FIRST INDEPENDENCE CORPORATION

Proxy Statement
and
2005 Annual Report

First Independence Corporation

To Our Stockholders, Depositors and Friends:

It is my pleasure to present to you the 2005 Annual Report of First Independence Corporation, parent of First Federal Savings and Loan Association of Independence, which reflects results from our twelfth complete year as a stock company. As you will see by reading the accompanying financial statements, First Independence had another excellent year with $1,163,000 in net earnings. Diluted earnings per share for the 2005 fiscal year were $1.30 based upon 892,754 weighted average common shares outstanding during the year ended September 30, 2005.

An additional way to judge the strength of a company is by its capital. First Independence Corporation's stockholders' equity at September 30, 2005, was $15.9 million. This represents an equity-to-asset ratio of 9.25% and a book value per share of $17.89. This financial position has allowed First Independence Corporation to distribute to stockholders a portion of its net earnings in the form of a dividend. During fiscal 2005, a total dividend of $.6375 per share was authorized by the Board of Directors, which resulted in a payment to stockholders of an aggregate dividend of approximately $566,000. The current $.1625 quarterly dividend per share represents an 8% increase over the fiscal 2004 quarterly dividend per share. As with every decision we make, our dividend policy is designed to take into consideration our responsibility to and interest in our stockholders.

First Independence continues to be committed to our market. This is evidenced by the $60.9 million in loans originated by the company during the fiscal year. These loans provide funds for many people in our community to build, buy, remodel, or consolidate other financial obligations. Additionally, we strive to provide our savings customers a safe, secure bank where they can deposit their funds and earn a fair rate of return, as well as choose from the variety of accounts we offer.

After two full years of operations, our Pittsburg branch continues to show steady growth. We have closed approximately $8.8 million in loans, and our savings levels have exceeded $3.5 million. Although it has not reached the break-even point, it appears it will in the near future. The national average for a new branch to reach profitability is approximately three years.

On behalf of the directors, officers and staff of First Federal and First Independence Corporation, we thank you for your continued support and confidence.

Sincerely,

Larry G. Spencer
President and Chief
Executive Officer

MYRTLE & SIXTH - P.O. DRAWER 947 - INDEPENDENCE, KANSAS 67301 - 620/331-1660

First Independence Corporation

December 23, 2005

Dear Fellow Stockholder:

On behalf of the Board of Directors and management of First Independence Corporation, we cordially invite you to attend the annual meeting of stockholders. The annual meeting will be held at 10:30 a.m., Central Standard Time, on January 26, 2006, at our office located at Myrtle and Sixth Streets, Independence, Kansas.

In addition to the election of directors, stockholders are also being asked to ratify the appointment of Stafford & Westervelt, Chartered as independent auditors. Your Board of Directors unanimously recommends that you vote **FOR** the election of the nominees for director as well as the ratification of auditors.

We encourage you to attend the annual meeting in person. Whether or not you plan to attend, however, **please read the enclosed proxy statement and then complete, sign and date the enclosed proxy and return it in the accompanying postpaid return envelope as promptly as possible**. This will save us the additional expense in soliciting proxies and will ensure that your shares are represented at the annual meeting.

Thank you for your attention to this important matter.

Very truly yours,

Larry G. Spencer
President and Chief Executive Officer

FIRST INDEPENDENCE CORPORATION
Myrtle and Sixth Streets
Independence, Kansas 67301
(620) 331-1660

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To be held on January 26, 2006

Notice is hereby given that the annual meeting of stockholders of First Independence Corporation ("First Independence") will be held at our office located at Myrtle and Sixth Streets, Independence, Kansas, at 10:30 a.m., Central Standard Time, on January 26, 2006.

A proxy card and a proxy statement for the annual meeting are enclosed.

The annual meeting is for the purpose of considering and acting upon:

Proposal I. Election of three directors of First Independence, each for a term of three years;

Proposal II. Ratification of the appointment of Stafford & Westervelt, Chartered as independent auditors for First Independence for the fiscal year ending September 30, 2006;

and such other matters as may properly come before the annual meeting, or any adjournments or postponements thereof. We are not aware of any other business to come before the annual meeting.

Any action may be taken on the foregoing proposals at the annual meeting on the date specified above, or on any date or dates to which the annual meeting may be adjourned or postponed. Stockholders of record as of the close of business on December 2, 2005 are the stockholders entitled to vote at the annual meeting and any adjournments or postponements thereof. A complete list of stockholders entitled to vote at the annual meeting will be available for inspection by stockholders at our office during the ten days prior to the annual meeting as well as at the annual meeting.

You are requested to complete and sign the enclosed proxy card which is solicited on behalf of the Board of Directors, and to mail it promptly in the enclosed envelope. Your proxy will not be used if you attend and vote at the annual meeting in person.

By Order of the Board of Directors

Lavern W. Strecker

Lavern W. Strecker
Chairman of the Board

Independence, Kansas
December 23, 2005

IMPORTANT: The prompt return of proxies will save us the expense of further requests for proxies to ensure a quorum at the annual meeting. A self-addressed envelope is enclosed for your convenience. No postage is required if mailed within the United States.

PROXY STATEMENT

FIRST INDEPENDENCE CORPORATION

Myrtle and Sixth Streets
Independence, Kansas 67301
(620) 331-1660

ANNUAL MEETING OF STOCKHOLDERS

January 26, 2006

The First Independence Corporation ("First Independence") Board of Directors is using this proxy statement to solicit proxies from the holders of First Independence common stock for use at our annual meeting of stockholders. We are first mailing this proxy statement and the enclosed form of proxy to our stockholders on or about December 23, 2005.

Certain of the information provided herein relates to our wholly owned subsidiary, First Federal Savings and Loan Association of Independence ("First Federal").

Time and Place of the Annual Meeting; Matters to be Considered

Our annual meeting will be held as follows:

Date: January 26, 2006
Time: 10:30 a.m., Central Standard Time
Place: Office of First Independence Corporation
Myrtle and Sixth Streets
Independence, Kansas

At the annual meeting, stockholders are being asked to consider and vote upon the following:

- election of three directors of First Independence, each for a term of three years;
- ratification of the appointment of Stafford & Westervelt, Chartered as First Independence's independent auditors for the fiscal year ending September 30, 2006; and

any other matters that may properly come before the annual meeting. As of the date of this proxy statement, we are not aware of any other business to be presented for consideration at the annual meeting.

Voting Rights of Stockholders; Votes Required for Approval

Only holders of record of First Independence common stock as of the close of business on December 2, 2005 are entitled to notice of and to vote at the annual meeting. You are entitled to one vote for each share of First Independence common stock you own as of the close of business on the record date. On December 2, 2005, 889,039 shares of First Independence common stock were outstanding and entitled to vote at the annual meeting.

Directors shall be elected by a plurality of the votes cast. In all matters other than the election of directors, the affirmative vote of a majority of the votes cast shall be the act of the stockholders. Proxies marked to abstain with respect to a proposal have the same effect as votes against the proposal. Broker non-votes have no effect on the vote. One-third of the shares of the First Independence common stock, present in person or represented by proxy, shall constitute a quorum for purposes of the annual meeting. Abstentions and broker non-votes are counted for purposes of determining a quorum.

The First Independence Board of Directors unanimously recommends that you vote "FOR" the election of each of the Board of Directors' nominees and "FOR" the proposal to ratify Stafford & Westervelt, Chartered as First Independence's independent auditors for the fiscal year ending September 30, 2006.

Voting of Proxies; Revocability of Proxies; Proxy Solicitation Costs

Proxies are solicited to provide all stockholders of record on the voting record date an opportunity to vote on matters scheduled for the annual meeting and described in these materials. Shares of First Independence common stock can only be voted if the stockholder is present in person at the annual meeting or by proxy. To ensure your representation at the annual meeting, we recommend you vote by proxy even if you plan to attend the annual meeting. You can always change your vote at the annual meeting.

Voting instructions are included on your proxy card. Shares of First Independence common stock represented by properly executed proxies will be voted by the individuals named in such proxy in accordance with the stockholder's instructions. Where properly executed proxies are returned to us with no specific instruction as to how to vote at the annual meeting, the persons named in the proxy will vote the shares "FOR" the election of each of the Board of Directors' nominees and "FOR" the ratification of the appointment of Stafford & Westervelt, Chartered as our independent auditors for the fiscal year ending September 30, 2006. Should any other matters be properly presented at the annual meeting for action, the persons named in the enclosed proxy and acting thereunder will have the discretion to vote on these matters in accordance with their best judgment.

You may receive more than one proxy card depending on how your shares are held. For example, you may hold some of your shares individually, some jointly with your spouse and some in trust for your children -- in which case you will receive three separate proxy cards to vote.

You may revoke your proxy before it is voted by: (i) submitting a new proxy with a later date relating to the same shares and delivering it to the Secretary of First Independence; (ii) notifying the Secretary of First Independence in writing before the annual meeting that you have revoked your proxy; or (iii) voting in person at the annual meeting. Any written notice shall be delivered to Gary L. Overfield, Secretary of First Independence Corporation, at Myrtle and Sixth Streets, Independence, Kansas 67301.

If you plan to attend the annual meeting and wish to vote in person, we will give you a ballot at the annual meeting. However, if you are a beneficial owner (as opposed to a record owner) of First Independence Common Stock and want to vote your shares of First Independence Common Stock held in street name in person at the annual meeting, you will have to get a written proxy in your name from the bank, broker or other nominee who holds your shares.

We will pay the cost of soliciting proxies. In addition to this mailing, our directors, officers and employees may also solicit proxies personally, electronically or by telephone. We will also reimburse brokers and other nominees for their reasonable expenses in sending these materials to you and obtaining your voting instructions.

Voting Securities and Principal Holders Thereof

The following table sets forth as of December 2, 2005, to the best knowledge of management, information regarding share ownership of: (i) those persons or entities known by us to beneficially own more than five percent of the common stock of First Independence; (ii) each director and director nominee of First Independence; and (iii) all current directors and executive officers of First Independence as a group. The address of each of the beneficial owners, except where otherwise indicated, is the same address as First Independence.

Beneficial Owner	Shares Beneficially Owned	Percent of Class
First Independence Corporation Employee Stock Ownership Plan ("ESOP")	125,778[(1)]	14.1%
Athena Capital Management, Inc. 621 East Germantown Pike, # 105 Plymouth Valley, PA 19401	86,951	9.8
Tontine Financial Partners, L.P., Tontine Management, L.L.C., and Jeffrey L. Gendell 200 Park Avenue, Suite 3900 New York, NY 10166	54,943	6.2
Larry G. Spencer, *President, Chief Executive Officer and Director*	62,948[(2)]	7.1
James B. Mitchell, *Vice President and Chief Financial Officer*	59,596[(3)]	6.7
William T. Newkirk II, *Vice Chairman of the Board*	9,818[(4)]	1.1
Harold L. Swearingen, *Director*	7,658[(5)]	0.9
Lavern W. Strecker, *Chairman of the Board*	6,429[(6)]	0.7
Joseph M. Smith, *Director*	2,902[(7)]	0.3
Robert A. Johnson, *Director*	3,949[(8)]	0.4
E. JoVonnah Boecker, *Director*	1,530[(9)]	0.2
Directors and executive officers as a group (11 persons)	255,095[(10)]	28.7

(1) The amount reported represents shares held by the ESOP, 125,239 of which have been allocated to accounts of participants. First Bankers Trust Company, N.A., Quincy, Illinois, the trustee of the ESOP, may be deemed to beneficially own the shares held by the ESOP, but expressly disclaims beneficial ownership of all these shares. Participants in the ESOP are entitled to instruct the trustee as to the voting of the shares allocated to their ESOP accounts. For each issue voted upon by First Independence's stockholders, unallocated shares held by the ESOP are voted by the trustee in the same manner proportionally that the participants in the ESOP voted the shares allocated to their accounts with respect to the issue.

(2) Includes 36,954 shares held directly, 3,349 shares held jointly with Mr. Spencer's spouse, 691 shares held solely by Mr. Spencer's spouse, 200 shares held by Mr. Spencer's children and 21,754 shares allocated to Mr. Spencer's ESOP account.

(3) Includes 22,658 shares held directly, 17,523 shares held jointly with Mr. Mitchell's spouse, 840 shares held solely by Mr. Mitchell's spouse, 2,922 shares held by children of Mr. Mitchell and 15,653 shares allocated to Mr. Mitchell's ESOP account.

(4) All shares are held directly.

(5) All shares are held in a trust, of which Mr. Swearingen is a trustee.

(6) All shares are held in a trust for the benefit of Mr. Strecker's wife, for which Mr. Strecker is a co-trustee.
(7) All shares are held jointly with Mr. Smith's spouse.
(8) Includes 3,640 shares held jointly with Mr. Johnson's spouse and 309 shares subject to options.
(9) Includes 530 shares held jointly with Ms. Boecker's spouse and 1,000 shares subject to options.
(10) Amount includes shares held directly, as well as shares held jointly with family members, shares held in retirement accounts, shares held in a fiduciary capacity, shares held by certain members of the group's families, or shares held by trusts of which the group member is a trustee or substantial beneficiary, with respect to which shares the group members may be deemed to have sole or shared voting and/or investment powers. This amount also includes 1,309 shares subject to options.

PROPOSAL I – ELECTION OF DIRECTORS

Our Board of Directors currently consists of seven members, at least a majority of whom are independent from First Independence and First Federal. Approximately one-third of the directors are elected annually. Directors are generally elected to serve for a three-year period or until their respective successors are elected and qualified.

The following table sets forth certain information regarding the composition of our Board of Directors, including each director's term of office. The Board of Directors acting as the nominating committee has recommended and approved the nominees identified in the following table. It is intended that the proxies solicited on behalf of the Board of Directors (other than proxies in which the vote is withheld as to a nominee) will be voted at the annual meeting **FOR** the election of the nominees identified below. If a nominee is unable to serve, the shares represented by all valid proxies will be voted for the election of such substitute nominee as the Board of Directors may recommend. At this time, we are unaware of any reason why a nominee might be unable to serve if elected. Except as disclosed herein, there are no arrangements or understandings between a nominee and any other person pursuant to which the nominee was selected.

Name	Age(1)	Position(s) Held with First Independence	Director Since(2)	Term to Expire
		Nominees		
E. JoVonnah Boecker	58	Director	1999	2009
Larry G. Spencer	57	President, Chief Executive Officer and Director	1993	2009
Harold L. Swearingen	68	Director	1992	2009
		Directors Continuing in Office		
William T. Newkirk II	49	Vice Chairman of the Board	1992	2007
Joseph M. Smith	60	Director	1993	2007
Lavern W. Strecker	64	Chairman of the Board	1993	2008
Robert A. Johnson	59	Director	1999	2008

(1) At September 30, 2005.
(2) Includes service as a director of First Federal.

The business experience during the last five years of each of the directors is as follows:

E. JoVonnah Boecker. Ms. Boecker is the City Clerk of Neodesha, a position she has held since 1983.

Larry G. Spencer. Mr. Spencer is President and Chief Executive Officer of First Independence and First Federal. Mr. Spencer has been employed by First Federal since 1974 and has held a variety of positions including Executive Vice President. Mr. Spencer was promoted to President and Chief Executive Officer of

First Federal in 1990 and has been the President and Chief Executive Officer of First Independence since inception. Mr. Spencer received a degree in Business Administration from Pittsburg State University and served in the U.S. Army for three years. He has served on the boards of the Chamber of Commerce, Main Street, the Independence Community College Endowment Association, Community Chest and Junior Achievement. He is presently a member of the boards of the Heartland Community Bankers Association, USD#446 Endowment Association, Kansas Food Bank and Independence Industries. He is also a member of the Rotary Club.

Harold L. Swearingen. Prior to his retirement in 1992, Mr. Swearingen was employed as a telecommunications manager by ARCO Pipe Line Company, Independence, Kansas. Mr. Swearingen had been employed by Atlantic Richfield Company and its subsidiaries since 1960. He is a graduate of Kansas State University.

William T. Newkirk II. Mr. Newkirk is Vice Chairman of the Board of First Independence and First Federal, positions he has held since January 1999. Mr. Newkirk is the Vice President of Newkirk, Dennis & Buckles, Inc., an insurance agency located in Independence, Kansas. Mr. Newkirk has been in the insurance business for 26 years.

Joseph M. Smith. Mr. Smith is currently retired. Prior to his retirement in 2000, Mr. Smith was the County Extension Agent Agriculture and Coordinator with the Montgomery County Extension Council for 28 years.

Lavern W. Strecker. Mr. Strecker is Chairman of the Board of First Independence and First Federal, positions he has held since January 1999. Mr. Strecker is currently retired. Prior to his retirement in 1992, Mr. Strecker was employed by ARCO Pipe Line Company for 26 years with his last position being Manager of Accounting and Control.

Robert A. Johnson. Mr. Johnson is the Human Resource Manager of Cobalt Boats, a manufacturer of luxury boats, a position he has held since July 2000. Prior to his current employment, Mr. Johnson was the Human Resource Manager of M-E-C Company of Neodesha, Kansas for five years and a personnel manager with Emerson Electric Company of Independence, Kansas for 13 years.

Meetings and Committees of the Board of Directors

Meetings and Committees of First Independence. The Board of Directors generally meets on a quarterly basis. Our Board of Directors met five times during fiscal 2005. During fiscal 2005, no incumbent director of First Independence attended fewer than 75% of the aggregate of the total number of meetings of the Board of Directors and the total number of meetings held by the committees of the Board of Directors on which he or she served.

Our Board of Directors has standing Executive, Audit and Compensation Committees.

The Executive Committee for fiscal 2005 was comprised of Chairman Strecker, Vice Chairman Newkirk and Director Smith. The Executive Committee meets on an as needed basis and exercises the powers of First Independence's Board of Directors between Board meetings to the extent permitted by Delaware law. This committee did not meet during fiscal 2005.

The Audit Committee selects the independent auditors, reviews the results of the auditors' services, reviews with management and the internal auditors the systems of internal control and internal audit reports and assures that the books and records of First Independence are kept in accordance with applicable accounting principles and standards. The members of the Audit Committee for fiscal 2005 were Chairman Strecker, Vice Chairman Newkirk and Director Smith, each of whom was an independent director. This committee met twice during the fiscal year ended September 30, 2005.

The Compensation Committee for fiscal 2005 was composed of Chairman Strecker, Vice Chairman Newkirk and Director Smith. This committee is responsible for administering the First Independence Corporation 1993 Stock Option and Incentive Plan and also reviews compensation and benefit matters. This committee met once during the fiscal year ended September 30, 2005.

Our entire Board of Directors acts as a nominating committee for selecting nominees for election as directors. While we will consider nominees recommended by stockholders, we have not actively solicited such nominations. Pursuant to our bylaws, nominations by stockholders must be delivered in writing to the Secretary of First Independence at least 30 days before the date of the annual meeting. However, in the event that less than 40 days' notice of prior public disclosure of the date of the annual meeting is given or made to stockholders, nominations by stockholders must be received not later than the close of business on the 10th day following the day on which such notice of the date of the meeting was mailed or such public disclosure was first made.

Director Compensation

Our directors are not paid fees for their service on the board of directors of First Independence. Each of our directors, however, is also a director of First Federal and directors of First Federal are paid a fee of $1,000 per month, plus $1,000 per each special Board meeting of First Federal and $500 per each Executive Committee meeting attended. With the exception of the First Federal Executive Committee, no fee is paid for membership on First Federal committees.

Certain Transactions

We have followed a policy of granting consumer loans and loans secured by the borrower's personal residence to officers, directors and employees. Loans to executive officers, directors and employees are made in the ordinary course of business and on the same terms and conditions, including interest rates and collateral, as those of comparable transactions prevailing at the time with other persons, in accordance with our underwriting guidelines, and do not involve more than the normal risk of collectibility or present other unfavorable features, which is consistent with current federal requirements. Loans to executive officers and directors must be approved by a majority of the disinterested directors and loans to other officers and employees must be approved by our loan committee.

PROPOSAL II – RATIFICATION OF THE APPOINTMENT OF AUDITORS

We have entered into an arrangement for Stafford & Westervelt, Chartered to be our independent auditors for the 2006 fiscal year, subject to the ratification of the appointment by our stockholders. A representative of Stafford & Westervelt, Chartered is expected to attend the annual meeting to respond to appropriate questions and will have an opportunity to make a statement if he or she so desires.

The Audit Committee is solely responsible for selecting First Independence's independent auditors. The Audit Committee selected Stafford & Westervelt, Chartered as First Independence's independent auditors for fiscal year 2006. Stockholder approval is not required to appoint Stafford & Westervelt, Chartered as First Independence's independent auditors. The Board of Directors believes, however, that submitting the appointment of Stafford & Westervelt, Chartered to the stockholders for ratification is a matter of good corporate governance. If the stockholders do not ratify the appointment, the Audit Committee will take this into consideration in its future selection of independent auditors.

STOCKHOLDER PROPOSALS

In order to be eligible for inclusion in the proxy materials for next year's annual meeting of stockholders, any stockholder proposal to take action at such annual meeting must be received at the executive office of First Independence located at Myrtle and Sixth Streets, Independence, KS 67301 a reasonable amount of time before the mailing of proxy material for the next annual meeting. Otherwise, any stockholder proposal to take action at such annual meeting must be received at our executive office located at Myrtle and Sixth Streets, Independence, KS 67301 at least 30 days prior to the date of the next annual meeting. However, in the event that less than 40 days' notice or prior public disclosure of the date of the next annual meeting is given or made to stockholders, the stockholder proposal must be received not later than the close of business on the 10th day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure was first made. All stockholder proposals must also comply with our bylaws and Delaware law.

OTHER MATTERS

We are not aware of any business to come before the annual meeting other than those matters described above in this proxy statement. However, if any other matter should properly come before the annual meeting, it is intended that holders of the proxies will act in accordance with their best judgment.

Independence, Kansas
December 23, 2005

Stafford & Westervelt, Chartered
Certified Public Accountants

stafford & westervelt

Offices in
Chanute, Independence, Parsons and Pittsburg, Kansas
Rogers, Arkansas

INDEPENDENT AUDITORS' REPORT

Board of Directors
First Independence Corporation and Subsidiary

We have audited the accompanying consolidated balance sheets of First Independence Corporation and Subsidiary as of September 30, 2005 and 2004, and the related consolidated statements of earnings, stockholders' equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of First Independence Corporation and Subsidiary as of September 30, 2005 and 2004, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Stafford & Westervelt, Chartered

Independence, Kansas
October 25, 2005

First Independence Corporation and Subsidiary

CONSOLIDATED BALANCE SHEETS

September 30,

ASSETS

	2005	2004
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 (estimated fair value of $29,803,100 in 2005 and $31,148,000 in 2004) (Note B)	30,065,772	31,132,095
Mortgage-backed securities held to maturity (estimated fair value of $6,736,488 in 2005 and $9,522,678 in 2004) (Note C)	6,748,179	9,368,974
Loans receivable (Note D)	124,465,274	113,318,298
Premises and equipment (Note F)	2,051,507	2,128,332
Federal Home Loan Bank stock, at cost	2,629,700	2,325,200
Accrued interest receivable (Note E)	880,355	793,439
Real estate acquired through foreclosure	419,359	1,032,131
Income taxes receivable	3,189	5,478
Deferred taxes (Note K)	-	11,501
Other	122,061	106,036
Cash value of life insurance	2,034,642	-
Total assets	$ 171,933,216	$ 164,843,004

The accompanying notes are an integral part of these statements.

LIABILITIES AND STOCKHOLDERS' EQUITY

	2005	2004
Deposits (Notes B, C & H)	$ 111,927,882	$ 107,108,952
Advances from borrowers for taxes and insurance	885,033	777,277
Income taxes payable	5,714	3,355
Deferred income taxes (Note K)	69,636	-
Advances from Federal Home Loan Bank (Note I)	42,651,640	41,178,632
Accrued expenses and other	488,540	402,456
Total liabilities	156,028,445	149,470,672
Stockholders' equity (Note L)		
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 (Note K)	16,630,086	16,033,728
Required contributions for shares acquired by Employee Stock Ownership Plan (ESOP) (Note J)	(5,077)	(25,388)
Treasury stock 760,249 shares in 2005 and 755,249 shares in 2004 - at cost	(8,961,042)	(8,850,654)
Total stockholders' equity	15,904,771	15,372,332
Total liabilities and stockholders' equity	$ 171,933,216	$ 164,843,004

First Independence Corporation and Subsidiary

CONSOLIDATED STATEMENTS OF EARNINGS

Years ended September 30,

	2005	2004
Interest income		
Loans	$ 8,125,678	$ 7,655,496
Mortgage-backed securities	346,636	422,177
Investment securities	854,019	686,523
Interest-bearing deposits and other	160,853	143,862
Total interest income	9,487,186	8,908,058
Interest expense		
Deposits (Note H)	2,366,861	2,044,805
Borrowed funds	2,077,132	1,891,595
Total interest expense	4,443,993	3,936,400
Net interest income	5,043,193	4,971,658
Provision for loan losses	120,252	65,694
Net interest income after provision for loan losses	4,922,941	4,905,964
Noninterest income		
Service charges	468,957	332,804
Other	301,825	204,380
	770,782	537,184
Noninterest expense		
Employee compensation and benefits	2,309,859	2,133,073
Occupancy and equipment	447,089	466,750
Data processing fees	265,247	247,685
Foreclosed assets, net (Note G)	22,446	78,704
Other operating	804,770	614,767
	3,849,411	3,540,979
Earnings before income taxes	1,844,312	1,902,169
Income tax expense (Note K)	681,739	691,035
NET EARNINGS	$ 1,162,573	$ 1,211,134
Earnings per share after income taxes		
Basic	$1.31	$1.32
Diluted	$1.30	$1.32

The accompanying notes are an integral part of these statements.

First Independence Corporation and Subsidiary

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

Years ended September 30, 2005 and 2004

	Common stock	Additional paid-in capital	Retained earnings	Required contri-butions for shares acquired by ESOP	Treasury stock	Total
Balance at September 30, 2003	$ 16,493	$ 8,180,927	$ 15,361,025	$ (45,699)	$(8,359,456)	$ 15,153,290
Net earnings for the year	-	-	1,211,134	-	-	1,211,134
Cash dividends of $.5875 per share	-	-	(538,431)	-	-	(538,431)
Common stock options exercised	-	4,119	-	-	5,850	9,969
ESOP loan repayments	-	-	-	20,311	-	20,311
Fair value adjustment on ESOP shares committed for release	-	13,107	-	-	-	13,107
Purchase of 26,777 shares of treasury stock	-	-	-	-	(497,048)	(497,048)
Balance at September 30, 2004	16,493	8,198,153	16,033,728	(25,388)	(8,850,654)	15,372,332
Net earnings for the year	-	-	1,162,573	-	-	1,162,573
Cash dividends of $.6375 per share	-	-	(566,215)	-	-	(566,215)
Common stock options exercised	-	6,328	-	-	7,800	14,128
ESOP loan repayments	-	-	-	20,311	-	20,311
Fair value adjustment on ESOP shares committed for release	-	19,830	-	-	-	19,830
Purchase of 6,200 shares of treasury stock	-	-	-	-	(118,188)	(118,188)
Balance at September 30, 2005	$ 16,493	$ 8,224,311	$ 16,630,086	$ (5,077)	$(8,961,042)	$ 15,904,771

The accompanying notes are an integral part of these statements.

First Independence Corporation and Subsidiary

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended September 30,

	2005	2004
Cash flows from operating activities		
Net earnings	$ 1,162,573	$ 1,211,134
Adjustments to reconcile net earnings to net cash provided by operating activities		
Provision for loan losses	120,252	65,694
Depreciation	153,097	164,538
Amortization of premiums and discounts on investments and mortgage-backed securities	181,809	430,570
Amortization of deferred loan origination fees	(191,823)	(258,672)
Amortization of expense related to employee benefit plans	40,141	33,418
Gains on sale of real estate acquired through foreclosure, net	(90,987)	(81,036)
Deferred income taxes	-	29,564
Gains on sales of loans receivable held for sale	(81,492)	(60,074)
Originations of loans receivable held for sale	(6,582,462)	(3,070,783)
Proceeds from sales of loans receivable held for sale	6,663,955	3,130,857
Increase (decrease) in cash due to changes in		
Accrued interest receivable	(86,916)	(18,446)
Other assets	(10,022)	(1,496)
Accrued expenses and other liabilities	86,084	52,659
Income taxes payable	79,781	118,785
Net cash provided by operating activities	1,443,990	1,746,712
Cash flows from investing activities		
Net (increase) decrease in interest-bearing deposits in financial Institutions	2,970,000	(2,970,000)
Proceeds from maturities and repayment of securities Held to maturity	19,564,728	9,054,655
Purchase of securities Held to maturity	(16,059,419)	(10,022,261)
Purchase of bank-owned life insurance	(2,034,642)	-
Net increase in loans	(11,337,538)	(8,197,578)
Purchase of Federal Home Loan Bank stock	(304,500)	(328,400)
Capital expenditures	(133,911)	(157,130)
Proceeds from sale of real estate acquired through foreclosure	1,023,531	265,096
Net cash used in investing activities	(6,311,751)	(12,355,618)

The accompanying notes are an integral part of these statements.

First Independence Corporation and Subsidiary

CONSOLIDATED STATEMENTS OF CASH FLOWS - CONTINUED

Years ended September 30,

	2005	2004
Cash flows from financing activities		
Net increase in deposits	$ 4,818,930	$ 1,384,983
Net increase in advances from borrowers for taxes and insurance	107,756	76,023
Advances from Federal Home Loan Bank	28,700,000	23,900,000
Repayment of Federal Home Loan Bank advances	(27,226,992)	(20,178,380)
Cash dividends paid	(566,215)	(538,431)
Purchase of treasury stock	(118,188)	(497,048)
Stock options exercised	14,128	9,969
Net cash provided by financing activities	5,729,419	4,157,116
Net increase (decrease) in cash and cash equivalents	861,658	(6,451,790)
Cash and cash equivalents at beginning of year	1,651,520	8,103,310
Cash and cash equivalents at end of year	$ 2,513,178	$ 1,651,520
Supplemental disclosures of cash flow information		
Cash paid during the year for		
Income taxes	$ 595,954	$ 539,811
Interest	4,337,587	3,903,636
Noncash investing and financing activities		
Transfer from loans to real estate acquired through foreclosure	529,462	1,022,986
Issuance of loans receivable in connection with the sale of real estate acquired through foreclosure	179,300	298,850

The accompanying notes are an integral part of these statements.

NOTE A - SUMMARY OF ACCOUNTING POLICIES

First Independence Corporation (the "Corporation") is a savings and loan holding company whose activities are primarily limited to holding the stock of First Federal Savings and Loan Association of Independence (the "Association"). Future references to the Corporation or the Association are utilized herein as the context requires. The Association conducts a general banking business in southeastern Kansas which consists of attracting deposits from the general public and applying those funds to the origination of loans for residential, consumer and nonresidential purposes and the purchase of investment and mortgage-backed securities. The Association's profitability is significantly dependent on net interest income, which is the difference between interest income generated from interest-earning assets (i.e., loans and investments) and the interest expense paid on interest-bearing liabilities (i.e., customer deposits and borrowed funds). Net interest income is affected by the relative amount of interest-earning assets and interest-bearing liabilities and the interest received or paid on these balances. The level of interest rates paid or received by the Association can be significantly influenced by a number of environmental factors, such as governmental monetary policy, that are outside of management's control.

The consolidated financial information presented herein has been prepared in accordance with accounting principles generally accepted in the United States of America (" US GAAP") and general accounting practices within the financial services industry. In preparing consolidated financial statements in accordance with US GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from such estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for loan losses and the valuation of real estate acquired through foreclosure.

The following is a summary of the Corporation's significant accounting policies which have been consistently applied in the preparation of the accompanying consolidated financial statements.

1. *Principles of consolidation*

The consolidated financial statements include the accounts of First Independence Corporation and its wholly-owned subsidiary, First Federal Savings and Loan Association of Independence. All significant intercompany balances and transactions have been eliminated.

2. *Cash equivalents*

For purposes of reporting cash flows, cash and cash equivalents include cash, due from banks, federal funds sold and other overnight deposits.

3. *Investment securities and mortgage-backed securities*

Investment securities and mortgage-backed securities are classified in three categories and accounted for as follows: (a) debt securities that the Corporation has the positive intent and ability to hold to maturity are classified as held-to-maturity securities and reported at amortized cost, (b) debt and equity securities that are bought and held principally for the purpose of selling them in the near term are classified as trading securities and reported at fair value, with unrealized gains and losses included in earnings and (c) debt and equity securities not classified as either held-to-maturity securities or trading securities are classified as available-for-sale securities and reported at fair value, with unrealized gains and losses excluded from earnings and reported as the sole component of accumulated other comprehensive income in stockholders' equity.

Premiums and discounts on investment securities are amortized to operations over the term of the security using the level yield method. Premiums and discounts on mortgage-backed securities are amortized and accreted to operations using the level yield method over the estimated life of the underlying loans collateralizing the securities. Gains and losses on the sale of securities designated as available for sale are recorded using the specific identification method.

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

4. *Loans receivable*

Loans receivable that management has the intent and ability to hold until maturity or pay-off are reported at their outstanding principal balance, adjusted for charge-offs, the allowance for loan losses, unearned discounts and net deferred loan origination fees.

The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to earnings. Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

The allowance for loan losses is evaluated on a regular basis by management and is based upon management's periodic review of the collectibility of the loans based on historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

A loan is considered impaired when, based on current information and events, it is probable that the Corporation will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed. Impairment is measured on a loan-by-loan basis for commercial and construction loans by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price, or the fair value of the collateral if the loan is collateral dependent, net of costs of disposal.

Large groups of smaller balance homogeneous loans are collectively evaluated for impairment. Accordingly, the Corporation does not separately identify individual 1-4 family residential real estate, home equity or consumer loans for impairment disclosures.

Uncollectible interest on loans that are contractually past due is charged off or an allowance is established based on management's periodic evaluation. The allowance is established by a charge to interest income equal to all interest previously accrued. Income is subsequently recognized only to the extent cash payments are received until, in management's judgment, the borrower's ability to make periodic interest and principal payments is back to normal, in which case the loan is returned to accrual status. If the collection of principal in whole or in part is in doubt, all payments received on nonaccrual loans are credited to principal until such doubt is eliminated.

5. *Loan origination fees and related costs*

Loan origination fees received, net of certain direct origination costs are deferred on a loan-by-loan basis and amortized to interest income over the contractual life of the loan using the interest method, giving effect to actual loan prepayments. Loan origination costs are considered to be direct costs attributable to originating a loan.

6. *Loans held for sale*

Loans originated and intended for sale in the secondary market are carried at the lower of cost or estimated fair value in the aggregate. Net unrealized losses, if any, are recognized through a valuation allowance by charges to income.

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

7. *Real estate acquired through foreclosure*

Real estate properties acquired through, or in lieu of, loan foreclosure are held for sale and are initially recorded at fair value at the date of foreclosure establishing a new cost basis. Subsequent to foreclosure, valuations are periodically performed by management and the real estate is carried at the lower of carrying amount or fair value less cost to sell. Revenue and expenses from operations and changes in the valuation allowance are included in net expenses from foreclosed assets.

8. *Premises and equipment*

Premises and equipment are carried at cost less accumulated depreciation. Depreciation is included in occupancy and equipment expense and is provided by the straight-line method over the following estimated useful lives:

	Years
Building	8-50
Furniture, fixtures and equipment	5-20
Automobiles	5

The costs of maintenance and repairs are charged to operations as incurred. The costs of significant additions, renewals and betterments to depreciable properties are capitalized and depreciated over the remaining or extended estimated useful lives of the properties. Gains and losses on disposition of property and equipment are included in operations.

9. *Employee stock ownership plan*

The Corporation sponsors a leveraged employee stock ownership plan (ESOP). The ESOP holds company stock which serves as collateral for the ESOP debt. As shares are released from collateral, the Corporation reports compensation expense equal to the current market price of the shares, and the shares become outstanding for earnings-per-share ("EPS") computations. Dividends on released and allocated ESOP shares are recorded as a reduction of retained earnings; dividends on unallocated ESOP shares are recorded as compensation cost.

10. *Stock-based compensation*

The Corporation has a Stock Option and Incentive Plan which is described more fully in Note J. The stock option plan is accounted for under APB Opinion 25 and related interpretations, using the intrinsic value based method. Under the intrinsic method, compensation cost for stock options is measured as the excess, if any, of the quoted market price of the Corporation's stock over the exercise price at the measurement date. The options are exercisable at not less than the market value of the Corporation's stock on the date of grant. Accordingly, no compensation cost has been recognized for the plan. Had compensation cost for the plan been determined based on the fair value of the options at the grant dates consistent with the fair value method of Statement of Financial Accounting Standards 123, *Accounting for Stock-Based Compensation* (SFAS 123), the Corporation's net earnings and earnings per share for the years ended September 30 would have been reduced to the pro forma amounts indicated below.

	2005	2004
Net earnings - as reported	$ 1,162,573	$ 1,211,134
Net earnings - pro forma	1,157,333	1,205,894
Earnings per share		
Basic - as reported	$ 1.31	$ 1.32
Basic - pro forma	1.30	1.32
Diluted - as reported	1.30	1.32
Diluted - pro forma	1.29	1.31

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

11. *Income taxes*

First Independence Corporation and its subsidiary file a consolidated federal income tax return. Deferred tax assets and liabilities are determined based on the differences between the financial accounting and tax basis of assets and liabilities. Deferred tax assets or liabilities at the end of each period are determined using the currently enacted tax rate expected to apply to taxable income in the periods in which the deferred tax asset or liability is expected to be settled or realized.

12. *Earnings per share*

Basic earnings per share is computed by dividing net earnings by the weighted average number of common shares outstanding during the year. Diluted earnings per share is computed by dividing net earnings by the weighted average number of common shares outstanding during the year plus the common share equivalents related to outstanding stock options. Weighted average common shares outstanding and diluted shares deemed outstanding are as follows:

	Year ended September 30,	
	2005	2004
Weighted average common shares outstanding	888,884	916,128
Common share equivalents related to outstanding stock options	3,870	2,834
Adjusted weighted average common shares deemed to be outstanding	892,754	918,962

Common shares outstanding exclude unallocated and committed shares held by the ESOP trust.

NOTE B - INVESTMENT SECURITIES

The amortized cost, gross unrealized gains, gross unrealized losses and estimated fair value of held-to-maturity investment securities are as follows:

	September 30, 2005			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
U.S. Government and agency obligations	$30,065,772	$ 6,600	$(269,272)	$29,803,100

	September 30, 2004			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
U.S. Government and agency obligations	$31,132,095	$ 90,440	$ (74,535)	$31,148,000

NOTE B - INVESTMENT SECURITIES - Continued

The amortized cost and estimated fair value of investment securities at September 30, 2005, by term to maturity are as follows:

	Amortized cost	Estimated fair value
Due in less than one year	$10,997,393	$10,960,200
Due in one to two years	8,983,467	8,900,900
Due in two to five years	10,084,912	9,942,000
	$30,065,772	$29,803,100

Investment securities with an estimated fair value of $19,584,860 and $18,903,180 at September 30, 2005 and 2004, respectively, are pledged to secure government and other deposits.

NOTE C - MORTGAGE-BACKED SECURITIES

The amortized cost, gross unrealized gains, gross unrealized losses and estimated fair value of held-to-maturity mortgage-backed securities are summarized as follows:

	September 30, 2005			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
GNMA certificates	$ 6,983	$ 983	$ -	$ 7,966
FHLMC certificates	943,260	18,147	-	961,407
FNMA certificates	5,726,174	-	(31,148)	5,695,026
Collateralized mortgage obligations				
FHLMC	9,262	71	-	9,333
FNMA	62,502	254	-	62,756
	$ 6,748,181	$ 19,455	$ (31,148)	$ 6,736,488

	September 30, 2004			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
GNMA certificates	$ 7,467	$ 945	$ -	$ 8,412
FHLMC certificates	1,440,172	54,227	-	1,494,399
FNMA certificates	7,828,866	108,278	(9,210)	7,927,934
Collateralized mortgage obligations				
FHLMC	9,261	-	-	9,261
FNMA	83,208	-	(536)	82,672
	$ 9,368,974	$ 163,450	$ (9,746)	$ 9,522,678

NOTE C - MORTGAGE-BACKED SECURITIES - Continued

Mortgage-backed securities generally mature ratably over the 30-year term of the underlying loans collateralizing the securities. Expected maturities on mortgage-backed securities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

Mortgage-backed securities with an estimated fair value of $5,543,562 and $1,718,860 at September 30, 2005 and 2004, respectively, are pledged to secure government and other deposits.

NOTE D - LOANS RECEIVABLE

Loans receivable at September 30 are summarized as follows:

	2005	2004
First mortgage loans		
One-to-four family residences	$ 82,016,346	$ 74,918,145
Multi-family residences	1,788,929	1,286,673
Nonresidential	16,457,087	12,052,401
Construction	24,666,905	29,736,320
Total first mortgage loans	124,929,267	117,993,539
Consumer and other loans		
Savings	466,153	503,717
Automobile	3,888,540	3,070,930
Home equity and second mortgages	2,545,775	1,856,220
Unsecured home improvement	63,441	220,494
Other	865,688	695,430
Total consumer and other loans	7,829,597	6,346,791
Less		
Allowance for loan losses	(776,724)	(783,176)
Loans in process	(7,312,413)	(10,020,250)
Unearned discounts	(1,369)	(2,160)
Deferred loan origination fees	(203,084)	(216,446)
	(8,293,590)	(11,022,032)
Net loans receivable	$ 124,465,274	$ 113,318,298

NOTE D - LOANS RECEIVABLE - Continued

Activity in the allowance for loan losses is summarized as follows for the years ended September 30:

	2005	2004
Balance at beginning of year	$ 783,176	$ 745,435
Provision	120,252	65,694
Loans charged off	(126,704)	(27,953)
Balance at end of year	$ 776,724	$ 783,176

The Association's lending efforts have historically focused on one-to-four family residential real estate loans, which comprise approximately 62% (2005) and 60% (2004) of the total loan portfolio. Approximately 1% (2005 and 2004) of the Association's one-to-four family residential real estate loans are collateralized by properties located outside of the primary lending area of Montgomery and surrounding Kansas counties. Generally, such loans have been underwritten on the basis of 80% to 90% loan-to-value ratio or mortgage insurance was required. The Association, as with any lending institution, is subject to the risk that real estate values could deteriorate in its primary lending area thereby impairing collateral values. Management believes, however, that real estate values in the Association's primary lending area are currently stable.

During the year ended September 30, 1998 the Association began originating construction loans at its new loan production office in Lawrence, Kansas. These construction loans generally are to builders and individuals for the construction of residences and have terms of nine months or less with permanent financing provided by other lenders. Construction loans comprise approximately 19% (2005) and 24% (2004) of the Association's total loan portfolio.

Approximately 14% (2005) and 11% (2004) of the loan portfolio is comprised of nonresidential and multi-family real estate loans with approximately 1% (2005) and 4% (2004) of this total collateralized by properties located outside the Association's primary lending area.

Serviced loans were $12,476,514 and $3,934,938 at September 30, 2005 and 2004, respectively.

In the normal course of business, the Association makes loans to directors, executive officers and related entities. An analysis of aggregate loan activity with this group is as follows:

Loans outstanding at October 1, 2004	$ 775,162
Additions	423,223
Repayments	(337,971)
Loans outstanding at September 30, 2005	$ 860,414

There were no impaired loans at September 30, 2005 that are not collectively evaluated in large groups of smaller balance homogeneous loans. Nonaccrual loans included in collectively evaluated groups totaled $483,707 and $561,055 at September 30, 2005 and 2004, respectively.

NOTE E - ACCRUED INTEREST RECEIVABLE

Accrued interest receivable at September 30 is summarized as follows:

	2005	2004
Loans receivable	$ 621,526	$ 552,163
Investment securities	228,687	199,863
Mortgage-backed securities	30,142	41,413
	$ 880,355	$ 793,439

NOTE F - PREMISES AND EQUIPMENT

Premises and equipment at September 30 are summarized as follows:

	2005	2004
Land	$ 218,064	$ 213,063
Building	2,181,929	2,178,441
Furniture, fixtures and equipment	935,258	889,163
Automobiles	40,387	21,082
	3,375,638	3,301,749
Less accumulated depreciation	1,324,131	1,173,417
	$ 2,051,507	$ 2,128,332

NOTE G - FORECLOSED ASSETS

A summary of income (expenses) applicable to foreclosed assets is as follows for the years ended September 30:

	2005	2004
Gain on sale of real estate acquired through foreclosure, net	$ 90,738	$ 81,277
Operating expenses	(113,184)	(159,981)
Foreclosed asset income (expense), net	$ (22,446)	$ (78,704)

Operating expenses on foreclosed assets consist primarily of property taxes and general maintenance expenses on the properties held.

NOTE H - DEPOSITS

Deposits at September 30 are summarized as follows:

	Weighted average rate at September 30,		2005		2004	
	2005	2004	Amount	Percent	Amount	Percent
NOW accounts	.23%	.15%	$ 7,185,276	6.43%	$ 5,140,310	4.80%
First Super NOW accounts	.25	.25	4,409,368	3.94	3,906,322	3.65
First Money Fund accounts	2.12	1.13	23,975,238	21.42	26,537,660	24.77
Total demand deposits	1.63	.94	35,569,882	31.79	35,584,292	33.22
Passbook savings accounts	1.00	.75	8,354,036	7.46	8,612,030	8.04
Certificates of Deposit						
0.01% to 0.99%	-	.75	-	-	85,092	.08
1.00% to 1.99%	1.84	1.75	7,504,589	6.70	31,225,226	29.15
2.00% to 2.99%	2.59	2.40	15,537,574	13.88	12,372,054	11.55
3.00% to 3.99%	3.52	3.28	29,500,536	26.35	9,554,682	8.92
4.00% to 4.99%	4.22	4.29	12,564,918	11.23	4,881,327	4.56
5.00% to 5.99%	5.27	5.43	1,518,819	1.36	2,267,957	2.12
6.00% to 6.99%	6.14	6.21	1,377,528	1.23	2,526,292	2.36
Total certificates of deposit	3.35	2.62	68,003,964	60.75	62,912,630	58.74
Total savings	3.09	2.40	76,358,000	68.21	71,524,660	66.78
Total deposits	2.63	1.91	$111,927,882	100.00%	$107,108,952	100.00%

The aggregate amount of certificates of deposit and savings with a minimum denomination of $100,000 was $18,575,978 and $13,990,421 at September 30, 2005 and 2004, respectively.

NOTE H - DEPOSITS - Continued

Scheduled maturities of certificates of deposit are as follows:

September 30, 2005

	Less than one year	One to three years	Three to five years	Total
1.00% to 1.99%	$ 7,393,352	$ 111,237	$ -	$ 7,504,589
2.00% to 2.99%	12,660,161	2,877,413	-	15,537,574
3.00% to 3.99%	12,259,071	13,357,266	3,884,199	29,500,536
4.00% to 4.99%	1,432,927	7,150,063	3,981,928	12,564,918
5.00% to 5.99%	1,518,819	-	-	1,518,819
6.00% to 6.99%	1,377,528	-	-	1,377,528
	$ 36,641,858	$ 23,495,979	$ 7,866,127	$ 68,003,964

September 30, 2004

	Less than one year	One to three years	Three to five years	Total
0.01% to 0.99%	$ 85,092	$ -	$ -	$ 85,092
1.00% to 1.99%	27,046,754	4,178,472	-	31,225,226
2.00% to 2.99%	6,339,112	5,387,109	645,833	12,372,054
3.00% to 3.99%	1,398,259	849,564	7,306,859	9,554,682
4.00% to 4.99%	42,032	3,313,803	1,525,492	4,881,327
5.00% to 5.99%	649,147	1,618,810	-	2,267,957
6.00% to 6.99%	1,175,098	1,351,194	-	2,526,292
	$ 36,735,494	$ 16,698,952	$ 9,478,184	$ 62,912,630

Interest expense on deposits for the years ended September 30 is summarized as follows:

	2005	2004
NOW accounts	$ 8,729	$ 6,552
First Super NOW and First Money Fund accounts	414,558	225,227
Certificates of deposit and passbook savings accounts	1,943,574	1,813,026
	$ 2,366,861	$ 2,044,805

NOTE I - ADVANCES FROM FEDERAL HOME LOAN BANK

Advances from the Federal Home Loan Bank at September 30 consist of the following:

	2005		2004	
	Rates	Amount	Rates	Amount
Fixed rates	4.02 – 5.08%	$ 12,451,640	1.56 – 5.08%	$ 18,378,632
Variable rates	4.09	10,200,000	2.03	2,800,000
Fixed rate convertible*	4.60 – 6.34	20,000,000	4.60 – 6.34	20,000,000
		$ 42,651,640		$ 41,178,632

*The Federal Home Loan Bank has the option to convert $20,000,000 in the year ending 2006 to its variable short-term rate. These advances are due in 2010 and 2011 unless converted, at which time the Corporation has the option to prepay the advances.

The Association can borrow a maximum of approximately $68,797,000 from the Federal Home Loan Bank at September 30, 2005.

Assets of the Association are subject to a blanket pledge agreement to collateralize the advances.

Aggregate maturities for the years following September 30, 2005 are as follows:

2006	$ 11,007,612
2007	779,890
2008	1,763,060
2009	7,993,993
2010	16,107,085
Thereafter	5,000,000
	$ 42,651,640

NOTE J - EMPLOYEE BENEFITS

The Corporation sponsors a leveraged employee stock ownership plan ("ESOP") that covers all full-time employees. All employees of the Corporation are eligible to participate in the ESOP after they attain age 21 and complete one year of service during which they work at least 1,000 hours. The Corporation makes annual contributions to the ESOP equal to at least the ESOP's debt service. All dividends received by the ESOP are credited to the employee's stock ownership account. The unallocated ESOP shares are pledged as collateral for its debt. As the debt is repaid, shares are released from collateral and allocated to active employees, based on the proportion of debt service paid in the year. Accordingly, unpaid ESOP debt is reflected as a deduction from stockholders' equity. ESOP compensation expense was $161,333 and $155,783 (including annual $120,000 cash contributions) for the years ended September 30, 2005 and 2004, respectively.

The ESOP shares as of September 30, 2005 were as follows:

Allocated shares	125,239
Unreleased shares	539
Total ESOP shares	125,778
Fair value of unreleased shares at September 30, 2005	$ 10,058

NOTE J - EMPLOYEE BENEFITS - Continued

The Corporation has adopted a Stock Option and Incentive Plan (SOP) for designated participants. The SOP provides for up to 145,474 shares of common stock to be issued to participants. The option price of any options granted may not be less than the market value of the common stock on the date of the grant and unless otherwise specified, the options expire ten years from the date of the grant. All options outstanding at September 30, 2005 are exercisable except 2,213 options which vest equally over five years from the date of the grant. A summary of the Corporation's stock option plan as of September 30, 2005 and 2004 and changes during the years ended as of those dates is presented below:

	Shares	Weighted average exercise price
Outstanding at September 30, 2003	13,448	$ 12.17
Exercised	(900)	11.08
Outstanding at September 30, 2004	12,548	12.25
Exercised	(1,200)	11.77
Outstanding at September 30, 2005	11,348	$ 12.30
Exercisable		
September 30, 2004	9,197	$ 11.40
September 30, 2005	9,135	11.70

Options outstanding at September 30, 2005 are summarized as follows:

Shares	Exercise price	Remaining life
350	$14.63	2 years 1 month
5,309	10.06	3 years 4 months
3,000	13.28	5 years 10 months
2,000	15.15	7 years 3 months
689	15.76	7 years 7 months
11,348		

The Association participates in a defined benefit multi-employer pension plan. Substantially all employees are eligible and benefits are based on the employee's salary and years of service. A contribution of $140,574 and $32,394 was made by the Association for the years ended September 30, 2005 and 2004, respectively. Separate actuarial disclosure information is not available due to the plan being a multi-employer pension plan.

NOTE K - INCOME TAXES

Income tax expense for the years ended September 30 consists of the following:

	2005	2004
Current	$ 631,036	$ 661,471
Deferred	58,558	29,564
	$ 689,594	$ 691,035

Reconciliation of income tax expense computed at the federal statutory rate of 34% and income tax expense for the years ended September 30 is as follows:

	2005	2004
Income tax expense at statutory rate	$ 627,066	$ 646,737
Kansas privilege tax, net of federal tax benefit	44,012	48,246
Nondeductible ESOP fair value adjustment	6,742	4,456
Other	3,919	(8,404)
	$ 681,739	$ 691,035

The tax effects of temporary differences that give rise to deferred tax assets and liabilities at September 30 are as follows:

	2005	2004
Deferred tax assets		
Allowance for loan losses	$ 260,819	$ 263,204
Accrued bonuses	20,170	21,687
Depreciation of property and equipment	(2,483)	2,154
Other	-	39,071
Total deferred tax assets	287,045	326,116
Deferred tax liabilities		
Federal Home Loan Bank stock dividends	356,681	314,615
Total deferred tax liabilities	356,681	314,615
Net deferred tax asset (liability)	$ (69,636)	$ 11,501

Prior to 1997 the Association was allowed a special bad debt deduction, generally limited to 8% of otherwise taxable income subject to certain limitations based on aggregate loans and deposit account balances at the end of the year. If the amounts that qualified as deductions for federal income taxes are later used for purposes other than for bad debt losses, including distributions in liquidation, such distributions will be subject to federal income taxes at the then current corporate income tax rate. Retained earnings at September 30, 2005, includes approximately $2.9 million for which federal income taxes have not been provided. The amount of unrecognized deferred tax liability relating to the cumulative bad debt deduction at September 30, 2005, is approximately $1,000,000.

NOTE L - STOCKHOLDERS' EQUITY AND REGULATORY CAPITAL

The Association is subject to various regulatory capital requirements administered by the Office of Thrift Supervision (OTS). Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Association's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Association must meet specific capital guidelines that involve quantitative measures of the Association's assets, liabilities and certain off-balance-sheet items as calculated under regulatory accounting practices. The Association's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

NOTE L - STOCKHOLDERS' EQUITY AND REGULATORY CAPITAL - Continued

Quantitative measures established by regulation to ensure capital adequacy require the Association to maintain minimum amounts and ratios (set forth in the table below) of total and Tier 1 capital to risk-weighted assets and of Tier 1 (core) capital and tangible capital to adjusted total assets. Management believes, as of September 30, 2005, that the Association meets all capital adequacy requirements to which it is subject.

As of September 30, 2005, the most recent notification from the OTS categorized the Association as well capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since that notification that management believes have changed the Association's category. To be categorized as well capitalized the Association must maintain minimum total risk-based, Tier 1 risk-based and Tier 1 (core) ratios as set forth in the table below.

	Actual		Minimum capital requirement		Minimum to be well capitalized under prompt corrective action provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
			(Dollars in thousands)			
As of September 30, 2005						
Total capital to risk-weighted assets	$ 16,441	16.10%	$ 8,167	8.00%	$ 10,209	10.0%
Tier 1 capital to risk-weighted assets	15,664	15.34	N/A	N/A	6,125	6.0
Core capital to adjusted tangible assets	15,664	9.11	6,880	4.00	8,600	5.0
Tangible capital to tangible assets	15,664	9.11	2,580	1.50	N/A	N/A
As of September 30, 2004						
Total capital to risk-weighted assets	$ 15,948	17.58%	$ 7,259	8.0%	$ 9,074	10.0%
Tier 1 capital to risk-weighted assets	15,165	16.71	N/A	N/A	5,445	6.0
Core capital to adjusted tangible assets	15,165	9.20	6,595	4.0	8,244	5.0
Tangible capital to tangible assets	15,165	9.20	2,473	1.5	N/A	N/A

Regulations of the OTS impose limitations on the payment of dividends and other capital distributions by savings associations. Under such regulations a savings association that immediately prior to and on a pro forma basis, after giving effect to a proposed capital distribution, has total capital (as defined by OTS regulation) that is equal to or greater than the amount of its fully phased-in capital requirement is generally permitted without OTS approval (but subsequent to 30 days prior notice to the OTS of the planned dividend) to make capital distributions during a calendar year in the amount of up to the greater of (1) 100% of its net earnings to date during the year plus an amount equal to one-half of the amount by which its total capital to assets ratio exceeded its fully phased-in capital to assets ratio at the beginning of the year or (2) 75% of its net income for the most recent four quarters. Pursuant to such OTS dividend regulations, the Association had the ability to pay dividends of approximately $4,848,000 to First Independence Corporation at September 30, 2005.

NOTE M - COMMITMENTS

The Association is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers including commitments to extend credit. Such commitments involve, to varying degrees, elements of credit and interest-rate risk in excess of the amount recognized in the consolidated balance sheets. The contract or notional amounts of the commitments reflect the extent of the Association's involvement in such financial instruments.

The Association's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit is represented by the contractual notional amount of those instruments. The Association uses the same credit policies in making commitments and conditional obligations as those utilized for on-balance sheet instruments. The Association's commitments to extend credit at September 30, 2005 include loans in process as disclosed in Note D, first mortgage loans with fixed rates ranging from 5.50% to 8.00% aggregating $1,803,530 and unfunded lines of credit aggregating $1,460,811. Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. The commitments may expire without being drawn upon. Therefore, the total commitment amounts do not necessarily represent future cash requirements. Collateral for loans in process and commitments are the same as for other Association loans. The commitment period is generally for forty-five days.

NOTE N - FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each class of financial instruments at September 30, 2005 and 2004.

Cash and cash equivalents: The balance sheet carrying amounts for cash and short-term instruments approximate the estimated fair values of such assets.

Investment securities and mortgage-backed securities: Fair values for investment securities and mortgage-backed securities are based on quoted market prices, if available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments.

Loans receivable: For variable rate loans that reprice frequently and which entail no significant change in credit risk, fair values are based on the carrying values. The estimated fair values of fixed rate loans are estimated based on discounted cash flow analyses using prepayment assumptions and interest rates currently offered for loans with similar terms to borrowers of similar credit quality. Nonperforming loans have not been discounted. The carrying amount of accrued interest receivable approximates its fair value.

Commitments to extend credit: No premium or discount was ascribed to loan commitments because when funded virtually all funding will be at current market rates.

Federal Home Loan Bank stock: The balance sheet carrying amount approximates the stock's fair value.

Deposit liabilities: The fair values estimated for demand deposits, NOW accounts, savings and certain types of money market accounts are, by definition, equal to the amount payable on demand at the reporting date (i.e., their carrying amounts). The carrying amounts of variable rate, fixed-term money market accounts and certificates of deposit approximate their fair values at the reporting date. Fair values of fixed rate certificates of deposit are estimated using a discounted cash flow calculation that applies interest rates currently being offered to a schedule of aggregated expected monthly time deposit maturities. The carrying amount of accrued interest payable approximates its fair value.

NOTE N - FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

Advances from Federal Home Loan Bank: For variable rate advances fair values are considered equal to their carrying values. The estimated fair value of fixed rate advances are estimated based on discounted cash flow analysis using interest rates currently offered for advances with similar terms.

The following table provides summary information on the fair value of financial instruments. Such information does not purport to represent the aggregate net fair value of the Corporation. Further, the fair value estimates are based on various assumptions, methodologies and subjective considerations, which vary widely among different financial institutions and which are subject to change. The carrying amounts are the amounts at which the financial instruments are reported in the consolidated financial statements.

	2005	
	Carrying amount of assets and (liabilities)	Estimated fair value of assets and (liabilities)
Cash and cash equivalents	$ 2,513,178	$ 2,513,178
Investment securities held to maturity	30,065,772	29,803,100
Mortgage-backed securities held to maturity	6,748,179	6,736,488
Loans	125,241,998	126,785,000
Federal Home Loan Bank stock	2,629,700	2,629,700
Deposits	(111,927,882)	(111,157,526)
Advances from Federal Home Loan Bank	(42,651,640)	(43,705,000)

	2004	
	Carrying amount of assets and (liabilities)	Estimated fair value of assets and (liabilities)
Cash and cash equivalents	$ 1,651,520	$ 1,651,520
Interest-earning deposits in financial institutions	2,970,000	2,970,000
Investment securities held to maturity	31,132,095	31,148,000
Mortgage-backed securities held to maturity	9,368,974	9,522,678
Loans	114,101,474	117,034,000
Federal Home Loan Bank stock	2,325,200	2,325,200
Deposits	(107,108,952)	(107,172,696)
Advances from Federal Home Loan Bank	(41,178,632)	(43,721,000)

STOCKHOLDER INFORMATION

Annual Meeting
The annual meeting of stockholders of First Independence Corporation will be held at our office located at Myrtle and Sixth Streets, Independence, Kansas at 10:30 a.m., Central Standard Time, on January 26, 2006.

Stock Listing Information
First Federal Savings and Loan Association of Independence (the "Association") converted from a mutual to a stock savings and loan association effective October 5, 1993, and formed First Independence Corporation (the "Company") to act as its holding company. The Company's common stock (the "Common Stock") is traded on the OTC Bulletin Board Market under the symbol "FFSL." As of December 2, 2005, there were approximately 178 shareholders of record of the Company's Common Stock, not including those shares held in nominee or street name through various brokerage firms or banks.

Dividends
The following table sets forth dividends declared for each fiscal quarter since October 1, 2003.

Quarter Ended	Dividends Declared
December 31, 2003	.1375
March 31, 2004	.1500
June 30, 2004	.1500
September 30, 2004	.1500
December 31, 2004	.1500
March 31, 2005	.1625
June 30, 2005	.1625
September 30, 2005	.1625

The Company has paid a cash dividend on its Common Stock for each quarter since the Association's conversion to stock form. Future dividends, if any, will be dependent upon the results of operations and financial condition of the Company, tax considerations, industry standards, economic conditions, general business practices and other factors. The Company's ability to pay dividends is dependent on the dividend payments it receives from the Association, which are subject to regulations and the Association's continued compliance with all regulatory capital requirements. See Note L of the Notes to Consolidated Financial Statements for a discussion of regulations governing the Association's ability to pay dividends.

Stock Transfer Agent
Inquiries regarding stock transfer, registration, lost certificates or changes in name and address should be directed to the stock transfer agent and registrar by writing to:

Registrar and Transfer Company
10 Commerce Drive
Cranford, New Jersey 07016
(800) 368-5948

Investor Information
Stockholders, investors, and analysts interested in additional information may contact:

James B. Mitchell,
Vice President and Chief Financial Officer
E-Mail: jimm@firstfederalsl.com

Corporate Office
First Independence Corporation
Myrtle and Sixth
Independence, Kansas 67301
(620) 331-1660

Special Counsel
Silver, Freedman & Taff, L.L.P.
1700 Wisconsin Avenue, NW
Washington, DC 20007

Independent Auditor
Stafford & Westervelt, Chartered
118 West Locust
Independence, KS 67301

First Federal Savings and Loan Association of Independence
Myrtle and Sixth
Independence, Kansas 67301
(620) 331-1660

DIRECTORS AND MANAGEMENT GROUP

BOARD OF DIRECTORS
(First Independence Corporation and
First Federal Savings and Loan Association of Independence)

Lavern W. Strecker
Chairman of the Board
First Independence Corporation and
First Federal Savings and Loan Association of Independence
Retired - Former Manager of Accounting and Control
ARCO Pipe Line Company

William T. Newkirk II
Vice Chairman of the Board
First Independence Corporation and
First Federal Savings and Loan Association of Independence
Vice President
Newkirk, Dennis & Buckles Insurance Co.

Larry G. Spencer
President and Chief Executive Officer
First Independence Corporation and
First Federal Savings and Loan Association of Independence

Robert A. Johnson
Human Resource Manager
Cobalt Boats

Harold L. Swearingen
Retired - Former Telecommunications Manager
ARCO Pipe Line Company

Joseph M. Smith
Retired – Former County Extension Agent
Agriculture and Coordinator
Montgomery County Extension Council

E. JoVonnah Boecker
City Clerk
Neodesha, Kansas

EXECUTIVE OFFICERS

Larry G. Spencer
President and Chief Executive Officer
First Independence Corporation and
First Federal Savings and Loan Association of Independence

Gary L. Overfield
Senior Vice President and Secretary
First Independence Corporation and
First Federal Savings and Loan Association of Independence

James B. Mitchell
Vice President and Chief Financial Officer
First Independence Corporation and
First Federal Savings and Loan Association of Independence

Jim L. Clubine
Vice President and Asset Manager
First Federal Savings and Loan Association of Independence

Lori L. Kelley
Vice President and Retail Banking Manager
First Federal Savings and Loan Association of Independence

OTHER OFFICERS

C. Alan Hoggatt
Vice President
First Federal Savings and Loan Association of Independence

Dennis L. Greenhaw
Vice President
First Federal Savings and Loan Association of Independence

Anne M. Bertie
Treasurer & Controller
First Federal Savings and Loan Association of Independence

Deborah L. Coy
Assistant Vice President
First Federal Savings and Loan Association of Independence

Phyllis A. Johnson
Assistant Vice President
First Federal Savings and Loan Association of Independence

Vicki L. Cranor
Assistant Vice President
First Federal Savings and Loan Association of Independence

James E. Teats
Assistant Vice President
First Federal Savings and Loan Association of Independence

First Independence Corporation
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