

NEWS RELEASE

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American Business Lending Awarded Preferred Lenders Program Status

May 6, 2008 Dallas, Texas.....American Business Lending, Inc. (ABL), an affiliate of FirstCity Financial Corporation (NASDAQ- FCFC), announced today that they have been awarded Preferred Lenders Program (PLP) status by the U.S. Small Business Administration (SBA). The PLP designation is the highest recognition a lender can receive from SBA, according to the Administration. To obtain preferred status, lenders must demonstrate a proficiency in processing and servicing SBA guaranteed loans.

“The Preferred Lender authority gives us the ability to greatly enhance our service and commitment to the small business community as we strive to grow ABL into a premier nationwide SBA lender,” said Charlie Bell, Chief Executive Officer of American Business Lending.

James T. Sartain, CEO and President of FirstCity, added, “The Preferred Lenders Program designation is an honor and testament to the quality and commitment of our team at ABL. The company is well positioned to be a contributor to the growth of the earning asset base of FirstCity Financial.”

American Business Lending, Inc., a non-bank lender specializing in SBA guaranteed loans, is headquartered in Dallas, Texas. It has loan production offices in Houston, San Antonio, Atlanta, Indianapolis, Raleigh, and Cleveland.

FirstCity Financial is a diversified financial services company with operations dedicated to portfolio asset acquisition and resolution with offices in the U.S. and with affiliate organizations in Europe and Latin America. Its common stock is listed on the NASDAQ Stock Market, LLC under the symbol “FCFC.”

Certain statements in this press release, which are not historical in fact, including, but not limited to, statements relating to future performance, may be deemed to be forward-looking within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act. Forward-looking statements include, without limitation, any statement that may project, indicate or imply future results, performance or achievements, and may contain the words “expect,” “intend,” “plan,” “estimate,” “believe,” “will be,” “will continue,” “will likely result,” “indication” and similar expressions. Such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those projected. There are many important factors that could cause the Company’s actual results to differ materially.

These factors include, but are not limited to, risks related to the start up of a business, including American Business Lending’s ability to implement its business plan and strategy to generate sufficient revenues necessary to avoid losses common to start up companies, the ability of American Business Lending to generate loans meeting its underwriting requirements, the availability of loans to be acquired in the SBA Lending market, economic conditions in the SBA lending markets, assumptions underlying loan performance, general economic conditions; factors more fully discussed and identified under Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” risk factors and other risks identified in the Company’s Annual Report on Form 10-K for the year ended December 31, 2007, filed with the SEC on March 17, 2008, as well as in the Company’s other filings with the SEC. Many of these factors are beyond the Company’s control. In addition, it should be noted that past financial and operational performance of the Company is not necessarily indicative of future financial and operational performance. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements.

The forward-looking statements in this release speak only as of the date of this release. The Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement to reflect any change in the Company’s expectations with regard thereto or any change in events, conditions or circumstances on which any forward-looking statement is based.