UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended SEPTEMBER 30, 2006	Commission File Number 000-21329

TIB FINANCIAL CORP.

(Exact name of registrant as specified in its charter)

FLORIDA	65-0655973
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

599 9th STREET NORTH, SUITE 101, NAPLES, FLORIDA 34102-5624
(Address of principal executive offices) (Zip Code)

(239) 263-3344
(Registrant’s telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒Yes ☐No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of “accelerated filer and large accelerated filer” in Rule 12b-2 of the Exchange Act (Check one):

☐ Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐Yes ☒No

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date:

Common Stock, $0.10 Par Value	11,715,744
Class	Outstanding as of October 31, 2006

TIB FINANCIAL CORP.
FORM 10-Q
For the Quarter Ended September 30, 2006

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

TIB FINANCIAL CORP.
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except per share amounts)

	September 30, 2006 (Unaudited)	December 31, 2005
Assets		
Cash and due from banks	$ 21,493	$ 24,347
Federal funds sold	-	17,163
Cash and cash equivalents	21,493	41,510
Investment securities available for sale	126,577	97,464
Loans, net of deferred loan costs and fees	1,039,390	884,024
Less: Allowance for loan losses	8,790	7,546
Loans, net	1,030,600	876,478
Premises and equipment, net	33,065	27,800
Intangible assets, net	884	1,100
Accrued interest receivable and other assets	44,861	31,718
Total Assets	$ 1,257,480	$ 1,076,070
Liabilities and Shareholders' Equity		
Liabilities		
Deposits:		
Noninterest-bearing demand	$ 155,902	$ 169,816
Interest-bearing	816,164	750,608
Total deposits	972,066	920,424
Federal Home Loan Bank (FHLB) advances	120,000	25,000
Short-term borrowings	25,249	17,284
Long-term borrowings	37,000	17,000
Accrued interest payable and other liabilities	19,204	18,838
Total liabilities	1,173,519	998,546
Shareholders' equity		
Preferred stock - no par value: 5,000,000 shares authorized, 0 shares issued	-	-
Common stock - $.10 par value: 40,000,000 shares authorized, 11,712,812 and 11,585,196 shares issued	1,171	1,158
Additional paid in capital	40,325	38,973
Retained earnings	43,386	38,136
Accumulated other comprehensive loss	(921)	(743)
Total shareholders' equity	83,961	77,524
Total Liabilities and Shareholders' Equity	$ 1,257,480	$ 1,076,070

See accompanying notes to consolidated financial statements

TIB FINANCIAL CORP.
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

(Dollars in thousands, except per share amounts)	Three Months Ended September 30, 2006	Three Months Ended September 30, 2005	Nine Months Ended September 30, 2006	Nine Months Ended September 30, 2005
Interest and dividend income				
Loans, including fees	$ 20,612	$ 14,221	$ 56,953	$ 38,465
Investment securities:				
Taxable	1,336	767	3,746	2,111
Tax-exempt	174	160	517	481
Interest-bearing deposits in other banks	6	2	17	8
Federal Home Loan Bank stock	87	23	177	81
Federal funds sold	78	330	584	928
Total interest and dividend income	22,293	15,503	61,994	42,074
Interest expense				
Deposits	8,269	4,674	22,657	11,670
Federal Home Loan Bank advances	1,152	227	1,897	595
Short-term borrowings	232	109	515	292
Long-term borrowings	780	399	1,634	1,173
Total interest expense	10,433	5,409	26,703	13,730
Net interest income	11,860	10,094	35,291	28,344
Provision for loan losses	670	448	2,206	1,764
Net interest income after provision for loan losses	11,190	9,646	33,085	26,580
Non-interest income				
Service charges on deposit accounts	650	601	1,782	1,776
Investment securities gains, net	-	1	-	1
Fees on mortgage loans sold	499	461	1,281	1,535
Other income	479	491	1,559	1,557
Total non-interest income	1,628	1,554	4,622	4,869
Non-interest expense				
Salaries and employee benefits	4,982	4,529	14,839	12,999
Net occupancy and equipment expense	1,545	1,380	4,530	3,995
Other expense	2,471	2,282	6,956	6,281
Total non-interest expense	8,998	8,191	26,325	23,275
Income before income tax expense	3,820	3,009	11,382	8,174
Income tax expense	1,383	1,060	4,253	2,880
Income from continuing operations	2,437	1,949	7,129	5,294
Discontinued operations				
Income from merchant bankcard operations	25	169	297	788
Income tax expense	10	64	115	297
Income from discontinued operations	15	105	182	491
Net income	$ 2,452	$ 2,054	$ 7,311	$ 5,785
Basic earnings per common share				
Continuing operations	$ 0.21	$ 0.17	$ 0.61	$ 0.47
Discontinued operations	0.00	0.01	0.02	0.04
Basic earnings per share	$ 0.21	$ 0.18	$ 0.63	$ 0.51
Diluted earnings per common share				
Continuing operations	$ 0.21	$ 0.16	$ 0.60	$ 0.45
Discontinued operations	0.00	0.01	0.02	0.04
Diluted earnings per share	$ 0.21	$ 0.17	$ 0.62	$ 0.49

See accompanying notes to consolidated financial statements

TIB FINANCIAL CORP.
Consolidated Statements of Changes in Shareholders' Equity
(Unaudited)
(Dollars in thousands, except per share amounts)

	Shares	Common Stock	Additional Paid in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Balance, July 1, 2006	11,682,840	$ 1,168	$ 39,873	$ 41,623	$ (2,138)	$ 80,526
Comprehensive income:						
Net income				2,452		2,452
Other comprehensive income, net of tax expense of $766:						
Net market valuation adjustment on securities available for sale					1,217	
Other comprehensive income, net of tax						1,217
Comprehensive income						$ 3,669
Stock-based compensation			151			151
Exercise of stock options	29,972	3	205			208
Income tax benefit related to stock based compensation			96			96
Cash dividends declared, $.05875 per share				(689)		(689)
Balance, September 30, 2006	11,712,812	$ 1,171	$ 40,325	$ 43,386	$ (921)	$ 83,961

	Shares	Common Stock	Additional Paid in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Balance, July 1, 2005	11,424,528	$ 1,142	$ 38,144	$ 31,386	$ 68	$ 70,740
Comprehensive income:						
Net income				2,054		2,054
Other comprehensive income, net of tax benefit of $273:						
Net market valuation adjustment on securities available for sale					(456)	
Other comprehensive income, net of tax						(456)
Comprehensive income						$ 1,598
Restricted stock grants	70,000	7	(7)			-
Stock-based compensation			39			39
Exercise of stock options	28,964	3	196			199
Income tax benefit from stock options exercised			97			97
Cash dividends declared, $.0575 per share				(662)		(662)
Balance, September 30, 2005	11,523,492	$ 1,152	$ 38,469	$ 32,778	$ (388)	$ 72,011

continued

	Shares	Common Stock	Additional Paid in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Balance, January 1, 2006	11,585,196	$ 1,158	$ 38,973	$ 38,136	$ (743)	$ 77,524
Comprehensive income:						
Net income				7,311		7,311
Other comprehensive income, net of tax benefit of $130:						
Net market valuation adjustment on securities available for sale					(178)	
Other comprehensive income, net of tax						(178)
Comprehensive income						$ 7,133
Restricted stock cancellations, net of 8,680 restricted stock issuances	(1,320)	-	-			-
Stock-based compensation			421			421
Exercise of stock options	128,936	13	799			812
Income tax benefit related to stock based compensation			132			132
Cash dividends declared, $.17625 per share				(2,061)		(2,061)
Balance, September 30, 2006	11,712,812	$ 1,171	$ 40,325	$ 43,386	$ (921)	$ 83,961

	Shares	Common Stock	Additional Paid in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Balance, January 1, 2005	11,358,478	$ 1,136	$ 37,716	$ 28,968	$ 294	$ 68,114
Comprehensive income:						
Net income				5,785		5,785
Other comprehensive income, net of tax benefit of $409:						
Net market valuation adjustment on securities available for sale					(682)	
Other comprehensive income, net of tax						(682)
Comprehensive income						$ 5,103
Restricted stock grants	70,000	7	(7)			-
Stock-based compensation			39			39
Exercise of stock options	95,014	9	531			540
Income tax benefit from stock options exercised			190			190
Cash dividends declared, $.1725 per share				(1,975)		(1,975)
Balance, September 30, 2005	11,523,492	$ 1,152	$ 38,469	$ 32,778	$ (388)	$ 72,011

See accompanying notes to consolidated financial statements

TIB FINANCIAL CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS
(Unaudited)
(Dollars in thousands)

	Nine Months Ended September 30,	
	2006	**2005**
Cash flows from operating activities:		
Net income	$ 7,311	$ 5,785
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,897	1,864
Provision for loan losses	2,206	1,764
Deferred income tax benefit	(718)	(561)
Gain on sale of merchant bankcard processing segment	(297)	-
Investment securities net gains	-	(1)
Other	288	84
Mortgage loans originated for sale	(83,781)	(93,875)
Proceeds from sales of mortgage loans	78,794	96,495
Fees on mortgage loans sold	(1,281)	(1,535)
Increase in accrued interest receivable and other assets	(1,149)	(1,442)
Increase in accrued interest payable and other liabilities	493	4,757
Net cash provided by operating activities	3,763	13,335
Cash flows from investing activities:		
Purchases of investment securities available for sale	(37,459)	(10,000)
Repayments of principal and maturities of investment securities available for sale	8,056	614
Net (purchase) sale of FHLB stock	(4,768)	129
Proceeds from sales of loans	7,439	60
Loans originated or acquired, net of principal repayments	(161,623)	(181,024)
Purchases of premises and equipment	(9,136)	(2,208)
Proceeds from sale of premises, equipment and intangible assets	218	630
Net cash used by investing activities	(197,273)	(191,799)
Cash flows from financing activities:		
Net increase in federal funds purchased and securities sold under agreements to repurchase	7,965	1,670
Net increase (decrease) in FHLB advances	95,000	(10,000)
Net proceeds from issuance of trust preferred securities	19,995	-
Repayment of notes payable	-	(1,250)
Net increase (decrease) in demand, money market and savings accounts	(2,797)	30,359
Net increase in time deposits	54,439	195,127
Proceeds from exercise of stock options	812	540
Income tax benefit related to stock-based compensation	132	190
Cash dividends paid	(2,053)	(1,965)
Net cash provided by financing activities	173,493	214,671
Net increase (decrease) in cash and cash equivalents	(20,017)	36,207
Cash and cash equivalents at beginning of period	41,510	42,938
Cash and cash equivalents at end of period	$ 21,493	$ 79,145
Supplemental disclosures of cash paid:		
Interest	$ 24,282	$ 12,466
Income taxes	8,980	3,530
Supplemental disclosures of non-cash transactions:		
Financing of sale of premises and equipment to third parties	$ 2,136	$ 1,100
Mortgage backed securities issued and retained subsequent to securitization of residential mortgages	-	8,509

See accompanying notes to consolidated financial statements

Note 1 - Basis of Presentation & Accounting Policies

TIB Financial Corp. is a financial holding company headquartered in Naples, Florida. TIB Financial Corp. owns and operates TIB Bank, which has a total of sixteen banking offices in Florida that are located in Monroe, Miami-Dade, Collier and Lee counties.

The accompanying unaudited consolidated financial statements for TIB Financial Corp. (the "Company") have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statement presentation. For further information and an additional description of the Company's accounting policies, refer to the Company's annual report on Form 10-K for the year ended December 31, 2005.

The consolidated statements include the accounts of TIB Financial Corp. and its wholly-owned subsidiary, TIB Bank, and the Bank's subsidiary, TIB Investment Center Inc. (this corporation was dissolved in January 2005), collectively known as the Company. All significant inter-company accounts and transactions have been eliminated in consolidation. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Certain amounts previously reported on have been reclassified to conform to the current period presentation. The share and per share amounts discussed throughout this document have been adjusted to account for the effects of the two-for-one stock split distributed October 23, 2006 to shareholders of record on October 9, 2006.

As used in this document, the terms "we," "us," "our," "TIB Financial," and "Company" mean TIB Financial Corp. and its subsidiaries (unless the context indicates another meaning), and the term "Bank" means TIB Bank and its subsidiaries (unless the context indicates another meaning).

Critical Accounting Policies

The accounting and reporting policies of the Company are in accordance with accounting principles generally accepted within the United States of America and conform to general practices within the banking industry.

Allowance for Loan Losses

The allowance for loan losses is a valuation allowance for probable incurred credit losses, which is increased by the provision for loan losses and decreased by charge-offs less recoveries. Loan losses are charged against the allowance when management believes the uncollectiblity of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance. Management estimates the allowance balance required based on factors including past loan loss experience, the nature and volume of the portfolio, information about specific borrower situations and estimated collateral values, economic conditions, and other factors. Allocations of the allowance may be made for specific loans, but the entire allowance is available for any loan that, in management's judgment, should be charged off.

The allowance consists of specific and general components. The specific component relates to loans that are individually classified as impaired or loans otherwise classified as substandard or doubtful. The general component covers non-classified loans and is based on historical loss experience adjusted for current factors.

A loan is considered impaired when it is probable that not all principal and interest amounts will be collected according to the loan contract. Individual commercial and commercial real estate loans exceeding certain size thresholds established by management are individually evaluated for impairment. If a loan is considered to be impaired, a portion of the allowance is allocated so that the loan is reported net, at the present value of estimated future cash flows using the loan's existing rate or at the fair value of collateral if repayment is expected solely from the collateral. Large groups of smaller balance homogeneous loans, such as consumer, indirect, and residential real estate loans, are collectively evaluated for impairment, and accordingly, they are not separately identified for impairment disclosures.

Earnings Per Common Share

Basic earnings per share is net income divided by the weighted average number of common shares and vested restricted shares outstanding during the period. Diluted earnings per share includes the dilutive effect of additional potential common shares issuable under stock options and the dilutive effect of unvested restricted shares computed using the treasury stock method.

Additional information with regard to the Company's methodology and reporting of the allowance for loan losses and earnings per common share is included in the 2005 Annual Report on Form 10-K.

Recent Accounting Pronouncements

In March 2006, the FASB issued Statement of Financial Accounting Standards No. 156, "Accounting for Servicing of Financial Assets an amendment of FASB Statement 140" ("SFAS 156"). SFAS 156 amends Statement 140 with respect to separately recognized servicing assets and liabilities. Statement 156 requires an entity to recognize a servicing asset or liability each time it undertakes an obligation to service a financial asset by entering into a servicing contract and requires all servicing assets and liabilities to be initially measured at fair value, if practicable. SFAS 156 also permits entities to subsequently measure servicing assets and liabilities using an amortization method or fair value measurement method. Under the amortization method, servicing assets and liabilities are amortized in proportion to and over the estimated period of servicing. Under the fair value measurement method, servicing assets are measured at fair value at each reporting date and changes in fair value are reported in net income for the period the change occurs. Adoption of SFAS 156 is required as of the beginning of fiscal years beginning subsequent to September 15, 2006. Earlier adoption is permitted as of the beginning of an entity's fiscal year, provided the entity has not yet issued financial statements, including interim financial statements. Management does not expect the adoption of SFAS 156 to have a material impact on the financial position or results of operations of the Company.

In June 2006, the FASB issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109" ("FIN 48"). FIN 48 clarifies the accounting for uncertainty in income taxes by defining a criterion that an individual tax position must meet for any part of the benefit of that position to be recognized in an enterprise's financial statements. Additionally, FIN 48 provides guidance on measurement, derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. This interpretation is effective for fiscal years beginning after December 15, 2006. Management does not expect the adoption of FIN 48 to have a material impact on the financial position or results of operations of the Company.

In September 2006, FASB issued Statement No. 157, "Fair Value Measurements" ("FAS 157"). FAS 157 provides guidance for using fair value to measure assets and liabilities. FAS 157 will apply whenever another standard requires (or permits) assets or liabilities to be measured at fair value. FAS 157 provides guidance about the extent to which companies measure assets and liabilities at fair value, the information used to measure fair value and the effect that fair value measurements have on earnings. FAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. The Company has not completed its evaluation of the impact of FAS 157 but management does not expect the adoption of FAS 157 to have a material impact on the financial position or results of operations of the Company.

In September 2006, the Securities and Exchange Commission released Staff Accounting Bulletin (SAB) 108. This SAB provides detailed guidance to registrants in the determination of what is material to their financial statements. This SAB is required to be applied to financial statements issued after November 15, 2006. Upon adoption, the cumulative effect of applying the new guidance is to be reflected as an adjustment to opening retained earnings as of the beginning of the current fiscal year. The Company has not completed its evaluation of the impact of SAB 108 but does not expect the adoption of FAS 158 to have a material impact on the financial position or results of operations of the Company.

(Dollars in thousands except for share and per share amounts)

Note 2 -Acquisitions, Divestitures and Discontinued Operations

On December 30, 2005, the Company closed the sale of its merchant bankcard processing business segment to NOVA Information Systems, Inc. ("NOVA"). NOVA paid $7,250 in cash at the closing resulting in the Company recognizing a gain of $6,697 on the transaction. Accordingly, the results of operations of the Company's merchant bankcard processing business segment are included in the Consolidated Statements of Income as "discontinued operations". In connection with the sale, the Company entered into a Marketing and Sales Alliance Agreement and a Non-Competition Agreement. The Marketing and Sales Alliance Agreement provides for the exclusive referral by the Bank to NOVA of Bank customers seeking merchant card processing services, and on-going, active promotion of NOVA's services to Bank customers. The Marketing and Sales Alliance Agreement has an initial term of ten years, and may be extended by the parties. The Non-Competition Agreement prohibits the Company from competing with NOVA to provide merchant card processing services, and prohibits the Bank from soliciting for such services (other than to be provided by NOVA) any merchants that had a merchant services relationship with the Bank at the time of the sale, and any merchants subsequently referred to NOVA. The Non-Competition Agreement is effective for so long as the Marketing and Sales Alliance Agreement is in effect. The non-solicitation covenant extends for two years following termination of the Marketing and Sales Alliance Agreement.

During the nine months ended September 30, 2006, the Company recorded additional gains totaling $297 relating primarily to the settlement of certain contractual early termination provisions on a basis that was more favorable than originally estimated.

The operating results of the merchant bankcard processing segment, which have been classified as discontinued operations in the accompanying consolidated financial statements, are summarized as follows:

	Nine Months Ended September 30,	
	2006	**2005**
Other income	$ 297	$ 4,919
Depreciation and amortization	-	6
Other expense	-	4,125
Pretax income from discontinued operations	$ 297	$ 788

Note 3 - Investment Securities

The amortized cost and estimated fair value of investment securities available for sale at September 30, 2006 and December 31, 2005 are presented below:

	September 30, 2006			
	Amortized Cost	**Unrealized Gains**	**Unrealized Losses**	**Estimated Fair Value**
U.S. Treasury securities	$ 5,086	$ -	$ 147	$ 4,939
U.S. Government agencies and corporations	78,930	141	1,674	77,397
States and political subdivisions—tax exempt	10,818	28	152	10,694
States and political subdivisions—taxable	2,578	9	-	2,587
Mortgage-backed securities	17,668	11	89	17,590
Marketable equity securities	3,000	371	-	3,371
Collateralized mortgage obligations	9,996	13	10	9,999
	$ 128,076	$ 573	$ 2,072	$ 126,577

(Dollars in thousands except for share and per share amounts)

	December 31, 2005			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
U.S. Treasury securities	$ 5,182	$ 1	$ 145	$ 5,038
U.S. Government agencies and corporations	64,145	5	1,738	62,412
States and political subdivisions—tax exempt	9,594	91	101	9,584
States and political subdivisions—taxable	2,655	8	-	2,663
Mortgage-backed securities	10,083	193	24	10,252
Marketable equity securities	3,000	439	-	3,439
Collateralized mortgage obligations	3,996	80	-	4,076
	$ 98,655	$ 817	$ 2,008	$ 97,464

Note 4 - Loans

Major classifications of loans are as follows:

	September 30, 2006	December 31, 2005
Real estate mortgage loans:		
Commercial	$ 535,077	$ 451,969
Residential	81,262	76,003
Farmland	24,201	4,660
Construction and vacant land	148,115	125,207
Commercial and agricultural loans	85,666	80,055
Indirect auto dealer loans	136,409	118,018
Home equity loans	17,264	17,232
Other consumer loans	9,738	9,228
Total loans	1,037,732	882,372
Net deferred loan costs	1,658	1,652
Loans, net of deferred loan costs	$ 1,039,390	$ 884,024

Note 5 - Allowance for Loan Losses

Activity in the allowance for loan losses for the nine months ended September 30, 2006 and 2005 follows:

	Nine Months Ended September 30,	
	2006	2005
Balance, January 1	$ 7,546	$ 6,243
Provision for loan losses charged to expense	2,206	1,764
Loans charged off	(1,072)	(923)
Recoveries of loans previously charged off	110	69
Balance, September 30	$ 8,790	$ 7,153

(Dollars in thousands except for share and per share amounts)

Note 6 - Earnings Per Share and Common Stock

Earnings per share have been computed based on the following weighted average number of common shares outstanding for three and nine months ended September 30, 2006 and 2005:

	Three Months Ended September 30,	
	2006	**2005**
Basic	11,618,362	11,429,434
Dilutive effect of options outstanding	256,292	399,646
Dilutive effect of restricted stock awards	14,858	-
Diluted	11,889,512	11,829,080

	Nine Months Ended September 30,	
	2006	**2005**
Basic	11,590,149	11,407,814
Dilutive effect of options outstanding	262,162	373,430
Dilutive effect of restricted stock awards	11,818	-
Diluted	11,864,129	11,781,244

Stock options for 100,928 and 91,348 shares of common stock were not considered in computing diluted earnings per common share for the three and nine months ended September 30, 2006 because they were anti-dilutive. There were no anti-dilutive stock options outstanding for the three and nine months ended September 30, 2005. There were no anti-dilutive unvested restricted shares of common stock for the three and nine month periods ended September 30, 2006. For the three and nine months ended September 30, 2005, 70,000 unvested restricted shares of common stock were not considered in computing diluted earnings per share because they were anti-dilutive. The dilutive effect of stock options and the dilutive effect of unvested restricted shares are the only common stock equivalents for purposes of calculating diluted earnings per common share.

(Dollars in thousands except for share and per share amounts)

Note 7 - Stock-Based Compensation

During 2004, the FASB revised Statement No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123R") which established accounting requirements for share-based compensation to employees and carries forward prior guidance on accounting for awards to non-employees. The provisions of this statement became effective for fiscal years beginning after June 15, 2005 for all equity awards granted or modified after the effective date and for the subsequent vesting of previously granted awards. SFAS 123R requires an entity to recognize compensation expense based on an estimate of the fair value and number of awards expected to actually vest, exclusive of awards expected to be forfeited. On January 1, 2006, the Company adopted SFAS 123R and began recognizing compensation expense for stock options. The Company elected to use the modified prospective transition method, therefore prior period results were not restated. Previously, the Company had accounted for stock options granted to employees according to the provisions of APB Opinion No. 25, whereby compensation expense was recorded based upon the intrinsic value method. As a result, the recognition of stock-based compensation expense was generally limited to the expense attributed to restricted stock awards.

As of September 30, 2006, the Company has one compensation plan under which shares of its common stock are issuable in the form of stock options, restricted shares, stock appreciation rights, performance shares or performance units. This is its 2004 Equity Incentive Plan (the "2004 Plan"), which was approved by the Company's shareholders at the May 25, 2004 annual meeting. Previously, the Company had granted stock options under the 1994 Incentive Stock Option and Nonstatutory Stock Option Plan (the "1994 Plan") as amended and restated as of August 31, 1996. Under the 2004 Plan, the Board of Directors of the Company may grant nonqualified stock-based awards to any director, and incentive or nonqualified stock-based compensation to any officer, key executive, administrative, or other employee including an employee who is a director of the Company. Subject to the provisions of the 2004 Plan, the maximum number of shares of common stock of the Company that may be optioned or awarded through the 2014 expiration of the plan is 800,000 shares, no more than 266,000 of which may be issued pursuant to awards granted in the form of restricted shares. Such shares may be treasury, or authorized but unissued, shares of common stock of the Company. If options or awards granted under the Plan expire or terminate for any reason without having been exercised in full or released from restriction, the corresponding shares shall again be available for option or award for the purposes of the Plan.

No stock-based compensation expense was recorded for stock options for the three and nine months ended September 30, 2005. The following table illustrates the effect on net income and earnings per share if expense was measured using the fair value method of accounting for stock option compensation.

	Three Months Ended September 30, 2005	Nine Months Ended September 30, 2005
Net income, as reported	$ 2,054	$ 5,785
Stock-based compensation expense determined under fair value based method, net of tax	57	184
Pro forma net income	$ 1,997	$ 5,601
Basic earnings per share as reported	$ 0.18	$ 0.51
Pro forma basic earnings per share	0.17	0.49
Diluted earnings per share as reported	0.17	0.49
Pro forma diluted earnings per share	0.17	0.48

(Dollars in thousands except for share and per share amounts)

The following table summarizes the components and classification of stock-based compensation expense for the three and nine months ended September 30, 2006.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2005	2006	2005
Stock Options	$ 82	$ -	$ 233	$ -
Restricted Stock	69	39	188	39
Total stock-based compensation expense	$ 151	$ 39	$ 421	$ 39
Salaries and employee benefits	$ 104	$ -	$ 294	$ -
Other expense	47	39	127	39
Total stock-based compensation expense	$ 151	$ 39	$ 421	$ 39

The tax benefit related to stock-based compensation expense arising from restricted stock awards and non-qualified stock options was approximately $27 and $74 for the three and nine months ended September 30, 2006, respectively, and $15 for the three and nine months ended September 30, 2005.

The fair value of each option is estimated as of the date of grant using the Black-Scholes Option Pricing Model. This model requires the input of subjective assumptions that will usually have a significant impact on the fair value estimate. The assumptions for the current period grants were developed based on SFAS 123R and SEC guidance contained in Staff Accounting Bulletin (SAB) No. 107, “Share-Based Payment.” The following table summarizes the weighted average assumptions used to compute the grant-date fair value of options granted:

	Nine Months Ended September 30,	
	2006	2005
Dividend yield	1.55%	1.95%
Risk-free interest rate	4.89%	4.11%
Expected option life	6.5 years	9 years
Volatility	31%	23%
Weighted average grant-date fair value of options granted	$ 5.23	$ 3.72

- The dividend yield was estimated using historical dividends paid and market value information for the Company’s stock. An increase in dividend yield will decrease stock compensation expense.

- The risk-free interest rate was developed using the U.S. Treasury yield curve for periods equal to the expected life of the options on the grant date. An increase in the risk-free interest rate will increase stock compensation expense.

- The expected option life for the current period grants was estimated using the average vesting period and the term of the option based on guidance contained in SAB 107. Prior to 2006, this assumption was based on the typical vesting schedule and estimates of future exercise behavior patterns. An increase in the option life will increase stock compensation expense.

- The volatility was estimated using historical volatility for periods approximating the expected option life.

(Dollars in thousands except for share and per share amounts)

SFAS 123R requires the recognition of stock-based compensation for the number of awards that are ultimately expected to vest. As a result, an estimate of the expected forfeiture rate based on historical forfeiture rates is considered when estimating the amount of current period stock based-compensation expense. Our estimate of forfeitures will be reassessed in subsequent periods and may change based on new facts and circumstances. Any changes in our estimates will be accounted for prospectively in the period of change. Prior to January 1, 2006, actual forfeitures were accounted for as they occurred for purposes of required pro forma stock compensation disclosures.

As of September 30, 2006, unrecognized compensation expense associated with stock options and restricted stock was $1,277 and $975 which is expected to be recognized over weighted average periods of approximately 3 and 4 years, respectively.

Stock Options

The exercise price for common stock must equal at least 100 percent of the fair market value of the stock on the day an option is granted. The exercise price under an incentive stock option granted to a person owning stock representing more than 10 percent of the common stock must equal at least 110 percent of the fair market value at the date of grant, and such option is not exercisable after five years from the date the incentive stock option was granted. The Board of Directors may, at its discretion, provide that an option not be exercised in whole or in part for any period or periods of time as specified in the option agreements. No option may be exercised after the expiration of ten years from the date it is granted. Stock options vest over varying service periods which range from vesting immediately to up to nine years.

A summary of the stock option activity in the plans is as follows:

	2006		2005	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Balance, January 1,	777,970	$ 8.06	818,388	$ 6.83
Granted	85,624	15.13	149,000	12.86
Exercised	(128,936)	6.29	(95,014)	5.68
Expired or forfeited	(8,600)	6.19	(52,000)	10.04
Balance, September 30,	726,058	$ 9.23	820,374	$ 7.85
Options exercisable at September 30,	263,534	$ 7.55	344,174	$ 6.64

The weighted average remaining term for outstanding stock options was 5.8 years at September 30, 2006. The aggregate intrinsic value at September 30, 2006 was $4,888 for stock options outstanding and $2,218 for stock options exercisable. The intrinsic value for stock options is calculated based on the exercise price of the underlying awards and the market price of the Company’s common stock as of the reporting date.

(Dollars in thousands except for share and per share amounts)

Options outstanding at September 30, 2006 were as follows:

	Outstanding Options			Options Exercisable	
Range of Exercise Prices	Number	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
$4.50 - $6.20	251,900	4.39	$ 5.94	87,100	$ 5.93
6.33 - 11.38	243,334	4.31	8.36	144,034	7.42
11.40 - 16.20	230,824	8.79	13.74	32,400	12.46
$4.50 - $16.20	726,058	5.76	$ 9.23	263,534	$ 7.55

Proceeds received from the exercise of stock options were $812 and $540 during the first nine months of 2006 and 2005, respectively. The intrinsic value related to the exercise of stock options was $1,228 and $814, during the first nine months of 2006 and 2005, respectively. The intrinsic value related to exercises of non-qualified stock options and disqualifying dispositions of incentive stock options resulted in the realization of tax benefits of $132 and $190, during the first nine months of 2006 and 2005, respectively.

Restricted Stock

Restricted stock provides the grantee with voting, dividend and anti-dilution rights equivalent to common shareholders, but is restricted from transfer until vested, at which time all restrictions are removed. Vesting for restricted shares is generally on a straight-line basis and ranges from two to five years. The value of the restricted stock, estimated to be equal to the closing market price on the date of grant, is being amortized on a straight-line basis over the respective service periods.

A summary of the restricted stock activity in the plan is as follows:

	2006		2005	
	Shares	Weighted Average Grant-Date Market Value	Shares	Weighted Average Grant-Date Market Value
Balance, January 1,	82,000	$ 15.64	-	$ -
Granted	8,680	15.50	70,000	15.58
Vested	(12,000)	15.58	-	-
Expired or forfeited	(10,000)	15.58	-	-
Balance, September 30,	68,680	$ 15.63	70,000	$ 15.58

Note 8 - Other Borrowings

On June 23, 2006, the Company issued $20,000 of additional trust preferred securities through a private placement. The Company formed TIBFL Statutory Trust III (the “Trust III”), a wholly-owned statutory trust subsidiary for the purpose of issuing the trust preferred securities. The Trust III used the proceeds from the issuance of $20,000 in trust preferred securities to acquire junior subordinated debentures of the Company. The trust preferred securities essentially mirror the debt securities, carrying a cumulative preferred dividend at a variable rate equal to the interest rate on the debt securities (three month LIBOR plus 155 basis points). The debt securities and the trust preferred securities each have 30-year lives. The trust preferred securities and the debt securities are callable by the Company or the Trust, at their respective option at par after five years, and sooner, at a 5% premium, if specific events occur, subject to prior approval by the Federal Reserve Board, if then required. The Company has treated the trust preferred securities as Tier 1 capital up to the maximum amount allowed and the remainder as Tier 2 capital for federal regulatory purposes.

(Dollars in thousands except for share and per share amounts)

Note 9 – Capital Adequacy

The Company (on a consolidated basis) and the Bank are subject to various regulatory capital requirements administered by federal and state banking agencies. Failure to meet minimum capital requirements result in certain discretionary actions by regulators that could have an effect on the Company's operations. The regulations require the Company and the Bank to meet specific capital adequacy guidelines that involve quantitative measures of assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The Company's capital amounts and classifications are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

To be considered well capitalized and adequately capitalized (as defined) under the regulatory framework for prompt corrective action, the Bank must maintain minimum Tier 1 leverage, Tier 1 risk-based, and total risk-based ratios. These minimum ratios along with the actual ratios for the Company and the Bank as of September 30, 2006 and December 31, 2005, are presented in the following tables.

	Well Capitalized Requirement	**Adequately Capitalized Requirement**	**September 30, 2006 Actual**	**December 31, 2005 Actual**
Tier 1 Capital (to Average Assets)				
Holding company	N/A	≥ 4.0%	9.0 %	8.4%
Bank	≥ 5.0%	≥ 4.0%	9.7 %	8.7%
Tier 1 Capital (to Risk Weighted Assets)				
Holding company	N/A	≥ 4.0%	10.2 %	9.6%
Bank	≥ 6.0%	≥ 4.0%	11.0 %	9.9%
Total Capital (to Risk Weighted Assets)				
Holding company	N/A	≥ 8.0%	11.9 %	10.9%
Bank	≥ 10.0%	≥ 8.0%	11.9 %	10.8%

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-looking Statements

Certain of the matters discussed under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this Form 10-Q may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act and as such may involve known and unknown risk, uncertainties and other factors which may cause the actual results, performance or achievements of TIB Financial Corp. (the "Company") to be materially different from future results described in such forward-looking statements. Actual results may differ materially from the results anticipated in these forward-looking statements due to a variety of factors, including, without limitation: the effects of future economic conditions; governmental monetary and fiscal policies, as well as legislative and regulatory changes; the risks of changes in interest rates on the level and composition of deposits, loan demand, and the values of loan collateral, and interest rate risks; the effects of competition from other commercial banks, thrifts, consumer finance companies, and other financial institutions operating in the Company's market area and elsewhere. All forward-looking statements attributable to the Company are expressly qualified in their entirety by these cautionary statements. The Company disclaims any intent or obligation to update these forward-looking statements, whether as a result of new information, future events or otherwise.

The following discussion addresses the factors that have affected the financial condition and results of operations of the Company as reflected in the unaudited consolidated statement of condition as of September 30, 2006, and statement of income for the three months and nine months ended September 30, 2006. Operating results for the three months and nine months ended September 30, 2006 are not necessarily indicative of trends or results to be expected for the year ended December 31, 2006. The share and per share amounts discussed throughout this document have been adjusted to account for the effects of the two-for-one stock split distributed October 23, 2006 to shareholders of record on October 9, 2006. As discussed further in Note 2, the operating results of the Company's merchant bankcard processing segment have been reclassified and presented as discontinued operations in the accompanying unaudited consolidated financial statements.

Quarterly Summary

For the third quarter of 2006, net income was $2.45 million and diluted earnings per share were $0.21 compared to $2.05 million and $0.17 in the prior year reflecting increases of 19% and 24%, respectively. Our third quarter 2006 net income from continuing operations of $2.44 million represents an increase of 25% over $1.95 million reported for the quarter ended September 30, 2005. On a per diluted share basis, earnings from continuing operations were $0.21 for the third quarter of 2006 as compared to $0.16 for the third quarter of 2005.

We continue to see growth opportunities in our market areas arising out of our primary strategic focus as a middle-market commercial lender and our percentage growth rates will naturally moderate as our balance sheet continues to grow. Our principal focus continues to be the generation of quality assets, above-average profitability and sustainable growth, while at the same time investing to support future core market opportunities and improvements in service delivery and operating efficiency.

The increase in net income from continuing operations for the third quarter of 2006 over the respective prior-year period resulted primarily from a 17% increase in net interest income from $10.09 million a year ago to $11.86 million in the current quarter. The growth in net interest income was due to the growth of earning assets as our net interest margin on a tax equivalent basis for the three months ended September 30, 2006 contracted to 4.11%, compared with 4.37% for the three months ended September 30, 2005.

During the course of the third quarter of 2006, we experienced net outflows of approximately $20.37 million of non-interest-bearing demand deposits and $35.18 million of lower interest cost transaction accounts (savings, NOW and money market accounts). The magnitude of this net outflow was unanticipated and contrary to our past experience. We historically have experienced weaker deposit activity during the third quarter of the year due to the resort and tourism nature of some of our market areas. The outflow reflects the combination of the seasonal draw down of individual and other business account balances, the effects of the slowdown in residential real estate sales on the transaction and escrow accounts of our title company and closing attorney customers and the draw down of governmental deposits at the end of their fiscal year. The outflow of these deposits was funded through a $60.00 million increase in borrowings, from the Federal Home Loan Bank (FHLB). Due to the higher cost of these borrowings, our interest margin was reduced by approximately 14 basis points.

Non-interest expense for the third quarter of 2006 was $9.00 million, an increase of 10% compared to $8.19 million for the third quarter of 2005. The increase reflects the continued investment in the people, systems and facilities which contribute to the Company's asset and revenue growth.

Total assets increased to $1.26 billion as of September 30, 2006, representing 19% growth from $1.05 billion a year ago and 17% asset growth since December 31, 2005. Total loans grew 26% to $1.04 billion as of September 30, 2006, versus $826.28 million a year ago. Total deposits increased 6% to $972.07 million as of September 30, 2006, compared with $913.35 million a year ago. Additionally, total loans and deposits increased $155.4 million and $51.6 million, or 18% and 6%, respectively from December 31, 2005.

Credit quality remained solid during the third quarter of 2006 which ended with non-performing loans representing 0.16% of gross loans. As of September 30, 2006, the allowance for loan losses totaled $8.8 million, or 0.85% of total loans and 517% of non-performing loans. These figures compare with 0.87% and 1,345% as of September 30, 2005 and 0.86% and 789% as of December 31, 2005, respectively.

Three Months Ended September 30, 2006 and 2005:

Results of Operations

For the third quarter of 2006, net income was $2.45 million and diluted earnings per share were $0.21 compared to $2.05 million and $0.17 in the prior year reflecting increases of 19% and 24%, respectively. Our net income from continuing operations of $2.44 million for the third quarter of 2006 increased 25%, compared to $1.95 million for the same period last year. Basic and diluted earnings per share from continuing operations for the third quarter of 2006 were $0.21 and $0.21 as compared to $0.17 and $0.16, respectively per share in the previous year's quarter.

Annualized return on average assets from continuing operations was 0.79% and 0.78% for the third quarter of 2006 and 2005, respectively, while the annualized return on average shareholders' equity was 11.77% and 10.87% for the same periods.

Net Interest Income

Net interest income represents the amount by which interest income on interest-earning assets exceeds interest expense incurred on interest-bearing liabilities. Net interest income is the largest component of our income, and is affected by the interest rate environment and the volume and the composition of interest-earning assets and interest-bearing liabilities. Our interest-earning assets include loans, federal funds sold, interest-bearing deposits in other banks and investment securities. Our interest-bearing liabilities include deposits, federal funds purchased, notes payable related to Company shares repurchased, subordinated debentures, advances from the FHLB and other short term borrowings.

Net interest income increased 17%, to $11.86 million in the three months ended September 30, 2006 compared to $10.09 million in the same period last year primarily due to an increase in average loans, investments and deposits. Our net interest margin contracted to 4.11% for the third quarter of this year in comparison to 4.37% in the third quarter of 2005.

Changes in monetary policy by the Federal Reserve affect the prime rate, our deposit and borrowing costs and our net interest margin. During a period of continuously increasing short-term interest rates, the federal funds interest rate increased from 3.25% at the beginning of the third quarter of 2005 to 5.25% by the beginning of the third quarter of 2006.The prime rate as published in the Wall Street Journal was 6.25% at the beginning of the third quarter of 2005 and increased twice to reach 6.75% by the end of the third quarter of 2005 and increased thereafter to 8.25% by the beginning of the third quarter of 2006.

Many of the Bank's loans are indexed to the prime rate. The higher level of the prime rate in the third quarter of 2006 compared to the comparative period in 2005 is reflected in the higher average yield of the loan portfolio due to higher rates earned on variable rate loans and new loan production. As the prime rate remained at 8.25% throughout the third quarter due to the Federal Reserve's stable monetary policy, the yields on these prime rate loans have also stabilized. The average yield on interest-earning assets for the third quarter of 2006 was 7.70% which was an increase of 101 basis points compared to the 6.69% yield earned during the third quarter of 2005.

The average cost of interest-bearing deposits increased 128 basis points from 2.73% during the third quarter of 2005 to 4.01% for the comparable period in 2006, and the rate of all interest-bearing liabilities increased 138 basis points, from 2.92% in 2005 to 4.30% in 2006. The average cost of interest bearing deposits and all interest bearing liabilities reflect in part the increase in short-term interest rates and the change in the funding mix for the third quarter of 2006 as compared to the third quarter of 2005. As previously discussed, the net outflow of non-interest-bearing and lower interest cost transaction account balances during the third quarter was funded by higher interest cost borrowings. Borrowed funds increased 262% to an average of $144.84 million during the third quarter of 2006 as compared to $55.23 million during the third quarter of 2005, representing 13% and 6%, respectively, of our funding mix. We chose to increase borrowings because the cost of borrowed funds was significantly lower than local competitive rates for time and other deposits. As a result, we incurred higher interest expense and our net interest margin declined by approximately 14 basis points. Additionally, at the end of the second quarter of 2006, we issued $20.00 million of trust preferred securities. These interest bearing securities were outstanding for all of the third quarter resulting in a further reduction of our net interest margin by approximately 3 basis points.

In the next three months, we anticipate that short-term interest rates will remain stable and we expect that our net interest margin may decline further due to the effects of the challenging competitive and interest rate environment.

Provision for Loan Losses

The provision for loan losses represents the charge to income necessary to adjust the allowance for loan losses to an amount that represents management's assessment of the estimated probable credit losses inherent in our loan portfolio which have been incurred at each balance sheet date.

The provision for loan losses increased 50%, to $670,000 in the third quarter of 2006 compared to $448,000 in the comparable prior year quarter. The higher provision for loan losses in 2006 was primarily attributable to the growth and change in the composition of the loan portfolio coupled with increased quantitative economic risk factors employed in estimating the allowance beginning in the second quarter of this year.

Total loans outstanding were $1.04 billion as of September 30, 2006 compared to $826.3 million at September 30, 2005. Net charge-offs were approximately $306,000 during the three months ended September 30, 2006 compared to $308,000 for the same period in 2005.

Management continuously monitors and actively manages the credit quality of the loan portfolio and will continue to recognize the provision required to maintain the allowance for loan losses at an appropriate level.

Non-interest Income

Non-interest income for the third quarter of 2006 was $1.63 million. This represents a 5% increase over the prior year quarter which totaled $1.55 million. The increase is primarily attributable to an increase in service charges on deposit accounts and a higher volume of residential mortgage loans originated and sold.

Non-interest Expense

Non-interest expense for the third quarter of 2006 was $9.00 million. This represents a 10% increase over the prior year quarter which totaled $8.19 million. The increase in non-interest expense is primarily attributable to salaries and employee benefits increasing $453,000. The increase in salaries and benefits, occupancy and other expenses reflects the growth of our business and the investment in the people, systems and facilities enabling future growth. The higher personnel costs include approximately $104,000 of stock-based compensation expense. The Company began recording compensation expense related to stock options on January 1, 2006 pursuant to the adoption of SFAS 123R. Other expense includes a charitable contribution of approximately $135,000 expressing our commitment to and reinvestment in the community by funding the construction of affordable local housing.

Provision for Income Taxes

The provision for income taxes includes federal and state income taxes. The effective income tax rate on continuing operations for the three months ended September 30, 2006 was 36% as compared to 35% for the same period in 2005. The primary factor is the higher overall level of pre-tax income from continuing operations resulting in a higher statutory tax rate. In addition, the lower proportion of tax free interest income to pre-tax income results in the provision for income taxes approaching statutory rates. Offsetting these factors was the recognition of a state income tax credit related to the Company's funding of affordable housing construction costs for a local charitable organization.

Nine Months Ended September 30, 2006 and 2005:

Results of Operations

For the first nine months of 2006, net income increased more than 26% to $7.31 million and approximately 27% to $0.62 per diluted share from the $5.79 million and $0.49 reported for the first nine months of 2005. Our net income from continuing operations of $7.13 million for the first nine months of 2006 increased 35%, compared to $5.29 million for the same period last year. Basic and diluted earnings per share from continuing operations for the first nine months of 2006 were $0.61 and $0.60, respectively, as compared to $0.47 and $0.45 per share in the previous year's comparable period.

Annualized return on average assets from continuing operations increased to 0.80% compared to 0.75% for the first nine months of 2006 and 2005, respectively, while the annualized return on average shareholders' equity increased to 11.87% from 10.17% for the same periods. Growth of net income due to higher net interest income and positive operating leverage during the current period improved our profitability ratios. This is reflected in our improved efficiency of operations as indicated by the ratio of non-interest expense to the sum of tax equivalent net interest income and non-interest income which decreased to 65.52% for the first nine months of 2006 compared to 69.58% for the comparable prior year period.

Net Interest Income

Net interest income increased approximately 25%, to $35.3 million in the nine months ended September 30, 2006 compared to $28.3 million in the same period last year primarily due to increases in average loans, investments and deposits. During a period of continuously increasing short-term interest rates, the federal funds interest rate increased from 2.25% at the beginning of 2005 to 5.25% by the beginning of the third quarter of 2006 and the prime rate, as published by the Wall Street Journal, increased six times from 5.25% at the beginning of 2005 to reach 6.75% at September 30, 2005 and increased further to 8.25% in June 2006 where it remained through September 30, 2006.

The average yield on interest-earning assets for the first nine months of 2006 was 7.50% which was an increase of 101 basis points compared to the 6.49% yield earned during the corresponding period of 2005. The average cost of interest-bearing deposits increased 124 basis points from 2.46% during the first nine months of 2005 to 3.70% for the comparable period in 2006, and the rate of all interest-bearing liabilities increased 126 basis points, from 2.66% in 2005 to 3.92% in 2006. Many of the Bank's loans are indexed to the prime rate. The higher level of the prime rate in the first nine months of 2006 compared to the comparative period in 2005 is reflected in the higher average yield of the loan portfolio due to higher rates earned on variable rate loans and new loan production. The average cost of interest bearing deposits and all interest bearing liabilities reflect in part the increase in short-term interest rates and the challenging competitive and interest rate environments consistent with industry-wide trends.

Our net interest margin contracted to 4.28% for the first nine months of the year in comparison to 4.39% for the first nine months of 2005. It is one of the objectives of our asset-liability management to minimize the impact on net interest margin of a changing interest rate environment. As previously discussed, the outflow of non-interest-bearing and lower interest cost transaction account balances during the third quarter was funded by higher interest cost borrowings. Additionally, at the end of the second quarter of 2006, we issued $20.00 million of trust preferred securities. The combination of these factors contributed significantly to the compression of our net interest margin. In the next three months, we anticipate that short-term interest rates will remain stable and we expect that our net interest margin may decline further due to the effects of competitive pressure on loan production at higher interest rates combined with a change in deposit mix reflecting increased depositor rate sensitivity driven largely by the higher interest rate environment.

The following table presents average balances of the Company, the taxable-equivalent interest earned, and the rate paid thereon during the nine months ended September 30, 2006 and September 30, 2005.

	2006			2005		
(Dollars in thousands)	**Average Balances**	**Income/ Expense**	**Yields/ Rates**	**Average Balances**	**Income/ Expense**	**Yields/ Rates**
Interest-earning assets:						
Loans (1)(2)	$ 966,898	$ 56,955	7.88%	$ 743,018	$ 38,468	6.92%
Investment securities (2)	121,587	4,526	4.98%	83,021	2,829	4.56%
Interest-bearing deposits in other banks	455	17	5.00%	390	8	2.68%
Federal Home Loan Bank stock	4,157	177	5.72%	2,706	81	4.00%
Federal funds sold	16,724	584	4.67%	41,906	928	2.96%
Total interest-earning assets	1,109,821	62,259	7.50%	871,041	42,314	6.49%
Non-interest-earning assets:						
Cash and due from banks	22,918			21,863		
Premises and equipment, net	31,677			26,925		
Allowance for loan losses	(8,139)			(6,744)		
Other assets	31,694			30,782		
Total non-interest-earning assets	78,150			72,826		
Total assets	$ 1,187,971			$ 943,867		
Interest-bearing liabilities:						
Interest-bearing deposits:						
NOW accounts	$ 135,670	$ 2,616	2.58%	$ 90,598	$ 561	0.83%
Money market	167,918	4,330	3.45%	167,428	2,597	2.07%
Savings deposits	50,019	260	0.69%	48,175	178	0.49%
Time deposits	464,049	15,451	4.45%	328,179	8,334	3.39%
Total interest-bearing deposits	817,656	22,657	3.70%	634,380	11,670	2.46%
Other interest-bearing liabilities:						
Short-term borrowings and FHLB advances	69,029	2,412	4.67%	39,688	887	2.98%
Long-term borrowings	24,256	1,634	9.01%	17,069	1,173	9.19%
Total interest-bearing liabilities	910,941	26,703	3.92%	691,137	13,730	2.66%
Non-interest-bearing liabilities and shareholders' equity:						
Demand deposits	179,569			171,108		
Other liabilities	17,189			12,019		
Shareholders' equity	80,272			69,603		
Total non-interest-bearing liabilities and shareholders' equity	277,030			252,730		
Total liabilities and shareholders' equity	$ 1,187,971			$ 943,867		
Interest rate spread (tax equivalent basis)			3.58%			3.83%
Net interest income (tax equivalent basis)		$ 35,556			$ 28,584	
Net interest margin (3) (tax equivalent basis)			4.28%			4.39%

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(1) Average loans include non-performing loans.

(2) Interest income and rates include the effects of a tax equivalent adjustment using applicable statutory tax rates in adjusting tax exempt interest on tax exempt investment securities and loans to a fully taxable basis.

(3) Net interest margin is net interest income divided by average total interest-earning assets.

Changes in Net Interest Income

The table below details the components of the changes in net interest income for the nine months ended September 30, 2006 and September 30, 2005. For each major category of interest-earning assets and interest-bearing liabilities, information is provided with respect to changes due to average volumes and changes due to rates, with the changes in both volumes and rates allocated to these two categories based on the proportionate absolute changes in each category.

	2006 Compared to 2005 (1)		
	Due to Changes in		
(Dollars in thousands)	Average Volume	Average Rate	Net Increase
Interest income			
Loans (2)	$ 12,687	$ 5,800	$ 18,487
Investment securities (2)	1,415	282	1,697
Interest-bearing deposits in other banks	2	7	9
Federal Home Loan Bank stock	54	42	96
Federal funds sold	(722)	378	(344)
Total interest income	13,436	6,509	19,945
Interest expense			
NOW accounts	391	1,664	2,055
Money market	8	1,725	1,733
Savings deposits	7	75	82
Time deposits	4,063	3,054	7,117
Short-term borrowings and FHLB advances	865	660	1,525
Long-term borrowings	485	(24)	461
Total interest expense	5,819	7,154	12,973
Change in net interest income	$ 7,617	$ (645)	$ 6,972

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(1) The change in interest due to both rate and volume has been allocated to the volume and rate components in proportion to the relationship of the dollar amounts of the absolute change in each.

(2) Interest income includes the effects of a tax equivalent adjustment using applicable statutory tax rates in adjusting tax exempt interest on tax exempt investment securities and loans to a fully taxable basis.

Provision for Loan Losses

The provision for loan losses increased 25% to $2.21 million in the first nine months of 2006 compared to $1.76 million in the comparable prior year period. The higher provision for loan losses in 2006 was primarily attributable to the increase of quantitative economic factors employed in estimating the allowance beginning in the second quarter of this year and changes in the overall composition of the loan portfolio combined with an increase in indirect loan charge-offs. Total loans outstanding grew $155.4 million, or 18%, during the first nine months of 2006, as compared to $172.8 million, or 26%, during the first nine months of 2005. The largest dollar increase during the first nine months of 2006 occurred in loans secured by commercial real estate which increased $83.1 million, or 18% compared to an increase of $77.0 million, or 22% during the first nine months of the prior year. As of September 30, 2006, construction and vacant land loans increased 40% to $148.1 million, comprising 14% of the loan portfolio, compared to $106.0 million, or 13% of the loan portfolio at September 30, 2005. These loans increased 18% during the first nine months of 2006 from $125.2 million, or 14% of the loan portfolio, at December 31, 2005. Net charge-offs, which are almost exclusively related to indirect loans, were $962,000, or 0.13% annualized net charge-offs to average loans, during the nine months ended September 30, 2006 compared to $854,000, or 0.15% annualized net charge-offs to average loans, for the same period in 2005.

Management continuously monitors and actively manages the credit quality of the loan portfolio and will continue to recognize the provision required to maintain the allowance for loan losses at an appropriate level.

Non-interest Income

Non-interest income for the first nine months of 2006 was $4.62 million. This represents a 5% decrease over the comparable prior year period which totaled $4.87 million. The decrease is primarily attributable to a lower volume of residential real estate closings in the Monroe and Collier counties markets resulting in lower residential mortgage originations and lower fees from the sale of mortgage loans.

Non-interest Expense

Non-interest expense for the first nine months of 2006 was $26.3 million. This represents a 13%, increase over the prior year period which totaled $23.3 million. The increase in non-interest expense is primarily attributable to salaries and employee benefits increasing $1.84 million. The increase in salaries and benefits, occupancy and other expenses reflects the growth of our business and the investment in the people, systems and facilities enabling future growth. The higher personnel costs include approximately $294,000 of stock-based compensation expense.

Stock-Based Compensation Expense

SFAS 123R was adopted on January 1, 2006, which now requires among other items, the recognition of stock option expense in the results of operations. The modified prospective transition method was elected; therefore, prior period results were not restated. Stock-based compensation expense was $421,000, including $188,000 related to restricted stock awards, during the nine months ended September 30, 2006. Stock-based compensation of $39,000 related to restricted stock awards was recorded during the nine months ended September 30, 2005.

Stock-based compensation expense related to stock options recognized in the results of operations during the first nine months of 2006 was $49,000 higher than the proforma amount determined under the fair value-based method and disclosed in accordance with SFAS 123 for the comparable prior year period. In addition, stock-based compensation related to restricted stock grants was $149,000 higher than the amount reported for the first nine months of 2005. This increase was primarily due to compensation expense related to a series of restricted stock grants occurring in and after the third quarter of 2005. Additionally, stock option grants made subsequent to the first nine months of 2005 have higher fair values due to higher volatility assumptions driven by and coupled with the increasing market value of the Company’s common stock and the related option exercise prices. The effect on stock-based compensation expense of these higher fair values was further magnified by shorter expected lives associated with the shorter vesting periods of such awards. No modifications were made to existing awards prior to, upon, or subsequent to adoption of SFAS 123R.

Refer to Note 7 to our unaudited consolidated financial statements for more information on stock-based compensation.

Provision for Income Taxes

The provision for income taxes includes federal and state income taxes. The effective income tax rate for the nine months ended September 30, 2006 was 37% as compared to 35% for the same period in 2005. The increased effective income tax rate is due to several significant factors including but not limited to the following:

- The higher overall level of pre-tax income from continuing operations resulting in a higher statutory rate;
- The lower proportion of tax free interest income to pre-tax income results in the provision for income taxes approaching statutory rates; and
- The effect of stock-based compensation expense, recognized beginning January 1, 2006 subsequent to the adoption of SFAS 123R, resulting from incentive stock options granted to employees which is not deductible for federal and state income tax purposes.

Offsetting these factors during the third quarter of 2006 was the recognition of a state income tax credit related to the Company’s funding of affordable housing construction costs for a local charitable organization.

Balance Sheet

Total assets at September 30, 2006 were $1.26 billion, up 17% from total assets of $1.08 billion at December 31, 2005. Asset growth was funded in part by an increase in deposits of $51.6 million, or 6%. Loans net of deferred loan costs and fees increased $155.4 million, or 18%, to $1.04 billion for the first nine months of 2006 from year end 2005. The largest dollar increase came in the commercial real estate loan category which increased $83.1 million, or 18%. Also, in the same period, investment securities increased $29.1 million. As the overall company continues to experience significant growth, securities need to be purchased to maintain appropriate levels of liquid assets on the balance sheet. Specifically this year, securities were purchased to cover pledging requirements related to the growth in cash management products, to slightly extend asset duration, and to provide increased liquidity.

At September 30, 2006, advances from the Federal Home Loan Bank were $120.0 million, an increase of $95.0 million from the prior year end. The increase in advances was used to fund growth in loans and investment securities in excess of the growth in deposits during the period.

Shareholders' equity totaled $84.0 million at September 30, 2006, increasing $6.44 million from December 31, 2005. Book value per share increased to $7.17 at September 30, 2006 from $6.69 at December 31, 2005. The Company declared a quarterly dividend of $0.05875 per share in the first, second and third quarters of 2006 and $0.0575 per share in the first, second and third quarters of 2005.

Loan Portfolio Composition

The two most significant components of our loan portfolio are classified in the condensed notes to the accompanying unaudited financial statements as commercial real estate and construction and vacant land. Our goal of maintaining high standards of credit quality include a strategy of diversification of loan type and purpose within these categories. The following chart illustrates the composition of these portfolios as of September 30, 2006.

	Commercial Real Estate	Percentage Composition
Mixed Use Commercial/Residential	$ 89,545	17%
1-4 Family and Multi Family	78,241	15%
Hotels/Motels	77,842	14%
Guesthouses	76,033	14%
Office Buildings	69,059	13%
Retail Buildings	53,497	10%
Restaurants	31,221	6%
Marinas/Docks	26,383	5%
Warehouse and Industrial	19,872	4%
Other	13,384	2%
Total	$ 535,077	100%

	Construction and Vacant Land	Percentage Composition
Construction:		
Residential - owner occupied	$ 24,097	16%
Residential - commercial developer	33,514	23%
Commercial structure	17,606	12%
Total construction	75,217	51%
Land:		
Raw land	6,440	4%
Residential lots	20,189	14%
Land development	14,750	10%
Commercial lots	31,519	21%
Total land	72,898	49%
Total	$ 148,115	100%

Non-performing Assets

Non-performing assets include nonaccrual loans, accruing loans contractually past due 90 days or more, repossessed personal property, and other real estate. Loans are placed on nonaccrual status when management has concerns relating to the ability to collect the loan principal and interest and generally when such loans are 90 days or more past due. A loan is considered impaired when it is probable that not all principal and interest amounts will be collected according to the loan contract.

Non-performing assets were as follows:

(Dollars in thousands)	**September 30, 2006**	**December 31, 2005**
Total nonaccrual loans	$ 1,701	$ 956
Accruing loans delinquent 90 days or more (a)	-	-
Total non-performing loans	1,701	956
Repossessed personal property (indirect auto dealer loans)	1,502	962
Other real estate owned (b)	-	190
Other assets (b)	2,821	2,815
Total non-performing assets	$ 6,024	$ 4,923
Allowance for loan losses	$ 8,790	$ 7,546
Non-performing assets as a percent of total assets	0.48%	0.46%
Non-performing loans as a percent of gross loans	0.16%	0.11%
Allowance for loan losses as a percent of non-performing loans	517%	789%
Net charge-offs as a percent of average loans (c)	0.13%	0.14%

(a) Non-performing loans exclude the $1.6 million loan discussed below that is guaranteed for both principal and interest by the USDA.

(b) In 1998, The Bank made a $10.0 million loan to construct a lumber mill in northern Florida. Of this amount, $6.4 million had been sold by the Bank to other lenders. The loan was partially guaranteed as to principal and interest by the USDA. In addition to business real estate and equipment, the loan was collateralized by the business owner’s interest in a trust. Under provisions of the trust agreement, beneficiaries cannot receive trust assets until November 2010.

During 2001, upon completion of foreclosure on the underlying collateral, the non-guaranteed portion of this loan and interest accrued through the foreclosure date was reclassified into other real estate ($550,000) and other assets (approximately $1.9 million) based on the fair value of the underlying-collateral. The portion of this loan guaranteed by the USDA was approximately $1.6 million at September 30, 2006 and December 31, 2005, and is accruing interest. Accrued interest on this loan totaled approximately $903,000 and $794,000 at September 30, 2006 and December 31, 2005, respectively.

In pursuing a sale of the property and equipment, the Bank has incurred various expenditures. The Bank capitalized the liquidation costs and the portion of the protective advances which it expects will be fully reimbursed by the USDA. Other real estate recorded on the Bank's books totaled approximately $190,000 at December 31, 2005. The non-guaranteed principal and interest ($2.0 million at September 30, 2006 and December 31, 2005) and the reimbursable capitalized liquidation costs and protective advance costs totaling approximately $860,000 and $854,000 at September 30, 2006 and December 31, 2005, respectively, are included as "other assets" in the financial statements.

The Bank sold certain pieces of equipment associated with the lumber mill property. Proceeds from the sales were used to reduce the other real estate amount and liquidation cost amounts recorded on the Bank's books. In 2003, the Bank wrote down the carrying amount of the other real estate by $262,000 based upon anticipated proceeds from the sale of the property and remaining equipment. In January 2006, the Bank sold the remaining other real estate for $1.25 million and recognized a gain of $33,000 on the Bank's interest therein, net of transaction costs.

Florida law requires a bank to liquidate or charge off repossessed real property within five years, and repossessed personal property within six months. The Bank was awarded title to the real property on June 12, 2001, and an adjudicated interest in the owner's trust proceeds. The time constraints imposed by Florida law required that the personal property be disposed of or charged off by December 2001. The Bank applied to the State of Florida for an extension to carry the personal property on the Bank's books and was granted an extension to carry the personal property on its books until June 11, 2003. Since the property had not been liquidated as of June 11th, the Bank charged-off the non guaranteed principal and interest totaling $2.0 million at June 30, 2003, for regulatory purposes. Since we believe this amount is ultimately realizable, we did not write off this amount for financial statement purposes under generally accepted accounting principles.

(c) This ratio is computed by dividing annualized net charge offs for the nine months ended September 30, 2006 and net charge offs for the twelve months ended December 31, 2005, by the average balance of loans outstanding for the nine months ended September 30, 2006 and by the average balance of loans outstanding for the year ended December 31, 2005, respectively.

The allowance for loan losses is a valuation allowance for probable incurred credit losses in the loan portfolio and amounted to $8.8 million and $7.5 million at September 30, 2006 and December 31, 2005, respectively. Our process for assessing the adequacy of the allowance for loan losses and the resultant need, if any, for periodic provisions to the allowance charged to income, includes both individual loan analyses and loan pool analyses. Individual loan analyses are periodically performed on loan relationships of a significant size, or when otherwise deemed necessary, and primarily encompass commercial real estate and other commercial loans. The result is that commercial real estate loans and commercial loans are divided into the following risk categories: Pass, Special Mention, and Substandard or worse. When appropriate, a specific reserve will be established for individual loans. Otherwise, we estimate an allowance for each risk category. The estimates are based on factors including historical loss rate, perceived economic conditions (local, national and global), perceived strength of our management, recent trends in loan loss history, and concentrations of credit.

Home equity loans, indirect auto dealer loans, residential loans and consumer loans generally are not analyzed individually. These loans are grouped into pools and assigned risk categories based on their current payment status and management's assessment of risk inherent in the various types of loans. As above, when appropriate, a specific reserve will be established for individual loans. Otherwise, we estimate an allowance for each loan classification. The allocations are based on the same factors mentioned above.

Based on an analysis performed by management at September 30, 2006, the allowance for loan losses is considered to be adequate to cover estimated loan losses in the portfolio as of that date. However, management's judgment is based upon a number of assumptions about future events, which are believed to be reasonable, but which may or may not prove valid. Thus, there can be no assurance that charge-offs in future periods will not exceed the allowance for loan losses or that significant additional increases in the allowance for loan losses will not be required. In addition, various regulatory agencies, as an integral part of their examination process, periodically review our allowance for loan losses. Such agencies may require us to recognize additions to the allowance based on their judgments about information available to them at the time of their examination.

Further, since the net result of our estimate for the allowance results in this amount being 0.85% of outstanding loans, the risks associated with changes in the underlying factors of this estimate have an asymmetrical risk to the extent of possible negative as opposed to positive consequences. In other words, the current allowance is a result of factors whose history has indicated and justified a relatively low allowance in percentage terms. These factors have limited capacity for improvement since associated risks cannot go to zero. However, for example, factors such as economic conditions and loan loss history could conceivably deteriorate. If that were to happen, the effect on the allowance calculation would be significant and, therefore, require a large provision to absorb higher potential losses.

Capital and Liquidity

The Company's policy is to maintain capital in excess of the levels required to be Well Capitalized for regulatory purposes. Due to the Company's continued growth, Total Capital to Risk Weighted Assets had declined to 10.3% at March 31, 2006. On June 23, 2006, the Company formed TIBFL Statutory Trust III (the “Trust III”) for the purpose of issuing trust preferred securities. The Trust III used the proceeds from the issuance of $20 million in trust preferred securities to acquire junior subordinated debentures of the Company. The Company has treated trust preferred securities as Tier 1 capital up to the maximum amount allowable and the remainder as Tier 2 capital for federal regulatory purposes. As a result, the ratio of Total Capital to Risk Weighted Assets increased to 11.9% at September 30, 2006.

The goal of liquidity management is to ensure the availability of an adequate level of funds to meet the loan demand and deposit withdrawal needs of the Company’s customers. We manage the levels, types and maturities of earning assets in relation to the sources available to fund current and future needs to ensure that adequate funding will be available at all times.

In addition to maintaining a stable core deposit base, we maintain adequate liquidity primarily through the use of investment securities and unused borrowing capacity. The Bank has invested in Federal Home Loan Bank stock for the purpose of establishing credit lines with the Federal Home Loan Bank. The credit availability to the Bank is equal to 20 percent of the Bank’s total assets as reported on the most recent quarterly financial information submitted to the regulators subject to the pledging of sufficient collateral. At September 30, 2006, there were $120.0 million in advances outstanding in addition to $25.0 million in letters of credit used in lieu of pledging securities to the State of Florida to collateralize deposits. In July 2004, new agreements were executed with the FHLB and a blanket floating lien pledge of the Bank’s residential 1-4 family mortgage and commercial real estate secured loans was completed to raise the collateral availability up to approximately $187.8 million.

As previously discussed, we experienced $55.5 million of unanticipated net outflows of non interest bearing demand and lower interest cost transaction account balances during the third quarter of 2006. This outflow was offset by a corresponding increase in borrowings through FHLB advances.

We continue to monitor our liquidity position as part of our asset-liability management. We believe that we have adequate funding sources through brokered deposits, unused borrowing capacity from the FHLB and potential asset sales to meet our foreseeable liquidity requirements.

The Bank has an unsecured overnight federal funds purchased accommodation up to a maximum of $25.0 million from its principal correspondent bank.

Asset and Liability Management

Closely related to liquidity management is the management of interest-earning assets and interest-bearing liabilities. The Company manages its rate sensitivity position to avoid wide swings in net interest margins and to minimize risk due to changes in interest rates.

Our interest rate sensitivity position at September 30, 2006 is presented in the table below:

(Dollars in thousands)	3 Months or Less	4 to 6 Months	7 to 12 Months	1 to 5 Years	Over 5 Years	Total
Interest-earning assets:						
Loans	$ 381,524	$ 34,320	$ 69,888	$ 435,503	$ 116,497	$ 1,037,732
Investment securities-taxable	10,331	711	16,321	41,498	43,651	112,512
Investment securities-tax exempt	-	335	966	2,873	6,520	10,694
Marketable equity securities	3,371	-	-	-	-	3,371
FHLB stock	7,548	-	-	-	-	7,548
Interest-bearing deposit in other banks	253	-	-	-	-	253
Total interest-earning assets	403,027	35,366	87,175	479,874	166,668	1,172,110
Interest-bearing liabilities:						
NOW accounts	119,899	-	-	-	-	119,899
Money market	162,713	-	-	-	-	162,713
Savings deposits	47,309	-	-	-	-	47,309
Time deposits	64,278	148,537	184,467	88,954	7	486,243
Notes payable	-	-	-	-	4,000	4,000
Subordinated debentures	25,000	-	-	-	8,000	33,000
Other borrowings	145,249	-	-	-	-	145,249
Total interest-bearing liabilities	564,448	148,537	184,467	88,954	12,007	998,413
Interest sensitivity gap	$ (161,421)	$ (113,171)	$ (97,292)	$ 390,920	$ 154,661	$ 173,697
Cumulative interest sensitivity gap	$ (161,421)	$ (274,592)	$ (371,884)	$ 19,036	$ 173,697	$ 173,697
Cumulative sensitivity ratio	(13.8%)	(23.4%)	(31.7%)	1.6%	14.8%	14.8%

We are cumulatively liability sensitive through the one-year time period, and asset sensitive in the over one year timeframes above. Certain liabilities such as non-indexed NOW and passbook savings accounts, while technically subject to immediate re-pricing in response to changing market rates, historically do not re-price as quickly or to the extent as other interest-sensitive accounts. Because of this, if market interest rates should decrease, it is anticipated that our net interest margin would decrease. Also, as approximately 16% of our deposit funding is comprised of non-interest-bearing liabilities, total interest-earning assets are substantially greater than the total interest-bearing liabilities and therefore it is anticipated that, over time, the effects on net interest income from changes in asset yield will be greater than the change in expense from liability cost. In the next three months, we anticipate short-term interest rates will remain stable and we expect that our net interest margin should decline. This expectation is due to the effects of competitive pressure on loan production at higher interest rates combined with increased depositor rate sensitivity driven largely by the higher interest rate environment. Thereafter, if federal monetary policy should result in a reversal of course, where short-term interest rates begin to decrease as has historically occurred in the six to twelve months following a pause in increases, we anticipate that our net interest margin contraction would be slower because we have positioned the Company by increasing our liability sensitivity through variable borrowings which we expect will be largely offset by the affect of having more total assets subject to rate changes than total liabilities that are rate sensitive.

Even in the near term, we believe the $371.9 million one year cumulative negative sensitivity gap may exaggerate the probable effects on earnings in a rising rate environment for two primary reasons. First, the liabilities subject to re-pricing are predominately not indexed to any specific market rate and therefore offer us the opportunity to delay or diminish any rate re-pricings. Further, the assets subject to re-pricing are expected to reflect fully any changes in market rates, primarily the prime rate.

Interest-earning assets and time deposits are presented based on their contractual terms. It is anticipated that run off in any deposit category will be approximately offset by new deposit generation. Since we have experienced continued growth in deposits, no net run off in any deposit category is assumed in the interest rate sensitivity table. It is our policy to maintain our cumulative one year gap ratio in the -30% to 0% range. At September 30, 2006, the Company is outside this range with a one year cumulative sensitivity ratio of -31.7%. As we believe we are near the end of the cycle of Federal Reserve interest rate hikes, we have intentionally increased the liability sensitivity of the balance sheet through variable rate funding decisions when possible. The effectiveness of this tactic will depend on the timing and extent of the interest rate decreases we believe are likely to occur in the more distant future.

Commitments

The Bank is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit. These instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized in the consolidated balance sheets.

The Bank's exposure to credit loss in the event of nonperformance by the other party to financial instruments for commitments to extend credit and standby letters of credit is represented by the contractual notional amount of these instruments. The Bank uses the same credit policies in making commitments to extend credit and generally uses the same credit policies for letters of credit as it does for on-balance sheet instruments.

Commitments to extend credit are legally binding agreements to lend to a customer as long as there is no violation of any condition established in the contract. Since some of these commitments are expected to expire without being drawn upon, the total commitment amount does not necessarily represent future cash requirements. Commitments generally have fixed expiration dates or other termination clauses and may require the payment of a fee. At September 30, 2006, total unfunded loan commitments were approximately $181.6 million.

Standby letters of credit are conditional commitments issued by the Bank to assure the performance or financial obligations of a customer to a third party. The credit risk involved in issuing standby letters of credit is essentially the same as that involved in extending loans to customers. The Bank generally holds collateral and/or obtains personal guarantees supporting these commitments. Since most of the letters of credit are expected to expire without being drawn upon, they do not necessarily represent future cash requirements. At September 30, 2006, commitments under standby letters of credit aggregated approximately $2.5 million.

The Company believes the likelihood of the unfunded loan commitments and unfunded letters of credit either needing to be totally funded or funded at the same time is low. However, should significant funding requirements occur, we have available borrowing capacity from various sources as discussed in the "Liquidity" section above.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market risk is the risk that a financial institution's earnings and capital, or its ability to meet its business objectives, will be adversely affected by movements in market rates or prices such as interest rates, foreign exchange rates, equity rates, equity prices, credit spreads and/or commodity prices. The Company has assessed its market risk as predominately interest rate risk.

The interest rate sensitivity as of September 30, 2006 was analyzed using simulation analysis of the Company's sensitivity to changes in net interest income under varying assumptions for changes in market interest rates. Specifically, the model derives expected interest income and interest expense resulting from a gradual and parallel shift in the yield curve. Rate changes are matched with known re-pricing intervals. The Bank uses standardized assumptions run against Bank data by an outsourced provider of Asset Liability reporting. As of September 30, 2006, this analysis indicates that the Bank would be expected to benefit in an increasing rate environment slightly less than it would be expected to be harmed by a decreasing rate environment. The results of the analysis indicate that projected annualized net interest income could be expected to increase by approximately $1.4 million in a gradual 12-month, 200 basis point interest rate increase. The analysis also indicates that a projected annualized decrease in net interest income of approximately $2.3 million could be expected from a gradual 12-month, 200 basis point interest rate decrease.

We attempt to retain interest rate neutrality by generating mostly adjustable rate loans and managing the securities, wholesale funding, and Fed Funds positions to offset the re-pricing characteristics of the deposit liabilities.

The estimates above indicate a moderate degree of long-term asset sensitivity and does not necessarily correlate to the degree that earnings would be impacted over a shorter time horizon (i.e., the current fiscal year). Further, these estimates do not take into account factors such as future balance sheet growth, changes in product mix, changes in yield curve relationships, and changing product spreads that could mitigate any adverse impact of changes in interest rates. Additionally, the net interest income simulation does not necessarily include certain actions that management may undertake to manage this risk in response to anticipated changes in interest rates.

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

The Company's Chief Executive Officer and Chief Financial Officer have evaluated the Corporation's disclosure controls and procedures as of the end of the period covered by this report. Based upon that evaluation, they have concluded that the Corporation's disclosure controls and procedures are effective in ensuring that material information related to the Company is made known to them by others within the Corporation.

(b) Changes in Internal Control Over Financial Reporting

There have been no significant changes in the Company's internal control over financial reporting during the three or nine month periods ended September 30, 2006 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1a. Risk Factors

There has not been any material change in the risk factor disclosure from that contained in the Company's 2005 Annual Report on Form 10-K for the year ended December 31, 2005.

Item 4. Submission of Matters to a Vote of Security Holders

Not applicable

Item 5. Other Information

Not applicable

Item 6. Exhibits

(a) Exhibits

Exhibit 10.1	-	Employment Agreement between Stephen J. Gilhooly, TIB Financial Corp., and TIB Bank effective September 27, 2006 *
Exhibit 10.2	-	Employment Agreement between Michael D. Carrigan, TIB Financial Corp., and TIB Bank effective March 1, 2004.
Exhibit 10.3	-	Employment Agreement between Alma Shuckhart, TIB Financial Corp., and TIB Bank effective March 1, 2004.
Exhibit 31.1	-	Chief Executive Officer's certification required under Section 302 of Sarbanes-Oxley Act of 2002
Exhibit 31.2	-	Chief Financial Officer's certification required under Section 302 of Sarbanes-Oxley Act of 2002
Exhibit 32.1	-	Chief Executive Officer's certification required under Section 906 of Sarbanes-Oxley Act of 2002
Exhibit 32.2		Chief Financial Officer's certification required under Section 906 of Sarbanes-Oxley Act of 2002

* Previously filed by the Company as an Exhibit (with the same respective Exhibit Number as indicated herein) to the Company's September 25, 2006 8-K and such document is incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TIB FINANCIAL CORP.

Date: November 8, 2006	/s/ Edward V. Lett Edward V. Lett President and Chief Executive Officer
Date: November 8, 2006	/s/ Stephen J. Gilhooly Stephen J. Gilhooly Executive Vice President and Chief Financial Officer

Exhibit 10.2

Executive Officer

EMPLOYMENT AGREEMENT

This Employment Agreement (the "Agreement") is made effective as of March 1, 2004, by and between TIB Financial Corp. (the "Holding Company"), TIB Bank of the Keys (the "Bank"), and Michael D. Carrigan (the "Executive").

WITNESSETH:

WHEREAS, the Holding Company and the Bank (collectively the "Company") desire to retain the services of and employ the Executive, and the Executive desires to provide services to the Company, pursuant to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the promises and of the covenants and agreements herein contained, the Company and the Executive covenant and agree as follows:

1. Employment. Pursuant to the terms and conditions of this Agreement, the Company agrees to employ the Executive and the Executive agrees to render services to the Company as set forth herein, all effective as of the date set forth above. Notwithstanding any other provision in this Agreement, the employment of the Executive in accordance with the terms of this Agreement shall be subject to the prior approval, as and to the extent required by law, of the applicable federal banking agencies having jurisdiction over the Holding Company and the Bank. This Agreement supercedes any prior employment agreement entered into between the Company and the Executive prior to the date hereof, and any such prior employment agreement is hereby terminated.

2. Position and Duties; Records. During the term of this Agreement, the Executive shall serve as EVP/President Monroe/Dade of the Holding Company and the Bank, and shall undertake such duties, consistent with such titles, as may be assigned to him from time to time by the President and Chief Executive Officer and/or Boards of Directors of the Holding Company and the Bank (collectively referred to as the "Board"), including serving on Board committees as appointed from time to time by the Board, and assisting in keeping the Company in compliance with applicable laws and regulations. In performing his duties pursuant to this Agreement, the Executive shall devote his full business time, energy, skill and best efforts to promote the Company and its business and affairs; provided that, subject to Sections 10, 12 and 13 of this Agreement, the Executive shall have the right to manage and pursue personal and family interests, and make passive investments in securities, real estate, and other assets, and also to participate in charitable and community activities and organizations, so long as such activities do not adversely affect the performance by Executive of his duties and obligations to the Company. Upon termination of the Executive's employment for any reason, he shall resign as a director of the Holding Company and the Bank (if he is serving in such capacity). All files, records, documents, manuals, books, forms, reports, memoranda, studies, data, calculations, recordings or correspondence, in whatever form they may exist, and all copies, abstracts and summaries of the foregoing, and all physical items related to the business of the Company, its affiliates and their respective directors and officers, whether of a public nature or not, and whether prepared by Executive or not, are and shall remain the exclusive property of the Company, and shall not be removed from their premises, except as required in the course of providing the services pursuant to this Agreement, without the prior written consent of the Company. Such items shall be promptly returned by the Executive on the termination of this Agreement or at any earlier time upon the request of the Company.

3. Term. The term of employment pursuant to this Agreement shall be for a period of three years, commencing with the date set forth in Section 1 and expiring (unless sooner terminated as otherwise provided in this Agreement or unless otherwise renewed or extended as set forth herein) on the third anniversary of this Agreement, which date, including any earlier date of termination or any extended expiration date, shall be referred to as the "Expiration Date". Subject to the provisions of Section 8 of this Agreement, the term of this Agreement and the employment of the Executive by the Company hereunder shall be deemed automatically renewed for successive periods of two years on each anniversary date of this Agreement, until the Executive receives written notice from the Company that the term of this Agreement will not be automatically renewed. In the event of the Executive's receipt of such notice from the Company that the term of this Agreement will not be renewed, the term of this Agreement shall end on the anniversary of this Agreement occurring two years after the anniversary date first occurring after the date such notice is given. As an illustration of the foregoing, if such notice were given by the Company to the Executive on a date in 2005 before the first anniversary date of this Agreement, then term of this Agreement would end on the anniversary date of this Agreement in 2007. If notice were given by the Company to the Executive on a date in 2005 after the first anniversary date of this Agreement, then the term of this Agreement would end on the anniversary date in 2008. After termination of the employment of the Executive for any reason whatsoever, the Executive shall continue to be subject to the provisions of Sections 10 through 17, inclusive, of this Agreement; provided, however, that the Executive shall not be subject to the provisions of Section 12 where the employment of the Executive is terminated pursuant to Section 8(e), or where the term of employment is not renewed pursuant to this Section 3.

4. Compensation. During the term of this Agreement, the Company shall pay or provide to the Executive as compensation for the services of the Executive set forth in Section 2 hereof:

(a) A base annual salary of $150,000 during the first year of this Agreement, such base annual salary to be subject to increase thereafter as the Board in its discretion shall determine. The foregoing base salary shall be payable in such periodic installments consistent with other employees of the Bank.

(b) An annual incentive bonus for each fiscal year (commencing with the 2004 fiscal year) as determined by the President and Chief Executive Officer, subject to review and approval by the Compensation Committee of the Board. The incentive bonus shall be prorated as determined by the Board for a partial year that occurs within the calendar year.

5. Benefits and Insurance. The Bank shall provide to the Executive such medical, health, and life insurance as well as any other benefits as the Board shall determine from time to time. At a minimum, the Executive shall be entitled to (i) participate in all employee benefit plans offered to the Bank's employees generally, and (ii) life insurance coverage (payable to such beneficiary as the Executive may designate from time to time). The Executive also shall be entitled to participate in any group disability plan maintained by the Bank, with the Bank paying to the Executive his base annual salary during any waiting period imposed by such plan for the receipt of disability benefits thereunder.

6. Vacation. The Executive may take up to four weeks of vacation time at such periods during each year as the Board and the Executive shall determine from time to time. The Executive shall be entitled to full compensation during such vacation periods.

7. Reimbursement of Expenses. The Bank shall reimburse the Executive for reasonable expenses incurred in connection with his employment hereunder subject to guidelines issued from time to time by the Board and upon submission of documentation in conformity with applicable requirements of federal income tax laws and regulations supporting reimbursement of such expenses.

8. Termination. The employment of the Executive may be terminated as follows:

(a) By the Company, by action taken by its Board or its President and Chief Executive Officer, at any time and immediately upon written notice to the Executive if said termination is for Cause. In the notice of termination furnished to the Executive under this Section 8(a), the reason or reasons for said termination shall be given and, if no reason or reasons are given for said termination, said termination shall be deemed to be without Cause and therefore termination pursuant to Section 8(f). Any one or more of the following conditions shall be deemed to be grounds for termination of the employment of the Executive for Cause under this Section 8(a):

(i) If the Executive shall fail or refuse to comply with the obligations required of him as set forth in this Agreement or comply with the policies of the Company established by the Board or its President and Chief Executive Officer from time to time; provided, however, that for the first such failure or refusal, the Executive shall be given written warning (providing at least a 10 day period for an opportunity to cure), and the second failure or refusal shall be grounds for termination for Cause;

(ii) If the Executive shall have engaged in conduct involving fraud, deceit, personal dishonesty, or breach of fiduciary duty;

(iii) If the Executive shall have violated any banking law or regulation, memorandum of understanding, cease and desist order, or other agreement with any banking agency having jurisdiction over the Company which, in the judgment of the Board or its President and Chief Executive Officer, has adversely affected, or may adversely affect, the business or reputation of the Company as determined by the Board or its President and Chief Executive Officer;

(iv) If the Executive shall have become subject to continuing intemperance in the use of alcohol or drugs which has adversely affected, or may adversely affect, the business or reputation of the Company as determined by the Board or its President and Chief Executive Officer;

(v) If the Executive shall have filed, or had filed against him, any petition under the federal bankruptcy laws or any state insolvency laws; or

(vi) If any banking authority having supervisory jurisdiction over the Holding Company or the Bank initiates any proceedings for removal of the Executive.

In the event of termination for Cause, the Company shall pay the Executive only salary and vacation amounts accrued and unpaid as of the effective date of termination.

(b) By the Executive upon the lapse of 30 days following written notice by the Executive to the Company of termination of his employment hereunder for Good Reason (as defined below), which notice shall reasonably describe the Good Reason for which the Executive's employment is being terminated; *provided*, *however*, that if the Good Reason specified in such notice is such that there is a reasonable prospect that it can be cured with diligent effort within 30 days, the Company shall have the opportunity to cure such Good Reason, for a period not to exceed 30 days from the date of such notice, and the Executive's employment shall continue in effect during such time so long as the Company makes diligent efforts during such time to cure such Good Reason. If such Good Reason shall be cured by the Company during such time, the Executive's employment and the obligations of the Company hereunder shall not terminate as a result of the notice which has been given with respect to such Good Reason. Cure of any Good Reason with or without notice from the Executive shall not relieve the Company from any obligations to the Executive under this Agreement or otherwise and shall not affect the Executive's rights upon the reoccurrence of the same, or the occurrence of any other, Good Reason. For purposes of this Agreement, the term "Good Reason" shall mean (i) any material breach by the Company of any provision of this Agreement, or (ii) any significant reduction (not pertaining to job performance issues), in the duties, responsibilities, authority or title of the Executive as an officer of the Company.

If the Executive's employment is terminated by the Executive for Good Reason, the Company shall (i) for a period of two years thereafter, continue to pay to the Executive the base annual salary in effect under Section 4(a) on the date of said termination (or, if greater, the highest annual salary in effect for the Executive within the 36 month period prior to said termination) plus an annual amount equal to any bonus paid by the Company to the Executive during the 12 month period prior to said termination, such salary and bonus to be payable in such periodic installments (and not as a lump sum payment) consistent with the payroll periods for the Company's payments to its other employees; and (ii) for a period of 18 months, pay directly or reimburse the Executive for continued coverage in accordance with the Consolidated Omnibus Budget Reconciliation Act under the Bank's medical insurance plan.

(c) By the Executive upon the lapse of 45 days following written notice by the Executive to the, Company of his resignation from the Company for other than Good Reason; *provided*, *however*, that the Company, in its discretion, may cause such termination to be effective at any time during such 45-day period. If the Executive's employment is terminated because of the Executive's resignation, the Company shall be obligated to pay to the Executive any salary and vacation amounts accrued and unpaid as of the effective date of such resignation.

(d) If the Executive's employment is terminated by the death of the Executive, this Agreement shall automatically terminate, and the Company shall be obligated to pay to the Executive's estate any salary, vacation, and bonus amounts accrued and unpaid at the date of death. If the Executive is disabled (as such term is defined in the disability insurance plan maintained by the Company), then the Company shall have the right to terminate the Executive's employment, in which case the Company shall be obligated to pay to the Executive (i) any salary, vacation and bonus amounts accrued and unpaid at the date of such termination of employment, and (ii) continued salary payments (not to exceed 30 days) until the Executive is eligible to receive payments under the Company's disability insurance plan.

(e) If after a Change of Control, the Executive's employment is terminated, his duties are materially reduced, his base salary is reduced, his employment is relocated more than 50 miles from the Bank's main office or his participation in any employee benefit plan is materially reduced or adversely affected, and the Executive does not consent to such change, then the Executive shall be entitled to receive promptly thereafter in a lump sum payment an amount equal to two times the average base annual salary received by the Executive during the three year period prior to such termination. Any termination by the Executive pursuant to this Section 8 (e) shall be in lieu of any other termination benefits that the Executive would have otherwise received under any other provision of this Section 8. For purposes of this Agreement, a Change of Control shall mean a merger in which the Holding Company is not the surviving entity, the acquisition of the Bank by means of a merger, consolidation or purchase of 80%

or more of its outstanding shares, or the acquisition by any individual or group of beneficial ownership of more than 50% of the outstanding shares of Holding Company common stock. The term "group" and the concept of beneficial ownership shall have such meanings ascribed thereto as set forth in the Securities Exchange Act of 1934, as amended (the "1934 Act"), and the regulations and rules thereunder.

(f) By the Company, by action taken by its Board or its President and Chief Executive Officer, at any time if said termination is without Cause. If the Executive's employment is terminated by the Company without Cause, the Company shall (i) for a period of two years thereafter, continue to pay to the Executive the base annual salary in effect under Section 4(a) on the date of said termination (or, if greater, the highest annual salary in effect for the Executive within the 36 month period prior to said termination) plus an annual amount equal to any bonus paid by the Company to the Executive during the 12 month period prior to said termination, such salary and bonus to be payable in such periodic installments (and not as a lump sum payment) consistent with the payroll periods for the Company's payments to its other employees; and (ii) for a period of 18 months, reimburse the Executive for continued coverage in accordance with the Consolidated Omnibus Budget Reconciliation Act under the Bank's medical insurance plan.

(g) Excise Tax. In the event that any consideration or other amount paid or payable to Executive hereunder as well as any other agreements between the Executive and the Company constitutes or is deemed to be an "excess parachute payment" within the meaning of Section 280G(b) of the Internal Revenue Code of 1986 (or any other amended or successor provision) that is subject to the tax imposed pursuant to Section 4999 of the Internal Revenue Code of 1986 (or any other amended or successor provisions) ("Excise Tax"), the Company shall pay to Executive an amount ("Gross-Up Amount") that, after reduction of the amount of such Gross-Up Amount for all federal, state and local tax to which the Gross-Up Amount is subject (including the Excise Tax to which the Gross-Up Amount is subject) is equal to the amount of the Excise Tax to which such amount constituting an excess parachute payment is subject. For purposes of determining the amount of any Gross-Up Amount, Executive shall be deemed to pay federal income taxes at the highest marginal rate of federal income taxation in the calendar year in which the Gross-Up Amount is to be made and state and local income taxes at the highest marginal rate of taxation in the state and locality of residence of Employee on the date the excess parachute payment is made, net of the maximum reduction in federal income taxes that could be obtained from the deduction of such state and local taxes.

9. Notice. All notices permitted or required to be given to either party under this Agreement shall be in writing and shall be deemed to have been given (a) in the case of delivery, when addressed to the other party as set forth at the end of this Agreement and delivered to said address, (b) in the case of mailing, three days after the same has been mailed by certified mail, return receipt requested, and deposited postage prepaid in the U.S. Mails, addressed to the other party at the address as set forth at the end of this Agreement, and (c) in any other case, when actually received by the other party. Either party may change the address at which said notice is to be given by delivering notice of such to the other party to this Agreement in the manner set forth herein.

10. Confidential Matters. The Executive is aware and acknowledges that the Executive shall have access to confidential information by virtue of his employment. The Executive agrees that, during the period of time the Executive is retained to provide services to the Company, and thereafter subsequent to the termination of Executive's services to the Company for any reason whatsoever, the Executive will not release or divulge any confidential information whatsoever relating to the Company or its business, to any other person or entity without the prior written consent of the Company. Confidential information does not include information that is available to the public or which becomes available to the public other than through a breach of this Agreement on the part of the Executive. Also, the Executive shall not be precluded from disclosing confidential information in furtherance of the performance of his services to the Company or to the extent required by any legal proceeding.

11. Injunction Without Bond. In the event there is a breach or threatened breach by the Executive of the provisions of Sections 10, 12, or 13, the Company shall be entitled to an injunction without bond to restrain such breach or threatened breach, and the prevailing party in any such proceeding will be entitled to reimbursement for all costs and expenses, including reasonable attorneys' fees in connection therewith. Nothing herein shall be construed as prohibiting the Company from pursuing such other remedies available to it for any such breach or threatened breach including recovery of damages from the Executive.

12. Noncompetition. The Executive agrees that during the period of time the Executive is retained to provide services to the Company, and thereafter for a period of two years subsequent to the termination of Executive's services to the Company for any reason whatsoever (except where the employment of the Executive is terminated pursuant to Section 8(e), or where the term of employment is not renewed pursuant to Section 3), Executive will not enter the employ of, or have any interest in, directly or indirectly (either as executive, partner, director, officer, consultant, principal, agent or employee), any other bank or financial institution or any entity which either accepts deposits or makes loans (whether presently existing or subsequently established) and which has an office located within a radius of 50 miles of any office of the Bank (a "Competitive Activity"); *provided, however*, that the foregoing shall not preclude any ownership by the Executive of an amount not to exceed 5% of the equity securities of any entity which is subject to the periodic reporting requirements of the 1934 Act and the shares of Company common stock owned by the Executive at the time of termination of employment. Notwithstanding any other provision in this Agreement, if the Executive is receiving severance payments from the Company pursuant to Sections 8(b) or (f), then the Executive shall not be entitled to receive any such severance payments which are after two years subsequent to the termination of the Executive's services to the Company if the Executive following such two-year period engages in any Competitive Activity.

13. Nonsolicitation; Noninterference; Nondisparagement. The Executive agrees that during the period of time the Executive is retained to provide services to the Company, and thereafter for a period of two years subsequent to the termination of Executive's services to the Company for any reason whatsoever, the Executive will not (a) solicit for employment by Executive, or anyone else, or employ any employee of the Company or any person who was an employee of the Company within 12 months prior to such solicitation of employment; (b) induce, or attempt to induce, any employee of the Company to terminate such employee's employment; (c) induce, or attempt to induce, anyone having a business relationship with the Company to terminate or curtail such relationship or, on behalf of himself or anyone else, to compete with the Company; or (d) permit anyone controlled by the Executive, or any person acting on behalf of the Executive or anyone controlled by an employee of the Executive to do any of the foregoing. The Executive also agrees that during the term of this Agreement and thereafter, the Executive will not disparage, denigrate or comment negatively upon, either orally or in writing, the Company, any of its affiliates, or any of their respective officers or directors, to or in the presence of any person or entity, unless compelled to act by subpoena or other legal mandate.

14. Remedies. The Executive agrees that the restrictions set forth in this Agreement are fair and reasonable. The covenants set forth in this Agreement are not dependent covenants and any claim against the Company, whether arising out of this Agreement or any other agreement or contract between the Company and Executive, shall not be a defense to a claim against Executive for a breach or alleged breach of any of the covenants of Executive contained in this Agreement. It is expressly understood by and between the parties hereto that the covenants contained in this Agreement shall be deemed to be a series of separate covenants. The Executive understands and agrees that if any of the separate covenants are judicially held invalid or unenforceable, such holding shall not release him from his obligations under the remaining covenants of this Agreement. If in any judicial proceedings, a court shall refuse to enforce any or all of the separate covenants because taken together they are more extensive (whether as to geographic area, duration, scope of business or otherwise) than necessary to protect the business and goodwill of the Bank, it is expressly understood and agreed between the parties hereto that those separate covenants which, if eliminated or restricted, would permit the remaining separate covenants or the

restricted separate covenant to be enforced in such proceeding shall, for the purposes of such proceeding, be eliminated from the provisions of this Agreement or restriction, as the case may be.

15. Invalid Provision. In the event any provision should be or become invalid or unenforceable, such facts shall not affect the validity and enforceability of any other provision of this Agreement. Similarly, if the scope of any restriction or covenant contained herein should be or become too broad or extensive to permit enforcement thereof to its full extent, then any such restriction or covenant shall be enforced to the maximum extent permitted by law, and Executive hereby consents and agrees that the scope of any such restriction or covenant may be modified accordingly in any judicial proceeding brought to enforce such restriction or covenant.

16. Governing Law. This Agreement shall be construed in accordance with and shall be governed by the laws of the State of Florida.

17. Arbitration. Except for injunctive relief as provided in Section 11 above, all disputes between the parties hereto concerning the performance, breach, construction or interpretation of this Agreement, or in any manner arising out of this Agreement, shall be submitted to binding arbitration in accordance with the rules of the American Arbitration Association, which arbitration shall be carried out in the manner set forth below:

(a) Within fifteen (15) days after written notice by one party to the other party of its demand for arbitration, which demand shall set forth the name and address of its designated arbitrator, the other party shall select its designated arbitrator and so notify the demanding party. Within fifteen (15) days thereafter, the two arbitrators so selected shall select the third arbitrator. The dispute shall be heard by the arbitrators within sixty (60) days after selection of the third arbitrator. The decision of any two arbitrators shall be binding upon the parties. Should any party or arbitrator fail to make a selection, the American Arbitration Association shall designate such arbitrator upon the application of either party. The decision of the arbitrators shall be final and binding upon the Company, its successors and assigns, and upon Executive, his successors and representatives, as the case may be.

(b) Unless the Parties agree otherwise, the arbitration proceedings shall take place in the city where the headquarters of the Holding Company is located, and the judgment and determination of such proceedings shall be binding on all parties thereto. Judgment upon any award rendered by the arbitrators may be entered into any court having competent jurisdiction without any right of appeal.

(c) Each party shall bear its or his own expenses of arbitration, and the expenses of the arbitrators and the arbitration proceeding shall be shared equally. However, if in the opinion of a majority of the arbitrators, any claim or defense was unreasonable, the arbitrators may assess, as part of their award, all or any part of the arbitration expenses of the other party (including reasonable attorneys' fees) and of the arbitrators and the arbitration proceeding against the party raising such unreasonable claim or defense.

18. Binding Effect. This Agreement shall be binding on and inure to the benefit of the parties hereto and their respective successors and legal representatives and beneficiaries.

19. Effect on Other Agreements. This Agreement and the termination thereof shall not affect any other agreement between the Executive and the Company, and the receipt by the Executive of benefits thereunder.

20. Miscellaneous. The rights and duties of the parties hereunder are personal and may not be assigned or delegated without the prior written consent of the other party to this Agreement. The captions used herein are solely for the convenience of the parties and are not used in construing this Agreement. Time is of the essence of this Agreement and the performance by each party of its or his duties and obligations hereunder.

21. Complete Agreement. This Agreement constitutes the complete agreement between the parties hereto with respect to the subject matter hereof and incorporates all prior discussions, agreements and representations made in regard to the matters set forth herein. This Agreement may not be amended, modified or changed except by a writing signed by the party to be charged by said amendment, change or modification.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

TIB FINANCIAL CORP.

By: /s/ Edward V. Lett
Edward V. Lett
President and Chief Executive Officer

TIB BANK OF THE KEYS

By: /s/ Edward V. Lett
Edward V. Lett
President and Chief Executive Officer

"EXECUTIVE"

By:/s/ Michael D. Carrigan
Michael D. Carrigan, individually

Exhibit 10.3

Senior Officer

EMPLOYMENT AGREEMENT

This Employment Agreement (the "Agreement") is made effective as of March 1, 2004, by and between TIB Financial Corp. (the "Holding Company"), TIB Bank of the Keys (the "Bank"), and Alma Shuckhart (the "Executive").

WITNESSETH:

WHEREAS, the Holding Company and the Bank (collectively the "Company") desire to retain the services of and employ the Executive, and the Executive desires to provide services to the Company, pursuant to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the promises and of the covenants and agreements herein contained, the Company and the Executive covenant and agree as follows:

1. Employment. Pursuant to the terms and conditions of this Agreement, the Company agrees to employ the Executive and the Executive agrees to render services to the Company as set forth herein, all effective as of the date set forth above. Notwithstanding any other provision in this Agreement, the employment of the Executive in accordance with the terms of this Agreement shall be subject to the prior approval, as and to the extent required by law, of the applicable federal banking agencies having jurisdiction over the Holding Company and the Bank. This Agreement supercedes any prior employment agreement entered into between the Company and the Executive prior to the date hereof, and any such prior employment agreement is hereby terminated.

2. Position and Duties; Records. During the term of this Agreement, the Executive shall serve as Executive Vice President & chief Credit Officer of the Holding Company and the Bank, and shall undertake such duties, consistent with such titles, as may be assigned to him from time to time by the President and Chief Executive Officer and/or Boards of Directors of the Holding Company and the Bank (collectively referred to as the "Board"), including serving on Board committees as appointed from time to time by the Board, and assisting in keeping the Company in compliance with applicable laws and regulations. In performing his duties pursuant to this Agreement, the Executive shall devote his full business time, energy, skill and best efforts to promote the Company and its business and affairs; provided that, subject to Sections 10, 12 and 13 of this Agreement, the Executive shall have the right to manage and pursue personal and family interests, and make passive investments in securities, real estate, and other assets, and also to participate in charitable and community activities and organizations, so long as such activities do not adversely affect the performance by Executive of his duties and obligations to the Company. Upon termination of the Executive's employment for any reason, he shall resign as a director of the Holding Company and the Bank (if he is then serving in such capacity). All files, records, documents, manuals, books, forms, reports, memoranda, studies, data, calculations, recordings or correspondence, in whatever form they may exist, and all copies, abstracts and summaries of the foregoing, and all physical items related to the business of the Company, its affiliates and their respective directors and officers, whether of a public nature or not, and whether prepared by Executive or not, are and shall remain the exclusive property of the Company, and shall not be removed from their premises, except as required in the course of providing the services pursuant to this Agreement, without the prior written consent of the Company. Such items shall be promptly returned by the Executive on the termination of this Agreement or at any earlier time upon the request of the Company.

3. Term. The initial term of employment pursuant to this Agreement shall be for a period of three years, commencing with the date set forth in Section 1 and expiring (unless sooner terminated as otherwise provided in this Agreement or unless otherwise renewed or extended as set forth herein) on the third anniversary of this Agreement, which date, including any earlier date of termination or any extended expiration date, shall be referred to as the "Expiration Date". Subject to the provisions of Section 8 of this Agreement, the term of this Agreement and the employment of the Executive by the Company hereunder shall be deemed automatically renewed for successive periods of one year each commencing on the third anniversary date of this Agreement and on each anniversary date thereafter, unless either party gives the other written notice, at least 180 days prior to the end of the then term of the Agreement, that such party does not desire to renew this Agreement. After termination of the employment of the Executive for any reason whatsoever, the Executive shall continue to be subject to the provisions of Sections 10 through 17, inclusive, of this Agreement; *provided, however*, that the Executive shall not be subject to the provisions of Section 12 where the employment of the Executive is terminated pursuant to Section 8(e), or where the term of employment is not renewed pursuant to this Section 3.

4. Compensation. During the term of this Agreement, the Company shall pay or provide to the Executive as compensation for the services of the Executive set forth in Section 2 hereof:

(a) A base annual salary of $160,000 during the first year of this Agreement, such base annual salary to be subject to increase thereafter as the Board in its discretion shall determine. The foregoing base salary shall be payable in such periodic installments consistent with other employees of the Bank.

(b) Such annual incentive bonuses as may be established by the President and Chief Executive Officer from time to time.

5. Benefits and Insurance. The Bank shall provide to the Executive such medical, health, and life insurance as well as any other benefits as the Board shall determine from time to time. At a minimum, the Executive shall be entitled to (i) participate in all employee benefit plans offered to the Bank's employees generally, and (ii) life insurance coverage (payable to such beneficiary as the Executive may designate from time to time). The Executive also shall be entitled to participate in any group disability plan maintained by the Bank, with the Bank paying to the Executive his base annual salary during any waiting period imposed by such plan for the receipt of disability benefits thereunder.

6. Vacation. The Executive may take up to four weeks of vacation time at such periods during each year as the Board and the Executive shall determine from time to time. The Executive shall be entitled to full compensation during such vacation periods.

7. Reimbursement of Expenses. The Bank shall reimburse the Executive for reasonable expenses incurred in connection with his employment hereunder subject to guidelines issued from time to time by the Board and upon submission of documentation in conformity with applicable requirements of federal income tax laws and regulations supporting reimbursement of such expenses.

8. Termination. The employment of the Executive may be terminated as follows:

(a) By the Company, by action taken by its Board or its President and Chief Executive Officer, at any time and immediately upon written notice to the Executive if said termination is for Cause. In the notice of termination furnished to the Executive under this Section 8(a), the reason or reasons for said termination shall be given and, if no reason or reasons are given for said termination, said termination shall be deemed to be without Cause and therefore termination pursuant to Section 8(f). Any one or more of the following conditions shall be deemed to be grounds for termination of the employment of the Executive for Cause under this Section 8(a):

(i) If the Executive shall fail or refuse to comply with the obligations required of him as set forth in this Agreement or comply with the policies of the Company established by the Board or its President and Chief Executive Officer from time to time; provided, however, that for the first such failure or refusal, the Executive shall be given written warning (providing at least a 10 day period for an opportunity to cure), and the second failure or refusal shall be grounds for termination for Cause;

(ii) If the Executive shall have engaged in conduct involving fraud, deceit, personal dishonesty, or breach of fiduciary duty;

(iii) If the Executive shall have violated any banking law or regulation, memorandum of understanding, cease and desist order, or other agreement with any banking agency having jurisdiction over the Company which, in the judgment of the Board or its President and Chief Executive Officer, has adversely affected, or may adversely affect, the business or reputation of the Company as determined by the Board or its President and Chief Executive Officer;

(iv) If the Executive shall have become subject to continuing intemperance in the use of alcohol or drugs which has adversely affected, or may adversely affect, the business or reputation of the Company as determined by the Board or its President and Chief Executive Officer;

(v) If the Executive shall have filed, or had filed against him, any petition under the federal bankruptcy laws or any state insolvency laws; or

(vi) If any banking authority having supervisory jurisdiction over the Holding Company or the Bank initiates any proceedings for removal of the Executive.

In the event of termination for Cause, the Company shall pay the Executive only salary and vacation amounts accrued and unpaid as of the effective date of termination.

(b) By the Executive upon the lapse of 30 days following written notice by the Executive to the Company of termination of his employment hereunder for Good Reason (as defined below), which notice shall reasonably describe the Good Reason for which the Executive's employment is being terminated; provided, however, that if the Good Reason specified in such notice is such that there is a reasonable prospect that it can be cured with diligent effort within 30 days, the Company shall have the opportunity to cure such Good Reason, for a period not to exceed 30 days from the date of such notice, and the Executive's employment shall continue in effect during such time so long as the Company makes diligent efforts during such time to cure such Good Reason. If such Good Reason shall be cured by the Company during such time, the Executive's employment and the obligations of the Company hereunder shall not terminate as a result of the notice which has been given with respect to such Good Reason. Cure of any Good Reason with or without notice from the Executive shall not relieve the Company from any obligations to the Executive under this Agreement or otherwise and shall not affect the Executive's rights upon the reoccurrence of the same, or the occurrence of any other, Good Reason. For purposes of this Agreement, the term "Good Reason" shall mean (i) any material breach by the Company of any provision of this Agreement, or (ii) any significant reduction (not pertaining to job performance issues), in the duties, responsibilities, authority or title of the Executive as an officer of the Company.

If the Executive's employment is terminated by the Executive for Good Reason, the Company shall for a period of 12 months thereafter (i) continue to pay to the Executive the base annual salary in effect under Section 4(a) on the date of said termination (or, if greater, the highest annual salary in effect for the Executive within the 36 month period prior to said termination) plus an annual amount equal to any bonus paid by the Company to the Executive during the 12 month period prior to said termination, such salary and bonus to be payable in such periodic installments (and not as a lump sum payment) consistent with the payroll periods for the Company's payments to its other employees; and (ii) pay directly or reimburse the Executive for continued coverage in accordance with the Consolidated Omnibus Budget Reconciliation Act under the Bank's medical insurance plan.

(c) By the Executive upon the lapse of 45 days following written notice by the Executive to the Company of his resignation from the Company for other than Good Reason; provided, however, that the Company, in its discretion, may cause such termination to be effective at any time during such 45 -day period. If the Executive's employment is terminated because of the Executive's resignation, the Company shall be obligated to pay to the Executive any salary and vacation amounts accrued and unpaid as of the effective date of such resignation.

(d) If the Executive’s employment is terminated by the death of the Executive, this Agreement shall automatically terminate, and the Company shall be obligated to pay to the Executive's estate any salary, vacation, and bonus amounts accrued and unpaid at the date of death. If the Executive is disabled (as such term is defined in the disability insurance plan maintained by the Company), then the Company shall have the right to terminate the Executive’s employment, in which case the Company shall be obligated to pay to the Executive (i) any salary, vacation and bonus amounts accrued and unpaid at the date of such termination of employment, and (ii) continued salary payments (not to exceed 30 days) until the Executive is eligible to receive payments under the Company's disability insurance plan.

(e) If after a Change of Control, the Executive's employment is terminated, his duties are materially reduced, his base salary is reduced, his employment is relocated more than 50 miles from his residence or his participation in any employee benefit plan is materially reduced or adversely affected, and the Executive does not consent to such change, then the Executive shall be entitled to receive promptly thereafter in a lump sum payment an amount equal to two times the average base annual salary received by the Executive during the three year period prior to such termination. Any termination by the Executive pursuant to this Section 8(e) shall be in lieu of any other termination benefits that the Executive would have otherwise received under any other provision of this Section 8. For purposes of this Agreement, a Change of Control shall mean a merger in which the Holding Company is not the surviving entity, the acquisition of the Bank by means of a merger, consolidation or purchase of 80% or more of its outstanding shares, or the acquisition by any individual or group of beneficial ownership of more than 50% of the outstanding shares of Holding Company common stock. The term "group" and the concept of beneficial ownership shall have such meanings ascribed thereto as set forth in the Securities Exchange Act of 1934, as amended (the "1934 Act"), and the regulations and rules thereunder.

(f) By the Company, by action taken by its Board or its President and Chief Executive Officer, at any time if said termination is without Cause. If the Executive's employment is terminated by the Company without Cause, the Company shall for a period of 12 months thereafter, (i) continue to pay to the Executive the base annual salary in effect under Section 4(a) on the date of said termination (or, if greater, the highest annual salary in effect for the Executive within the 36 month period prior to said termination) plus an annual amount equal to any bonus paid by the Company to the Executive during the 12 month period prior to said termination, such salary and bonus to be payable in such periodic installments (and not as a lump sum payment) consistent with the payroll periods for the Company's payments to its other employees; and (ii) reimburse the Executive for continued coverage in accordance with the Consolidated Omnibus Budget Reconciliation Act under the Bank's medical insurance plan.

(g) Excise Tax. In the event that any consideration or other amount paid or payable to Executive hereunder as well as any other agreements between the Executive and the Company constitutes or is deemed to be an "excess parachute payment" within the meaning of Section 280G(b) of the Internal Revenue Code of 1986 (or any other amended or successor provision) that is subject to the tax imposed pursuant to Section 4999 of the Internal Revenue Code of 1986 (or any other amended or successor provisions) ("Excise Tax"), the Company shall pay to Executive an amount ("Gross-Up Amount") that, after reduction of the amount of such Gross-Up Amount for all federal, state and local tax to which the Gross-Up Amount is subject (including the Excise Tax to which the Gross-Up Amount is subject) is equal to the amount of the Excise Tax to which such amount constituting an excess parachute payment is subject. For purposes of determining the amount of any Gross-Up Amount, Executive shall be deemed to pay federal income taxes at the highest marginal rate of federal income taxation in the calendar year in which the Gross-Up Amount is to be made and state and local income taxes at the highest marginal rate of taxation in the state and locality of residence of Employee on the date the excess parachute payment is made, net of the maximum reduction in federal income taxes that could be obtained from the deduction of such state and local taxes.

9. Notice. All notices permitted or required to be given to either party under this Agreement shall be in writing and shall be deemed to have been given (a) in the case of delivery, when addressed to the other party as set forth at the end of this Agreement and delivered to said address, (b) in the case of mailing, three days after the same has been mailed by certified mail, return receipt requested, and deposited postage prepaid in the U.S. Mails, addressed to the other party at the address as set forth at the end of this Agreement, and (c) in any other case, when actually received by the other party. Either party may change the address at which said notice is to be given by delivering notice of such to the other party to this Agreement in the manner set forth herein.

10. Confidential Matters. The Executive is aware and acknowledges that the Executive shall have access to confidential information by virtue of his employment. The Executive agrees that, during the period of time the Executive is retained to provide services to the Company, and thereafter subsequent to the termination of Executive's services to the Company for any reason whatsoever, the Executive will not release or divulge any confidential information whatsoever relating to the Company or its business, to any other person or entity without the prior written consent of the Company. Confidential information does not include information that is available to the public or which becomes available to the public other than through a breach of this Agreement on the part of the Executive. Also, the Executive shall not be precluded from disclosing confidential information in furtherance of the performance of his services to the Company or to the extent required by any legal proceeding.

11. Injunction Without Bond. In the event there is a breach or threatened breach by the Executive of the provisions of Sections 10, 12, or 13, the Company shall be entitled to an injunction without bond to restrain such breach or threatened breach, and the prevailing party in any such proceeding will be entitled to reimbursement for all costs and expenses, including reasonable attorneys' fees in connection therewith. Nothing herein shall be construed as prohibiting the Company from pursuing such other remedies available to it for any such breach or threatened breach including recovery of damages from the Executive.

12. Noncompetition. The Executive agrees that during the period of time the Executive is retained to provide services to the Company, and thereafter for a period of one year subsequent to the termination of Executive's services to the Company for any reason whatsoever (except where the employment of the Executive is terminated pursuant to Section 8(e), or where the term of employment is not renewed pursuant to Section 3), Executive will not enter the employ of, or have any interest in, directly or indirectly (either as executive, partner, director, officer, consultant, principal, agent or employee), any other bank or financial institution or any entity which either accepts deposits or makes loans (whether presently existing or subsequently established) and which has an office located within a radius of 50 miles of any office of the Bank (a "Competitive Activity"); *provided, however*, that the foregoing shall not preclude any ownership by the Executive of an amount not to exceed 5% of the equity securities of any entity which is subject to the periodic reporting requirements of the 1934 Act and the shares of Company common stock owned by the Executive at the time of termination of employment. Notwithstanding any other provision in this Agreement, if the Executive is receiving severance payments from the Company pursuant to Sections 8(b) or (f), then the Executive shall not be entitled to receive any such severance payments which are after one year subsequent to the termination of the Executive's services to the Company if the Executive following such one-year period engages in any Competitive Activity.

13. Nonsolicitation; Noninterference; Nondisparagement. The Executive agrees that during the period of time the Executive is retained to provide services to the Company, and thereafter for a period of one year subsequent to the termination of Executive's services to the Company for any reason whatsoever, the Executive will not (a) solicit for employment by Executive, or anyone else, or employ any employee of the Company or any person who was an employee of the Company within 12 months prior to such solicitation of employment; (b) induce, or attempt to induce, any employee of the Company to terminate such employee's employment; (c) induce, or attempt to induce, anyone having a business relationship with the Company to terminate or curtail such relationship or, on behalf of himself or anyone else, to compete with the Company; or (d) permit anyone controlled by the Executive, or any person acting on behalf of the Executive or anyone controlled by an employee of the Executive to do any of the foregoing. The Executive .also agrees that during the term of this Agreement and thereafter, the Executive will not disparage, denigrate or comment negatively upon, either orally or in writing, the Company, any of its affiliates, or any of their respective officers or directors, to or in the presence of any person or entity, unless compelled to act by subpoena or other legal mandate.

14. Remedies. The Executive agrees that the restrictions set forth in this Agreement are fair and reasonable. The covenants set forth in this Agreement are not dependent covenants and any claim against the Company, whether arising out of this Agreement or any other agreement or contract between the Company and Executive, shall not be a defense to a claim against Executive for a breach or alleged breach of any of the covenants of Executive contained in this Agreement. It is expressly understood by and between the parties hereto that the covenants contained in this Agreement shall be deemed to be a series of separate covenants. The Executive understands and agrees that if any of the separate covenants are judicially held invalid or unenforceable, such holding shall not release him from his obligations under the remaining covenants of this Agreement. If in any judicial proceedings, a court shall refuse to enforce any or all of the separate covenants because taken together they are more extensive (whether as to geographic area, duration, scope of business or otherwise) than necessary to protect the business and goodwill of the Bank, it is expressly understood and agreed between the parties hereto that those separate covenants which, if eliminated or restricted, would permit the remaining separate covenants or the restricted separate covenant to be enforced in such proceeding shall, for the purposes of such proceeding, be eliminated from the provisions of this Agreement or restriction, as the case may be.

15. Invalid Provision. In the event any provision should be or become invalid or unenforceable, such facts shall not affect the validity and enforceability of any other

provision of this Agreement. Similarly, if the scope of any restriction or covenant contained herein should be or become too broad or extensive to permit enforcement thereof to its full extent, then any such restriction or covenant shall be enforced to the maximum extent permitted by law, and Executive hereby consents and agrees that the scope of any such restriction or covenant may be modified accordingly in any judicial proceeding brought to enforce such restriction or covenant.

16. Governing Law. This Agreement shall be construed in accordance with and shall be governed by the laws of the State of Florida.

17. Arbitration. Except for injunctive relief as provided in Section 11 above, all disputes between the parties hereto concerning the performance, breach, construction or interpretation of this Agreement, or in any manner arising out of this Agreement, shall be submitted to binding arbitration in accordance with the rules of the American Arbitration Association, which arbitration shall be carried out in the manner set forth below:

(a) Within fifteen (15) days after written notice by one party to the other party of its demand for arbitration, which demand shall set forth the name and address of its designated arbitrator, the other party shall select its designated arbitrator and so notify the demanding party. Within fifteen (15) days thereafter, the two arbitrators so selected shall select the third arbitrator. The dispute shall be heard by the arbitrators within sixty (60) days after selection of the third arbitrator. The decision of any two arbitrators shall be binding upon the parties. Should any party or arbitrator fail to make a selection, the American Arbitration Association shall designate such arbitrator upon the application of either party. The decision of the arbitrators shall be final and binding upon the Company, its successors and assigns, and upon Executive, his successors and representatives, as the case may be.

(b) Unless the Parties agree otherwise, the arbitration proceedings shall take place in the city where the headquarters of the Holding Company is located, and the judgment and determination of such proceedings shall be binding on all parties thereto. Judgment upon any award rendered by the arbitrators may be entered into any court having competent jurisdiction without any right of appeal.

(c) Each party shall bear its or his own expenses of arbitration, and the expenses of the arbitrators and the arbitration proceeding shall be shared equally. However, if in the opinion of a majority of the arbitrators, any claim or defense was unreasonable, the arbitrators may assess, as part of their award, all or any part of the arbitration expenses of the other party (including reasonable attorneys' fees) and of the arbitrators and the arbitration proceeding against the party raising such unreasonable claim or defense.

18. Binding Effect. This Agreement shall be binding on and inure to the benefit of the parties hereto and their respective successors and legal representatives and beneficiaries.

19. Effect on Other Agreements. This Agreement and the termination thereof shall not affect any other agreement between the Executive and the Company, and the receipt by the Executive of benefits thereunder.

20. Miscellaneous. The rights and duties of the parties hereunder are personal and may not be assigned or delegated without the prior written consent of the other party to this Agreement. The captions used herein are solely for the convenience of the parties and are not used in construing this Agreement. Time is of the essence of this Agreement and the performance by each party of its or his duties and obligations hereunder.

21. Complete Agreement. This Agreement constitutes the complete agreement between the parties hereto with respect to the subject matter hereof and incorporates all prior discussions, agreements and representations made in regard to the matters set forth herein. This Agreement may not be amended, modified or changed except by a writing signed by the party to be charged by said amendment, change or modification.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

TIB FINANCIAL CORP.

By: /s/ Edward V. Lett
Edward V. Lett
President and Chief Executive Officer

TIB BANK OF THE KEYS

By: /s/ Edward V. Lett
Edward V. Lett
President and Chief Executive Officer

"EXECUTIVE"

By:/s/ Alma Shuckhart
Alma Shuckhart, individually

Exhibit 31.1

CERTIFICATIONS

I, Edward V. Lett, President and CEO, certify that:

1. I have reviewed this quarterly report on Form 10-Q of TIB Financial Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-(e)), and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting.

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: November 8, 2006

/s/ Edward V. Lett

Edward V. Lett
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Stephen J. Gilhooly, Executive Vice President and CFO, certify that:

1. I have reviewed this quarterly report on Form 10-Q of TIB Financial Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-(e)), and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting.

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: November 8, 2006

/s/ Stephen J. Gilhooly

Stephen J. Gilhooly
Executive Vice President and Chief Financial Officer

Exhibit 32.1

Chief Executive Officer's Certification required under Section 906 of Sarbanes-Oxley Act of 2002

In connection with the quarterly report of TIB Financial Corp. (the "Company") on Form 10-Q for the period ended September 30, 2006, as filed with the Securities and Exchange Commission (the "Report"), I, Edward V. Lett, President and Chief Executive Officer of the Company, certify pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that this Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that, to my knowledge, the information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Date: November 8, 2006

/s/ Edward V. Lett

Edward V. Lett
President and Chief Executive Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to TIB Financial Corp. and will be retained by TIB Financial Corp. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

Chief Financial Officer's Certification required under Section 906 of Sarbanes-Oxley Act of 2002

In connection with the quarterly report of TIB Financial Corp. (the "Company") on Form 10-Q for the period ended September 30, 2006, as filed with the Securities and Exchange Commission (the "Report"), I, Stephen J. Gilhooly, Executive Vice President and Chief Financial Officer of the Company, certify pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that this Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that, to my knowledge, the information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Date: November 8, 2006

/s/ Stephen J. Gilhooly

Stephen J. Gilhooly
Executive Vice President and Chief Financial Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to TIB Financial Corp. and will be retained by TIB Financial Corp. and furnished to the Securities and Exchange Commission or its staff upon request.