



# First Independence Corporation

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## FOR IMMEDIATE RELEASE

### FIRST INDEPENDENCE ANNOUNCES THIRD QUARTER EARNINGS

INDEPENDENCE, KS (July 18, 2008) -- First Independence Corporation (OTC Bulletin Board: FFSL.OB) (the "Company"), reported net earnings of \$509,000 for the third quarter of fiscal 2008, compared to \$370,000 for the third quarter of fiscal 2007. Diluted earnings per share of common stock for the third quarter of fiscal 2008 were \$.61, compared to diluted earnings per share of \$.42 for the third quarter of fiscal 2007. Net earnings for the first nine months of fiscal 2008 were \$1,372,000, compared to \$1,011,000 for the first nine months of fiscal 2007. Diluted earnings per share for the nine months ended June 30, 2008 were \$1.61, compared to diluted earnings per share of \$1.15 for the nine months ended June 30, 2007.

Return on average assets for the third quarter of fiscal 2008 was 1.01% (annualized), compared to .78% (annualized), for the same period last year. Return on average equity for the third quarter of fiscal 2008 was 11.91% (annualized), compared to 8.88% (annualized), in the third quarter of fiscal 2007. Return on average assets for the first nine months of fiscal 2008 was .93% (annualized), compared to .72% (annualized), for the same period last year. Return on average equity for the first nine months of fiscal 2008 was 10.74% (annualized), compared to 8.13% (annualized), for the first nine months of fiscal 2007.

We had \$203.4 million in assets and \$17.2 million in stockholders' equity as of June 30, 2008. At June 30, 2008, total shares outstanding were 833,163.

The Company is the parent corporation for First Federal Savings and Loan Association of Independence, Kansas ("First Federal"). At June 30, 2008, 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, 2008		September 30, 2007	
<b>Financial Condition Highlights:</b>				
Total assets	\$ 203,429		\$ 191,465	
Loans receivable	160,303		142,485	
Loans held for sale	---		---	
Mortgage-backed and investment securities held to maturity	31,643		36,138	
Real estate acquired through foreclosure	345		103	
Deposits	133,572		131,442	
Borrowed funds	51,334		41,382	
Stockholders' equity	17,209		16,972	
Stockholders' equity per outstanding common share	\$20.65		\$19.52	
<b>Selected Asset Quality Ratios:</b>				
Non-performing loans to total loans	2.10%		.87%	
Non-performing assets to total assets	1.84%		.71%	
Allowance for loan losses to non-performing loans	28.80%		68.98%	
Allowance for loan losses to non-performing assets	26.14%		63.73%	
	Three months ended June 30,		Nine months ended June 30,	
	2008	2007	2008	2007
<b>Operating Highlights:</b>				
Net interest income	\$ 1,612	\$ 1,303	\$ 4,513	\$ 3,804
Provision for loan losses	136	37	266	102
Net earnings	\$509	\$370	\$1,372	\$1,011
<b>Operating Ratios (annualized):</b>				
Return on average assets	1.01%	.78%	.93%	.72%
Return on average equity	11.91%	8.88%	10.74%	8.13%
Interest rate spread information:				
Average yield on interest-earning assets	6.74%	6.78%	6.85%	6.68%
Average cost of interest-bearing liabilities	3.65%	4.21%	3.92%	4.13%
Average rate spread during period	3.09%	2.57%	2.93%	2.55%
Net interest margin	3.31%	2.84%	3.17%	2.82%
Ratio of average interest-earning assets to average interest-bearing liabilities	106.50%	106.79%	106.58%	106.85%
<b>Stock price for period:</b>				
High bid	\$18.20	\$20.50	\$19.50	\$20.50
Low bid	\$16.60	\$18.00	\$16.60	\$17.65
Closing bid at 6/30	\$16.60	\$18.10	\$16.60	\$18.10
Net earnings per share (diluted)	\$.61	\$.42	\$1.61	\$1.15
Weighted average shares of common stock and common stock equivalents	836,766	873,492	853,819	879,859

FIRST INDEPENDENCE CORPORATION  
CONSOLIDATED CONDENSED BALANCE SHEETS

	June 30, 2008	September 30, 2007
<u>ASSETS</u>		
Cash and due from banks	\$ 367,020	\$ 464,213
Federal funds sold	---	2,400,000
Other interest-bearing deposits	1,274,154	686,652
Cash and cash equivalents	1,641,174	3,550,865
Investment securities held to maturity (fair value: June 30, 2008 - \$28,513,332; September 30, 2007 - \$32,035,690)	28,048,916	31,992,495
Mortgage-backed securities held to maturity (fair value: June 30, 2008 - \$3,596,193; September 30, 2007 - \$4,076,606)	3,594,365	4,145,282
Loans receivable	160,302,815	142,484,732
Loans held for sale	---	---
Premises and equipment	2,343,732	2,351,313
Federal Home Loan Bank Stock, at cost	3,295,100	3,180,200
Accrued interest receivable	1,266,714	1,178,871
Real estate acquired through foreclosure	345,418	102,879
Income taxes receivable	---	1,413
Other	331,170	281,740
Cash value of life insurance	2,259,205	2,194,915
Total assets	\$ 203,428,609	\$ 191,464,705
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
<u>Liabilities</u>		
Deposits	\$ 133,571,834	\$ 131,441,603
Advances from borrowers for taxes and insurance	579,169	967,198
Advances from Federal Home Loan Bank	51,333,835	41,382,258
Income taxes payable	46,118	15,496
Deferred income taxes	217,115	184,606
Accrued expenses and other	471,893	501,258
Total liabilities	186,219,964	174,492,419
<u>Stockholders' equity</u>		
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	8,238,250	8,233,875
Retained earnings - substantially restricted	18,964,199	18,060,217
Treasury stock at cost, 816,125 shares at June 30, 2008 and 779,604 shares at September 30, 2007	(10,010,297)	(9,338,299)
Total stockholders' equity	17,208,645	16,972,286
Total liabilities and stockholders' equity	\$ 203,428,609	\$ 191,464,705

FIRST INDEPENDENCE CORPORATION  
CONSOLIDATED CONDENSED STATEMENTS OF EARNINGS

	Three Months Ended June 30,		Nine Months Ended June 30,	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Interest income				
Loans	\$2,877,743	\$2,629,543	\$8,426,708	\$7,599,770
Mortgage-backed securities	45,790	56,269	148,075	177,930
Investment securities	316,270	359,717	1,033,953	1,056,233
Interest-bearing deposits and other	<u>42,130</u>	<u>64,972</u>	<u>144,917</u>	<u>193,514</u>
Total interest income	3,281,933	3,110,501	9,753,653	9,027,447
Interest expense				
Deposits	1,075,341	1,228,914	3,466,482	3,456,498
Borrowed funds	<u>594,494</u>	<u>578,543</u>	<u>1,774,459</u>	<u>1,767,237</u>
Total interest expense	<u>1,669,835</u>	<u>1,807,457</u>	<u>5,240,941</u>	<u>5,223,735</u>
Net interest income	1,612,098	1,303,044	4,512,712	3,803,712
Provision for loan losses	<u>135,948</u>	<u>36,636</u>	<u>266,466</u>	<u>102,150</u>
Net interest income after provision for loan losses	1,476,150	1,266,408	4,246,246	3,701,562
Noninterest income				
Service charges	275,455	249,893	808,190	713,216
Other	<u>102,921</u>	<u>93,182</u>	<u>266,348</u>	<u>251,269</u>
Total noninterest income	378,376	343,075	1,074,538	964,485
Noninterest expense				
Employee compensation and benefits	617,779	603,248	1,825,831	1,816,243
Occupancy and equipment	129,893	118,742	373,865	337,012
Foreclosed assets, net	1,764	(5,843)	11,915	18,884
Data processing fees	83,978	80,639	251,554	239,702
Other operating	<u>224,185</u>	<u>235,794</u>	<u>724,200</u>	<u>681,588</u>
Total noninterest expense	<u>1,057,599</u>	<u>1,032,580</u>	<u>3,187,365</u>	<u>3,093,429</u>
Earnings before income taxes	796,927	576,903	2,133,419	1,572,618
Income tax expense	<u>288,225</u>	<u>206,711</u>	<u>761,338</u>	<u>561,205</u>
Net earnings	<u>\$ 508,702</u>	<u>\$ 370,192</u>	<u>\$ 1,372,081</u>	<u>\$ 1,011,413</u>
Earnings per common share				
Basic	<u>\$ .61</u>	<u>\$ .43</u>	<u>\$ 1.61</u>	<u>\$ 1.15</u>
Diluted	<u>\$ .61</u>	<u>\$ .42</u>	<u>\$ 1.61</u>	<u>\$ 1.15</u>
Dividends per share	<u>\$ .1875</u>	<u>\$ .1750</u>	<u>\$ .5500</u>	<u>\$ .5125</u>
Weighted average shares outstanding				
Basic	<u>833,163</u>	<u>869,584</u>	<u>850,216</u>	<u>875,950</u>
Diluted	<u>836,766</u>	<u>873,492</u>	<u>853,819</u>	<u>879,859</u>