice in the industry, nor was it required pursuant to the agreements governing the Treasury's capital purchase.

Since year-end, we have made $48.6 million in new loans and renewed $171.2 million in existing loans. However, because we have experienced payoff of existing loans in approximately the same amount as our new loans, our total loan portfolio has not grown during this period. In anticipation of loan growth in the future as the economy within our markets begins to recover, we have made no other significant investment with the capital received. Our liquid assets created by the capital injection are being invested nightly with the Federal Reserve until such time as the economy and demand for loans within our markets returns and the capital can be effectively employed.

In order to implement the executive compensation requirements associated with the Treasury's investment in our Company, we obtained letter agreements dated December 17, 2008, from each of our Senior Executive Officers (as defined in the governing agreements and referred to herein as "SEOs"), pursuant to which each of them agreed to the applicable compensation limits. Copies of these letter agreements are included with this response for your ready reference.

Our compensation committee has reviewed our incentive compensation agreements with the Company's SEOs. The compensation committee concluded that the Company's SEO incentive compensation agreements do not encourage our SEOs to take unnecessary and excessive risks that could threaten the value of the Company. A compensation committee meeting was held on March 4, 2009, to review our SEO incentive compensation arrangements with the Company's senior risk officer. The compensation committee discussed with him such risks, if any (including the long-term as well as short-term risks), that could threaten the value of the Company. The senior risk officer agreed with the conclusion made by the compensation committee that our incentive compensation agreements do not encourage our SEOs to take unnecessary and excessive risks that could threaten the value of the Company.

The compensation committee also has been advised as to, and understands, its obligations to meet at least annually with the Company's senior risk officer to discuss and review the relationship between the Company's risk management policies and practices and the Company's SEO incentive compensation arrangements and to certify that it has completed the required reviews of the SEO incentive compensation arrangements in the compensation committee report contained in the Company's proxy statement for its annual meeting.

In 2008, well prior to the enactment of EESA or the announcement of the TARP Capital Purchase Program, the Company's compensation committee determined that no annual performance-based incentive goals would be established for the SEOs. Typically, these goals were focused primarily on asset growth and profitability. We experienced a severe downturn in our coastal markets, difficulties in our loan portfolio, and overall weak financial performance in 2007 and early 2008. The compensation committee believed it was prudent for senior management's focus to remain on improving asset quality and protecting the Company's capital base and believed that performance-based incentive goals related to asset growth and profitability may distract the SEOs from their focus.

In early 2009 the compensation committee again recommended and the Board agreed that no incentive compensation would be paid to the SEOs. The compensation committee has not adopted and does not intend to adopt, an annual SEO incentive compensation plan in 2009, unless the company's financial performance significantly improves. The compensation committee continues to believe that the SEOs' focus should remain on improving existing asset quality and preserving capital. The Company has not awarded equity compensation to any SEO since January of 2007. Attached is a copy of the Compensation Discussion and Analysis and Executive Compensation Sections of our proxy statement for our 2008 annual meeting. These materials will give you a general understanding of our compensation practices, and they include specific data concerning our SEO compensation practices.

Additionally, the Company understands that the recently signed Economic Stimulus Bill contains additional executive compensation requirements, and we are in the process of analyzing those requirements and intend to implement any that are applicable to us and with which we do not already comply.

I hereby certify, to the best of my knowledge, the accuracy of all statements, representations and supporting information provided in this response, subject to the requirements and penalties set forth in Title 18, United States Code, 1001.

If you have any additional questions or need further information, please let me know.

Yours very truly,
BancTrust Financial Group, Inc.

By: F. Michael Johnson

F. Michael Johnson
As its Executive Vice President, Chief
Financial Officer and Secretary

LIST OF ATTACHMENTS

1. Year-end and Fourth Quarter 2008 Earnings Release

2. SEO Letter Agreements

3. Executive Compensation Portions of Proxy Statement for our 2008 Annual Meeting

EXHIBIT 99.1

BancTrust

Contact: F. Michael Johnson
Chief Financial Officer
(251) 431-7813

BANCTRUST FINANCIAL GROUP, INC. REPORTS 2008 EARNINGS OF $1.1 MILLION

Fourth Quarter Loss Due to Higher Provision for Loan Losses

MOBILE, Ala. (February 16, 2009) – BancTrust Financial Group, Inc. (NASDAQ: BTFG) today reported 2008 net income available to common shareholders of $1.1 million, or $0.06 per diluted common share, compared with net income available to common shareholders of $6.2 million, or $0.49 per diluted common share, for 2007. For the fourth quarter of 2008, BancTrust reported a net loss available to common shareholders of $3.6 million, or $0.21 per diluted share, compared with net income available to common shareholders of $120 thousand, or $0.01 per diluted share, in the fourth quarter of 2007. BancTrust's 2008 results include the operations of The Peoples BancTrust Company, Inc. acquired in October 2007. More information about this acquisition is found below under the heading "Accounting Treatment for Peoples BancTrust Acquisition."

"We are pleased that BancTrust reported a profit for 2008 in light of the recession's impact on the economy, particularly in our Gulf Coast markets that have been hard hit by falling real estate prices," stated W. Bibb Lamar, Jr., President and Chief Executive Officer of BancTrust Financial Group, Inc. "Our earnings for 2008 benefited from continued growth in our core South Alabama market and the acquisition of Peoples BancTrust. In addition, we improved our operating leverage during the year by integrating Peoples and consolidating our subsidiary banks into one bank, thereby saving approximately $6 million in annual costs since the acquisition of Peoples."

"We raised $50 million in new capital in December 2008 through the sale of preferred stock to the U.S. Treasury. The new capital strengthened our already strong capital base and will play an important role in supporting our anticipated loan growth. At year-end 2008, our total risk-based capital ratio was a strong 14.1%, well above the requirement of 10.0% for well-capitalized bank holding companies and the minimum regulatory requirement of 8.0%."

"Our earnings for 2008 fell short of our expectations because of increased loan loss provisions, lower margins resulting from falling interest rates, and increased expenses associated with other real estate owned. During the fourth quarter we took significant steps to strengthen our allowance for loan losses with the addition of $8.1 million. We believe the additional provisions in 2008 were warranted in light of economic conditions and continued pressure on real estate collateral values. Our focus remains on credit quality to protect our future earnings and our capital base," continued Mr. Lamar.

2008 Results

Net interest income increased 13.2% to $60.9 million in 2008 compared with $53.8 million in 2007. The growth in interest income was due to a 31.2% increase in average earning assets to $1.8 billion, resulting in large part from the Peoples acquisition on October 15, 2007.

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Loans totaled $1.5 billion at year-end 2008, down 6.1%, or $98.9 million, compared with year-end 2007. The decrease was primarily due to a slowdown in economic activity in our coastal markets and to an increase in non-performing loans being moved into other real estate owned. Also, approximately $24.6 million of the decrease in loans was due to the sale of three branches in the Tuscaloosa, Alabama, market in August 2008. The branches were acquired in the Peoples transaction, and their sale was part of BancTrust's plan to focus on markets where it has a greater presence.

"We had modest loan growth in the last three months of 2008, primarily because of the solid economic fundamentals in our metropolitan Mobile market. The SBA recently reported that Mobile was one of the few markets in the nation reporting loan growth through the SBA programs, as contrasted with a nationwide decline exceeding 30%. We believe the additional capital raised through the preferred stock sale to the U.S. Treasury will provide BancTrust with a solid capital base to fund loan demand in an improving economy. We remain committed to supporting all our markets by providing loans and banking services for our loyal and growing customer base."

We increased our 2008 provision for loan losses to $15.3 million compared with $12.4 million in 2007, primarily because of increasing non-performing assets in our Florida market. At December 31, 2008, non-performing assets totaled $123.4 million compared with $50.6 million at December 31, 2007.

Non-interest income increased 51.5% to $23.0 million in 2008 compared with $15.2 million in 2007, primarily as a result of the Peoples acquisition. The 2008 results also include a one-time pre-tax gain of $1.1 million on the sale of an interest rate contract acquired as part of the Peoples transaction.

Fourth Quarter Results

"BancTrust's fourth quarter results were negatively impacted by the increase in our provision for loan losses, a decline in the net interest margin and higher costs associated with other real estate owned," noted Mr. Lamar. "The increase in our provision was due to a higher level of non-performing loans and higher charge-offs as we continued to be affected by a difficult economy. Our Florida and coastal Alabama markets remained weak due to the fallout of lower real estate prices and lower sales. Our entire team is focused on improving loan quality, the major factor affecting our earnings. We also continue to work on improving our operating efficiency and expect to reduce our expenses by an additional $2 million in 2009 through cost savings programs and improved leverage of our technology infrastructure."

Net interest revenue declined 22.7% to $13.5 million in the fourth quarter of 2008 compared with $17.5 million in the fourth quarter of 2007. The decline in net interest revenue was due primarily to a 2.6% decrease in average earning assets to $1.8 billion combined with a 75 basis point decline in the net interest margin to 3.08% for the fourth quarter 2008. Our high level of non-performing assets accounted for approximately half of the decrease in the net interest margin, which was also negatively impacted by numerous interest rate cuts by the Federal Reserve during 2008. These rate cuts, combined with pressure from banks in the Company's markets who have been aggressively pricing deposit accounts, caused our average yield on loans to decline at a faster rate than our cost of deposits. Our net interest margin was down 17 basis points from the third quarter of 2008 as a result of continued rate cuts in the fourth quarter of 2008 and competition for deposits. Approximately 60% of BancTrust's loan portfolio is at variable interest rates.

The provision for loan losses increased 7.1% to $8.1 million in the fourth quarter of 2008 compared with $7.5 million in the fourth quarter of 2007. The provision for loan losses was up from $1.9 million in the linked third quarter of 2008. Net charge-offs were $2.5 million for the fourth quarter of 2008, an increase from $1.0 million in the linked third quarter of 2008. Net charge-offs were $10.1 million in the fourth quarter of 2007.

We increased our allowance for loan losses to $30.7 million, or 2.00% of total loans, in the fourth quarter of 2008. The allowance has been increased in each of the last four quarters to account for higher levels of non-performing loans, primarily associated with our Florida and Alabama coastal markets. The allowance was increased from $25.1 million, or 1.65% of total loans, at the end of the linked third quarter of 2008.

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"We experienced a slowdown in the growth rate of non-performing assets and a reduction in past-due loans in the fourth quarter compared with the third quarter of 2008," stated Mr. Lamar. "Although these trends are positive, our level of non-performing assets and other real-estate owned are significantly higher in 2008 than 2007. We expect our focus to remain on improving credit quality until we see renewed strength in the economy in our markets. We believe it is an important part of our strategy to protect our capital base."

Total non-interest revenue was down 6.0% to $5.4 million in the fourth quarter of 2008 compared with $5.8 million in the fourth quarter of 2007. The decrease was primarily due to a decline in other income, charges and fees, offset partially by an 18.5% increase in trust revenue to $1.1 million and a $135 thousand gain from the sale of securities compared with a similar gain of $3 thousand in the fourth quarter of 2007.

Total non-interest expense increased 4.3% to $16.6 million in the fourth quarter of 2008 compared with $15.9 million in the prior year fourth quarter. The increase resulted from higher other non-interest expense, including expenses related to other real estate owned, a $113 thousand increase in intangible amortization costs related to the effect of purchase accounting and a 3.4% increase in salaries and benefits. Also, Peoples expenses were not included in the first two weeks of the fourth quarter in 2007 because of purchase accounting. BancTrust reported lower costs for salaries and net occupancy expenses compared with the third quarter of 2008 and benefited from ongoing programs to streamline operations. Higher non-interest costs in the fourth quarter of 2008 were offset partially by a $304 thousand decrease in net losses on other real estate compared with the fourth quarter of 2007.

The loss before taxes was $5.7 million in the fourth quarter of 2008 compared with a loss before taxes of $218 thousand in the fourth quarter of 2007. The net loss for the fourth quarter of 2008 was $3.5 million compared with net income of $120 thousand, which included a $338 thousand tax benefit, in the fourth quarter of 2007. Net loss per common share for the fourth quarter of 2008 was $0.21 per diluted share compared with net income of $0.01 per diluted share in the fourth quarter of 2007.

The 2008 fourth quarter results included $111 thousand in dividends on the senior preferred stock we issued to the U. S. Treasury. There were no comparable dividends in the 2007 fourth quarter.

BancTrust was classified as 'well-capitalized' at the end of the fourth quarter. Total risk-based capital was 14.1% for the holding company and 13.2% for the bank, compared with a regulatory requirement of 10.0% for a well-capitalized institution and a minimum regulatory requirement of 8.0%. Tier 1 risk-based capital was 12.9% for the holding company and 12.0% for the bank, both measures significantly above the requirement of 6.0% for a well-capitalized institution and minimum regulatory requirement of 4.0%.

In late December 2008 we improved our balance sheet by prepaying $18 million of the $38 million bank loan used to fund the Peoples acquisition.

Book value per common share decreased to $13.85 at December 31, 2008, compared with $14.26 at December 31, 2007. Tangible book value per common share at December 31, 2008 was $7.76.

$50 Million of Preferred Stock Issued

BancTrust completed the sale of $50 million in senior preferred shares to the U.S. Treasury on December 19, 2008. The preferred shares pay a cumulative annual dividend at the rate of 5% for the first five years. The dividend will increase to 9% after five years if the preferred shares have not been redeemed by the Company. BancTrust expects the effective preferred stock dividend to total approximately $750 thousand, or $0.043 per diluted share, per quarter in 2009.

In conjunction with the issuance of its senior preferred shares, BancTrust issued the U.S. Treasury a warrant to purchase up to 730,994 shares of the Company's common stock at $10.26 per share, which would represent an aggregate investment, if fully exercised, of approximately $7.5 million in BancTrust common stock, or 15% of the senior preferred investment.

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"The U.S Treasury Department's Capital Purchase Program was designed to fund well-capitalized and well- managed banks to ensure the safety and soundness of the banking system during these tough economic times," stated Mr. Lamar. "BancTrust was rated a well-capitalized bank prior to participating in the program, and the additional capital significantly increases our capital base."

"We continue to gain market share by attracting customers from other banks, many of whom had long-term relationships with their former bank and have experienced reduced service levels caused by recent personnel changes. We remain focused on providing our customers with personal attention and services to support their financial requirements. We believe we are in an excellent position to take advantage of the changes in the banking markets by leveraging our strong capital base to fund future loan growth as the economy improves," concluded Mr. Lamar.

Accounting Treatment for Peoples BancTrust Acquisition

The acquisition of The Peoples BancTrust Company, Inc. was accounted for under the purchase accounting method as required by the United States generally accepted accounting principles. Under this method of accounting, the financial statements of the Company do not reflect results of operations or the financial condition of Peoples prior to October 15, 2007. The acquisition has made comparison to prior periods less useful as a means of judging the Company's performance in 2008 compared with 2007.

Dividend on Common Shares

The Board of Directors declared a dividend of $0.025 per share, payable April 1, 2009, to shareholders of record as of March 16, 2009. The dividend was reduced from $0.13 per share paid in the previous quarter.

"Our Board of Directors reduced the cash dividend as a result of the current economic conditions, our reduced earnings in the second half of 2008 and our desire to maintain our capital for a possible further deterioration in the economy," stated Mr. Lamar. "The reduced dividend will save BancTrust approximately $1.855 million this quarter. Although our risk-based capital ratio of 14.1% is significantly higher than the 10% required to be classified as a "well capitalized company" by our regulatory agencies, we believe it is important to preserve our capital during this turbulent economic period.

"Our Board remains committed to building long-term shareholder value and will continue to evaluate the cash dividend as part of this program. Future dividends will be consistent with maintaining our strong capital position," concluded Mr. Lamar.

About BancTrust Financial Group, Inc.

BancTrust Financial Group, Inc., is a registered bank holding company headquartered in Mobile, Alabama. The Company provides an array of traditional financial services through 41 bank offices in the southern two-thirds of Alabama and 10 bank offices in northwest Florida. BancTrust's common stock is listed on the NASDAQ Global Select Market under the symbol BTFG.

Additional information concerning BancTrust Financial Group can be accessed at www.banktrustonline.com by following the link to investor relations.

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Forward-Looking Statements

This press release includes forward-looking statements within the meaning and subject to the protection of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements can be identified by the use of words such as "expect," "may," "could," "intend," "project," "schedule," "estimate," "anticipate," "should," "will," "plan," "believe," "continue," "predict," "contemplate" and similar expressions. Such forward-looking statements are based on information presently available to BancTrust's management and are subject to various risks and uncertainties, including, without limitation, risks that competitive pressures among depository and other financial institutions may increase significantly; changes in the interest rate environment may reduce margins; general economic conditions may be less favorable than expected, resulting in, among other things, a deterioration in credit quality and/or a reduction in demand for credit; legislative or regulatory changes, including changes in accounting standards and changes resulting from the recently enacted Emergency Economic Stabilization Act of 2008 and programs enacted by the U. S. Treasury and BancTrust's regulators to address capital and liquidity concerns in the financial system, may adversely affect the business in which BancTrust is engaged; BancTrust may be unable to obtain required shareholder or regulatory approval or financing for any proposed acquisition or other strategic or capital raising transactions; costs or difficulties related to the integration of BancTrust's businesses may be greater than expected; deposit attrition, customer loss or revenue loss following acquisitions may be greater than expected; competitors may have greater financial resources and develop products that enable these competitors to compete more successfully than BancTrust can compete; and the other risks described in BancTrust's SEC reports and filings under "Cautionary Note Concerning Forward-Looking Statements" and "Risk Factors." You should not place undue reliance on forward-looking statements, since the statements speak only as of the date that they are made. BancTrust has no obligation and does not undertake to publicly update, revise or correct any of its forward-looking statements after the date of this press release, or after the respective dates on which such statements otherwise are made, whether as a result of new information, future events or otherwise.

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BTFG Reports 2008 Earnings of $1.1 Million
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February 16, 2009

BANCTRUST FINANCIAL GROUP, INC.
(BTFG)
Financial Highlights (Unaudited)
(In thousands, except per share amounts)

	Quarter Ended				Year Ended	
	December 31, 2008	September 30, 2008	June 30, 2008	December 31, 2007	December 31, 2008	December 31, 2007
EARNINGS:						
Interest revenue	$ 24,210	$ 25,266	$ 27,622	$ 33,513	$ 108,092	$ 104,025
Interest expense	10,698	10,898	11,458	16,044	47,189	50,245
Net interest revenue	13,512	14,368	16,164	17,469	60,903	53,780
Provision for loan losses	8,086	1,863	2,382	7,549	15,260	12,435
Trust revenue	1,138	1,018	1,000	960	4,156	3,044
Service charges on deposit accounts	2,697	2,802	2,753	2,807	11,069	6,983
Securities gains	135	3	41	3	186	3
Gain on sale of interest rate floor	0	0	0	0	1,115	0
Other income, charges and fees	1,472	1,764	1,417	2,017	6,429	5,126
Total non-interest revenue	5,442	5,587	5,211	5,787	22,955	15,156
Salaries, pensions and other employee benefits	7,598	7,626	7,603	7,347	31,273	24,164
Net occupancy, furniture and equipment expense	2,954	2,998	3,148	2,975	12,091	8,219
Intangible amortization	779	949	948	666	3,500	

attachment #2

WAIVER BY SENIOR EXECUTIVE OFFICER

In consideration for the benefits I will receive as a result of BancTrust Financial Group, Inc.'s participation the United States Department of the Treasury's TARP Capital Purchase Program, I hereby voluntarily waive any claim against the United States or my employer or its affiliates for any changes to my compensation or benefits that are required to comply with the regulation issued by the Department of the Treasury as published in the Federal Register on October 20, 2008.

I acknowledge that this regulation may require modification of the compensation, bonus, incentive and other benefit plan, arrangements, policies and agreements (including so-called "golden parachute" agreements) that I have with my employer or in which I participate as they relate to the period the United States holds any equity or debt securities of BancTrust Financial Group, Inc. acquired through the TARP Capital Purchase Program.

This waiver includes all claims I may have under the laws of the United States or any state related to the requirements imposed by the aforementioned regulation, including without limitation a claim for any compensation or other payments I would otherwise received, any challenge to the process by which this regulation was adopted and any tort or constitutional claim about the effect of these regulations on my employment relationship.

Dated: December 19, 2008

W. Bibb Lamar, Jr.

W. Bibb Lamar, Jr.
President and Chief Executive Officer
BancTrust Financial Group, Inc.

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UST Seq. No. 131

WAIVER BY SENIOR EXECUTIVE OFFICER

In consideration for the benefits I will receive as a result of BancTrust Financial Group, Inc.'s participation the United States Department of the Treasury's TARP Capital Purchase Program, I hereby voluntarily waive any claim against the United States or my employer or its affiliates for any changes to my compensation or benefits that are required to comply with the regulation issued by the Department of the Treasury as published in the Federal Register on October 20, 2008.

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Dated: December 19, 2008

F. Michael Johnson
Chief Financial Officer, Executive Vice President and Secretary
BancTrust Financial Group, Inc.

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UST Seq. No. 131

WAIVER BY SENIOR EXECUTIVE OFFICER

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Dated: December 19, 2008

Bruce C. Finley, Jr.
Senior Vice President and Senior Loan Officer
BancTrust Financial Group, Inc.

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M#206764

UST Seq. No. 131

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Dated: December 19, 2008

Edward T. Livingston
Executive Vice President
BancTrust Financial Group, Inc.

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M#206764

UST Seq. No. 131

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Dated: December 19, 2008

Michael D. Fitzhugh
Executive Vice President
BancTrust Financial Group, Inc.

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UST Seq. No. 131

EXECUTIVE COMPENSATION

Management's Compensation Discussion and Analysis

Compensation Philosophy and Objectives

We design and implement our compensation programs to attract, retain and motivate our officers, employees and directors by offering attractive and competitive compensation elements and amounts. We balance these goals against our need to control expenses for the benefit of our shareholders. We provide compensation programs aimed at rewarding production and at fostering loyalty to the Company. To be competitive, we seek to provide salaries, benefits and long-term incentives comparable to the median of those provided by other banking companies of our general size and success in our peer group. We find it difficult to quantify variables among our peer group, and therefore, we believe that the median is the best measure. We retained the Bankers Bank as our compensation consultant in 2007. The Bankers Bank provided us with salary, total cash compensation, and incentive plan data for selected executive positions. In

December of 2007, we retained Mercer as our compensation consultant for 2008. We expect the Mercer human resources consulting firm to adopt a more proactive approach to our compensation needs. We believe that, as a national compensation consultant, Mercer will be able to provide us with more comprehensive and meaningful input than we have had in the past.

We believe we have been able to assemble a team of effective and productive officers and employees in part because of our compensation system. We use our compensation programs to retain our employees and attract additional talent when needed.

Executive officer compensation consists of a combination of current compensation, in the form of base salaries and annual incentive cash bonuses, and long-term compensation, in the form of equity awards and retirement benefits, as well as certain perquisites. We believe that our short-term compensation programs are important in attracting and motivating our officers and employees. Our long-term compensation programs are aimed at retention. They are designed to encourage our officers and employees to consider our Company as their lifetime career employer.

Base Salary

Base salaries are intended to be competitive and are generally comparable to or in excess of the median of those paid by other banking companies of our general size and success in our market. The Compensation Committee annually reviews and approves all executive officer salary adjustments as recommended by the Chief Executive Officer. The Committee reviews the performance of the Chief Executive Officer and establishes, subject to Board approval, his base salary. Consideration of salary adjustments, if any, is driven by market factors, employee performance, competition for similarly talented people in our markets and peer group and other analysis provided by our compensation consultant.

For 2007, our peer group consisted of 20 banks[1] selected by our compensation consultant, comparable in size to our Company and located in the southeastern United States. Our consultant did not make any assessment of the qualifications or performance of the officers and made no adjustments to market data to reflect such factors. The officers' jobs were matched against survey benchmark jobs. The officers' current salaries were compared to the fiftieth percentile market salaries for 2006 and projected salaries for 2007. Our consultant performed custom peer group analysis for named executives Mr. Lamar, Mr. Johnson, Mr. Fitzhugh, Mr. Finley and Mr. Livingston. The consultant matched their jobs against survey benchmark jobs and provided market salaries for each position at the twenty-fifth, fiftieth, and seventy-fifth percentiles. Peer group proxy data for 2006 was incorporated into the market base salary levels and extrapolated to match the current fiscal year. Total cash compensation, including base salary and annual incentive payments, for the executives named in our proxy statement was compared to total cash compensation for the same period paid by our peer group banks.

The Compensation Committee recommended to the Board and the Board of Directors approved the annual base salaries for the named executive officers in 2007.

Non-Equity Incentive Compensation

Annual performance-based incentives are designed and granted to provide competitive cash bonuses based on Company and individual performance. The cash incentive bonus program is established through the Annual Management Incentive Plan approved by the Compensation Committee, subject to final approval of the Board of Directors.

Near the beginning of the year, officers are provided with their annual goals and objectives. Goals and objectives are established based on known economic, market and competitive factors, and typically include return on average assets, asset growth and certain subjective components. We believe that we need to remain flexible in order to react to specific business, economic or market needs as they arise. Therefore, the Compensation Committee is given the discretion to review the known economic, market and competitive factors at year-end, to re-evaluate goals and objectives and to make adjustments if factors have materially changed from those known when the goals and objectives were established. The elements included in an officer's goals and objectives may change from year to year depending on our strategy and operating plans and the participant's job assignment.

An individual's annual incentive award is established as a percentage of a participant's year-end base salary. Potential payout is available at three levels, a threshold level, a target level and a maximum level. Some goals are not eligible for all levels of payout, and some goals are subjective or possess a subjective component. Actual incentive awards are disbursed as soon after the end of the year as reliable performance information is available. Generally a participant must be employed by the Company on the day that incentive payments are disbursed in order to receive a cash bonus. If a participant dies, becomes disabled or retires prior to the end of the year, a prorated incentive award may be paid at the discretion of the Compensation Committee and the Board of Directors.

In early 2007, the Company's consultant recommended to the Compensation Committee a range of potential incentive payouts to executive officers based on specific performance and growth goals of the Company as well as the officers' individual goals. Company performance goals included return on average assets, asset growth and net income. The objectives also covered individual performance goals based on subjective factors. We selected return on average assets, asset growth and net income as key performance measures, because we believe these goals are standard benchmarks within our industry. We recommended a subjective component to provide the Compensation Committee and management the ability to assess non-quantifiable factors and reward or penalize the participant if necessary. The Chief Executive Officer was actively involved in establishing goals and recommending payout levels for the other executive officers. The Compensation Committee, with the assistance of the consultant, determined the Chief Executive Officer's annual incentive objectives, weights, and performance ranges and the payout awarded. The Compensation Committee approved the annual incentive objectives, weights, performance ranges and payouts for all executive officers. The weightings of each objective for the named executive officers in 2007 were as follows:

Objectives and their Weightings

Name	Return on Average Assets	Average Asset Growth	Net Income	Subjective
W. Bibb Lamar, Jr.	20%	20%	40%	20%
F. Michael Johnson	20%	20%	40%	20%

	Return on Average Assets	Net Income	Market Growth (Deposits)	Growth (Loans)	Market Profit	Secondary Mortgage Revenue	BancTrust Financial Services Net Profit	Trust Net Profit	Management Effectiveness
Michael D. Fitzhugh	10%	15%	20%	10%	10%	5%	5%	5%	20%

	Return on Average Assets	Average Asset Growth	Average Loan Growth	Net Charge offs to Total Loans	30 Day Average Past Dues	Company Wide Loan Exceptions	Subjective
Bruce C. Finley, Jr.	15%	30%	10%	5%	10%	10%	20%

	Return on Average Management Assets	Average Asset Growth	Market Growth (Deposits)	Growth (Loans)	Market Profit	Secondary Mortgage Revenue	Oversight Eufaula/ Montgomery Market	Effectiveness
Edward T. Livingston	15%	15%	10%	10%	20%	5%	15%	10%

In early 2008, based on its year-end review of 2007 performance, the Compensation Committee recommended, and the Board agreed, that because the Company did not achieve its quantifiable objectives, no incentive compensation would be paid to the named executive officers, except for Mr. Livingston. In making its recommendation, the Compensation Committee recognized the accomplishments and leadership of the named executives, particularly related to the successful merger and integration of The Peoples BancTrust Company. However, the Committee felt that the failure of the Company to achieve the quantifiable objectives warranted the recommendation to the Board. For performance in 2007, Mr. Livingston received 200% of the Brewton Market Profit component, 100% of the Oversight of the Eufaula/Montgomery Market component and 100% of the Management Effectiveness component. In making its recommendation, the Committee recognized Mr. Livingston's accomplishments and leadership, particularly related to the oversight of the Brewton market, where he served as market president until October 17, 2007 when he was named Executive Vice President of the Company and Division President.

Equity Incentive Compensation Plan

The Board of Directors, with input from the Compensation Committee, administers the Company's 2001 Incentive Compensation Plan, which was approved by our shareholders. It was adopted with the stated goal of promoting the long-term success of the Company and its subsidiaries through the provision of financial incentives to directors and key employees who are in positions to make significant contributions to the performance of the Company. Directors and key employees are eligible to participate. Awards may be made under this plan in the form of qualified stock options or non-qualified stock options, stock appreciation rights (SARs) and restricted stock. The Board considers the nature of the services rendered by the employee or director, the employee's or director's potential contribution to the long-term success of the Company and its subsidiaries and other factors it deems relevant in awarding grants. The Chief Executive Officer may make recommendations to the Committee or Board concerning the grant of options, SARs or restricted stock under the 2001 Incentive Compensation Plan. Originally 250,000 shares were reserved for issuance under this plan. In 2007, our shareholders voted to increase the number of shares reserved for issuance under this plan by 250,000 to 500,000, and 300,468 shares are currently available for issuance. There were no shares issued under this plan for performance in 2007.

Long-Term Equity Incentive Compensation Plan

Our Long-Term Equity Incentive Compensation Plan is available to selected individuals, including the Chief Executive Officer and the other named executives, and incentive awards are made thereunder in the form of restricted stock. The Long-Term Equity Incentive Compensation Plan was designed to align key management interests with those of shareholders and to encourage management to remain in the employ of the Company. The Long-Term Equity Incentive Compensation Plan was implemented on an annual basis and is not memorialized in a written plan document.

Under this plan, the Compensation Committee typically approved a pool of shares of restricted stock for potential issuance to participants and specified the number of shares of the pool allocated to the Chief Executive Officer. The Chief Executive Officer was given the discretion to select the participants and allocate the remaining restricted stock pool, subject to approval by the Compensation Committee and the Board of Directors. Restricted stock awards under the plan were based on Company performance measures including profit and growth objectives. If we performed below these measures, the Compensation Committee could recommend a prorated award of shares for approval by the Board of Directors. Shares of restricted stock awarded prior to 2007 under the Long-Term Equity Incentive Compensation Plan were awarded pursuant to, and from the shares reserved for issuance under, the Company's 2001 Incentive Compensation Plan approved by the shareholders.

Time-vesting restricted stock awards were granted in order to retain our executive officers. Restricted stock granted through the Long-Term Equity Incentive Compensation Plan vests three years after the date of grant, as long as the officer has remained continuously employed by the Company during the three-year vesting period. If the officer terminates employment during the vesting period as a result of retirement, permanent disability or death, the extent to which restrictions will be deemed to have lapsed will be determined by the Compensation Committee by a predetermined formula specified in the 2001 Incentive Compensation Plan. If the employee terminates employment for any reason other than those mentioned, the unvested shares of restricted stock are forfeited. In the event of a change of control event, unvested restricted shares immediately vest. Prior to the vesting date, the restricted stock is not transferable by the officer. The officer has rights as a shareholder with respect to unvested restricted stock, including the right to vote the restricted stock and the right to receive any dividends payable. In the event of a change in capitalization, the restricted shares are treated in the same manner as other shares of common stock. The value of the restricted stock on the date of grant is included in the gross income of the officer for federal income tax purposes at the end of the vesting period. The officer is responsible for the payment of all applicable federal, state and local taxes.

Performance-based equity incentive awards under the Company's Long Term Equity Incentive Compensation Plan were not granted for performance in 2007, because the Company did not meet its performance goals.

We have engaged our compensation consultant to assist us in developing a new long-term equity incentive compensation plan.

Equity Awards Grant Policy

For awards made under the 2001 Incentive Compensation Plan, the date of grant is the date of Board approval. We do not back-date stock options. It has been our intention that any option granted, unless specifically stated in the option agreement, is treated for all purposes as an incentive stock option under Section 422 of the Internal Revenue Code of 1986. The option price per share is the fair market value of the common stock on the date the option was granted. Fair market value means the average of the highest and lowest selling price on the Nasdaq Stock Market on the date of grant. We have not issued stock options in several years. Our recent equity awards have been in the form of restricted stock.

Retirement Plans

We maintain pension, savings and profit sharing plans for all eligible employee participants. The Compensation Committee does not exercise discretion over the nature or amount of payments from these plans.

Only employees hired before January 1, 2003, are eligible to participate in the Company's defined benefit pension plan. No employees hired or rehired after December 31, 2002 are eligible for participation in the pension plan.

The pension plan provides generally for a monthly benefit commencing at age 65 equal to one twelfth of one percent of the employee's average yearly compensation over the five consecutive calendar years during the last ten calendar years when the employee's compensation was highest, multiplied by years of credited service, not to exceed forty years. Average yearly compensation is defined as wages, salary, bonus, commissions, overtime and any other special compensation. Alternative plan formulas may apply to certain participants who participated in predecessor pension plans, including Mr. Lamar, Mr. Johnson and Mr. Finley. These alternative formulas may result in a greater benefit to the participant. Generally, the applicable formula can not be determined until retirement.

The alternative plans include The Bank of Mobile Pension Plan in effect as of December 31, 1994, and the First National Bank Employee's Pension Plan in effect as of December 31, 1994.

Benefits under The Bank of Mobile Pension Plan provide for a monthly benefit commencing at age 65 equal to one percent of the employee's average monthly base compensation during the highest sixty consecutive months out of the 120 months preceding retirement, plus .65% of average monthly base compensation in excess of $833.33, multiplied by years of credited service, not to exceed thirty years. Employee's average monthly base compensation is determined by dividing the annual wages, salary, bonus, commissions, overtime and other special compensation by twelve. Joint and survivor benefits would be less. Social Security benefits do not affect payment made under The Bank of Mobile Plan. The First National Bank Employee's Pension Plan provides for an annual benefit commencing at age 65 equal to 1.5% of the final coverage compensation multiplied by years of service. Final coverage compensation is defined as earnings, including wages, salary, bonus, commissions, overtime and any other special compensation over the five consecutive calendar years out of the last ten consecutive years that produce the highest average. Joint and survivor benefits would be less.

The Alabama Bank maintains an unfunded and unsecured Supplemental Retirement plan designed to supplement the benefits payable under the Company's pension plan described above for certain key employees selected by the Alabama Bank's Board of Directors. Each participant was a participant in a pension plan of another bank prior to his employment by the Alabama Bank, and the Supplemental Plan is designed to afford the participant the same pension he or she would receive under the Company's pension plan if he or she were given years of service credit as if employed by the Alabama Bank for his or her entire banking career, reduced by benefits actually payable to him or her under the Company's pension plan and any retirement benefit payable to him or her under any plan of another bank. Benefits for total and permanent disability are supplemented in the same manner. Because the Supplemental Plan is intended to complement benefits otherwise available to the participants, the exact amounts to be paid, if any, to any participant, including Mr. Lamar, Mr. Johnson and Mr. Finley, can not be determined until retirement or disability. We do not believe any current expense and any liabilities associated with the Supplemental Plan are material.

We maintain the BancTrust Financial Group, Inc. Employee Savings & Profit Sharing Plan. Subject to certain vesting and eligibility requirements, all of our employees are permitted to participate in this plan. An eligible employee may defer up to 75% of his or her pay into the plan, not to exceed the maximum allowed under Section 402(g) of the Internal Revenue Code and not to exceed the maximum allowed under Sections 401(k), 404 and 415 of the Code. We make a matching contribution as follows: $1.00 for $1.00 on the first 2%, $0.75 for $1.00 on the next 2% and $0.50 for $1.00 on the next 2%. For example, if an employee defers 6% of pay, that employee would receive a 4.5% matching contribution. The Board of Directors may approve an annual profit-sharing contribution to this plan if certain performance measures are met. The performance measures typically involve the achievement of a predetermined return on average assets or attaining budgeted income. At the beginning of each year our Board of Directors sets the profit-sharing goal, and, at the end of the year, the Board of Directors determines the amount of the profit-sharing contribution, if any, to be made. The profit-sharing contribution is allocated to each eligible employee based on an individual compensation to total participant compensation ratio.

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Certain Other Benefits

In addition to salaries, bonus opportunities, equity awards and retirement benefits, we provide to our executive officers, including the Chief Executive Officer, certain other benefits to assist the executive in performing his duties and to help us remain competitive in our ability to hire talented employees. These perquisites consist of a company automobile, certain club memberships and the payment of dues for those clubs, and, in the case of Mr. Fitzhugh, a housing allowance. The Compensation Committee periodically reviews perquisites made available to our executive officers, including the Chief Executive Officer, to ensure that such perquisites are in line with market practice.

Additional Post-Employment Benefits

We have change of control agreements with our named executive officers, Mr. Lamar, Mr. Johnson, Mr. Fitzhugh, Mr. Finley and Mr. Livingston. The Board of Directors believes that if the Company or one of its affiliates becomes subject to any proposed or threatened change in control transaction, it is imperative that we be able to rely upon our executives to remain in their positions so as to provide advice and management to the Company and its shareholders without the distraction of personal uncertainties and risks created in such an environment.

These agreements are designed to retain our executives pending a change of control transaction. They provide that if an executive is terminated other than for cause following a change of control, or if he quits following a reduction in his assigned duties or responsibilities such that they are inconsistent with his present position, he will be entitled to receive a cash payment equal to three times (for Mr. Lamar, Mr. Johnson, Mr. Fitzhugh and Mr. Finley) and two times (for Mr. Livingston) his average annual earnings, not to exceed the highest amount that can be paid without triggering excise taxes or penalties under the Internal Revenue Code. Average annual earnings are defined as amounts earned by the executive for personal service rendered to his employer and its affiliates as reported on form W-2, including bonuses, and excluding moving and education expenses, income included under Section 79 of the Internal Revenue Code of 1986, as amended, and income imputed to the executive from personal use of employer-owned automobiles and employer-paid club dues. Earnings do not include any income attributable to grants of and dividends on shares awarded under our equity incentive compensation plans.

Certain other existing employee benefits are also available under the terms of these agreements for a period after termination of three years for Mr. Lamar, Mr. Johnson, Mr. Fitzhugh and Mr. Finley and of two years for Mr. Livingston. During the severance pay period, the executive will continue to be covered by the life insurance, medical insurance and accident and disability insurance plans of his employer and its affiliates or any successor plan or program in effect at or after termination if available. The Chief Executive Officer is additionally entitled to purchase the automobile then furnished to him by the Company for a price equal to 50% of its then book value on the books of the Company and to an amount equal to the country club dues then being paid on his behalf by the Company, not to exceed $150 per month, during the severance pay period. These agreements automatically renew each calendar year unless terminated at least ninety days prior to any December 31.

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Summary Compensation Table

Name and Principal Position	Year	Salary	Stock Awards[1]	Non-Equity Incentive Plan Compensation	Non qualified Deferred Compensation Earnings[2]	All Other Compensation[3]	Total
W. Bibb Lamar, Jr.							
President and Chief Executive Officer	2007	$350,000			$135,827	$39,737	$525,564
(Principal Executive Officer)	2006	325,000	$108,425	$104,000	116,804	39,216	693,445
F. Michael Johnson							
Chief Financial Officer	2007	$178,000			$164,150	$26,659	$368,809
(Principal Financial Officer)	2006	170,000		$ 40,800	106,008	28,890	346,490
Michael D. Fitzhugh	2007	$188,000			$ 32,142	$46,979[4]	$267,121
Executive Vice President	2006	180,000		$ 31,779	19,906	49,380[4]	281,065
Bruce C. Finley, Jr.	2007	$145,000			$ 99,362	$16,482	$260,844
Senior Vice President	2006	135,000		$ 27,000	70,650	21,183	253,833
Edward T. Livingston	2007	$145,000		$ 23,563	$ 19,155	$19,058	$206,776
Executive Vice President							

1 Stock based on market value of $21.68 on date of issue.

2 Change in pension value only.

3 Other compensation includes dividends paid on unvested restricted common stock, certain dues and club memberships, the Company's matching of contributions to the 401(k) plan, taxable life insurance, and the taxable amounts for use of Company-owned automobiles. Company matching of 401(k) plan contributions were $16,882.82 for Mr. Lamar, $9,846 for Mr. Johnson, $9,890 for Mr. Fitzhugh, $7,740 for Mr. Finley and $7,882 for Mr. Livingston in 2007 and $16,007 for Mr. Lamar, $10,117 for Mr. Johnson, $10,523 for Mr. Fitzhugh and $7,262 for Mr. Finley for 2006.

4 Mr. Fitzhugh was paid $26,400 in housing allowance due to relocation.

For a description of how the named executive officers' Incentive Plan Compensation was determined, see *Non-Equity Incentive Compensation* in "Management's Compensation Discussion and Analysis" above.

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2007 Grants of Plan Based Awards Table

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards: Threshold	Target	Maximum
W. Bibb Lamar, Jr.	04/17/2007	$87,500	$175,000	$300,000
F. Michael Johnson	04/17/2007	44,500	89,000	178,000
Michael D. Fitzhugh	04/17/2007	47,000	94,000	188,000
Bruce C. Finley, Jr.	04/17/2007	36,250	72,500	145,000
Edward T. Livingston	04/17/2007	18,125	36,250	72,500

The Annual Management Incentive award level is established as a percentage of base salary, with the payout calculated at year-end for each participant. The Chief Executive Officer recommends to the Compensation Committee the incentive payment for the other named executives and the officer participants. The Compensation Committee reviews and recommends the Chief Executive Officer's award. Opportunities at a threshold, target and maximum incentive percentage level are based on the attainment of predetermined goals. Opportunity measurements are stated on worksheets which are provided to participants early in the year. There is no guaranteed minimum incentive award payout. The Board of Directors has final approval in granting incentive awards. See *Non-Equity Incentive Compensation* in "Management's Compensation Discussion and Analysis" above for a discussion of how award amounts were determined and the weightings given to the goals and objectives for each named executive officer.

Potential incentive awards for all participants, including the named executive officers, were based on the Company achieving at least a 1.00% return on average assets, at least a 9% average asset growth and $14.1 million net income. Additionally, Mr. Lamar's and Mr. Johnson's potential incentive award included a 20% subjective component. Mr. Fitzhugh's potential incentive award was based on a minimum of a 5.85% market deposit growth; 6.93% market loan growth; 90% of budgeted profit to market profit; 90% of secondary market mortgage revenue to budgeted revenue; 90% BancTrust Financial Services net profit to budgeted net profit; and 90% of trust net profit to budgeted net profit. Mr. Finley's potential incentive awards were based on at least a 9.1% average loan growth; .28% net charge offs to total loans; 1% thirty day average past dues excluding non-performing loans; and 7.5% company-wide loan exceptions. Mr. Livingston's potential incentive award was based on achieving at least a 5.90% market deposit growth; a 4.5% market loan growth; 90% of budgeted profit to market profit; and 90% of Brewton mortgage fee revenues to budget.

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Outstanding Equity Awards at 2007 Fiscal Year End

Outstanding Equity Awards at 2007 Fiscal Year End

	Option Awards				Stock Awards		
Name	Grant Date	Number of Securities Underlying Unexercised Options Exercisable	Option Exercise Price	Expiration Date	Grant Date	Number of Shares of Stock That Have Not Vested[1]	Market Value of Shares[2] That Have Not Vested
W. Bibb Lamar, Jr.	07/21/2004	10,000	$ 17.23	07/21/2014	01/24/2007	5,000	$ 60,500
	02/20/2001	10,080	11.31	02/20/2011	01/18/2006	8,000	96,800
	01/19/2000	5,000	11.91	01/19/2010	01/19/2005	6,000	72,600
	01/19/1999	10,000	15.63	01/19/2009			
	01/07/1998	11,250	15.79	01/07/2008			
F. Michael Johnson	07/21/2004	4,000	$ 17.23	07/21/2014	01/18/2006	4,000	$ 48,400
	02/20/2001	5,180	11.31	02/20/2011	01/19/2005	3,000	36,300
	01/19/2000	2,000	11.91	01/19/2010			
	01/19/1999	6,000	15.63	01/19/2009			
	01/07/1998	3,000	15.79	01/07/2008			
Michael D. Fitzhugh	07/21/2004	4,000	$ 17.23	07/21/2014	01/18/2006	4,000	$ 48,400
	02/20/2001	5,180	11.31	02/20/2011	01/19/2005	3,000	36,300
	01/19/2000	1,500	11.91	01/19/2010			
	07/23/1998	5,000	22.19	07/23/2008			
Bruce C. Finley, Jr.	07/21/2004	4,000	$ 17.23	07/21/2014	01/18/2006	2,000	$ 24,200
	01/18/2000	1,000	11.91	01/18/2010	01/19/2005	1,000	12,100
	01/07/1998	2,250	15.79	01/07/2008			
Edward T. Livingston	03/17/2004	10,000	$ 17.19	03/17/2014	01/18/2006	1,000	$ 12,100
	01/28/2003	5,000	11.68	01/28/2013	01/19/2005	1,000	12,100

1 Unvested restricted stock vests three years from the date of grant. Shares were granted on 01/19/2005 and vested on 01/19/2008. Shares were granted on 01/18/2006, which will vest on 01/18/2009, and shares were granted on 01/24/2007, which will vest on 01/24/2010.

2 Based on closing price of $12.10 as of December 31, 2007.

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2007 Option Exercises and Stock Vested

Name	Option Awards — Number of Shares Acquired on Exercise	Option Awards — Value Realized on Exercise
W. Bibb Lamar, Jr.	7,500	$98,678
F. Michael Johnson	3,000	39,471
Bruce C. Finley, Jr.	2,250	28,264

2007 Pension Benefit Table

Name	Plan Name	Number of Years Credited Service	Present Value of Accumulated Benefit	Payments During the Last Fiscal Year
W. Bibb Lamar, Jr.	Retirement Plan for Employees of BancTrust Financial Group, Inc.	19	$645,114	$0.00
	Alabama Bank Supplemental Plan	39	284,772	$0.00
	Total		$929,886	$0.00
F. Michael Johnson	Retirement Plan for Employees of BancTrust Financial Group, Inc.	22	$620,800	$0.00
	Alabama Bank Supplemental Plan	33	155,166	$0.00
	Total		$775,966	$0.00
Michael D. Fitzhugh	Retirement Plan for Employees of BancTrust Financial Group, Inc.	9	$130,191	$0.00
Bruce C. Finley, Jr.	Retirement Plan for Employees of BancTrust Financial Group, Inc.	19	$339,593	$0.00
	Alabama Bank Supplemental Plan	32	81,266	$0.00
	Total		$420,859	$0.00
Edward T. Livingston	Retirement Plan for Employees of BancTrust Financial Group, Inc.	5	$ 65,907	$0.00

The present value of accumulated benefit was determined using a 5.9% discount rate, the RP-2000 Combined Mortality Table, the greater of normal retirement age or age on the evaluation date and no incidence of disability.

The Retirement Plan for Employees of BancTrust Financial Group, Inc. provides generally for a monthly benefit commencing at age 65 equal to one twelfth of one percent of the employee's average yearly compensation over the five consecutive calendar years during the last ten calendar years when the employee's compensation was highest, multiplied by years of credited service, not to exceed forty years. Average yearly compensation is defined as wages, salary, bonus, commissions, overtime and any other special compensation. Alternative plan formulas may apply to certain participants who participated in predecessor pension plans, including Mr. Lamar, Mr. Johnson and Mr. Finley. These alternative formulas may result in a greater benefit to the participant. Generally, the applicable formula cannot be determined until retirement.

The alternative plans include The Bank of Mobile Pension Plan in effect as of December 31, 1994, and the First National Bank Employee's Pension Plan in effect as of December 31, 1994. Benefits under The Bank of Mobile Pension Plan provide for a monthly benefit commencing at age 65 equal to one percent of the employee's average monthly base compensation during the highest sixty consecutive months out of the 120 months preceding retirement, plus .65% of average monthly base compensation in excess of $833.33, multiplied by years of credited service, not to exceed thirty years. Employee's average monthly base compensation is determined by dividing the annual wages, salary, bonus, commissions, overtime and other special compensation by twelve. Alternative plan formulas, in some situations, might produce a greater benefit. Joint and survivor benefits would be less. Social Security benefits do not affect payment made under The Bank of Mobile Pension Plan. Benefits under the First National Bank Employee's Pension Plan provide for an annual benefit commencing at age 65 equal to 1.5% of the final coverage compensation multiplied by years of service. Final coverage compensation is defined as earnings, including wages, salary, bonus, commissions, overtime and any other special compensation over the five consecutive calendar years out of the last ten consecutive years that produces the highest average. Joint and survivor benefits would be less.

The Alabama Bank maintains an unfunded and unsecured Supplemental Retirement plan designed to supplement the benefits payable under the Company's pension plan described above for certain key employees selected by the Alabama Bank's Board of Directors. Each participant was a participant in a pension plan of another bank prior to his employment by the Alabama Bank, and the Supplemental Plan is designed to afford the participant the same pension he or she would receive under the Company's pension plan if he or she were given years of service credit as if employed by the Alabama Bank for his or her entire banking career, reduced by benefits actually payable to him or her under the Company's pension plan and any retirement benefit payable to him or her under any plan of another bank. Benefits for total and permanent disability are supplemented in the same manner. Because the Supplemental Plan is intended to complement benefits otherwise available to the participants, the exact amounts to be paid, if any, to any participant, including Mr. Lamar, Mr. Johnson and Mr. Finley, cannot be determined until retirement or disability. Mr. Fitzhugh and Mr. Livingston do not participate in this plan. We do not believe any current expense and any liabilities associated with the Supplemental Plan are material.

Other Potential Post-Employment Payments

Upon resignation without cause or termination for cause, the named executive officer is not entitled to any payment or benefit beyond those afforded to employees upon termination or resignation. Salaries would be paid through the date of resignation or termination. Insurance and other special benefits would terminate on the date of resignation or termination. Unvested restricted stock would be forfeited. Exercisable stock options would be forfeited upon termination or resignation if not exercised prior to the effective date of the resignation. Non-equity incentive compensation would not be paid if termination or resignation is prior to the date payment is made by the Company.

Upon normal retirement, the executive officer is entitled to receive his defined benefit pension obligation and pro rata vested restricted stock shares. Pension benefits may be paid in a lump sum under certain circumstances. The executive may also receive all or a pro rata short-term incentive payment if approved by the Board of Directors. Options held may be exercised within ninety days of retirement by the executive. In the case of Mr. Lamar, Mr. Johnson and Mr. Finley, the officer may also be entitled to retirement benefits payable under an unfunded, non qualified supplemental retirement plan.

Assuming a normal retirement age and retirement at December 31, 2007, the named executives would have been entitled to the following in addition to their defined benefit pension plan and supplemental retirement plan where applicable:

Name	Value of Pro Rata Vested Restricted Stock Shares[1]	Value Realized on Exercise of Stock Options[2]
W. Bibb Lamar, Jr.	$159,272	$8,913
F. Michael Johnson	69,441	4,472
Michael D. Fitzhugh	69,441	4,377
Bruce C. Finley, Jr.	28,592	790
Edward T. Livingston	20,424	2,125

1 Value based on closing price of $12.10 as of December 31, 2007.

2 Value based on closing price of $12.10 as of December 31, 2007, and strike price of exercisable options.

Upon permanent disability, the executive officer is entitled to receive long-term disability benefits and pro rata vested restricted stock shares. Our disability plan allows a monthly benefit for a permanently disabled employee until the employee reaches age 65 or normal retirement age. The executive may also receive all or a pro rata short-term incentive payment if approved by the Board of Directors. Options held may be exercised within 12 months of the permanent disability date.

Assuming permanent disability at December 31, 2007, the named executives would have been entitled to the following:

Name	Monthly Long Term Disability Payment[1]	Value of Pro Rata Vested Restricted Stock Shares[2]	Value Realized on Exercise of Stock Options[3]
W. Bibb Lamar, Jr.	$10,000	$159,272	$8,913
F. Michael Johnson	10,000	69,441	4,472
Michael D. Fitzhugh	10,000	69,441	4,377
Bruce C. Finley, Jr.	10,000	28,592	790
Edward T. Livingston	10,000	20,424	2,125

1 Monthly benefits are payable until age 65 or normal retirement age, whichever is later. Normal retirement age is social security normal retirement age.

2 Value based on closing price of $12.10 as of December 31, 2007.

3 Value based on closing price of $12.10 as of December 31, 2007, and strike price of exercisable options.

Upon death, the executive officer's estate is entitled to receive company provided life insurance benefits and pro rata vested restricted stock shares. Life insurance proceeds may be increased if death is due to an accident while traveling or is caused by an accident. The executive may also receive a full or pro rata short-term incentive payment if approved by the Board of Directors. Options held may be exercised within 12 months of the date of death.

Assuming a December 31, 2007, date of death, the named executives' estates would have been entitled to the following:

Name	Life Insurance Proceeds	Value of Pro Rata Vested Restricted Stock Shares[1]	Value Realized on Exercise of Stock Options[2]
W. Bibb Lamar, Jr.	$250,000	$159,272	$8,913
F. Michael Johnson	250,000	69,441	4,472
Michael D. Fitzhugh	250,000	69,441	4,377
Bruce C. Finley, Jr.	250,000	28,592	790
Edward T. Livingston	250,000	20,424	2,125

1 Value based on closing price of $12.10 as of December 31, 2007.

2 Value based on closing price of $12.10 as of December 31, 2007, and strike price of exercisable options.

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The Company has change in control compensation agreements in place between its named executive officers and either the Company or the subsidiary bank that employs the officer (the "Employer"). A change in control under these agreements is defined to be a merger, consolidation, or other corporate reorganization of the Employer if the Employer fails to survive, disposition of the Employer by the Company, the beneficial ownership by one person or a closely related group of persons of as much as 40% of the outstanding voting stock of the Company, unless acquisition of stock resulting in such ownership by such person or related group had been approved in advance by the Board of Directors of the Employer or the Company, or as may otherwise be defined by the Board of Directors from time to time. In the case of certain triggering events following a change in control, the named executive officers are entitled to receive payment in cash in the amount of two times or three times, depending on the executive, the average annual earnings of the executive, during the most recent three fiscal periods. If the amount exceeds limits provided in the then existing provisions of the Internal Revenue Code for the imposition of tax penalties on such payments, the amount will be reduced to the highest amount allowed to avoid such penalties. During the two-year or three-year severance pay period, if applicable under the terms of its benefit plans existing at the time of termination, the executive will continue to be covered by the life insurance, medical insurance and accident and disability insurance plans of the Company. A triggering event includes the Executive's termination by the Company at any time within two years following a change in control or resignation by the executive following the occurrence of any of the following events: the assignment of the Executive to any duties or responsibilities that are inconsistent with his position, duties, responsibilities or status immediately preceding the change in control, or a change in the Executive's reporting responsibilities or titles in effect at such time, in either case resulting in reduction of his responsibilities or position; or the reduction of the Executive's annual compensation; or the transfer of the Executive to a location requiring a change in his residence or a material increase in the amount of travel normally required of the Executive in his employment.

Unvested restricted stock vests immediately upon a change in control. A change in control is defined, under the Company's 2001 Incentive Compensation Plan, as any exchange of the outstanding shares of common stock, in connection with a merger, consolidation, or other reorganization of or involving the Company, or the sale by the Company of all or a portion of its assets, for a different number or class of shares of stock or other securities of the Company or shares of the stock or other securities of any other corporation. The Company must give thirty days written notice of a change in control to allow for the exercise of outstanding options. Options that are not exercisable immediately prior to the change in control will become exercisable upon the change in control. Non-equity incentive compensation may be awarded either in full or pro rata with approval by the Board of Directors.

Assuming a change in control, followed by a triggering event, as of December 31, 2007, the named executives would have been entitled to the following:

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Name	Cash Severance	Insurance and Other Special Benefits[1]	Time-based Equity Acceleration Value[2]	Total Change In Control[3]
W. Bibb Lamar, Jr.	$930,131	$89,705	$ 4,065	$1,023,901
F. Michael Johnson	426,484	36,705	8,158	471,347
Michael D. Fitzhugh	450,423	11,435	8,158	470,016
Bruce C. Finley, Jr.	314,170	23,401	36,276	373,847
Edward T. Livingston	282,552	13,945	2,047	298,544

1 Includes two years continued Company vehicle usage and club memberships for Mr. Lamar and two years continued Company vehicle usage for the other executives. Includes medical, dental, life insurance and disability coverage continuation for two years for each executive. For Mr. Lamar, Mr. Johnson, and Mr. Finley, the amount includes $40,000, $20,000 and $15,000 in additional supplemental retirement benefit.

2 Value of time-based unvested restricted stock under Section 280G of the Internal Revenue Code and based on closing price of $12.10 as of December 31, 2007.

3 Sum of annualized compensation, total perquisite value, total welfare value, additional SERP value, and time-based equity acceleration value.

Report of Compensation Committee of the Board of Directors

The Compensation Committee of the Board of Directors of BancTrust Financial Group, Inc. has reviewed and discussed Management's Compensation Discussion and Analysis with management. Based on our review and discussions, we recommended to the Board of Directors that Management's Compensation Discussion and Analysis be included in BancTrust's Proxy Statement for its 2008 Annual Meeting and in its Annual Report on Form 10-K for the year ended December 31, 2007.

James A. Faulkner, Chairman
Stephen G. Crawford
Harris V. Morrissette
Dennis A. Wallace