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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT**

PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

DATE OF REPORT (DATE OF EARLIEST EVENT REPORTED):  
**February 17, 2004**

**FIRSTCITY FINANCIAL CORPORATION**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State of incorporation)

**033-19694**  
(Commission File No.)

**76-0243729**  
(IRS Employer Identification No.)

**6400 Imperial Drive**  
**Waco, Texas 76712**  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: **(254) 751-1750**

**Item 7. Financial Statements and Exhibits.**

(c) Exhibits

99.1 Text of press release of FirstCity Financial Corporation issued on February 17, 2004.

**Item 12. Results of Operations and Financial Condition.**

(a) On February 17, 2004, FirstCity Financial Corporation (“FirstCity” or the “Company”) issued a press release announcing its financial results for the quarter ended December 31, 2003 and certain other information. A copy of this press release is attached hereto as Exhibit 99.1 and is being furnished, not filed, under Item 12, Results of Operations and Financial Condition, to this Report on Form 8-K.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FirstCity Financial Corporation

Date: February 16, 2004

By: /S/ J. Bryan Baker

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J. Bryan Baker  
Senior Vice President, and  
Chief Financial Officer

**EXHIBIT INDEX**

<u>Exhibit No.</u>	<u>Description</u>
99.1 -	Text of press release of FirstCity Financial Corporation issued on February 17, 2004.

# NEWS RELEASE



Contact: Suzy W. Taylor  
(866) 652-1810

## FirstCity Financial Announces Fourth Quarter and Year-End 2003 Results

**Waco, Texas February 17, 2004...** FirstCity Financial Corporation (NASDAQ FCFC) today announced net earnings to common stockholders for the quarter ended December 31, 2003 of \$3,548,818, or \$.31 per share on a diluted basis. For the full year 2003 net earnings to common stockholders were \$9,054,285 or \$.80 per share on a diluted basis.

Components of the results for the three months and year ended December 31, 2003 and 2002, respectively, are detailed below (dollars in thousands):

	Three Months Ended December 31,		Year Ended December 31,	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Portfolio Asset Acquisition and Resolution	\$ 5,274	\$ 2,114	\$ 14,497	\$ 11,214
Consumer	1,231	3,950	5,349	3,544
Corporate interest	(1,081)	(1,250)	(4,588)	(3,858)
Corporate overhead	(1,775)	(1,102)	(5,551)	(4,957)
Earnings from continuing operations	<u>3,649</u>	<u>3,712</u>	<u>9,707</u>	<u>5,943</u>
Accrued preferred dividends	-	(552)	(133)	(2,478)
Loss from discontinued operations	(100)	(2,014)	(520)	(9,714)
Net earnings (loss) to common shareholders	<u>\$ 3,549</u>	<u>\$ 1,146</u>	<u>\$ 9,054</u>	<u>\$ (6,249)</u>

### Portfolio Asset Acquisition

Operating contribution for the quarter was \$5.3 million, comprised of \$10.6 million in revenues, net of \$5.4 million of expenses. The business generated 68% of the revenues from domestic investments, 18% from investments in Mexico and 14% from investments in Europe. The major components of revenue for the quarter include servicing fees of \$3.9 million, equity earnings in Acquisition Partnerships and servicing entities of \$5.7 million and interest income of \$.5 million.

Operating contribution from the Portfolio Asset Acquisition business for the quarter includes foreign currency losses in Mexico (\$.7 million), and foreign currency gains related to cash collections of certain Euro investments (\$.5 million). Quarterly results have been, and continue to be impacted by fluctuations in foreign currencies.

The following table details these impacts on corporate earnings (dollars in thousands):

Illustration of the Effects of Currency Fluctuations	First Quarter 2003	Second Quarter 2003	Third Quarter 2003	Fourth Quarter 2003	Year to Date 2003
Net earnings (loss) to Common Stockholders as reported	\$ ( 85)	\$ 3,750	\$ 1,840	\$ 3,549	\$ 9,054
Mexican Peso gains (losses)	\$ (1,623)	\$ 1,110	\$ (1,040)	\$ (694)	\$ (2,247)
Euro gains	\$ 247	\$ 143	\$ 415	\$ 501	\$ 1,306
Peso exchange rate at valuation date	11.03	10.41	10.93	11.35	
Euro exchange rate at valuation date	0.93	0.87	0.86	0.80	

(more)

The Company continues to monitor the foreign currency exposure on a daily basis and evaluate the advisability of hedging these investments through analysis of currency forecasts, the cost of hedging those investments and the available liquidity to do so.

As indicated in its third quarter earnings release, the Company experienced an increase in acquisitions in the fourth quarter. FirstCity and its Acquisition Partnerships purchased six portfolios - five domestic portfolios totaling \$47 million and one \$11 million portfolio in France. The Company invested equity of \$5.1 million in the domestic portfolios and \$2.5 million in the French portfolio. A summary of acquisitions for the year follows (dollars in millions):

	Domestic	France	Mexico	Italy	Total	Invested Equity
1 <sup>st</sup> Quarter	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2 <sup>nd</sup> Quarter	6.7	20.1	5.4	-	32.2	11.4
3 <sup>rd</sup> Quarter	39.3	-	-	-	39.3	3.9
4 <sup>th</sup> Quarter	46.7	11.1	-	-	57.7	7.6
Total Year 2003	\$ 92.6	\$ 31.2	\$ 5.4	\$ -	\$ 129.2	\$ 22.9 *
Total Year 2002	\$ 61.4	\$ 81.8	\$ 11.7	\$ 16.9	\$ 171.8	\$ 16.7

\*The Company invested \$3.4 million in partnerships during 2003 in addition to the acquisitions above.

### Consumer

FirstCity owns a 31% interest in Drive Financial Services L.P., a sub prime auto lending company. Drive originated \$102.2 million of receivables during the quarter. Defaults and losses were 22.35% and 11.83%, respectively, at the end of the quarter compared to 20.14% and 10.26%, respectively, for the same period last year. These statistics reflect continued weakness in the economy and the resulting impact on used car prices. Delinquencies were 9.53% for the quarter, up from 7.25% for the same period last year as a result of the same economic trends.

During the quarter Drive took a \$2 million provision on residual assets and an additional \$3.7 million provision on loans receivable in excess of the normal monthly provisions. The provisions are related to higher losses and delinquencies as a result of market and general economic conditions and are more prevalent in pools of loans originated prior to 2002. Drive's management believes that recent market conditions indicate initial signs of improvement and Drive Management continues to monitor trends in cash flow and performance to determine the impact upon the need for additional provisions. Net income from Drive continues to be positive as originations and the volume of portfolio assets grow over time. Based on information provided by Drive, the Company expects that this positive trend will continue.

The following table details this trend (dollars in thousands):

	Originations	Loan Inventory	Total Assets	Income (loss) before provisions on residual assets	Provisions on residual assets	Net Income (Loss)	FirstCity's 31% share
<b>2003</b>							
4 <sup>th</sup> Quarter	\$102,228	\$623,389	\$ 738,829	\$ 6,308***	\$ (2,087)	\$ 4,221	\$ 1,308
3 <sup>rd</sup> Quarter	128,688	577,974	700,760	9,132	(3,904)	5,228	1,621
2 <sup>nd</sup> Quarter	127,706	511,212	619,269	8,251	(1,240)	7,011	2,173
1 <sup>st</sup> Quarter	126,118	443,099	551,412	3,707	(1,217)	2,490	689
<b>2002</b>							
4 <sup>th</sup> Quarter	101,102	368,379	472,553	3,207	(3,303)	(96)	(29)
3 <sup>rd</sup> Quarter	100,430	310,540	416,295	1,025	(112)	913	282
2 <sup>nd</sup> Quarter	100,780	238,096	341,882	1,281	-	1,281	398
1 <sup>st</sup> Quarter	113,401	159,052	254,647	(3,470)	-	(3,470)	(1,076)

\*\*\* Net of \$3.7 million of additional provisions related to loans receivable.

Note: As of December 31, 2003 Drive holds on its balance sheet residual interests with a book value of \$29.0 million compared with \$63.2 million as of December 31, 2002.

(more)

**Discontinued Operations**

The anticipated realizable value of the Company's investment in discontinued operations decreased to \$6.2 million at December 31, 2003. The \$6.2 million valuation is net of reserves of \$ 249,000. The Company recorded a provision during the quarter of \$100,000 to adjust reserves for estimated expenses related to liquidation of the residual assets.

**Conference Call**

FirstCity will host a conference call to discuss the quarterly results today, Tuesday, February 17, 2004 at 9:00 a.m., CST. James T. Sartain, FirstCity's President and Chief Executive Officer will lead the call. To participate, dial toll free 1-888-792-1075 and specify conference I.D. number 384247. International callers should dial 1-703-871-3027. Please dial in five minutes prior to the call. If you are unable to listen to the live conference call, a replay will be available by dialing 1-888-836-6074. For International callers the replay number is 1-703-871-3027. The pass code for the replay is 384247. The replay will be available through Thursday, March 4, 2004.

**Forward Looking Statements**

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 statements under the Private Securities Litigation Reform Act of 1995. 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", 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 FirstCity's actual results to differ materially.

These factors include, but are not limited to, the performance of FirstCity's subsidiaries and affiliates, availability of portfolio assets, assumptions underlying portfolio asset performance, risks associated with foreign operations, currency exchange rate fluctuations, interest rate risk, risks of declining value of loans, collateral or assets; the degree to which FirstCity is leveraged, FirstCity's continued need for financing, availability of FirstCity's credit facilities, the impact of certain covenants in loan agreements of FirstCity and its subsidiaries, the ability of FirstCity to utilize net operating loss carryforwards, uncertainties of any litigation arising from discontinued operations, general economic conditions, foreign social and economic conditions, changes (legislative and otherwise) in the asset securitization industry; fluctuation in residential and commercial real estate values, capital markets conditions, including the markets for asset-backed securities; 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 FirstCity's Annual Report on Form 10-K, filed with the SEC on April 15, 2003, as well as in FirstCity's other filings with the SEC.

Many of these factors are beyond FirstCity's control. In addition, it should be noted that past financial and operational performance of FirstCity 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. FirstCity expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement to reflect any change in FirstCity's expectations with regard thereto or any change in events, conditions or circumstances on which any forward-looking statement is based.

FirstCity is a diversified financial services company with operations dedicated to portfolio asset acquisition and resolution and consumer lending with offices in the U.S. and with affiliate organizations in France and Mexico. Its common (FCFC) and preferred (FCFCO) stocks are listed on the NASDAQ National Market System.

**(Tables follow)**

**FirstCity Financial Corporation**  
**Summary of Operations**  
(In thousands, except per share data)  
(Unaudited)

	<b>Three Months Ended</b>		<b>Year Ended</b>	
	<b>December 31,</b>		<b>December 31,</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
<b>Revenues:</b>				
Servicing fees from affiliates	\$ 3,884	\$ 3,010	\$ 15,051	\$ 12,665
Gain on resolution of Portfolio Assets	301	213	1,380	1,138
Equity in earnings of investments	7,200	1,989	21,411	8,680
Interest income from affiliates	467	997	2,794	4,060
Interest income - other	90	227	533	1,068
Gain on sale of interest in equity investments	-	-	-	1,779
Gain on sale of interest in subsidiary	-	4,000	-	4,000
Other income	399	888	1,560	2,598
Total revenues	<u>12,341</u>	<u>11,324</u>	<u>42,729</u>	<u>35,988</u>
<b>Expenses:</b>				
Interest and fees on notes payable to affiliates	2,017	2,017	7,567	6,456
Interest and fees on notes payable - other	21	65	155	366
Interest on shares subject to mandatory redemption	67	-	133	-
Salaries and benefits	4,458	2,904	15,875	12,609
Provision for loan and impairment losses	97	17	98	295
Occupancy, data processing, communication and other	1,599	2,373	7,518	8,962
Total expenses	<u>8,259</u>	<u>7,376</u>	<u>31,346</u>	<u>28,688</u>
Earnings from continuing operations before income taxes and minority interest	4,082	3,948	11,383	7,300
Provision for income taxes	(157)	(118)	(240)	(153)
Earnings from continuing operations before minority interest	3,925	3,830	11,143	7,147
Minority interest	(276)	(118)	(1,436)	(1,204)
Earnings from continuing operations	3,649	3,712	9,707	5,943
Loss from discontinued operations	(100)	(2,014)	(520)	(9,714)
Net earnings (loss)	3,549	1,698	9,187	(3,771)
Accumulated preferred dividends in arrears	-	(552)	(133)	(2,478)
Net earnings (loss) to common shareholders	<u>\$ 3,549</u>	<u>\$ 1,146</u>	<u>\$ 9,054</u>	<u>\$ (6,249)</u>
<b>Basic earnings (loss) per common share are as follows:</b>				
Earnings from continuing operations	\$ 0.33	\$ 0.36	\$ 0.86	\$ 0.40
Discontinued operations	(0.01)	(0.23)	(0.05)	(1.14)
Net earnings (loss) per common share	\$ 0.32	\$ 0.13	\$ 0.81	\$ (0.74)
Wtd. avg. common shares outstanding	11,189	8,866	11,200	8,500
<b>Diluted earnings (loss) per common share are as follows:</b>				
Earnings from continuing operations	\$ 0.32	\$ 0.36	\$ 0.85	\$ 0.40
Discontinued operations	(0.01)	(0.23)	(0.05)	(1.14)
Net earnings (loss) per common share	\$ 0.31	\$ 0.13	\$ 0.80	\$ (0.74)
Wtd. avg. common shares outstanding	11,621	8,866	11,349	8,500

**Selected Unaudited Balance Sheet Data**

	<b>December 31,</b>	<b>December 31,</b>
	<b>2003</b>	<b>2002</b>
Cash	\$ 2,745	\$ 4,118
Portfolio acquisition and resolution assets	80,428	77,744
Consumer assets	15,685	9,127
Deferred tax asset	20,101	20,101
Net assets of discontinued operations	6,150	7,764
Total assets	132,139	126,456
Notes payable to affiliates	88,628	95,560
Notes payable other	2,432	1,113
Preferred stock subject to mandatory redemption (including accrued and unpaid dividends)	3,846	3,705
Total common shareholders' equity	28,969	18,752

**FirstCity Financial Corporation**  
**Supplemental Information**  
(Dollars in thousands)  
(Unaudited)

	Three Months Ended December 31,		Year Ended December 31,	
	2003	2002	2003	2002
<b>Summary Operating Statement Data for Each Business</b>				
Portfolio Asset Acquisition and Resolution:				
Revenues	\$ 10,616	\$ 7,069	\$ 35,126	\$ 32,101
Expenses	5,440	5,188	20,531	20,592
Operating contribution before provision for loan and impairment losses	5,176	1,881	14,595	11,509
Provision for loan and impairment losses	97	17	98	295
Operating contribution, net of direct taxes	<u>\$ 5,079</u>	<u>\$ 1,864</u>	<u>\$ 14,497</u>	<u>\$ 11,214</u>
Consumer Lending:				
Revenues, net of equity in loss of investment	\$ 1,635	\$ 3,964	\$ 7,237	\$ 3,469
Expenses, net of minority interest	404	14	1,888	(75)
Operating contribution, net of direct taxes	<u>\$ 1,231</u>	<u>\$ 3,950</u>	<u>\$ 5,349</u>	<u>\$ 3,544</u>

**Portfolio Asset Acquisition and Resolution:**

**Overview**

**Aggregate purchase price of portfolios acquired:**

Acquisition partnerships

Domestic	\$ 46,579	\$ 35,864	\$ 92,632	\$ 61,386
Mexico	-	-	5,400	11,709
France	11,105	15,066	31,160	81,731
Italy	-	-	-	16,943
Total	<u>\$ 57,684</u>	<u>\$ 50,930</u>	<u>\$ 129,192</u>	<u>\$ 171,769</u>

**Historical Acquisitions - Annual:**

	Purchase Price	FirstCity's Investment
2003	\$ 129,192	\$ 22,944
2002	171,769	16,717
2001	224,927	24,319
2000	394,927	22,140
1999	210,799	11,203
1998	139,691	28,478

**Portfolio acquisition and resolution assets by region:**

	December 31, 2003	December 31, 2002
Domestic	\$ 42,872	\$ 44,610
Mexico	14,468	17,542
France and Italy	23,088	15,592
Total	<u>\$ 80,428</u>	<u>\$ 77,744</u>

**Revenues by region:**

Domestic	\$ 7,181	\$ 4,122	\$ 21,084	\$ 19,444
Mexico	1,960	2,239	9,049	7,985
France and Italy	1,475	689	4,993	4,646
Other foreign	-	19	-	26
Total	<u>\$ 10,616</u>	<u>\$ 7,069</u>	<u>\$ 35,126</u>	<u>\$ 32,101</u>

**Revenues by source:**

Equity earnings	\$ 5,565	\$ 2,026	\$ 14,174	\$ 9,212
Servicing fees	3,884	3,010	15,051	12,665
Interest income - loans	548	1,183	3,296	4,980
Gain on sale of interest in equity investment	-	-	-	1,779
Gain on resolution of Portfolio Assets	301	213	1,380	1,138
Other	318	637	1,225	2,327
Total	<u>\$ 10,616</u>	<u>\$ 7,069</u>	<u>\$ 35,126</u>	<u>\$ 32,101</u>

**FirstCity Financial Corporation**  
**Supplemental Information**  
(Dollars in thousands)  
(Unaudited)

	Three Months Ended December 31,		Year Ended December 31,	
	2003	2002	2003	2002
<b>Analysis of Equity Investments in Acquisition Partnerships:</b>				
<b>FirstCity's Average investment in Acquisition Partnerships</b>				
Domestic	\$ 36,435	\$ 31,600	\$ 34,282	\$ 32,592
Mexico	1,000	1,065	1,034	1,155
France	13,264	10,724	12,137	9,419
France-Servicing subsidiaries	4,117	3,079	3,765	2,689
Total	<u>\$ 54,816</u>	<u>\$ 46,468</u>	<u>\$ 51,218</u>	<u>\$ 45,855</u>
<b>FirstCity Share of Equity Earnings (Loss):</b>				
Domestic	\$ 5,435	\$ 2,171	\$ 13,526	\$ 9,983
Mexico	(1,254)	(767)	(4,028)	(3,493)
France	1,272	519	4,090	1,928
France-Servicing subsidiaries	112	103	586	794
Total	<u>\$ 5,565</u>	<u>\$ 2,026</u>	<u>\$ 14,174</u>	<u>\$ 9,212</u>
<b>Selected other data:</b>				
<b>Average investment in wholly owned portfolio assets and loans receivable:</b>				
Domestic	\$ 5,366	\$ 11,524	\$ 6,785	\$ 13,068
Mexico	13,938	17,076	14,656	18,534
France	2,898	-	2,120	-
Total	<u>\$ 22,202</u>	<u>\$ 28,600</u>	<u>\$ 23,561</u>	<u>\$ 31,602</u>
<b>Income from wholly owned portfolio assets and loans receivable:</b>				
Domestic	\$ 423	\$ 439	\$ 2,040	\$ 2,208
Mexico	394	957	2,540	3,910
France	32	-	96	-
Total	<u>\$ 849</u>	<u>\$ 1,396</u>	<u>\$ 4,676</u>	<u>\$ 6,118</u>
<b>Servicing fee revenues:</b>				
Domestic partnerships:				
\$ Collected	\$ 54,575	\$ 24,936	\$ 143,440	\$ 187,800
Servicing fee revenue	1,154	1,069	4,857	5,469
Average servicing fee %	2.1%	4.3%	3.4%	2.9%
Mexico partnerships:				
\$ Collected	\$ 10,016	\$ 16,058	\$ 56,372	\$ 85,303
Servicing fee revenue	2,633	1,815	9,860	6,592
Average servicing fee %	26.3%	11.3%	17.5%	7.7%
Incentive service fees	\$ 97	\$ 126	\$ 334	\$ 604
Total Service Fees:				
\$ Collected	\$ 64,591	\$ 40,994	\$ 199,812	\$ 273,103
Servicing fee revenue	3,884	3,010	15,051	12,665
Average servicing fee %	6.0%	7.3%	7.5%	4.6%
<b>Servicing portfolio (face value)</b>				
Domestic	\$ 431,178	\$ 431,106		
Mexico	1,052,599	1,233,468		
France and Italy	1,064,184	814,083		
Total	<u>\$ 2,547,961</u>	<u>\$ 2,478,657</u>		
<b>Number of personnel at period end:</b>				
Domestic	91	83		
Mexico	176	129		
Total personnel	<u>267</u>	<u>212</u>		

**FirstCity Financial Corporation**  
**Supplemental Information**  
(Dollars in thousands)  
(Unaudited)

	<u>Three Months Ended</u> <u>December 31,</u>		<u>Year Ended</u> <u>December 31,</u>	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
<b>Consumer Lending:</b> <sup>(1)</sup>				
Retail installment contracts acquired	\$ 102,228	\$ 101,102	\$ 484,741	\$ 415,713
Origination characteristics:				
Face value to wholesale value	101.16%	100.38%	98.52%	99.85%
Weighted average coupon	21.12%	21.00%	21.01%	21.02%
Purchase discount (% of face value)	17.72%	15.95%	17.49%	15.54%
Servicing portfolio (face value in \$)	833,472	683,272		
Defaults (% of original balance at time of default)	22.35%	20.14%		
Net loss on defaults after recovery	11.83%	10.26%		
Delinquencies (% of total serviced portfolio)	9.53%	7.25%		
Equity in earnings (loss) of Drive	\$ 1,635	\$ (37)	\$ 7,237	\$ (532)
Minority interest	(327)	8	(1,446)	107
Net equity in earnings (loss) of Drive	<u>\$ 1,308</u>	<u>\$ (29)</u>	<u>\$ 5,791</u>	<u>\$ (425)</u>

(1) Auto lending business conducted by Drive Financial Services LP, of which FirstCity owns 31% and accounts for its investment using the equity method of accounting.