



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

BancTrust Financial Group, Inc.

Person to be contacted regarding this report:	Leigh Thompson
UST Sequence Number:	131
CPP Funds Received:	50,000,000
CPP Funds Repaid to Date:	0
Date Funded (first funding):	12/19/2008
Date Repaid ¹ :	N/A

RSSD: (For Bank Holding Companies)	1138012
Holding Company Docket Number: (For Thrift Holding Companies)	
FDIC Certificate Number: (For Depository Institutions)	26607
City:	Mobile
State:	Alabama

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP). To answer that question, Treasury is seeking responses that describe generally how the CPP investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP investment was deployed or how many CPP dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP funds were outstanding).

<input type="checkbox"/>	Increase lending or reduce lending less than otherwise would have occurred.	
<input type="checkbox"/>	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	
<input checked="" type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	Loan demand within our markets has been negatively impacted by depressed real estate values and high unemployment. We intent to maintain the capital in cash or by increasing our AFS investments until loan demand within our markets returns.

<input type="checkbox"/>	Make other investments	
<input checked="" type="checkbox"/>	Increase reserves for non-performing assets	The increased capital, contributed to BankTrust in 2009, allowed us to increase our reserve for non-performing assets and to absorb increased charge-offs without significant impact to our regulatory capital ratios.
<input checked="" type="checkbox"/>	Reduce borrowings	We used \$18 million of the proceeds to repay a portion of a bank loan related to the 2007 acquisition of Peoples BancTrust Company, Inc., thereby reducing borrowings.
<input checked="" type="checkbox"/>	Increase charge-offs	The increased capital, contributed to BankTrust in 2009, allowed us to increase our reserve for non-performing assets and to absorb increased charge-offs without significant impact to our regulatory capital ratios.
<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	
<input checked="" type="checkbox"/>	Held as non-leveraged increase to total capital	We contributed \$30 million in capital to our subsidiary bank, BankTrust in early 2009. The capital contributed to the Bank has primarily been held as an increase to capital.

What actions were you able to avoid because of the capital infusion of CPP funds?

Beginning as of March 31, 2008 and continuing through June 30, 2009, the Company was in breach of one or more financial covenants in its loan agreement with Silverton Bank, N.A. which loan agreement was assumed by the Federal Deposit Insurance Corporation as Receiver for Silverton Bank, N.A. Each quarter we obtained a waiver of these covenant breaches from Silverton or the FDIC as Receiver, as applicable, and reported the covenant breaches and the waiver in our reports filed with the Securities and Exchange Commission. Due, at least in part, to the \$18 million principal reduction funded with CPP Capital, we were able to amend the loan agreement to modify the loan covenants. The amendment was effective with respect to the Company's covenants commencing as of September 30, 2009, and, at December 31, 2009, the Company was in compliance with all of the modified loan covenants.

Prior to the receipt of CPP Capital, we were contemplating raising capital to repay the bank loan related to the Peoples acquisition and to allow us to make a substantial increase to our allowance for loan and lease losses and to incur substantial loan charge-offs with less of a negative effect on our regulatory capital ratios. The capital markets were not favorable for financial institutions, such as BancTrust, to issue equity securities at that time. The CPP Capital allowed us to defer the planned capital raise, hopefully until such time as the capital markets are more favorable.

What actions were you able to take that you may not have taken without the capital infusion of CPP funds?

None.

Please describe any other actions that you were able to undertake with the capital infusion of CPP funds.

None.