

NEWS RELEASE

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FirstCity Financial Corporation Receives Regulatory Approval for SBA Lending Initiative

Waco, Texas November 10, 2006... FirstCity Financial Corporation (NASDAQ FCFC) today announced that it has received approval from the Small Business Administration to complete its proposed purchase of a SBA lending franchise to originate and service SBA 7(a) loans. The approval is subject to closing the previously announced asset purchase agreement and the terms of the transaction being consistent with the information submitted to the SBA in the application by American Business Lending, an affiliate of FirstCity, to become a small business lending company. Completion of the transaction should be complete before year end.

FirstCity Financial Corporation 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 France and Mexico. Its common (FCFC) stock is listed on the NASDAQ National Market System. For more information, visit www.fcfc.com