

November 2, 2007

Dear Shareholder:

We are pleased to report the results of our third quarter ended September 30, 2007. We have continued to experience growth in key areas during the first nine months of the year and look forward to a strong finish in the fourth quarter.

At September 30, 2007, total assets were \$108.2 million, increasing \$9.0 million, or 9%, from June 30, 2007, and \$32.4 million, or 43%, from December 31, 2006. Total gross loans outstanding were \$94.4 million, increasing \$8.4 million, or 10%, from June 30, 2007, and \$31.4 million, or 50%, from December 31, 2006. Total deposits as of September 30, 2007 were \$83.2 million, increasing \$8.4 million, or 11%, from June 30, 2007, and \$26.3 million, or 46%, from December 31, 2006. At September 30, 2007, brokered deposits, included in total deposits, were \$34.9 million compared to \$30.0 million at June 30, 2007. Growth in brokered deposits was used to fund loan growth during the quarter.

For the quarter ended September 30, 2007, operations resulted in net income of \$43,233. For the nine months ended September 30, 2007, net income was \$117,251. We recognized \$962,216 in net interest income for the quarter ended September 30, 2007, compared to \$927,907 for the quarter ended June 30, 2007, an increase of \$34,309, or 4%. We continue to focus on quality growth in loans and deposits, which we believe will drive growth in net interest income and profitability in future quarters.

During the quarter ended September 30, 2007, we recorded provision for loan losses of \$109,500, compared to \$121,000 for the quarter ended June 30, 2007, a decrease of \$11,500, or 10%. This decrease was due to the difference in loan growth between quarters. The allowance as a percentage of total gross loans outstanding was 1.30% at both September 30, 2007 and June 30, 2007.

We are excited to announce the opening of our new full-service branch on Wade Hampton Boulevard in Taylors, SC. We believe this second location will enable us to serve our clients in a more efficient and convenient manner and will increase our recognition in the Greenville community. The branch opened for business on October 11, 2007. We invite you to join us for our grand opening celebration on November 1, 2007. We would appreciate the opportunity to introduce you to our new employees and tell you about our financial services.

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



INDEPENDENCE
BANCSHARES, INC.

Financial Highlights
(unaudited)

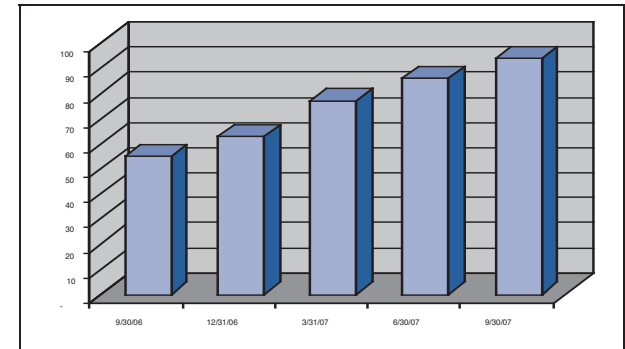
Balance Sheet Data	As of		
	09/30/2007	06/30/2007	12/31/2006
Total assets	\$108,159,443	\$99,194,326	\$75,730,333
Loans, gross	94,351,555	85,938,351	62,953,196
Allowance for loan losses	1,222,991	1,113,491	1,198,152
Deposits	83,179,745	74,823,966	56,906,716
Shareholders' equity	18,706,893	18,598,531	18,473,469

Income Statement Data	For the Nine Months Ended	For the Quarter Ended	For the Quarter Ended
	09/30/2007	09/30/2007	06/30/2007
Net interest income	\$ 2,682,842	\$ 962,216	\$ 927,907
Provision for loan losses	422,500	109,500	121,000
Non-interest income	37,158	10,367	14,003
Non-interest expense	2,241,949	843,650	730,831
Net income, net of tax	117,251	43,233	114,479
Net income, per diluted share	0.06	0.02	0.05

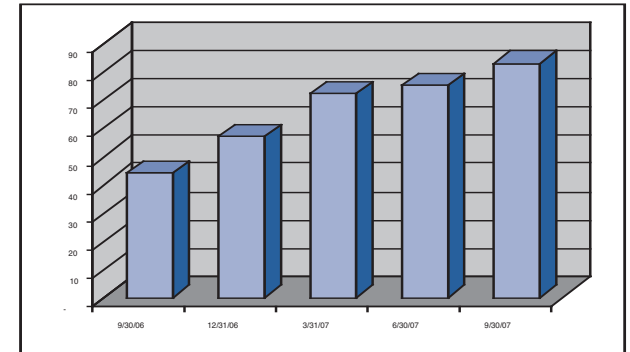


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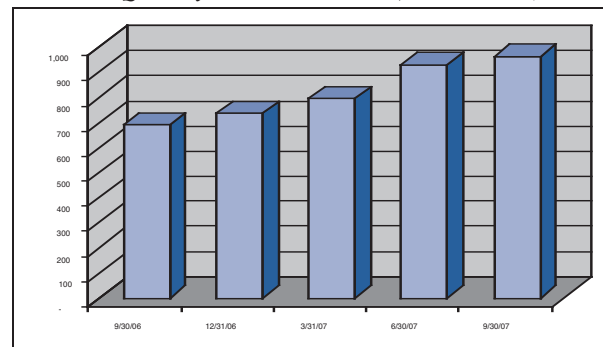
Quarter End Gross Loans Outstanding (\$ in millions)



Quarter End Deposits Outstanding (\$ in millions)



Quarterly Net Interest Income (\$ in thousands)



Quarter End Total Assets (\$ in millions)

