
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):
November 12, 2003

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 November 12, 2003.

Item 12. Results of Operations and Financial Condition.

(a) On November 12, 2003, FirstCity Financial Corporation (“FirstCity” or the “Company”) issued a press release announcing its financial results for the quarter ended September 30, 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: November 12, 2003

By: /S/ J. Bryan Baker

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 November 12, 2003.

NEWS RELEASE



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

FirstCity Financial Announces Third Quarter 2003 Results

Waco, Texas November 12, 2003... FirstCity Financial Corporation (NASDAQ FCFC) today announced net earnings to common stockholders for the quarter ended September 30, 2003, of \$1,840,000 or \$.16 per share on a diluted basis.

Components of the profits for the third quarter and nine months ended September 30, 2003 and 2002 are detailed below:

(\$ thousands)	(Unaudited)			
	Quarter Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
Portfolio Acquisition and Resolution	\$ 3,005	\$ 849	\$ 9,418	\$ 9,350
Consumer	1,491	280	4,118	(406)
Corporate interest	(1,269)	(939)	(3,629)	(2,608)
Corporate overhead	(1,387)	(1,327)	(3,849)	(4,105)
Earnings (loss) from continuing operations	1,840	(1,137)	6,058	2,231
Loss from discontinued operations	—	(5,700)	(420)	(7,700)
Accrued preferred dividends	—	(642)	(133)	(1,926)
Net earnings (loss) to common stockholders	\$ 1,840	\$ (7,479)	\$ 5,505	\$ (7,395)

Portfolio Asset Acquisition

Operating contribution from the Portfolio Asset Acquisition business for the quarter of \$3.0 million includes foreign currency losses in Mexico (\$1.0 million), and foreign currency gains related to cash collections of certain Euro investments (\$.4 million). Quarterly results have been, and continue to be impacted by fluctuations in foreign currencies. The following table details these impacts on corporate earnings:

Illustration of the effects of currency fluctuations during 2003	First Quarter 2003	Second Quarter 2003	Third Quarter 2003	Year to Date 2003
Net earnings (loss) to Common Shareholders as reported	\$ (85)	\$ 3,750	\$ 1,840	\$ 5,505
Mexican Peso gains (losses)	(1,623)	1,110	(1,040)	(1,553)
Euro gains	247	143	415	805
Peso exchange rate at valuation date	11.03	10.41	10.93	
Euro exchange rate at valuation date	0.93	0.87	0.86	

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.

Profit contribution of this business was comprised of \$7.9 million in revenues, net of \$4.8 million of expenses. The major components of revenue for the quarter include equity earnings in Acquisition Partnerships of \$3.2 million, servicing fees of \$3.6 million, and interest income of \$.6 million. The business segment generated 52% of the revenues from domestic investments, 24% from investments in Mexico and 24% from investments in Europe.

(more)

Acquisitions were strong during the third quarter totaling \$39.3 million in the Acquisition Partnerships. Purchases were comprised of four domestic portfolios. The company invested \$3.9 million in these portfolios, increasing 2003 invested equity to \$15.3 million. The company continues to see many opportunities to invest in portfolios both domestically and in Europe. The company anticipates that it will experience an increase in acquisitions in the fourth quarter. The known opportunities to bid approximate \$400 million of product.

31% Interest in Drive Financial

FirstCity owns a 31% interest in Drive Financial Services L.P., a subprime auto lending company. Drive originated \$129 million of receivables during the quarter. Defaults and losses were 22.01% and 11.47%, respectively, at the end of the quarter compared to 18.73% and 9.30%, 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 5.92% for the quarter, down from 7.53% for the same period last year.

During the quarter Drive took a \$3.9 million provision on residual assets. This provision was 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 September 2001. Recent market conditions do indicate initial signs of improvement but 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 grow as originations and the volume of portfolio assets grow over time. The company expects that this positive trend will continue. The following table details this trend:

\$ 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
2003							
3 rd Quarter	\$ 128,688	\$ 577,974	\$ 700,760	\$ 9,132	\$ (3,904)	\$ 5,228	\$ 1,621
2 nd Quarter	127,706	511,212	619,269	8,251	(1,240)	7,011	2,173
1 st Quarter	126,118	443,099	551,412	3,707	(1,217)	2,490	689
2002							
4 th Quarter	101,102	368,379	472,553	3,207	(3,303)	(96)	(29)
3 rd Quarter	100,430	310,540	416,295	1,025	(112)	913	282
2 nd Quarter	100,780	238,096	341,882	1,281	-	1,281	398
1 st Quarter	113,401	159,052	254,647	(3,470)	-	(3,470)	(1,076)

Note: As of September 30, 2003 Drive holds on its balance sheet residual interests with a book value of \$37.4 million compared with \$68.6 as of September 30, 2002.

Discontinued Operations

The anticipated net realizable value of the Company's investment in discontinued operations decreased to \$6.3 million at September 30, 2003, down from \$7.7 million at June 30, 2003 as a result of the collection of \$1.4 million in cash flow received from the Company's residual interest in the FC Capital 1998-1 securitization trust. The \$6.3 million valuation is net of reserves of \$.2 million.

Conference Call

FirstCity will host a conference call to discuss the quarterly results today, Wednesday, November 12, 2003 at 9:00 a.m., CST. James T. Sartain, FirstCity's President and Chief Executive Officer will lead the call. To participate, dial 1-800-569-0398 and specify conference I.D. number 317333. 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 1-800-615-3210. The pass code for the replay is 317333. The replay will be available through Wednesday, November 26, 2003.

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 portfolio asset performance, risks associated with foreign operations, currency exchange rate fluctuations, interest rate risk; 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, risks of declining value of loans, collateral or assets, 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)

	<u>Three Months Ended</u> <u>September 30,</u>		<u>Nine Months Ended</u> <u>September 30,</u>	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Revenues:				
Servicing fees from affiliates	\$ 3,574	\$ 3,263	\$ 11,167	\$ 9,655
Gain on resolution of Portfolio Assets	112	225	1,079	925
Equity in earnings of investments	5,187	1,277	14,211	6,691
Interest income from affiliates	501	962	2,327	3,063
Interest income - other	98	280	443	841
Gain on sale of interest in equity investments	-	-	-	1,779
Other income	545	534	1,161	1,710
Total revenues	<u>10,017</u>	<u>6,541</u>	<u>30,388</u>	<u>24,664</u>
Expenses:				
Interest and fees on notes payable to affiliates	1,855	1,503	5,550	4,439
Interest and fees on notes payable - other	20	64	134	301
Interest on shares subject to mandatory redemption	66	-	66	-
Salaries and benefits	3,823	3,545	11,417	9,705
Provision for loan and impairment losses	23	157	1	278
Occupancy, data processing, communication and other	2,189	2,219	5,919	6,589
Total expenses	<u>7,976</u>	<u>7,488</u>	<u>23,087</u>	<u>21,312</u>
Earnings (loss) from continuing operations before income taxes and minority interest	2,041	(947)	7,301	3,352
(Provision) benefit for income taxes	171	(28)	(83)	(35)
Earnings (loss) from continuing operations before minority interest	<u>2,212</u>	<u>(975)</u>	<u>7,218</u>	<u>3,317</u>
Minority interest	(372)	(162)	(1,160)	(1,086)
Earnings (loss) from continuing operations	1,840	(1,137)	6,058	2,231
Loss from discontinued operations	-	(5,700)	(420)	(7,700)
Net earnings (loss)	<u>1,840</u>	<u>(6,837)</u>	<u>5,638</u>	<u>(5,469)</u>
Accumulated preferred dividends in arrears	-	(642)	(133)	(1,926)
Net earnings (loss) to common shareholders	<u>\$ 1,840</u>	<u>\$ (7,479)</u>	<u>\$ 5,505</u>	<u>\$ (7,395)</u>
Basic earnings (loss) per common share are as follows:				
Earnings (loss) from continuing operations	\$ 0.16	\$ (0.21)	\$ 0.53	\$ 0.04
Discontinued operations	-	(0.68)	(0.04)	(0.92)
Net earnings (loss) per common share	\$ 0.16	\$ (0.89)	\$ 0.49	\$ (0.88)
Wtd. avg. common shares outstanding	11,204	8,376	11,203	8,376
Diluted earnings (loss) per common share are as follows:				
Earnings (loss) from continuing operations	\$ 0.16	\$ (0.21)	\$ 0.53	\$ 0.04
Discontinued operations	-	(0.68)	(0.04)	(0.92)
Net earnings (loss) per common share	\$ 0.16	\$ (0.89)	\$ 0.49	\$ (0.88)
Wtd. avg. common shares outstanding	11,371	8,376	11,259	8,376

Selected Unaudited Balance Sheet Data

	<u>September 30,</u>	<u>December 31,</u>
	<u>2003</u>	<u>2002</u>
Cash	\$ 3,053	\$ 4,118
Portfolio acquisition and resolution assets	75,996	77,744
Consumer assets	14,092	9,127
Deferred tax asset	20,101	20,101
Net assets of discontinued operations	6,346	7,764
Total assets	128,415	126,456
Notes payable to affiliates	91,796	95,560
Notes payable other	1,424	1,113
Preferred stock subject to mandatory redemption (including accrued and unpaid dividends)	3,779	3,705
Total common shareholders' equity	24,032	18,752

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
Summary Operating Statement Data for Each Business				
Portfolio Asset Acquisition and Resolution:				
Revenues	\$ 7,851	\$ 6,143	\$ 24,510	\$ 25,032
Expenses	4,823	5,137	15,091	15,404
Operating contribution before provision for loan and impairment losses	3,028	1,006	9,419	9,628
Provision for loan and impairment losses	23	157	1	278
Operating contribution, net of direct taxes	<u>\$ 3,005</u>	<u>\$ 849</u>	<u>\$ 9,418</u>	<u>\$ 9,350</u>
Consumer Lending:				
Revenues, net of equity in loss of investment	\$ 2,025	\$ 353	\$ 5,602	\$ (495)
Expenses, net of minority interest	534	73	1,484	(89)
Operating contribution (loss), net of direct taxes	<u>\$ 1,491</u>	<u>\$ 280</u>	<u>\$ 4,118</u>	<u>\$ (406)</u>

Portfolio Asset Acquisition and Resolution:

Overview

Aggregate purchase price of portfolios acquired:

Acquisition partnerships				
Domestic	\$ 39,304	\$ 5,028	\$ 46,053	\$ 25,522
Mexico	-	-	5,400	11,709
France	-	39,163	20,055	66,665
Italy	-	-	-	16,943
Total	<u>\$ 39,304</u>	<u>\$ 44,191</u>	<u>\$ 71,508</u>	<u>\$ 120,839</u>

Historical Acquisitions - Annual:

	Purchase Price	FirstCity's Investment
2003 year to date	\$ 71,508	\$ 15,295
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:

	September 30, 2003	September 30, 2002
Domestic	\$ 40,515	\$ 42,142
Mexico	15,412	19,093
France and Italy	20,069	14,401
Total	<u>\$ 75,996</u>	<u>\$ 75,636</u>

Revenues by region:

Domestic	\$ 4,109	\$ 3,361	\$ 13,903	\$ 15,322
Mexico	1,869	2,379	7,089	5,746
France and Italy	1,873	401	3,518	3,957
Other foreign	-	2	-	7
Total	<u>\$ 7,851</u>	<u>\$ 6,143</u>	<u>\$ 24,510</u>	<u>\$ 25,032</u>

Revenues by source:

Equity earnings	\$ 3,162	\$ 924	\$ 8,609	\$ 7,186
Servicing fees	3,574	3,263	11,167	9,655
Interest income - loans	590	1,207	2,748	3,797
Gain on sale of interest in equity investment	-	-	-	1,779
Gain on resolution of Portfolio Assets	112	225	1,079	925
Other	413	524	907	1,690
Total	<u>\$ 7,851</u>	<u>\$ 6,143</u>	<u>\$ 24,510</u>	<u>\$ 25,032</u>

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
Analysis of Equity Investments in Acquisition Partnerships:				
FirstCity's Average investment in Acquisition Partnerships				
Domestic	\$ 34,186	\$ 31,579	\$ 33,483	\$ 32,753
Mexico	1,060	964	1,048	1,170
France	12,343	9,640	11,671	9,018
France-Servicing subsidiaries	3,777	2,931	3,641	2,558
Total	<u>\$ 51,366</u>	<u>\$ 45,114</u>	<u>\$ 49,843</u>	<u>\$ 45,499</u>
FirstCity Share of Equity Earnings (Loss):				
Domestic	\$ 2,480	\$ 1,310	\$ 8,091	\$ 7,812
Mexico	(1,104)	(812)	(2,774)	(2,726)
France	1,631	415	2,818	1,409
France-Servicing subsidiaries	155	11	474	691
Total	<u>\$ 3,162</u>	<u>\$ 924</u>	<u>\$ 8,609</u>	<u>\$ 7,186</u>
Selected other data:				
Average investment in wholly owned portfolio assets and loans receivable:				
Domestic	\$ 6,014	\$ 12,347	\$ 7,921	\$ 13,564
Mexico	15,226	18,274	15,153	19,236
France	3,486	-	1,394	-
Total	<u>\$ 24,726</u>	<u>\$ 30,621</u>	<u>\$ 24,468</u>	<u>\$ 32,800</u>
Income from wholly owned portfolio assets and loans receivable:				
Domestic	\$ 241	\$ 485	\$ 1,616	\$ 1,769
Mexico	414	947	2,147	2,953
France	47	-	64	-
Total	<u>\$ 702</u>	<u>\$ 1,432</u>	<u>\$ 3,827</u>	<u>\$ 4,722</u>
Servicing fee revenues:				
Domestic partnerships:				
\$ Collected	\$ 23,646	\$ 26,653	\$ 88,341	\$ 162,864
Servicing fee revenue	1,121	1,249	3,703	4,399
Average servicing fee %	4.7%	4.7%	4.2%	2.7%
Mexico partnerships:				
\$ Collected	\$ 16,331	\$ 20,895	\$ 46,356	\$ 69,245
Servicing fee revenue	2,348	1,792	7,227	4,778
Average servicing fee %	14.4%	8.6%	15.6%	6.9%
Incentive service fees	\$ 105	\$ 222	\$ 237	\$ 478
Total Service Fees:				
\$ Collected	\$ 39,977	\$ 47,548	\$ 134,697	\$ 232,109
Servicing fee revenue	3,574	3,263	11,167	9,655
Average servicing fee %	8.9%	6.9%	8.3%	4.2%
Servicing portfolio (face value)				
Domestic	\$ 384,476	\$ 382,610		
Mexico	1,123,257	1,307,198		
France and Italy	864,153	803,140		
Total	<u>\$ 2,371,886</u>	<u>\$ 2,492,948</u>		
Number of personnel at period end:				
Domestic	58	70		
Mexico	178	102		
Total personnel	<u>236</u>	<u>172</u>		

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

	<u>Three Months Ended</u> <u>September 30,</u>		<u>Nine Months Ended</u> <u>September 30,</u>	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Consumer Lending: ⁽¹⁾				
Retail installment contracts acquired	\$ 128,688	\$ 100,430	\$ 382,513	\$ 314,611
Origination characteristics:				
Face value to wholesale value	96.02%	98.07%	97.84%	99.69%
Weighted average coupon	20.99%	20.93%	20.98%	21.02%
Purchase discount (% of face value)	17.72%	15.02%	17.43%	15.41%
Servicing portfolio (face value in \$)	808,753	663,758		
Defaults (% of original balance at time of default)	22.01%	18.73%		
Net loss on defaults after recovery	11.47%	9.30%		
Delinquencies (% of total serviced portfolio)	5.92%	7.53%		
Equity in earnings (loss) of Drive	\$ 2,025	\$ 353	\$ 5,602	\$ (495)
Minority interest	(404)	(71)	(1,119)	99
Net equity in earnings (loss) of Drive	<u>\$ 1,621</u>	<u>\$ 282</u>	<u>\$ 4,483</u>	<u>\$ (396)</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.