

NEWS RELEASE

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Standard and Poor's Ratings Services Affirms Above-Average Special Servicer Ranking for FirstCity Servicing

Waco, Texas October 14, 2010..... FirstCity Financial Corporation (NASDAQ:FCFC) announced today that Standard & Poor's Ratings Services has affirmed its commercial finance special servicer ranking on FirstCity Servicing Corp., a wholly owned subsidiary of FirstCity Financial, as "Above Average". FirstCity Financial purchases and manages domestic and international portfolios of distressed assets, consisting of performing and nonperforming loans purchased for its own account as well as in partnerships with outside investors. The Company also provides third party servicing for outside clients.

First City Servicing's technology environment, high average years of asset recovery experience of the professional staff, effective operating procedures for asset resolution decision-making and execution, as well as the quality and scope of the company's ongoing internal audit function were factors noted by Standard and Poor's in the ratings affirmation. A copy of the press release and report issued by Standard and Poor's detailing the upgrade is available on FirstCity's website at www.fcfc.com under the "FirstCity Servicing" section.

James T. Sartain, President and CEO of FirstCity Financial said, "We are pleased to have the affirmation of our special servicer ranking as the company continues to implement its "fees for services and performance" strategy". This high ranking is significant for FirstCity as it affirms the strength of our servicing platform and assures that FirstCity is well positioned to participate in the abundant opportunities in the servicing and resolution of distressed assets."

FirstCity Financial Corporation is a diversified financial services company with operations dedicated primarily to distressed asset acquisitions and special situations investments. FirstCity has offices in the U.S. and affiliate organizations in Europe and Latin America. FirstCity common stock is listed on the NASDAQ Global Select Market (NASDAQ: FCFC).

Cautionary Statement Regarding Forward-Looking Statements

Certain statements in this release relate to future events and expectations and, as such, constitute forward-looking statements under the Private Securities Litigation Reform Act of 1995. These statements are based upon management's beliefs, assumptions and expectations, taking into account currently available information. These statements are not statements of historical fact. Forward-looking statements involve risks and uncertainties, some of which are not currently known to us. Actual events or results may differ from those expressed or implied in such forward-looking statements as a result of various factors and risks that are described from time to time in the Company's filings with the SEC, including but not limited to its annual reports on Form 10-K, its quarterly reports on Form 10-Q, and its current reports on Form 8-K, filed with the SEC and available through the Company's website, which contain a more detailed discussion of the Company's business, including risks and uncertainties that may affect future results. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date hereof. Information in this release may be superseded by more recent information or statements, which may be disclosed in later releases, subsequent filings with the SEC or otherwise. The Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or to reflect any change in events, conditions or circumstances on which any such forward-looking statements are based, in whole or in part.