



First Independence Corporation

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FOR IMMEDIATE RELEASE

FIRST INDEPENDENCE ANNOUNCES THIRD QUARTER LOSS

INDEPENDENCE, KS (July 30, 2010) -- First Independence Corporation (OTC Bulletin Board: FFSL.OB) (the "Company"), reported a net loss of \$683,000 for the third quarter of fiscal 2010, compared to net earnings of \$202,000 for the third quarter of fiscal 2009. Diluted loss per share of common stock for the third quarter of fiscal 2010 was \$.82, compared to diluted earnings per share of \$.24 for the third quarter of fiscal 2009. A net loss for the first nine months of fiscal 2010 was \$1,254,000, compared to net earnings of \$734,000 for the first nine months of fiscal 2009. Diluted loss per share for the nine months ended June 30, 2010 was \$1.50, compared to diluted earnings per share of \$.88 for the nine months ended June 30, 2009.

The Company increased allowances for loan losses during the third quarter of fiscal 2010 by \$2.05 million, compared to \$443,000 during the same period last year. The allowances for loan losses for the nine months of fiscal 2010 were \$4.37 million, compared to \$1.23 million for the nine months ended June 30, 2009.

Return on average assets for the third quarter of fiscal 2010 was negative 1.47% (annualized), compared to .40% (annualized), for the same period last year. Return on average equity for the third quarter of fiscal 2010 was negative 15.95% (annualized), compared to 4.54% (annualized), in the third quarter of fiscal 2009. Return on average assets for the first nine months of fiscal 2010 was negative .85% (annualized), compared to .48% (annualized), for the same period last year. Return on average equity for the first nine months of fiscal 2010 was negative 9.51% (annualized), compared to 5.52% (annualized), for the first nine months of fiscal 2009.

We had \$182.2 million in assets and \$16.5 million in stockholders' equity as of June 30, 2010. At June 30, 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 June 30, 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.

FIRST INDEPENDENCE CORPORATION

FINANCIAL HIGHLIGHTS

(Dollars in thousands, except per share data)

	June 30, 2010		September 30, 2009	
Financial Condition Highlights:				
Total assets	\$ 182,226		\$ 202,206	
Loans receivable	142,137		155,973	
Loans held for sale	---		---	
Mortgage-backed and investment securities held to maturity	22,017		27,647	
Real estate acquired through foreclosure	4,811		4,273	
Deposits	129,712		132,433	
Borrowed funds	35,086		50,213	
Stockholders' equity	16,543		17,974	
Stockholders' equity per outstanding common share	\$19.81		\$21.52	
Selected Asset Quality Ratios:				
Non-performing loans to total loans	4.37%		5.44%	
Non-performing assets to total assets	6.09%		6.36%	
Allowance for loan losses to non-performing loans	31.03%		22.13%	
Allowance for loan losses to non-performing assets	17.58%		14.78%	
	Three months ended June 30,		Nine months ended June 30,	
	2010	2009	2010	2009
Operating Highlights:				
Net interest income	\$ 1,690	\$ 1,635	\$ 4,896	\$ 4,990
Provision for loan losses	2,052	443	4,368	1,230
Net earnings (loss)	\$(683)	\$202	\$(1,254)	\$734
Operating Ratios (annualized):				
Return on average assets	(1.47)%	.40%	(.85)%	.48%
Return on average equity	(15.95)%	4.54%	(9.51)%	5.52%
Interest rate spread information:				
Average yield on interest-earning assets	6.14%	6.36%	6.05%	6.42%
Average cost of interest-bearing liabilities	2.28%	3.07%	2.54%	3.15%
Average rate spread during period	3.86%	3.29%	3.51%	3.27%
Net interest margin	3.92%	3.43%	3.59%	3.44%
Ratio of average interest-earning assets to average interest-bearing liabilities	102.73%	104.69%	103.11%	105.63%
Stock price for period:				
High bid	\$8.00	\$10.50	\$9.50	\$14.27
Low bid	\$6.00	\$9.40	\$6.00	\$9.40
Closing bid at 6/30	\$8.00	\$10.05	\$8.00	\$10.05
Net earnings (loss) per share (diluted)	\$(.82)	\$.24	\$(1.50)	\$.88
Weighted average shares of common stock and common stock equivalents	835,163	835,185	835,163	834,749

FIRST INDEPENDENCE CORPORATION
CONSOLIDATED CONDENSED BALANCE SHEETS

	June 30, 2010	September 30, 2009
<u>ASSETS</u>		
Cash and due from banks	\$ 993,165	\$ 829,585
Federal funds sold	---	3,345,000
Other interest-bearing deposits	613,689	340,815
Cash and cash equivalents	1,606,854	4,515,400
Investment securities held to maturity (fair value: June 30, 2010 - \$9,142,238; September 30, 2009 - \$16,540,780)	8,998,312	16,013,215
Mortgage-backed securities held to maturity (fair value: June 30, 2010 - \$13,445,491; September 30, 2009 - \$11,820,621)	13,019,034	11,634,159
Loans receivable	142,136,979	155,973,316
Loans held for sale	---	---
Premises and equipment	2,185,940	2,283,881
Federal Home Loan Bank Stock, at cost	3,476,500	3,406,800
Accrued interest receivable	855,029	1,034,300
Real estate acquired through foreclosure	4,811,432	4,272,698
Income taxes receivable	634,418	25,163
Deferred income taxes	699,678	---
Other	1,368,143	676,596
Cash value of life insurance	2,434,051	2,370,112
Total assets	\$ 182,226,370	\$ 202,205,640
 <u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Liabilities		
Deposits	\$ 129,712,348	\$ 132,433,425
Advances from borrowers for taxes and insurance	508,428	903,568
Advances from Federal Home Loan Bank	35,085,815	50,212,664
Income taxes payable	---	65,435
Deferred income taxes	---	40,804
Accrued expenses and other	376,935	575,649
Total liabilities	165,683,526	184,231,545
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	18,278,273	19,709,524
Treasury stock at cost, 814,125 shares at June 30, 2010 and September 30, 2009	(9,997,297)	(9,997,297)
Total stockholders' equity	16,542,844	17,974,095
Total liabilities and stockholders' equity	\$ 182,226,370	\$ 202,205,640

FIRST INDEPENDENCE CORPORATION
CONSOLIDATED CONDENSED STATEMENTS OF EARNINGS

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2010	2009	2010	2009
Interest income				
Loans	\$2,422,794	\$2,761,995	\$7,486,491	\$8,401,826
Mortgage-backed securities	86,897	35,585	258,594	110,089
Investment securities	114,374	213,730	442,065	739,381
Interest-bearing deposits and other	<u>24,047</u>	<u>20,385</u>	<u>75,229</u>	<u>59,224</u>
Total interest income	2,648,112	3,031,695	8,262,379	9,310,520
Interest expense				
Deposits	574,407	778,787	1,852,011	2,468,732
Borrowed funds	<u>383,282</u>	<u>617,442</u>	<u>1,514,369</u>	<u>1,851,947</u>
Total interest expense	<u>957,689</u>	<u>1,396,229</u>	<u>3,366,380</u>	<u>4,320,679</u>
Net interest income	1,690,423	1,635,466	4,895,999	4,989,841
Provision for loan losses	<u>2,051,515</u>	<u>442,506</u>	<u>4,368,001</u>	<u>1,230,309</u>
Net interest income (loss) after provision for loan losses	(361,092)	1,192,960	527,998	3,759,532
Noninterest income				
Service charges	317,987	261,825	831,169	761,592
Other	<u>117,216</u>	<u>88,664</u>	<u>326,619</u>	<u>265,870</u>
Total noninterest income	435,203	350,489	1,157,788	1,027,462
Noninterest expense				
Employee compensation and benefits	626,284	658,366	1,935,284	2,054,429
Occupancy and equipment	135,138	135,157	404,404	406,963
Foreclosed assets, net	7,668	(8,390)	172,123	35,171
Data processing fees	100,571	94,571	304,292	284,071
Other operating	<u>484,501</u>	<u>353,939</u>	<u>1,213,270</u>	<u>888,864</u>
Total noninterest expense	<u>1,354,162</u>	<u>1,233,643</u>	<u>4,029,373</u>	<u>3,669,498</u>
Earnings (loss) before income taxes	(1,280,051)	309,806	(2,343,587)	1,117,496
Income tax expense (benefit)	<u>(597,168)</u>	<u>108,204</u>	<u>(1,089,809)</u>	<u>383,264</u>
Net earnings (loss)	<u>\$ (682,883)</u>	<u>\$ 201,602</u>	<u>\$ (1,253,778)</u>	<u>\$ 734,232</u>
Earnings (loss) per common share				
Basic	<u>\$ (.82)</u>	<u>\$.24</u>	<u>\$ (1.50)</u>	<u>\$.88</u>
Diluted	<u>\$ (.82)</u>	<u>\$.24</u>	<u>\$ (1.50)</u>	<u>\$.88</u>
Dividends per share	<u>\$.0250</u>	<u>\$.1875</u>	<u>\$.2125</u>	<u>\$.5625</u>
Weighted average shares outstanding				
Basic	<u>835,163</u>	<u>835,163</u>	<u>835,163</u>	<u>834,727</u>
Diluted	<u>835,163</u>	<u>835,185</u>	<u>835,163</u>	<u>834,749</u>