



# First Independence Corporation

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**FOR IMMEDIATE RELEASE**

## **FIRST INDEPENDENCE ANNOUNCES FIRST QUARTER LOSS**

INDEPENDENCE, KS (February 2, 2011) -- First Independence Corporation (OTC Bulletin Board: FFSL.OB) (the "Company"), reported a net loss of \$214,000 for the first quarter of fiscal 2011, compared to a net loss of \$22,000 for the first quarter of fiscal 2010. Diluted loss per share of common stock for the first quarter of fiscal 2011 was \$.26, compared to diluted loss per share of \$.03 for the first quarter of fiscal 2010.

The Company expensed \$1.02 million through provision for loan losses during the first quarter of fiscal 2011, compared to \$613,000 during the same period last year. This included increases to the allowance for loan losses as well as write-downs to fair market value of real estate owned.

Return on average assets for the first quarter of fiscal 2011 was negative .47% (annualized), compared to negative .04% (annualized), for the same period last year. Return on average equity for the first quarter of fiscal 2011 was negative 5.22% (annualized), compared to negative .50% (annualized), in the first quarter of fiscal 2010.

We had \$180.7 million in assets and \$16.2 million in stockholders' equity as of December 31, 2010. At December 31, 2010, 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, 2010, 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.

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**FIRST INDEPENDENCE CORPORATION**  
**FINANCIAL HIGHLIGHTS**

(Dollars in thousands, except per share data)

	December 31, 2010	September 30, 2010
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<b>Financial Condition Highlights:</b>		
Total assets	\$ 180,690	\$ 183,459
Loans receivable	129,349	136,210
Loan held for sale	---	---
Mortgage-backed and investment securities held to maturity	13,568	17,945
Real estate acquired through foreclosure	5,876	4,842
Deposits	128,710	130,724
Borrowed funds	34,997	35,042
Stockholders' equity	16,159	16,373
Stockholders' equity per outstanding common share	\$19.35	\$19.60
<b>Selected Asset Quality Ratios:</b>		
Non-performing loans to total loans	4.57%	5.29%
Non-performing assets to total assets	6.59%	6.63%
Allowance for loan losses to non-performing loans	40.09%	29.78%
Allowance for loan losses to non-performing assets	20.30%	17.92%
	Three months ended December 31,	
	<hr/>	<hr/>
	2010	2009
<b>Operating Highlights:</b>		
Net interest income	\$ 1,493	\$ 1,587
Provision for loan losses	1,015	613
Net earnings (loss)	\$ (214)	\$ (22)
<b>Operating Ratios (annualized):</b>		
Return on average assets	(.47)%	(.04)%
Return on average equity	(5.22)%	(.50)%
<b>Interest rate spread information:</b>		
Average yield on interest-earning assets	5.59%	6.00%
Average cost of interest-bearing liabilities	2.08%	2.75%
Average rate spread during period	3.51%	3.25%
Net interest margin	3.55%	3.35%
Ratio of average interest-earning assets to average interest-bearing liabilities	102.07%	103.84%
<b>Stock price for period:</b>		
High bid	\$6.50	\$9.50
Low bid	\$4.40	\$8.05
Closing bid at 12/31	\$5.25	\$8.05
Net earnings (loss) per share (diluted)	\$ (.26)	\$ (.03)
Weighted average shares of common stock and common stock equivalents	835,163	835,163

FIRST INDEPENDENCE CORPORATION  
CONSOLIDATED CONDENSED BALANCE SHEETS

	December 31, 2010	September 30, 2010
<b><u>ASSETS</u></b>		
Cash and due from banks	\$ 883,590	\$ 979,523
Federal funds sold	18,460,000	11,205,000
Other interest-bearing deposits	686,961	514,726
Cash and cash equivalents	20,030,551	12,699,249
Investment securities held to maturity (fair value: December 31, 2010 - \$3,031,759; September 30, 2010 - \$6,066,769)	2,995,870	5,995,369
Mortgage-backed securities held to maturity (fair value: December 31, 2010 - \$10,856,931; September 30, 2010 - \$12,336,365)	10,572,227	11,949,922
Loans receivable	129,349,237	136,210,205
Loans held for sale	---	---
Premises and equipment	2,166,301	2,155,985
Federal Home Loan Bank Stock, at cost	3,510,200	3,496,400
Accrued interest receivable	719,730	827,434
Real estate acquired through foreclosure	5,876,312	4,842,137
Income taxes receivable	488,382	332,781
Deferred income taxes	1,169,551	1,174,795
Other	1,336,022	1,319,838
Cash value of life insurance	2,475,816	2,454,945
Total assets	<b>\$ 180,690,199</b>	<b>\$ 183,459,060</b>
 <b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b>		
<b>Liabilities</b>		
Deposits	\$ 128,709,647	\$ 130,724,445
Advances from borrowers for taxes and insurance	471,617	876,495
Advances from Federal Home Loan Bank	34,997,211	35,041,927
Accrued expenses and other	353,076	443,090
Total liabilities	164,531,551	167,085,957
<b>Stockholders' equity</b>		
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	17,894,077	18,108,532
Treasury stock at cost, 814,125 shares at December 31, 2010 and 814,125 shares at September 30, 2010	(9,997,297)	(9,997,297)
Total stockholders' equity	16,158,648	16,373,103
Total liabilities and stockholders' equity	<b>\$ 180,690,199</b>	<b>\$ 183,459,060</b>

FIRST INDEPENDENCE CORPORATION  
CONSOLIDATED CONDENSED STATEMENTS OF EARNINGS

	Three Months Ended December 31,	
	<u>2010</u>	<u>2009</u>
Interest income		
Loans	\$2,220,857	\$2,552,818
Mortgage-backed securities	59,877	87,957
Investment securities	45,022	175,411
Interest-bearing deposits and other	<u>23,324</u>	<u>25,995</u>
Total interest income	2,349,080	2,842,181
Interest expense		
Deposits	511,036	674,386
Borrowed funds	<u>345,175</u>	<u>580,365</u>
Total interest expense	<u>856,211</u>	<u>1,254,751</u>
Net interest income	1,492,869	1,587,430
Provision for loan losses	<u>1,015,367</u>	<u>612,546</u>
Net interest income after provision for loan losses	477,502	974,884
Noninterest income		
Service charges	292,043	271,611
Other	<u>127,516</u>	<u>102,884</u>
Total noninterest income	419,559	374,495
Noninterest expense		
Employee compensation and benefits	635,060	695,333
Occupancy and equipment	122,503	132,438
Foreclosed assets, net	(8,063)	136,215
Data processing fees	109,149	100,385
Other operating	<u>380,010</u>	<u>323,670</u>
Total noninterest expense	<u>1,238,659</u>	<u>1,388,041</u>
Earnings (loss) before income taxes	(341,598)	(38,662)
Income tax expense (benefit)	<u>(127,143)</u>	<u>(16,335)</u>
Net earnings (loss)	<u>\$ (214,455)</u>	<u>\$ (22,327)</u>
Earnings (loss) per common share		
Basic	<u>\$ (.26)</u>	<u>\$ (.03)</u>
Diluted	<u>\$ (.26)</u>	<u>\$ (.03)</u>
Dividends per share	<u>\$ ---</u>	<u>\$ .09375</u>
Weighted average shares outstanding		
Basic	<u>835,163</u>	<u>835,163</u>
Diluted	<u>835,163</u>	<u>835,163</u>