



# First Independence Corporation

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## FOR IMMEDIATE RELEASE

### **FIRST INDEPENDENCE ANNOUNCES FOURTH QUARTER EARNINGS AND FISCAL YEAR END RESULTS**

INDEPENDENCE, KS (October 21, 2005) -- First Independence Corporation (OTC Bulletin Board: FFSL.OB) (the "Company"), reported net earnings of \$240,000 for the fourth quarter of fiscal 2005, compared to \$337,000 for the fourth quarter of fiscal 2004. Diluted earnings per share of common stock for the fourth quarter of fiscal 2005 were \$.27, compared to diluted earnings per share of \$.37 for the fourth quarter of fiscal 2004. Net earnings for the 2005 fiscal year were \$1,163,000, compared to \$1,211,000 for the 2004 fiscal year. Diluted earnings per share for the 2005 fiscal year were \$1.30, compared to diluted earnings per share of \$1.32 for the 2004 fiscal year.

Return on average assets for the fourth quarter of fiscal 2005 was .56% (annualized), compared to .82% (annualized), for the same period last year. Return on average equity for the fourth quarter of fiscal 2005 was 6.06% (annualized), compared to 8.61% (annualized), in the fourth quarter of fiscal 2004. Return on average assets for the 2005 fiscal year was .68%, compared to .74% for the same period last year. Return on average equity for the 2005 fiscal year was 7.42%, compared to 7.84%, for fiscal 2004.

We had \$171.9 million in assets and \$15.9 million in stockholders' equity as of September 30, 2005. During this fiscal year, we repurchased 6,200 shares of common stock, at an average cost of \$19.06 per share. At September 30, 2005, total shares outstanding were 889,039.

The Company is the parent corporation for First Federal Savings and Loan Association of Independence, Kansas ("First Federal"). At September 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)

	September 30, 2005		September 30, 2004	
<b>Financial Condition Highlights:</b>				
Total assets	\$ 171,933		\$ 164,843	
Loans receivable	124,465		113,318	
Loans held for sale	---		---	
Mortgage-backed and investment securities held to maturity	36,814		40,501	
Real estate acquired through foreclosure	419		1,032	
Deposits	111,928		107,109	
Borrowed funds	42,652		41,179	
Stockholders' equity	15,905		15,372	
Stockholders' equity per outstanding common share	\$17.89		\$17.19	
<b>Selected Asset Quality Ratios:</b>				
Non-performing loans to total loans	.62%		.76%	
Non-performing assets to total assets	.70%		1.15%	
Allowance for loan losses to non-performing loans	100.14%		90.05%	
Allowance for loan losses to non-performing assets	65.00%		41.18%	
	Three months ended September 30,		Year ended September 30,	
	2005	2004	2005	2004
<b>Operating Highlights:</b>				
Net interest income	\$ 1,236	\$ 1,260	\$ 5,043	\$ 4,972
Provision for loan losses	88	16	120	66
Net earnings	240	337	1,163	1,211
<b>Operating Ratios (annualized):</b>				
Return on average assets	.56%	.82%	.68%	.74%
Return on average equity	6.06%	8.61%	7.42%	7.84%
<b>Interest rate spread information:</b>				
Average yield on interest-earning assets	5.94%	5.58%	5.73%	5.58%
Average cost of interest-bearing liabilities	3.18%	2.64%	2.88%	2.67%
Average rate spread during period	2.76%	2.94%	2.85%	2.91%
Net interest margin	2.97%	3.14%	3.05%	3.12%
Ratio of average interest-earning assets to average interest-bearing liabilities	107.11%	108.19%	107.36%	108.20%
<b>Stock price for period:</b>				
High bid	\$19.12	\$17.58	\$19.12	\$17.58
Low bid	\$18.66	\$16.45	\$16.01	\$15.15
Closing bid at 9/30	\$18.66	\$16.45	\$18.66	\$16.45
Net earnings per share (diluted)	\$.27	\$.37	\$1.30	\$1.32
Weighted average shares of common stock and common stock equivalents	892,057	918,580	892,754	918,962

FIRST INDEPENDENCE CORPORATION  
CONSOLIDATED CONDENSED BALANCE SHEETS

	September 30, 2005	September 30, 2004
<u>ASSETS</u>		
Cash and due from banks	\$ 462,955	\$ 719,559
Federal funds sold	600,000	100,000
Other interest-bearing deposits	1,450,223	831,961
Cash and cash equivalents	2,513,178	1,651,520
Interest-earning deposits in financial institutions (cost approximates market value)	---	2,970,000
Investment securities held to maturity (fair value: September 30, 2005 - \$29,803,100; September 30, 2004 - \$31,148,000)	30,065,772	31,132,095
Mortgage-backed securities held to maturity (fair value: September 30, 2005 - \$6,736,488; September 30, 2004 - \$9,522,678)	6,748,179	9,368,974
Loans receivable	124,465,274	113,318,298
Loans held for sale	---	---
Premises and equipment	2,051,507	2,128,332
Federal Home Loan Bank Stock, at cost	2,629,700	2,325,200
Accrued interest receivable	880,355	793,439
Real estate acquired through foreclosure	419,359	1,032,131
Income taxes receivable	3,189	5,478
Deferred income taxes	---	11,501
Other	2,156,703	106,036
Total assets	\$ 171,933,216	\$ 164,843,004
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Liabilities		
Deposits	\$ 111,927,882	\$ 107,108,952
Advances from borrowers for taxes and insurance	885,033	777,277
Advances from Federal Home Loan Bank	42,651,640	41,178,632
Income taxes payable	5,714	3,355
Deferred income taxes	69,636	---
Accrued expenses and other	488,540	402,456
Total liabilities	156,028,445	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	8,224,311	8,198,153
Retained earnings - substantially restricted	16,630,086	16,033,728
Treasury stock at cost, 760,249 shares at September 30, 2005 and 755,249 shares at September 30, 2004	(8,961,042)	(8,850,654)
Required contributions for shares acquired by ESOP	(5,077)	(25,388)
Total stockholders' equity	15,904,771	15,372,332
Total liabilities and stockholders' equity	\$ 171,933,216	\$ 164,843,004

FIRST INDEPENDENCE CORPORATION  
CONSOLIDATED CONDENSED STATEMENTS OF EARNINGS

	Three Months Ended September 30,		Year Ended September 30,	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Interest income				
Loans	\$2,111,538	\$1,915,771	\$8,125,678	\$7,655,496
Mortgage-backed securities	78,883	102,086	346,636	422,177
Investment securities	242,711	178,122	854,019	686,523
Interest-bearing deposits and other	<u>38,990</u>	<u>42,124</u>	<u>160,853</u>	<u>143,862</u>
Total interest income	2,472,122	2,238,103	9,487,186	8,908,058
Interest expense				
Deposits	687,178	497,942	2,366,861	2,044,805
Borrowed funds	<u>549,301</u>	<u>480,531</u>	<u>2,077,132</u>	<u>1,891,595</u>
Total interest expense	<u>1,236,479</u>	<u>978,473</u>	<u>4,443,993</u>	<u>3,936,400</u>
Net interest income	1,235,643	1,259,630	5,043,193	4,971,658
Provision for loan losses	<u>87,534</u>	<u>15,843</u>	<u>120,252</u>	<u>65,694</u>
Net interest income after provision for loan losses	1,148,109	1,243,787	4,922,941	4,905,964
Noninterest income				
Service charges	153,225	97,525	468,957	332,804
Other	<u>92,789</u>	<u>80,030</u>	<u>301,825</u>	<u>204,380</u>
Total noninterest income	246,014	177,555	770,782	537,184
Noninterest expense				
Employee compensation and benefits	583,552	562,646	2,309,859	2,133,073
Occupancy and equipment	112,495	120,442	447,089	466,750
Foreclosed assets, net	(5,646)	(874)	22,446	78,704
Data processing fees	68,453	63,318	265,247	247,685
Other operating	<u>262,740</u>	<u>149,575</u>	<u>804,770</u>	<u>614,767</u>
Total noninterest expense	<u>1,021,594</u>	<u>895,107</u>	<u>3,849,411</u>	<u>3,540,979</u>
Earnings before income taxes	372,529	526,235	1,844,312	1,902,169
Income tax expense	<u>132,317</u>	<u>189,598</u>	<u>681,739</u>	<u>691,035</u>
Net earnings	<u>\$ 240,212</u>	<u>\$ 336,637</u>	<u>\$1,162,573</u>	<u>\$1,211,134</u>
Earnings per common share				
Basic	<u>\$ .27</u>	<u>\$ .37</u>	<u>\$ 1.31</u>	<u>\$ 1.32</u>
Diluted	<u>\$ .27</u>	<u>\$ .37</u>	<u>\$ 1.30</u>	<u>\$ 1.32</u>
Dividends per share	<u>\$ .1625</u>	<u>\$ .1500</u>	<u>\$ .6375</u>	<u>\$ .5875</u>
Weighted average shares outstanding				
Basic	<u>888,187</u>	<u>915,745</u>	<u>888,884</u>	<u>916,128</u>
Diluted	<u>892,057</u>	<u>918,580</u>	<u>892,754</u>	<u>918,962</u>