



First Independence Corporation

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FOR IMMEDIATE RELEASE

FIRST INDEPENDENCE ANNOUNCES THIRD QUARTER LOSS

INDEPENDENCE, KS (August 3, 2011) -- First Independence Corporation (OTC Bulletin Board: FFSL.OB) (the "Company"), reported a net loss of \$111,000 for the third quarter of fiscal 2011, compared to a net loss of \$683,000 for the third quarter of fiscal 2010. Diluted loss per share of common stock for the third quarter of fiscal 2011 was \$.13, compared to diluted loss per share of \$.82 for the third quarter of fiscal 2010. A net loss for the first nine months of fiscal 2011 was \$611,000, compared to a net loss of \$1,254,000 for the first nine months of fiscal 2010. Diluted loss per share for the nine months ended June 30, 2011 was \$.73, compared to diluted loss per share of \$1.50 for the nine months ended June 30, 2010.

The Company expensed \$762,000 through provision for loan loss during the third quarter of fiscal 2011, compared to \$2.05 million during the same period last year. The expense for provision for loan losses for the first nine months of fiscal 2011 was \$2.72 million, compared to \$4.37 million for the nine months of fiscal 2010. 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 third quarter of fiscal 2011 was negative .25% (annualized), compared to negative 1.47% (annualized), for the same period last year. Return on average equity for the third quarter of fiscal 2011 was negative 2.79% (annualized), compared to negative 15.95% (annualized), in the third quarter of fiscal 2010. Return on average assets for the first nine months of fiscal 2011 was negative .45% (annualized), compared to negative .85% (annualized), for the same period last year. Return on average equity for the first nine months of fiscal 2011 was negative 5.05% (annualized), compared to negative 9.51% (annualized), for the first nine months of fiscal 2010.

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We had \$173.7 million in assets and \$15.8 million in stockholders' equity as of June 30, 2011. At June 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 June 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)

	June 30, 2011		September 30, 2010	
Financial Condition Highlights:				
Total assets	\$ 173,749		\$ 183,459	
Loans receivable	115,377		136,210	
Loans held for sale	---		---	
Mortgage-backed and investment securities held to maturity	10,425		17,945	
Real estate acquired through foreclosure	8,276		4,842	
Deposits	122,118		130,724	
Borrowed funds	34,905		35,042	
Stockholders' equity	15,762		16,373	
Stockholders' equity per outstanding common share	\$18.87		\$19.60	
Selected Asset Quality Ratios:				
Non-performing loans to total loans	2.39%		5.29%	
Non-performing assets to total assets	6.38%		6.63%	
Allowance for loan losses to non-performing loans	90.67%		29.78%	
Allowance for loan losses to non-performing assets	23.01%		17.92%	
	Three months ended June 30,		Nine months ended June 30,	
	2011	2010	2011	2010
Operating Highlights:				
Net interest income	\$ 1,388	\$ 1,690	\$ 4,314	\$ 4,896
Provision for loan losses	762	2,052	2,724	4,368
Net earnings (loss)	\$(111)	\$(683)	\$(611)	\$(1,254)
Operating Ratios (annualized):				
Return on average assets	(.25)%	(1.47)%	(.45)%	(.85)%
Return on average equity	(2.79)%	(15.95)%	(5.05)%	(9.51)%
Interest rate spread information:				
Average yield on interest-earning assets	5.40%	6.14%	5.48%	6.05%
Average cost of interest-bearing liabilities	1.90%	2.28%	1.98%	2.54%
Average rate spread during period	3.50%	3.86%	3.50%	3.51%
Net interest margin	3.49%	3.92%	3.52%	3.59%
Ratio of average interest-earning assets to average interest-bearing liabilities	99.35%	102.73%	100.63%	103.11%
Stock price for period:				
High bid	\$4.75	\$8.00	\$6.50	\$9.50
Low bid	\$4.50	\$6.00	\$4.40	\$6.00
Closing bid at 6/30	\$4.50	\$8.00	\$4.50	\$8.00
Net earnings (loss) per share (diluted)	\$(.13)	\$(.82)	\$(.73)	\$(1.50)
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

	June 30, 2011	September 30, 2010
<u>ASSETS</u>		
Cash and due from banks	\$ 1,648,956	\$ 979,523
Federal funds sold	23,705,000	11,205,000
Other interest-bearing deposits	2,103,187	514,726
Cash and cash equivalents	27,457,143	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: June 30, 2011 - \$10,838,876; September 30, 2010 - \$12,336,365)	10,425,002	11,949,922
Loans receivable	115,377,366	136,210,205
Loans held for sale	---	---
Premises and equipment	2,117,497	2,155,985
Federal Home Loan Bank Stock, at cost	3,537,600	3,496,400
Accrued interest receivable	644,277	827,434
Real estate acquired through foreclosure	8,276,311	4,842,137
Income taxes receivable	832,402	332,781
Deferred income taxes	1,381,621	1,174,795
Other	1,182,954	1,319,838
Cash value of life insurance	2,516,649	2,454,945
Total assets	\$ 173,748,822	\$ 183,459,060
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Liabilities		
Deposits	\$ 122,118,482	\$ 130,724,445
Advances from borrowers for taxes and insurance	489,565	876,495
Advances from Federal Home Loan Bank	34,905,231	35,041,927
Income taxes payable	---	---
Deferred income taxes	---	---
Accrued expenses and other	473,327	443,090
Total liabilities	157,986,605	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	17,497,646	18,108,532
Treasury stock at cost, 814,125 shares at June 30, 2011 and September 30, 2010	(9,997,297)	(9,997,297)
Total stockholders' equity	15,762,217	16,373,103
Total liabilities and stockholders' equity	\$ 173,748,822	\$ 183,459,060

FIRST INDEPENDENCE CORPORATION
CONSOLIDATED CONDENSED STATEMENTS OF EARNINGS

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2011	2010	2011	2010
Interest income				
Loans	\$2,042,262	\$2,422,794	\$6,382,184	\$7,486,491
Mortgage-backed securities	66,642	86,897	188,733	258,594
Investment securities	9,400	114,374	73,714	442,065
Interest-bearing deposits and other	<u>29,491</u>	<u>24,047</u>	<u>78,690</u>	<u>75,229</u>
Total interest income	2,147,795	2,648,112	6,723,321	8,262,379
Interest expense				
Deposits	419,950	574,407	1,386,669	1,852,011
Borrowed funds	<u>340,249</u>	<u>383,282</u>	<u>1,022,524</u>	<u>1,514,369</u>
Total interest expense	<u>760,199</u>	<u>957,689</u>	<u>2,409,193</u>	<u>3,366,380</u>
Net interest income	1,387,596	1,690,423	4,314,128	4,895,999
Provision for loan losses	<u>762,136</u>	<u>2,051,515</u>	<u>2,723,945</u>	<u>4,368,001</u>
Net interest income (loss) after provision for loan losses	625,460	(361,092)	1,590,183	527,998
Noninterest income				
Service charges	295,303	317,987	855,904	831,169
Other	<u>109,410</u>	<u>117,216</u>	<u>347,043</u>	<u>326,619</u>
Total noninterest income	404,713	435,203	1,202,947	1,157,788
Noninterest expense				
Employee compensation and benefits	667,855	626,284	1,950,342	1,935,284
Occupancy and equipment	124,138	135,138	372,473	404,404
Foreclosed assets, net	31,460	7,668	80,280	172,123
Data processing fees	105,813	100,571	318,224	304,292
Other operating	<u>556,236</u>	<u>484,501</u>	<u>1,293,304</u>	<u>1,213,270</u>
Total noninterest expense	<u>1,485,502</u>	<u>1,354,162</u>	<u>4,014,623</u>	<u>4,029,373</u>
Earnings (loss) before income taxes	(455,329)	(1,280,051)	(1,221,493)	(2,343,587)
Income tax expense (benefit)	<u>(344,742)</u>	<u>(597,168)</u>	<u>(610,607)</u>	<u>(1,089,809)</u>
Net earnings (loss)	<u>\$ (110,587)</u>	<u>\$ (682,883)</u>	<u>\$ (610,886)</u>	<u>\$ (1,253,778)</u>
Earnings (loss) per common share				
Basic	<u>\$ (.13)</u>	<u>\$ (.82)</u>	<u>\$ (.73)</u>	<u>\$ (1.50)</u>
Diluted	<u>\$ (.13)</u>	<u>\$ (.82)</u>	<u>\$ (.73)</u>	<u>\$ (1.50)</u>
Dividends per share	<u>\$ ---</u>	<u>\$.0250</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>