

November 3, 2006

Dear Shareholder:

As we begin the fourth quarter of our first full year of operations, we are pleased to report that the growth that we have experienced in the first nine months of 2006 has given us a solid foundation on which to build as we finish this year and move into 2007.

For the quarter ended September 30, 2006, total gross loans outstanding were \$54.9 million, increasing \$10.9 million, or 25%, from June 30, 2006, and \$28.9 million, or 111%, from December 31, 2005. Total deposits as of September 30, 2006 were \$44.1 million, increasing \$4.1 million, or 10%, from June 30, 2006 and \$27.6 million, or 168%, from December 31, 2005. Deposit growth has been achieved through strong deposit campaigns in our local market during the year. We recognized \$687,927 in net interest income for the quarter ended September 30, 2006 compared to \$600,053 for the quarter ended June 30, 2006, an increase of \$87,874, or 15%. 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.

During the quarter ended September 30, 2006, we recorded provision for loan losses of \$522,750 compared to \$103,000 for the quarter ended June 30, 2006 and \$130,000 for the quarter ended March 31, 2006. Included in the provision for the current quarter is a specific reserve of \$398,900 for one borrowing relationship which became impaired and has been downgraded in accordance with policy and our allowance for loan loss methodology. Prior to this quarter, these loans had performed in accordance with repayment terms, and financial information had been provided in accordance with loan covenants indicating no material adverse change in the financial condition of the borrower. We are in the process of pursuing several courses of action to mitigate the ultimate loss from this relationship. Though we are disappointed to report a loss at this point in our short history, we continue to be pleased with the overall strength and quality of our loan portfolio. We will continue to underwrite new relationships and monitor existing relationships, managing the credit risk inherent in every loan, in order to protect and increase long-term shareholder value.

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. 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



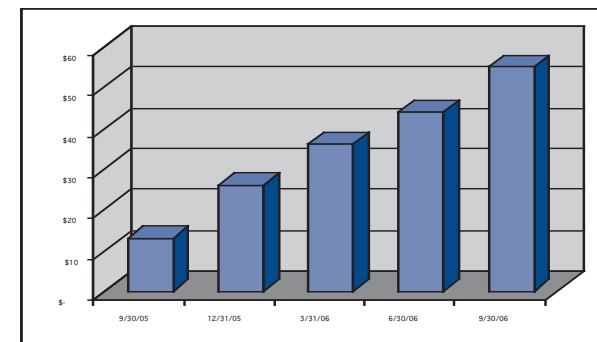
Financial Highlights
(unaudited)

Balance Sheet Data	As of		
	September 30, 2006	June 30, 2006	December 31, 2005
Total assets	\$67,788,237	\$58,978,807	\$40,813,891
Loans, gross	54,856,789	43,955,715	25,996,491
Allowance for loan losses	1,093,750	571,000	338,000
Deposits	44,057,888	39,923,563	16,416,346
Shareholders' equity	18,406,290	18,652,023	19,038,548

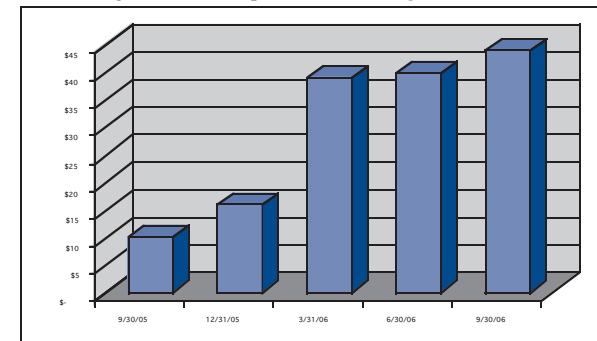
Income Statement Data	For the Nine Months Ended	For the Quarter Ended	For the Quarter Ended
	Sept. 30, 2006	Sept. 30, 2006	June 30, 2006
Net interest income	\$ 1,758,219	\$ 687,927	\$ 600,053
Provision for loan losses	755,750	522,750	103,000
Non-interest income	36,912	11,849	12,920
Non-interest expense	1,927,579	614,515	628,035
Net loss	(662,518)	(324,319)	(88,552)
Net loss per diluted share	\$ (0.32)	\$ (0.16)	\$ (0.04)



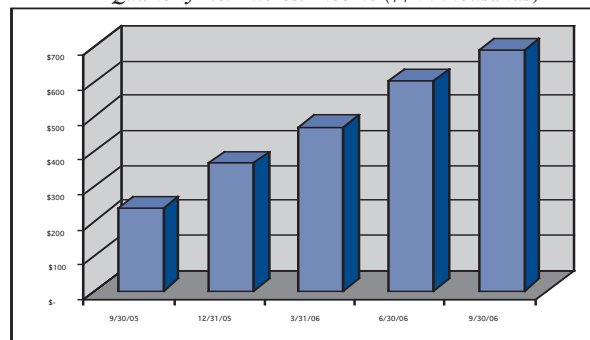
Quarter End Gross Loans Outstanding (\$\$ in millions)



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



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



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

