

August 9, 2006



Dear Shareholder:

We are pleased to report the results of operations for our second quarter ended June 30, 2006. Based on the growth that we have experienced during the second quarter and first half of the year, we believe that we are in a good position for sustaining growth in key areas over the remainder of 2006.

For the quarter ended June 30, 2006, total loans outstanding were \$43.4 million, increasing \$8.0 million, or 23%, from March 31, 2006, and \$17.7 million, or 69%, from December 31, 2005. Total deposits as of June 30, 2006 were \$39.9 million, increasing approximately \$966,000, or 2%, from March 31, 2006, and \$23.5 million, or 143%, from December 31, 2005. Deposit growth was achieved through a strong deposit campaign in our local market during the first quarter. We recognized \$600,053 in net interest income for the quarter ended June 30, 2006 compared to \$470,239 for the quarter ended March 31, 2006, an increase of \$129,814, or 28%. We plan to continue our focus on the growth of deposits, loans, and our overall asset base, which we believe will drive growth in net interest income and profitability in future quarters.

Independence National Bank is a full service commercial bank, providing traditional loan and deposit services, as well as online banking, commercial cash management, remote deposit capture, and other essential services for our clients. We strive to maintain a personal focus and are dedicated to meeting the needs of our clients.

We value your support as a shareholder and continue to work towards long-term shareholder value. Please do not hesitate to contact us with any questions you may have.

Best Regards,

Lawrence R. Miller
President & CEO

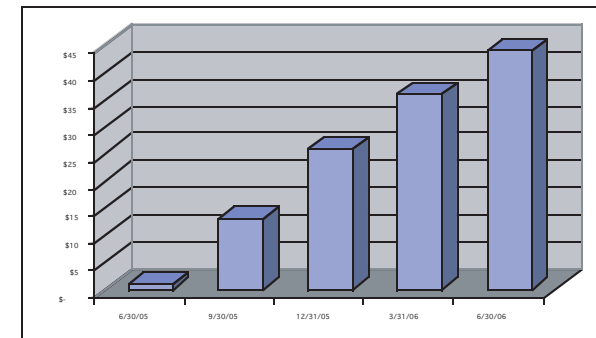
Charles D. Walters
Chairman of the Board

Financial Highlights
(unaudited)

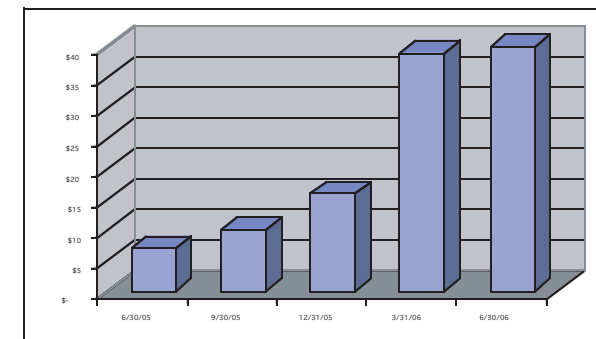
Balance Sheet Data	June 30, 2006	As of March 31, 2006	December 31, 2005
	Total assets	\$58,978,807	\$58,370,804
Loans, gross	43,955,715	35,863,785	25,996,491
Allowance for loan losses	571,000	468,000	338,000
Deposits	39,923,563	38,957,127	16,416,346
Shareholders' equity	18,652,023	18,780,581	19,038,548

Income Statement Data	For the Six Months Ended June 30, 2006	For the Quarter Ended June 30, 2006	For the Quarter Ended March 31, 2006
	Net interest income	\$ 1,070,292	\$ 600,053
Provision for loan losses	233,000	103,000	130,000
Non-interest income	25,063	12,920	12,143
Non-interest expense	1,313,064	628,035	685,029
Net loss	(338,199)	(88,552)	(249,647)
Net loss per diluted share	\$ (0.16)	\$ (0.04)	\$ (0.12)

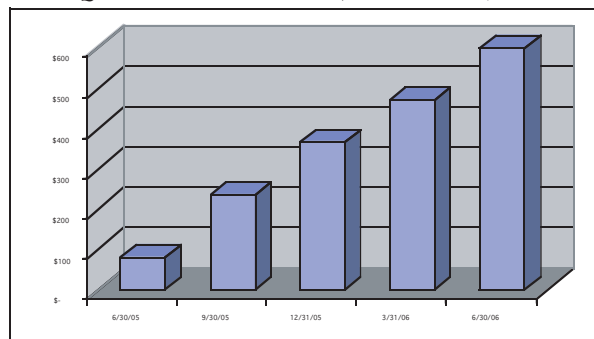
Quarter End Loans Outstanding (\$\$ in millions)



Quarter End Deposits Outstanding (\$\$ in millions)



Quarter Net Interest Income (\$\$ in thousands)



Quarter End Total Assets (\$\$ in millions)

