



First Independence Corporation

For Further Information, Call
Anne M. Bertie, Vice President & CFO
(620) 331-1660

FOR IMMEDIATE RELEASE

FIRST INDEPENDENCE ANNOUNCES FIRST QUARTER EARNINGS

INDEPENDENCE, KS (January 24, 2012) -- First Independence Corporation (OTC Bulletin Board: FFSL.OB) (the "Company"), reported net earnings of \$353,000 for the first quarter of fiscal 2012, compared to a net loss of \$214,000 for the first quarter of fiscal 2011. Diluted earnings per share of common stock for the first quarter of fiscal 2012 were \$.42, compared to diluted loss per share of \$.26 for the first quarter of fiscal 2011.

The Company recovered \$8,000 through provision for loan losses during the first quarter of fiscal 2012, compared to an expense of \$1.02 million during the same period last year. This change is attributable to the recapture of a portion of specific valuation allowances and the decrease in the loan portfolio resulting in a reduction in the provision to the allowance for loan losses.

Return on average assets for the first quarter of fiscal 2012 was .83% (annualized), compared to negative .47% (annualized), for the same period last year. Return on average equity for the first quarter of fiscal 2012 was 9.25% (annualized), compared to negative 5.22% (annualized), in the first quarter of fiscal 2011.

We had \$167.9 million in assets and \$15.4 million in stockholders' equity as of December 31, 2011. At December 31, 2011, total shares outstanding were 835,163.

The Company is the parent corporation for First Federal Savings and Loan Association of Independence, Kansas ("First Federal"). At December 31, 2011, 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.

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

FIRST INDEPENDENCE CORPORATION
FINANCIAL HIGHLIGHTS

(Dollars in thousands, except per share data)

| | December 31, 2011 | September 30, 2011 |
|--|------------------------------------|-----------------------|
| | <hr/> | <hr/> |
| Financial Condition Highlights: | | |
| Total assets | \$ 167,914 | \$ 172,039 |
| Loans receivable | 107,905 | 111,299 |
| Loan held for sale | --- | --- |
| Mortgage-backed and investment securities held to maturity | 10,020 | 9,617 |
| Real estate acquired through foreclosure | 5,252 | 6,610 |
| Deposits | 116,699 | 120,566 |
| Borrowed funds | 34,810 | 34,858 |
| Stockholders' equity | 15,441 | 15,088 |
| | | |
| Stockholders' equity per outstanding common share | \$18.49 | \$18.07 |
| | | |
| Selected Asset Quality Ratios: | | |
| Non-performing loans to total loans | 6.82% | 6.91% |
| Non-performing assets to total assets | 7.65% | 8.43% |
| Allowance for loan losses to non-performing loans | 44.15% | 36.02% |
| Allowance for loan losses to non-performing assets | 26.09% | 19.60% |
| | | |
| | Three months ended December 31, | |
| | <hr/> | <hr/> |
| | 2011 | 2010 |
| Operating Highlights: | | |
| Net interest income | \$ 1,276 | \$ 1,493 |
| Provision for loan losses | (8) | 1,015 |
| Net earnings (loss) | \$ 353 | \$ (214) |
| | | |
| Operating Ratios (annualized): | | |
| Return on average assets | .83% | (.47)% |
| Return on average equity | 9.25% | (5.22)% |
| Interest rate spread information: | | |
| Average yield on interest-earning assets | 5.08% | 5.59% |
| Average cost of interest-bearing liabilities | 1.79% | 2.08% |
| Average rate spread during period | 3.30% | 3.51% |
| Net interest margin | 3.31% | 3.55% |
| Ratio of average interest-earning assets to average interest-bearing liabilities | 100.80% | 102.07% |
| | | |
| Stock price for period: | | |
| High bid | \$5.00 | \$6.50 |
| Low bid | \$3.55 | \$4.40 |
| Closing bid at 12/31 | \$4.00 | \$5.25 |
| | | |
| Net earnings (loss) per share (diluted) | \$.42 | \$ (.26) |
| | | |
| Weighted average shares of common stock and common stock equivalents | 835,163 | 835,163 |

FIRST INDEPENDENCE CORPORATION
CONSOLIDATED CONDENSED BALANCE SHEETS

| | December 31, 2011 | September 30, 2011 |
|---|----------------------|-----------------------|
| <u>ASSETS</u> | | |
| Cash and due from banks | \$ 498,761 | \$ 926,076 |
| Federal funds sold | 30,335,000 | 30,420,000 |
| Other interest-bearing deposits | 1,486,307 | 576,209 |
| Cash and cash equivalents | 32,320,068 | 31,922,285 |
| Mortgage-backed securities held to maturity (fair value: December 31, 2011 - \$10,374,209; September 30, 2011 - \$10,058,232) | 10,019,778 | 9,617,268 |
| Loans receivable | 107,905,015 | 111,298,603 |
| Loans held for sale | --- | --- |
| Premises and equipment | 2,087,818 | 2,111,555 |
| Federal Home Loan Bank Stock, at cost | 3,568,700 | 3,553,100 |
| Accrued interest receivable | 538,320 | 541,170 |
| Real estate acquired through foreclosure | 5,251,588 | 6,609,895 |
| Income taxes receivable | 1,402,170 | 1,595,251 |
| Deferred income taxes | 1,137,611 | 1,143,539 |
| Other | 1,124,588 | 1,108,817 |
| Cash value of life insurance | 2,558,105 | 2,537,371 |
| Total assets | \$ 167,913,761 | \$ 172,038,854 |
| <u>LIABILITIES AND STOCKHOLDERS' EQUITY</u> | | |
| Liabilities | | |
| Deposits | \$ 116,699,406 | \$ 120,566,468 |
| Advances from borrowers for taxes and insurance | 559,503 | 1,013,960 |
| Advances from Federal Home Loan Bank | 34,809,747 | 34,857,935 |
| Accrued expenses and other | 404,436 | 512,406 |
| Total liabilities | 152,473,092 | 156,950,769 |
| 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 | 8,245,375 | 8,245,375 |
| Retained earnings - substantially restricted | 17,176,098 | 16,823,514 |
| Treasury stock at cost, 814,125 shares at December 31, 2011 and 814,125 shares at September 30, 2011 | (9,997,297) | (9,997,297) |
| Total stockholders' equity | 15,440,669 | 15,088,085 |
| Total liabilities and stockholders' equity | \$ 167,913,761 | \$ 172,038,854 |

FIRST INDEPENDENCE CORPORATION
CONSOLIDATED CONDENSED STATEMENTS OF EARNINGS

| | Three Months Ended December 31, | |
|--|------------------------------------|---------------------|
| | <u>2011</u> | <u>2010</u> |
| Interest income | | |
| Loans | \$1,868,958 | \$2,220,857 |
| Mortgage-backed securities | 57,819 | 59,877 |
| Investment securities | --- | 45,022 |
| Interest-bearing deposits and other | <u>33,268</u> | <u>23,324</u> |
| Total interest income | 1,960,045 | 2,349,080 |
| Interest expense | | |
| Deposits | 341,311 | 511,036 |
| Borrowed funds | <u>342,755</u> | <u>345,175</u> |
| Total interest expense | <u>684,066</u> | <u>856,211</u> |
| Net interest income | 1,275,979 | 1,492,869 |
| Provision for loan losses | <u>(7,800)</u> | <u>1,015,367</u> |
| Net interest income after provision for loan losses | 1,283,779 | 477,502 |
| Noninterest income | | |
| Service charges | 284,706 | 292,043 |
| Other | <u>102,012</u> | <u>127,516</u> |
| Total noninterest income | 386,718 | 419,559 |
| Noninterest expense | | |
| Employee compensation and benefits | 638,871 | 635,060 |
| Occupancy and equipment | 122,697 | 122,503 |
| Foreclosed assets, net | (127,569) | (8,063) |
| Data processing fees | 105,357 | 109,149 |
| Other operating | <u>379,548</u> | <u>380,010</u> |
| Total noninterest expense | <u>1,118,904</u> | <u>1,238,659</u> |
| Earnings (loss) before income taxes | 551,593 | (341,598) |
| Income tax expense (benefit) | <u>199,009</u> | <u>(127,143)</u> |
| Net earnings (loss) | <u>\$ 352,584</u> | <u>\$ (214,455)</u> |
| Earnings (loss) per common share | | |
| Basic | <u>\$.42</u> | <u>\$ (.26)</u> |
| Diluted | <u>\$.42</u> | <u>\$ (.26)</u> |
| Dividends per share | <u>\$ ---</u> | <u>\$ ---</u> |
| Weighted average shares outstanding | | |
| Basic | <u>835,163</u> | <u>835,163</u> |
| Diluted | <u>835,163</u> | <u>835,163</u> |