



# 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 19, 2006) -- First Independence Corporation (OTC Bulletin Board: FFSL.OB) (the "Company"), reported net earnings of \$336,000 for the third quarter of fiscal 2006, compared to \$317,000 for the third quarter of fiscal 2005. Diluted earnings per share of common stock for the third quarter of fiscal 2006 were \$.38, compared to diluted earnings per share of \$.36 for the third quarter of fiscal 2005. Net earnings for the first nine months of fiscal 2006 were \$930,000, compared to \$922,000 for the first nine months of fiscal 2005. Diluted earnings per share for the nine months ended June 30, 2006 were \$1.05, compared to diluted earnings per share of \$1.03 for the nine months ended June 30, 2005.

Return on average assets for the third quarter of fiscal 2006 was .75% (annualized), compared to .73% (annualized), for the same period last year. Return on average equity for the third quarter of fiscal 2006 was 8.31% (annualized), compared to 8.06% (annualized), in the third quarter of fiscal 2005. Return on average assets for the first nine months of fiscal 2006 was .69% (annualized), compared to .72% (annualized), for the same period last year. Return on average equity for the first nine months of fiscal 2006 was 7.72% (annualized), compared to 7.89% (annualized), for the first nine months of fiscal 2005.

We had \$179.3 million in assets and \$16.3 million in stockholders' equity as of June 30, 2006. At June 30, 2006, total shares outstanding were 881,548.

The Company is the parent corporation for First Federal Savings and Loan Association of Independence, Kansas ("First Federal"). At June 30, 2006, 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, 2006		September 30, 2005	
<b>Financial Condition Highlights:</b>				
Total assets	\$ 179,313		\$ 171,933	
Loans receivable	131,481		124,465	
Loans held for sale	40		---	
Mortgage-backed and investment securities held to maturity	37,550		36,814	
Real estate acquired through foreclosure	228		419	
Deposits	116,528		111,928	
Borrowed funds	45,427		42,652	
Stockholders' equity	16,265		15,905	
Stockholders' equity per outstanding common share	\$18.45		\$17.89	
<b>Selected Asset Quality Ratios:</b>				
Non-performing loans to total loans	.66%		.62%	
Non-performing assets to total assets	.61%		.70%	
Allowance for loan losses to non-performing loans	90.38%		100.14%	
Allowance for loan losses to non-performing assets	71.63%		65.00%	
	Three months ended June 30,		Nine months ended June 30,	
	2006	2005	2006	2005
<b>Operating Highlights:</b>				
Net interest income	\$ 1,291	\$ 1,253	\$ 3,812	\$ 3,808
Provision for loan losses	---	---	57	33
Net earnings	\$336	\$317	\$930	\$922
<b>Operating Ratios (annualized):</b>				
Return on average assets	.75%	.73%	.69%	.72%
Return on average equity	8.31%	8.06%	7.72%	7.89%
Interest rate spread information:				
Average yield on interest-earning assets	6.42%	5.80%	6.20%	5.66%
Average cost of interest-bearing liabilities	3.69%	2.97%	3.48%	2.78%
Average rate spread during period	2.73%	2.83%	2.72%	2.88%
Net interest margin	2.97%	3.01%	2.94%	3.07%
Ratio of average interest-earning assets to average interest-bearing liabilities	106.71%	106.53%	106.94%	107.45%
<b>Stock price for period:</b>				
High bid	\$19.32	\$19.08	\$19.71	\$19.08
Low bid	\$17.74	\$18.87	\$17.22	\$16.01
Closing bid at 6/30	\$18.28	\$18.87	\$18.28	\$18.87
Net earnings per share (diluted)	\$.38	\$.36	\$1.05	\$1.03
Weighted average shares of common stock and common stock equivalents	884,760	891,451	887,406	893,133

FIRST INDEPENDENCE CORPORATION  
CONSOLIDATED CONDENSED BALANCE SHEETS

	June 30, 2006	September 30, 2005
<u>ASSETS</u>		
Cash and due from banks	\$ 534,692	\$ 462,955
Federal funds sold	---	600,000
Other interest-bearing deposits	912,237	1,450,223
Cash and cash equivalents	1,446,929	2,513,178
Investment securities held to maturity (fair value: June 30, 2006 - \$31,369,403; September 30, 2005 - \$29,803,100)	32,056,260	30,065,772
Mortgage-backed securities held to maturity (fair value: June 30, 2006 - \$5,324,946; September 30, 2005 - \$6,736,488)	5,493,727	6,748,179
Loans receivable	131,481,092	124,465,274
Loans held for sale	40,205	---
Premises and equipment	2,339,302	2,051,507
Federal Home Loan Bank Stock, at cost	2,953,700	2,629,700
Accrued interest receivable	1,012,056	880,355
Real estate acquired through foreclosure	228,170	419,359
Income taxes receivable	5,318	3,189
Deferred income taxes	---	---
Other	2,256,029	2,156,703
Total assets	\$ 179,312,788	\$ 171,933,216
 <u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Liabilities		
Deposits	\$ 116,528,168	\$ 111,927,882
Advances from borrowers for taxes and insurance	496,560	885,033
Advances from Federal Home Loan Bank	45,427,149	42,651,640
Income taxes payable	10,085	5,714
Deferred income taxes	119,709	69,636
Accrued expenses and other	466,498	488,540
Total liabilities	163,048,169	156,028,445
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	8,230,114	8,224,311
Retained earnings - substantially restricted	17,129,632	16,630,086
Treasury stock at cost, 767,740 shares at June 30, 2006 and 760,249 shares at September 30, 2005	(9,111,620)	(8,961,042)
Required contributions for shares acquired by ESOP	---	(5,077)
Total stockholders' equity	16,264,619	15,904,771
Total liabilities and stockholders' equity	\$ 179,312,788	\$ 171,933,216

FIRST INDEPENDENCE CORPORATION  
CONSOLIDATED CONDENSED STATEMENTS OF EARNINGS

	Three Months Ended June 30,		Nine Months Ended June 30,	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Interest income				
Loans	\$2,320,070	\$2,068,965	\$6,711,656	\$6,014,140
Mortgage-backed securities	67,202	82,304	211,453	267,753
Investment securities	332,819	224,622	934,544	611,308
Interest-bearing deposits and other	<u>71,998</u>	<u>37,470</u>	<u>173,705</u>	<u>121,863</u>
Total interest income	2,792,089	2,413,361	8,031,358	7,015,064
Interest expense				
Deposits	902,060	617,440	2,452,780	1,679,683
Borrowed funds	<u>599,354</u>	<u>542,601</u>	<u>1,766,239</u>	<u>1,527,831</u>
Total interest expense	<u>1,501,414</u>	<u>1,160,041</u>	<u>4,219,019</u>	<u>3,207,514</u>
Net interest income	1,290,675	1,253,320	3,812,339	3,807,550
Provision for loan losses	<u>306</u>	<u>405</u>	<u>57,177</u>	<u>32,718</u>
Net interest income after provision for loan losses	1,290,369	1,252,915	3,755,162	3,774,832
Noninterest income				
Service charges	222,564	143,529	584,268	315,732
Other	<u>81,338</u>	<u>89,820</u>	<u>239,294</u>	<u>209,036</u>
Total noninterest income	303,902	233,349	823,562	524,768
Noninterest expense				
Employee compensation and benefits	621,584	574,425	1,831,445	1,726,307
Occupancy and equipment	118,212	114,228	339,682	334,594
Foreclosed assets, net	26,974	20,016	49,824	28,092
Data processing fees	85,340	65,521	230,725	196,794
Other operating	<u>216,679</u>	<u>215,571</u>	<u>680,118</u>	<u>542,030</u>
Total noninterest expense	<u>1,068,789</u>	<u>989,761</u>	<u>3,131,794</u>	<u>2,827,817</u>
Earnings before income taxes	525,482	496,503	1,446,930	1,471,783
Income tax expense	<u>188,997</u>	<u>179,549</u>	<u>516,599</u>	<u>549,422</u>
Net earnings	<u>\$ 336,485</u>	<u>\$ 316,954</u>	<u>\$ 930,331</u>	<u>\$ 922,361</u>
Earnings per common share				
Basic	<u>\$ .38</u>	<u>\$ .36</u>	<u>\$ 1.05</u>	<u>\$ 1.04</u>
Diluted	<u>\$ .38</u>	<u>\$ .36</u>	<u>\$ 1.05</u>	<u>\$ 1.03</u>
Dividends per share	<u>\$ .1625</u>	<u>\$ .1625</u>	<u>\$ .4875</u>	<u>\$ .4750</u>
Weighted average shares outstanding				
Basic	<u>881,334</u>	<u>887,453</u>	<u>883,981</u>	<u>889,134</u>
Diluted	<u>884,760</u>	<u>891,451</u>	<u>887,406</u>	<u>893,133</u>