

August 15, 2005

Dear Shareholders:

As you are aware, we opened Independence National Bank for business on May 16, 2005. June 30, 2005 marks the end of our first quarterly period of operations.

We are pleased to inform you that we are off to a great beginning. We closed our stock offering on May 31, 2005 raising a total of \$20.5 million, net of offering expenses. As of June 30, 2005, total deposits were \$6.9 million, net loans were \$997,000, and commitments to extend credit were \$6.4 million.

We hope you are as excited as we are about the future of Independence National Bank. We are ready to serve small businesses and residents in the Greenville area with a full line of banking products. We invite you to read about our products and services on our website at www.IndependenceNB.com or to visit our main office location at 500 E. Washington Street in Greenville.

Once again, we appreciate your support as a shareholder and are dedicated to providing high quality and long-term financial services to our clients so that all stakeholders (shareholders, clients, community and associates) can achieve our shared financial goals and objectives. Please do not hesitate to contact us with any questions you may have.

Best Regards,



Charles D. Walters
Chairman of the Board



Lawrence R. Miller
President & CEO



BOARD OF DIRECTORS

Robert M. Austell	John W. Burnett <i>Co-founder</i>
Robert M. Carpenter	Billy J. Coleman
Jose De Ocampo	Robert E. Hamby, Jr.
H. Neel Hipp, Jr.	James D. King
William R. Mathis	Lawrence R. Miller <i>President & CEO</i>
Sudhirkumar C. Patel	Hasmukh P. Rama
Walter R. Samuels	Charles D. Walters <i>Chairman</i>
Roger W. Walters	Vivian A. Wong <i>Co-founder</i>

EXECUTIVE OFFICERS

Lawrence R. Miller, *President & CEO*

Susan B. Hoag
*EVP & Corporate Business
Development*

Kimberly D. Barrs
*EVP & Chief Financial
Officer*

David L. Shelnett
*EVP & Chief Credit
Officer*

Schaefer M. Carpenter
*SVP & Retail Banking
Director*



STOCK TRANSFER AGENT

Registrar & Transfer Company
Investor Relations Department
10 Commerce Drive
Cranford, NJ 07016-3572
(800) 368-5948
www.rtco.com

Please note stock certificates were mailed by Registrar & Transfer Company (R&T) the last week of June. If you have not received your certificate or have questions regarding your certificate, please contact R&T directly at (800) 368-5948. You may also contact Kimberly Barrs, our CFO, at (864) 672-1776.

There is currently no established market for our common stock. We would need a sponsoring broker-dealer to match buy and sell orders for our common stock in order to be listed on the OTC Bulletin Board. We currently do not have, and we are uncertain when we will have, a sponsoring broker-dealer for our common stock. Even if we secure a broker-dealer, the trading markets on the OTC Bulletin Board lack the depth, liquidity, and orderliness necessary to maintain a liquid market in our common stock. For these reasons, we do not expect a liquid market for our common stock to develop for several years, if at all.

FINANCIAL INFORMATION

Shareholders, analysts, and others seeking financial information should contact:

Ms. Kimberly D. Barrs
Chief Financial Officer
Independence Bancshares, Inc.
P. O. Box 1776
Greenville, SC 29602