



First Independence Corporation

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FOR IMMEDIATE RELEASE

FIRST INDEPENDENCE ANNOUNCES FOURTH QUARTER LOSS AND FISCAL YEAR END RESULTS

INDEPENDENCE, KS (October 31, 2011) -- First Independence Corporation (OTC Bulletin Board: FFSL.OB) (the "Company"), reported a net loss of \$674,000 for the fourth quarter of fiscal 2011, compared to a net loss of \$170,000 for the fourth quarter of fiscal 2010. Diluted loss per share of common stock for the fourth quarter of fiscal 2011 was \$.81, compared to diluted loss per share of \$.20 for the fourth quarter of fiscal 2010. A net loss for the 2011 fiscal year was \$1,285,000, compared to a net loss of \$1,424,000 for the 2010 fiscal year. Diluted loss per share for the 2011 fiscal year was \$1.54, compared to diluted loss per share of \$1.70 for the 2010 fiscal year.

The Company expensed \$1.70 million through provision for loan loss during the fourth quarter of fiscal 2011, compared to \$1.08 million during the same period last year. The expense for provision for loan losses for the 2011 fiscal year was \$4.42 million, compared to \$5.45 million for the 2010 fiscal year. These expenses included increases to the allowance for loan losses and specific reserves, as well as write-downs to fair market value of real estate owned.

Return on average assets for the fourth quarter of fiscal 2011 was negative 1.56% (annualized), compared to negative .37% (annualized), for the same period last year. Return on average equity for the fourth quarter of fiscal 2011 was negative 17.43% (annualized), compared to negative 4.08% (annualized), in the fourth quarter of fiscal 2010. Return on average assets for the 2011 fiscal year was negative .72%, compared to negative .74% for the same period last year. Return on average equity for the 2011 fiscal year was negative 8.05%, compared to negative 8.21%, for fiscal 2010.

We had \$172.0 million in assets and \$15.1 million in stockholders' equity as of September 30, 2011. At September 30, 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 September 30, 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.

FIRST INDEPENDENCE CORPORATION
FINANCIAL HIGHLIGHTS
(Dollars in thousands, except per share data)

	September 30, 2011		September 30, 2010	
Financial Condition Highlights:				
Total assets	\$ 172,039		\$ 183,459	
Loans receivable	111,299		136,210	
Loans held for sale	---		---	
Mortgage-backed and investment securities held to maturity	9,617		17,945	
Real estate acquired through foreclosure	6,610		4,842	
Deposits	120,566		130,724	
Borrowed funds	34,858		35,042	
Stockholders' equity	15,088		16,373	
Stockholders' equity per outstanding common share	\$18.07		\$19.60	
Selected Asset Quality Ratios:				
Non-performing loans to total loans	6.91%		5.29%	
Non-performing assets to total assets	8.43%		6.63%	
Allowance for loan losses to non-performing loans	36.02%		29.78%	
Allowance for loan losses to non-performing assets	19.60%		17.92%	
	Three months ended September 30,		Year ended September 30,	
	2011	2010	2011	2010
Operating Highlights:				
Net interest income	\$ 1,277	\$ 1,632	\$ 5,591	\$ 6,528
Provision for loan losses	1,699	1,081	4,423	5,449
Net earnings (loss)	\$(674)	\$(170)	\$(1,285)	\$(1,424)
Operating Ratios (annualized):				
Return on average assets	(1.56)%	(.37)%	(.72)%	(.74)%
Return on average equity	(17.43)%	(4.08)%	(8.05)%	(8.21)%
Interest rate spread information:				
Average yield on interest-earning assets	5.14%	5.97%	5.40%	6.03%
Average cost of interest-bearing liabilities	1.87%	2.17%	1.95%	2.45%
Average rate spread during period	3.27%	3.80%	3.45%	3.58%
Net interest margin	3.27%	3.86%	3.46%	3.65%
Ratio of average interest-earning assets to average interest-bearing liabilities	100.20%	102.73%	100.53%	103.02%
Stock price for period:				
High bid	\$5.00	\$8.00	\$6.50	\$9.50
Low bid	\$4.05	\$6.50	\$4.05	\$6.00
Closing bid at 9/30	\$5.00	\$6.50	\$5.00	\$6.50
Net earnings (loss) per share (diluted)	\$(.81)	\$(.20)	\$(1.54)	\$(1.70)
Weighted average shares of common stock and common stock equivalents	835,163	835,163	835,163	835,163

FIRST INDEPENDENCE CORPORATION
CONSOLIDATED CONDENSED BALANCE SHEETS

	September 30, 2011	September 30, 2010
<u>ASSETS</u>		
Cash and due from banks	\$ 926,076	\$ 979,523
Federal funds sold	30,420,000	11,205,000
Other interest-bearing deposits	576,209	514,726
Cash and cash equivalents	31,922,285	12,699,249
Investment securities held to maturity (fair value: September 30, 2010 - \$6,066,769)	---	5,995,369
Mortgage-backed securities held to maturity (fair value: September 30, 2011 - \$10,058,232; September 30, 2010 - \$12,336,365)	9,617,268	11,949,922
Loans receivable	111,298,603	136,210,205
Loans held for sale	---	---
Premises and equipment	2,111,555	2,155,985
Federal Home Loan Bank Stock, at cost	3,553,100	3,496,400
Accrued interest receivable	541,170	827,434
Real estate acquired through foreclosure	6,609,895	4,842,137
Income taxes receivable	1,595,251	332,781
Deferred income taxes	1,143,539	1,174,795
Other	1,108,817	1,319,838
Cash value of life insurance	2,537,371	2,454,945
Total assets	\$ 172,038,854	\$ 183,459,060
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Liabilities		
Deposits	\$ 120,566,468	\$ 130,724,445
Advances from borrowers for taxes and insurance	1,013,960	876,495
Advances from Federal Home Loan Bank	34,857,935	35,041,927
Income taxes payable	---	---
Deferred income taxes	---	---
Accrued expenses and other	512,406	443,090
Total liabilities	156,950,769	167,085,957
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	16,823,514	18,108,532
Treasury stock at cost, 814,125 shares at September 30, 2011 and 814,125 shares at September 30, 2010	(9,997,297)	(9,997,297)
Total stockholders' equity	15,088,085	16,373,103
Total liabilities and stockholders' equity	\$ 172,038,854	\$ 183,459,060

FIRST INDEPENDENCE CORPORATION
CONSOLIDATED CONDENSED STATEMENTS OF EARNINGS

	Three Months Ended September 30,		Year Ended September 30,	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Interest income				
Loans	\$1,902,134	\$2,344,475	\$8,284,318	\$9,830,966
Mortgage-backed securities	69,936	80,401	258,669	338,995
Investment securities	---	78,332	73,714	520,397
Interest-bearing deposits and other	<u>31,857</u>	<u>22,828</u>	<u>110,547</u>	<u>98,057</u>
Total interest income	2,003,927	2,526,036	8,727,248	10,788,415
Interest expense				
Deposits	383,800	548,020	1,770,469	2,400,031
Borrowed funds	<u>343,376</u>	<u>345,770</u>	<u>1,365,900</u>	<u>1,860,139</u>
Total interest expense	<u>727,176</u>	<u>893,790</u>	<u>3,136,369</u>	<u>4,260,170</u>
Net interest income	1,276,751	1,632,246	5,590,879	6,528,245
Provision for loan losses	<u>1,699,247</u>	<u>1,081,483</u>	<u>4,423,192</u>	<u>5,449,484</u>
Net interest income after provision for loan losses	(422,496)	550,763	1,167,687	1,078,761
Noninterest income				
Service charges	282,488	311,975	1,138,392	1,143,144
Other	<u>232,462</u>	<u>145,981</u>	<u>579,505</u>	<u>472,600</u>
Total noninterest income	514,950	457,956	1,717,897	1,615,744
Noninterest expense				
Employee compensation and benefits	648,574	627,761	2,598,916	2,563,045
Occupancy and equipment	133,149	126,115	505,622	530,519
Foreclosed assets, net	(49,106)	18,774	31,174	190,897
Data processing fees	102,911	105,779	421,135	410,071
Other operating	<u>425,846</u>	<u>412,179</u>	<u>1,719,150</u>	<u>1,625,449</u>
Total noninterest expense	<u>1,261,374</u>	<u>1,290,608</u>	<u>5,275,997</u>	<u>5,319,981</u>
Earnings (loss) before income taxes	(1,168,920)	(281,889)	(2,390,413)	(2,625,476)
Income tax expense (benefit)	<u>(494,788)</u>	<u>(112,148)</u>	<u>(1,105,395)</u>	<u>(1,201,957)</u>
Net earnings (loss)	<u>\$ (674,132)</u>	<u>\$ (169,741)</u>	<u>\$ (1,285,018)</u>	<u>\$ (1,423,519)</u>
Earnings (loss) per common share				
Basic	<u>\$ (.81)</u>	<u>\$ (.20)</u>	<u>\$ (1.54)</u>	<u>\$ (1.70)</u>
Diluted	<u>\$ (.81)</u>	<u>\$ (.20)</u>	<u>\$ (1.54)</u>	<u>\$ (1.70)</u>
Dividends per share	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$.2125</u>
Weighted average shares outstanding				
Basic	<u>835,163</u>	<u>835,163</u>	<u>835,163</u>	<u>835,163</u>
Diluted	<u>835,163</u>	<u>835,163</u>	<u>835,163</u>	<u>835,163</u>