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March 6, 2009

Mr. Neil M. Barofsky
Special Inspector General
Troubled Asset Relief Program
1500 Pennsylvania Avenue N.W., Suite 1064
Washington, D.C. 20220

Dear Mr. Barofsky:

I am writing in response to your letter of February 6, 2009 requesting information about:

1. Our anticipated use of TARP funds;
2. Whether the funds were segregated from other of the company's funds;
3. Our current use of TARP funds to date;
4. Our expected use of unspent TARP funds.

In addition, you have requested information addressing our compliance with executive compensation requirements under The Emergency Economic Stabilization Act of 2008 ("EESA").

Background

In our application dated October 30, 2008 to the U.S. Treasury under the Capital Purchase Program ("CPP"), we described our capital raising initiatives that were on-going at the time of the announcement of the program and our projected need for additional capital to enhance our well capitalized position. Due to the severe economic contraction on a national and local basis, (b) (4)

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During the declining economic conditions in our markets in 2007 and the more severe contraction experienced in 2008, we continued to provide financing to individuals and businesses in the communities we serve. In 2008 we originated over \$150 million of residential mortgages and over \$100 million of commercial loans. This is a significant level of lending for a company our size.

With the expected continuing challenging economic conditions and the potential pressure on our earnings and capital position, additional capital was essential for us to be able to increase our deposits to fund new loan originations and thereby increase our assets.

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Utilization of TARP Funds

1. As described in the enclosed Executive Summary section of our application, the proceeds of the \$37 million of preferred stock issued by TIB Financial Corp. and sold to the U.S. Treasury were planned to be invested primarily in the equity capital of our lead bank, TIB Bank, to augment its capital and support its continued lending activities.
2. Upon receipt of the proceeds on December 5, 2008 the \$37 million was deposited into the holding company's interest bearing money market deposit account at TIB Bank. The purpose of the deposit was to immediately increase the bank's liquidity and ability to fund new loans.
3. Later in December, 2008 \$15 million of the proceeds were withdrawn from the deposit account and invested in the equity capital of the bank. The purpose of the investment was to bolster the bank's capital and maintain its well capitalized regulatory position. This additional capital was critical to maintaining the bank's capital strength, because economic conditions in our markets deteriorated significantly in the fourth quarter and the bank incurred a significant operating loss due to significant charge-offs of non-performing loans, a substantial increase in its reserve for loan losses and other asset value adjustments.

In January, 2009 the FDIC solicited our interest in assuming the deposits of a failing bank, Riverside Bank of the Gulf Coast ("Riverside"), based in Cape Coral, Florida, which operated in similar and adjacent communities to our operations. Riverside had an attractive core deposit base and its branch offices would augment and expand our presence in Cape Coral and Fort Myers in Lee County and Venice in Sarasota County. The approximate \$300 million core deposit base would significantly expand TIB Bank's deposits, enhance its liquidity and provide additional funding to support lending in our existing markets and new markets served by Riverside.

We evaluated the opportunity and the information provided by the FDIC regarding Riverside and submitted a bid to the FDIC. The FDIC accepted our bid and TIB Bank assumed approximately \$317 million of Riverside's deposits on February 13, 2009.

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In summary, as of March 31, 2009, \$30 to \$32 million of the \$37 million of TARP funds will have been invested in TIB Bank to maintain its capital strength and well capitalized regulatory position. The assumption of the deposits and banking operations of Riverside will provide the communities of Cape Coral, Fort Myers and Venice with enhanced banking services and lending resources that they did not have due to the weakened financial condition of Riverside and its failed operations.

(b) (4)

4. At March 31, 2009 we will have approximately \$5 million of “unspent” TARP funds. These funds will be maintained to support the operations of the company and its two banks, TIB Bank and The Bank of Venice. On March 3, 2009 the FDIC announced a special deposit insurance assessment of 0.20 percent that will be assessed to all banks as of June 30, 2009 and payable on September 30, 2009. (b) (4)

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(b) (4)

This special assessment may require further investment in the equity capital of our banks to maintain their strong capital positions.

Executive Compensation Requirements of EESA

Our response is based upon the guidance provided by the Interim Fund Rule issued by the Department of Treasury on January 16, 2009. The Compensation Committee of the Board of Directors of TIB Financial Corp. and TIB Bank meets several times each year to review the performance of senior management, executive compensation and incentive compensation plans of each company. The majority of the Committee is comprised of outside independent directors.

On December 12, 2008 the Committee met and reviewed the current compensation philosophy of the Company as stated in the Charter of the Compensation Committee. The Committee concluded that the philosophy encouraged appropriate professional activity for the industry and did not encourage excessive risk taking. The Committee noted that the five senior executive officers (“SEOs”) had been identified, including the CEO and CFO and each had executed the appropriate waivers in connection with the company’s participation in the Capital Purchase Program.

On January 16, 2009 the Committee met again and reviewed a compensation risk assessment report presented by the CEO of TIB Bank. (b) (4)

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The Compensation Committee will certify that it has completed the reviews of the CEOs' incentive compensation plans, which will be included in the Compensation Committee Report required pursuant to Item 407(e) of Regulation S-K under the federal securities laws. The proxy will be completed in April, 2009.

Within 120 days of the closing date of the agreement under the CPP (April 14, 2009), the Principal Executive Officer ("PEO") of TIB Financial Corp. will provide the required certification to the Chief Compliance Officer of TARP as prescribed in the Interim Final Rule.

Within 135 days (May 15, 2009) of the completion of the first annual fiscal year during which the company participated in the CPP, the PEO will provide the prescribed certification to the Chief Compliance Officer of TARP.

In the event that materially inaccurate financial statements are issued, the Compensation Committee will review all bonuses and incentive compensation paid to or earned by CEOs to insure compliance with the claw back provisions as set out in EESA.

Supporting Documentation

TIB Financial Corp. is a publicly owned corporation and its internal documents, board and board committee minutes, business and strategic plans and internal financial records are proprietary and confidential. The capital investment of TARP funds by TIB Financial Corp. into TIB Bank can be verified by reviewing the Call Report of TIB Bank filed with the FDIC on a quarterly basis and the FRY-9C filed by TIB Financial Corp. with the Federal Reserve.

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We would be pleased to provide additional information or documentation that is not proprietary or confidential that you may request.

I, Thomas J. Longe, the principal executive officer of TIB Financial Corp, certify, to the best of my knowledge, that the statements, representations and supporting information presented in this letter are accurate and subject to the requirements and penalties set forth in Title 18, United States Code, Section 1001.

Sincerely,

A handwritten signature in black ink, appearing to read 'TJ Longe', with a large, sweeping flourish extending to the left.

Thomas J. Longe
Chairman and Chief Executive Officer
TIB Financial Corp.

**TIB Financial Corp.
TIB Bank**

**Application
Troubled Asset Relief Program
Capital Purchase Program**

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