



# **First Independence Corporation**

For Further Information, Call  
James B. Mitchell, Vice President & CFO  
(620) 331-1660

## **FOR IMMEDIATE RELEASE**

### **FIRST INDEPENDENCE ANNOUNCES THIRD QUARTER EARNINGS**

INDEPENDENCE, KS (July 21, 2005) -- First Independence Corporation (OTC Bulletin Board: FFSL.OB) (the "Company"), reported net earnings of \$317,000 for the third quarter of fiscal 2005, compared to \$337,000 for the third quarter of fiscal 2004. Diluted earnings per share of common stock for the third quarter of fiscal 2005 were \$.36, compared to diluted earnings per share of \$.37 for the third quarter of fiscal 2004. Net earnings for the first nine months of fiscal 2005 were \$922,000, compared to \$874,000 for the first nine months of fiscal 2004. Diluted earnings per share for the nine months ended June 30, 2005 were \$1.03, compared to diluted earnings per share of \$.95 for the nine months ended June 30, 2004.

Return on average assets for the third quarter of fiscal 2005 was .73% (annualized), compared to .81% (annualized), for the same period last year. Return on average equity for the third quarter of fiscal 2005 was 8.06% (annualized), compared to 8.65% (annualized), in the third quarter of fiscal 2004. Return on average assets for the first nine months of fiscal 2005 was .72% (annualized), compared to .71% (annualized) for the same period last year. Return on average equity for the first nine months of fiscal 2005 was 7.89% (annualized), compared to 7.57% (annualized), for the first nine months of fiscal 2004.

We had \$173.4 million in assets and \$15.8 million in stockholders' equity as of June 30, 2005. At June 30, 2005, total shares outstanding were 888,839.

The Company is the parent corporation for First Federal Savings and Loan Association of Independence, Kansas ("First Federal"). At June 30, 2005, First Federal exceeded all of its regulatory capital requirements. First Federal has four full-service branch offices primarily serving Montgomery, Wilson, Crawford and Chautauqua Counties in Kansas along with a loan production office in Lawrence, Kansas.

This release contains forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those anticipated. These risks and uncertainties include, among others, changes in economic conditions in our market area, changes in policies by regulatory agencies, fluctuations in interest rates, demand for loans in our market area and competition that could cause actual results to differ materially from historical earnings and those presently anticipated or projected. For additional discussion of factors that may affect the Company's performance, refer to those described from time to time in our press releases and other communications.

A consolidated financial summary follows.

# FIRST INDEPENDENCE CORPORATION

## FINANCIAL HIGHLIGHTS

(Dollars in thousands, except per share data)

	June 30, 2005		September 30, 2004	
<b>Financial Condition Highlights:</b>				
Total assets	\$ 173,443		\$ 164,843	
Loans receivable	124,446		113,318	
Loans held for sale	---		---	
Mortgage-backed and investment securities held to maturity	37,383		40,501	
Real estate acquired through foreclosure	850		1,032	
Deposits	109,075		107,109	
Borrowed funds	47,571		41,179	
Stockholders' equity	15,796		15,372	
Stockholders' equity per outstanding common share	\$17.77		\$17.19	
<b>Selected Asset Quality Ratios:</b>				
Non-performing loans to total loans	.92%		.76%	
Non-performing assets to total assets	1.15%		1.15%	
Allowance for loan losses to non-performing loans	64.28%		90.05%	
Allowance for loan losses to non-performing assets	36.96%		41.18%	
	Three months ended June 30,		Nine months ended June 30,	
	2005	2004	2005	2004
<b>Operating Highlights:</b>				
Net interest income	\$ 1,253	\$ 1,286	\$ 3,808	\$ 3,712
Provision for loan losses	---	---	33	50
Net earnings	317	337	922	874
<b>Operating Ratios (annualized):</b>				
Return on average assets	.73%	.81%	.72%	.71%
Return on average equity	8.06%	8.65%	7.89%	7.57%
<b>Interest rate spread information:</b>				
Average yield on interest-earning assets	5.80%	5.56%	5.66%	5.59%
Average cost of interest-bearing liabilities	2.97%	2.56%	2.78%	2.68%
Average rate spread during period	2.83%	3.00%	2.88%	2.91%
Net interest margin	3.01%	3.18%	3.07%	3.11%
Ratio of average interest-earning assets to average interest-bearing liabilities	106.53%	107.88%	107.45%	108.21%
<b>Stock price for period:</b>				
High bid	\$19.08	\$17.38	\$19.08	\$17.38
Low bid	\$18.87	\$15.86	\$16.01	\$15.15
Closing bid at 6/30	\$18.87	\$17.38	\$18.87	\$17.38
Net earnings per share (diluted)	\$.36	\$.37	\$1.03	\$.95
Weighted average shares of common stock and common stock equivalents	891,451	919,702	893,133	918,845

FIRST INDEPENDENCE CORPORATION  
CONSOLIDATED CONDENSED BALANCE SHEETS

	June 30, 2005	September 30, 2004
<u>ASSETS</u>		
Cash and due from banks	\$ 718,556	\$ 719,559
Federal funds sold	1,100,000	100,000
Other interest-bearing deposits	1,217,251	831,961
Cash and cash equivalents	3,035,807	1,651,520
Interest-earning deposits in financial institutions (cost approximates market value)	---	2,970,000
Investment securities held to maturity (fair value: June 30, 2005 - \$29,981,300; September 30, 2004 - \$31,148,000)	30,068,316	31,132,095
Mortgage-backed securities held to maturity (fair value: June 30, 2005 - \$7,356,044; September 30, 2004 - \$9,522,678)	7,314,664	9,368,974
Loans receivable	124,446,087	113,318,298
Loans held for sale	---	---
Premises and equipment	2,081,658	2,128,332
Federal Home Loan Bank Stock, at cost	2,599,900	2,325,200
Accrued interest receivable	917,487	793,439
Real estate acquired through foreclosure	849,837	1,032,131
Income taxes receivable	12,116	5,478
Deferred income taxes	---	11,501
Other	2,117,094	106,036
Total assets	\$ 173,442,966	\$ 164,843,004
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Liabilities		
Deposits	\$ 109,075,109	\$ 107,108,952
Advances from borrowers for taxes and insurance	529,855	777,277
Advances from Federal Home Loan Bank	47,571,077	41,178,632
Income taxes payable	13,353	3,355
Deferred income taxes	58,312	---
Accrued expenses and other	399,507	402,456
Total liabilities	157,647,213	149,470,672
Stockholders' equity		
Preferred stock, \$.01 par value, 500,000 shares authorized, none issued	---	---
Common stock, \$.01 par value, 2,500,000 shares authorized, 1,649,288 shares issued	16,493	16,493
Additional paid-in capital	8,217,589	8,198,153
Retained earnings - substantially restricted	16,534,168	16,033,728
Treasury stock at cost, 760,449 shares at June 30, 2005 and 755,249 shares at September 30, 2004	(8,962,342)	(8,850,654)
Required contributions for shares acquired by ESOP	(10,155)	(25,388)
Total stockholders' equity	15,795,753	15,372,332
Total liabilities and stockholders' equity	\$ 173,442,966	\$ 164,843,004

FIRST INDEPENDENCE CORPORATION  
CONSOLIDATED CONDENSED STATEMENTS OF EARNINGS

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2005	2004	2005	2004
Interest income				
Loans	\$2,068,965	\$1,926,539	\$6,014,140	\$5,739,725
Mortgage-backed securities	82,304	103,690	267,753	320,091
Investment securities	224,622	177,212	611,308	508,401
Interest-bearing deposits and other	<u>37,470</u>	<u>39,574</u>	<u>121,863</u>	<u>101,738</u>
Total interest income	2,413,361	2,247,015	7,015,064	6,669,955
Interest expense				
Deposits	617,440	487,522	1,679,683	1,546,863
Borrowed funds	<u>542,601</u>	<u>473,370</u>	<u>1,527,831</u>	<u>1,411,064</u>
Total interest expense	<u>1,160,041</u>	<u>960,892</u>	<u>3,207,514</u>	<u>2,957,927</u>
Net interest income	1,253,320	1,286,123	3,807,550	3,712,028
Provision for loan losses	<u>405</u>	---	<u>32,718</u>	<u>49,851</u>
Net interest income after provision for loan losses	1,252,915	1,286,123	3,774,832	3,662,177
Noninterest income				
Service charges	143,529	84,442	315,732	235,279
Other	<u>89,820</u>	<u>42,139</u>	<u>209,036</u>	<u>124,350</u>
Total noninterest income	233,349	126,581	524,768	359,629
Noninterest expense				
Employee compensation and benefits	574,425	535,902	1,726,307	1,570,427
Occupancy and equipment	114,228	113,105	334,594	346,308
Foreclosed assets, net	20,016	10,993	28,092	79,578
Data processing fees	65,521	62,601	196,794	184,367
Other operating	<u>215,571</u>	<u>155,356</u>	<u>542,030</u>	<u>465,192</u>
Total noninterest expense	<u>989,761</u>	<u>877,957</u>	<u>2,827,817</u>	<u>2,645,872</u>
Earnings before income taxes	496,503	534,747	1,471,783	1,375,934
Income tax expense	<u>179,549</u>	<u>197,738</u>	<u>549,422</u>	<u>501,437</u>
Net earnings	<u>\$ 316,954</u>	<u>\$ 337,009</u>	<u>\$ 922,361</u>	<u>\$ 874,497</u>
Earnings per common share				
Basic	<u>\$ .36</u>	<u>\$ .37</u>	<u>\$ 1.04</u>	<u>\$ .95</u>
Diluted	<u>\$ .36</u>	<u>\$ .37</u>	<u>\$ 1.03</u>	<u>\$ .95</u>
Dividends per share	<u>\$ .1625</u>	<u>\$ .1500</u>	<u>\$ .4750</u>	<u>\$ .4375</u>
Weighted average shares outstanding				
Basic	<u>887,453</u>	<u>917,112</u>	<u>889,134</u>	<u>916,255</u>
Diluted	<u>891,451</u>	<u>919,702</u>	<u>893,133</u>	<u>918,845</u>