

# NEWS RELEASE

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## FirstCity Financial Corporation Reports Second Quarter 2011 Results

Waco, Texas August 9, 2011.....

### Highlights:

- FirstCity reported second quarter 2011 earnings of \$2.4 million or \$0.24 per diluted share.
- FirstCity and its investment partners jointly acquired \$81.7 million of portfolio assets with a face value of \$163.4 million during the quarter. For the year, FirstCity and its investment partners have acquired \$92.7 million of portfolio assets with a face value of \$180.6 million.

Components of FirstCity's quarterly results are summarized below:

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2011	2010	2011	2010
<b>(Dollars in thousands, except per share data)</b>				
<b>(Unaudited)</b>				
Continuing Operations:				
Portfolio Asset Acquisition and Resolution	\$ 2,604	\$ 5,048	\$ 7,589	\$ 6,141
Special Situations Platform	1,620	620	2,093	1,335
Corporate and other	(1,796)	(2,246)	(3,529)	(3,953)
Earnings from continuing operations	2,428	3,422	6,153	3,523
Income from discontinued operations -				
Special Situations Platform (1)	—	4,643	—	4,643
Net earnings attributable to FirstCity	\$ 2,428	\$ 8,065	\$ 6,153	\$ 8,166
Diluted earnings per common share	\$ 0.24	\$ 0.80	\$ 0.60	\$ 0.81

(1) Represents the results of operations of the Company's consolidated coal mine that dissolved in December 2010.

James T. Sartain, CEO of FirstCity, commented, "I am very pleased with our earnings performance and investment activity this quarter. We continue to see improvement in the level of collections from our portfolio assets, and the portfolio companies in our special situations platform continue to contribute to our bottom line. Furthermore, we purchased over \$80 million in portfolio assets with our investments partners this quarter – with our share approximating \$22 million. We believe that this quarter's acquisitions will continue to enhance the future earnings power of our servicing platform."

### **Portfolio Asset Acquisition and Resolution**

For the second quarter of 2011 ("Q2 2011"), our Portfolio Asset Acquisition and Resolution business segment reported \$2.6 million in earnings – comprised primarily of \$14.5 million in revenues, \$1.7 million of equity in earnings of unconsolidated subsidiaries, \$10.9 million of operating costs and expenses, and \$3.0 million of income tax expense and net income attributable to noncontrolling interests. Earnings for Q2 2011 were positively impacted by continued revenue streams from our core investment activities and servicing platform (due to increased collections), combined with lower impairment provisions from our consolidated Portfolio Assets and loan investments in Q2 2011 compared to the prior year's second quarter. Additional information related to our Portfolio Asset Acquisition and Resolution business segment, including the major components of revenue, is included in the supplemental schedules of this release.

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(2)

The Company's unrealized gross profit associated with its core portfolio assets totaled \$136.1 million at June 30, 2011. Unrealized gross profit is a non-GAAP measure. Refer to the Schedule of Estimated Unrealized Gross Profit from Portfolio Assets on page 9 of this release for a reconciliation of this measure with the most directly comparable financial measures calculated and presented in accordance with U.S. GAAP.

### **Special Situations Platform**

Our Special Situations Platform business segment provided \$1.6 million in earnings for Q2 2011 – comprised primarily of \$2.3 million in revenues, \$1.6 million in equity in earnings of unconsolidated subsidiaries, and \$1.8 million of operating costs and expenses. Earnings for Q2 2011 were positively impacted by continued revenue streams from our consolidated and unconsolidated portfolio companies and loan investments, combined with no impairment provisions recorded during the quarter. Additional information related to our Special Situations Platform business segment, including the major components of revenue, is included in the supplemental schedules of this release.

### **Conference Call**

A conference call will be held on **Tuesday, August 9, 2011 at 9:00 a.m. Central Time** to discuss Q2 2011 results. A question and answer session will follow the prepared remarks. Details to access the call and webcast are as follows:

Event: FirstCity Financial Corporation Second Quarter 2011 Conference Call  
Date: Tuesday, August 9, 2011  
Time: 9:00 a.m. Central Time  
Host: James T. Sartain, FirstCity's President and Chief Executive Officer

Web Access: FirstCity's web page - [www.fcfc.com/invest.htm](http://www.fcfc.com/invest.htm) or,  
CCBN's Investor websites - [www.streetevents.com](http://www.streetevents.com) and,  
[www.earnings.com](http://www.earnings.com)

Dial In Access: Domestic 866-730-5769  
International 857-350-1593

Pass code 61815263

Replay available on FirstCity's web page ([www.fcfc.com/invest.htm](http://www.fcfc.com/invest.htm))

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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).

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**Cautionary Statement Regarding Forward-Looking Statements**

*FirstCity may from time to time make written or oral forward-looking statements, including statements contained in this press release, FirstCity's filings with the Securities and Exchange Commission ("SEC"), in its reports to stockholders and in other FirstCity communications. These statements relate to FirstCity's or management's intentions, hopes, beliefs, expectations, representations, projections, plans or predictions of the future and may be deemed to be forward-looking statements under the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The forward-looking statements in this press release are based upon management's beliefs, assumptions and expectations of the Company's future operations and economic performance, 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 any such forward-looking statements as a result of various factors and risks, including the precautionary statements included in this document and those contained 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 press release may be superseded by more recent information or statements, which may be disclosed in later press 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.*

**FirstCity Financial Corporation**  
**Summary of Operations and Selected Balance Sheet Data**  
(Dollars in thousands, except per share data)  
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
<b>Revenues:</b>				
Finance and Servicing:				
Servicing fees	\$ 2,480	\$ 1,743	\$ 4,905	\$ 3,746
Income from Portfolio Assets	9,098	14,622	21,938	26,085
Gain on sale of SBA loans held for sale, net	646	163	1,530	163
Gain on sale of investment security	—	3,250	—	3,250
Interest income from SBA loans	325	313	674	581
Interest income from loans receivable	885	1,002	1,811	2,088
Other income	2,054	1,565	3,982	2,696
	<u>15,488</u>	<u>22,658</u>	<u>34,840</u>	<u>38,609</u>
Manufacturing and Railroad Operations:				
Operating revenues - manufacturing	—	6,107	—	10,466
Operating revenues - railroad	1,430	1,196	2,860	2,461
	<u>1,430</u>	<u>7,303</u>	<u>2,860</u>	<u>12,927</u>
Total revenues	<u>16,918</u>	<u>29,961</u>	<u>37,700</u>	<u>51,536</u>
<b>Costs and expenses:</b>				
Finance and Servicing:				
Interest and fees on notes payable to banks and other	3,378	3,334	6,961	6,376
Interest and fees on note payable to affiliate	386	400	766	792
Salaries and benefits	5,525	6,001	10,674	11,072
Provision for loan and impairment losses	178	2,625	817	4,327
Asset-level expenses	1,730	2,103	3,144	3,724
Other	2,706	3,306	4,867	6,502
	<u>13,903</u>	<u>17,769</u>	<u>27,229</u>	<u>32,793</u>
Manufacturing and Railroad Operations:				
Cost of revenues and operating costs - manufacturing	—	5,952	—	10,788
Cost of revenues and operating costs - railroad	882	627	1,767	1,233
	<u>882</u>	<u>6,579</u>	<u>1,767</u>	<u>12,021</u>
Total costs and expenses	<u>14,785</u>	<u>24,348</u>	<u>28,996</u>	<u>44,814</u>
<b>Earnings before other revenue and income taxes</b>	<u>2,133</u>	<u>5,613</u>	<u>8,704</u>	<u>6,722</u>
Equity in earnings of unconsolidated subsidiaries	3,283	1,816	5,154	4,045
Gain on business combination	278	—	278	891
<b>Earnings from continuing operations before income taxes</b>	<u>5,694</u>	<u>7,429</u>	<u>14,136</u>	<u>11,658</u>
Income tax expense	1,024	1,205	1,626	719
<b>Earnings from continuing operations, net of tax</b>	<u>4,670</u>	<u>6,224</u>	<u>12,510</u>	<u>10,939</u>
Income from discontinued operations	—	4,643	—	4,643
<b>Net earnings</b>	<u>4,670</u>	<u>10,867</u>	<u>12,510</u>	<u>15,582</u>
Less: net income attributable to noncontrolling interests	2,242	2,802	6,357	7,416
<b>Net earnings attributable to FirstCity</b>	<u>\$ 2,428</u>	<u>\$ 8,065</u>	<u>\$ 6,153</u>	<u>\$ 8,166</u>
<b>Basic earnings per share of common stock:</b>				
Earnings from continuing operations	\$ 0.24	\$ 0.35	\$ 0.60	\$ 0.36
Discontinued operations	\$ —	\$ 0.46	\$ —	\$ 0.46
Net earnings per common share	\$ 0.24	\$ 0.81	\$ 0.60	\$ 0.82
Weighted average common shares outstanding (in thousands)	10,279	10,009	10,273	10,000
<b>Diluted earnings per share of common stock:</b>				
Earnings from continuing operations	\$ 0.24	\$ 0.34	\$ 0.60	\$ 0.35
Discontinued operations	\$ —	\$ 0.46	\$ —	\$ 0.46
Net earnings per common share	\$ 0.24	\$ 0.80	\$ 0.60	\$ 0.81
Weighted average common shares outstanding (in thousands)	10,304	10,117	10,294	10,101
<b>Selected Balance Sheet Data:</b>				
	<b>June 30,</b>	<b>December 31,</b>		
	<b>2011</b>	<b>2010</b>		
	<b>(Unaudited)</b>			
Cash and cash equivalents	\$ 31,922	\$ 46,597		
Earning assets:				
Portfolio Asset Acquisition and Resolution assets:				
United States	216,925	241,589		
Latin America	40,170	39,476		
Europe	49,070	68,642		
Special Situations Platform assets - U.S.	49,125	50,765		
Service fees receivable and other assets	14,862	13,335		
Total assets	<u>\$ 402,074</u>	<u>\$ 460,404</u>		
Notes payable to banks and other	\$ 235,675	\$ 293,034		
Notes payable to affiliates	8,181	11,805		
Other liabilities	28,022	30,825		
Total liabilities	271,878	335,664		
Total equity	130,196	124,740		
Total liabilities and equity	<u>\$ 402,074</u>	<u>\$ 460,404</u>		

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
<b>Summary Operating Statement Data for Business Segments</b>				
<b>Portfolio Asset Acquisition and Resolution segment:</b>				
Revenues	\$ 14,547	\$ 21,813	\$ 33,101	\$ 36,535
Equity in earnings of unconsolidated subsidiaries	1,661	10	3,380	1,193
Gain on business combination	278	—	278	891
Costs and expenses	(11,917)	(13,123)	(22,533)	(23,249)
Operating contribution before provision for loan and impairment losses and noncontrolling interest expense	4,569	8,700	14,226	15,370
Provision for loan and impairment losses, net	(178)	(2,057)	(817)	(3,158)
Net income attributable to noncontrolling interests	(1,787)	(1,595)	(5,820)	(6,071)
Operating contribution, net of direct taxes	<u>\$ 2,604</u>	<u>\$ 5,048</u>	<u>\$ 7,589</u>	<u>\$ 6,141</u>
<b>Special Situations Platform segment:</b>				
Revenues	\$ 2,323	\$ 8,102	\$ 4,519	\$ 14,912
Equity in earnings of unconsolidated subsidiaries	1,622	1,806	1,774	2,852
Costs and expenses	(1,870)	(7,513)	(3,663)	(13,915)
Operating contribution before provision for loan and impairment losses and noncontrolling interest expense	2,075	2,395	2,630	3,849
Provision for loan and impairment losses	—	(568)	—	(1,169)
Net income attributable to noncontrolling interests	(455)	(1,207)	(537)	(1,345)
Operating contribution, net of direct taxes	<u>\$ 1,620</u>	<u>\$ 620</u>	<u>\$ 2,093</u>	<u>\$ 1,335</u>
<b>Portfolio Asset Acquisition and Resolution segment:</b>				
<b>Revenues and equity in earnings of investments by region:</b>				
United States	\$ 9,836	\$ 15,828	\$ 20,288	\$ 24,209
Latin America	3,364	2,908	5,715	4,693
Europe	3,008	3,087	10,478	8,826
Total	<u>\$ 16,208</u>	<u>\$ 21,823</u>	<u>\$ 36,481</u>	<u>\$ 37,728</u>
<b>Revenues and equity in earnings of investments by source:</b>				
Equity in earnings of unconsolidated subsidiaries	\$ 1,661	\$ 10	\$ 3,380	\$ 1,193
Income from Portfolio Assets	9,098	14,622	21,938	26,085
Servicing fees	2,480	1,743	4,905	3,746
Gain on sale of investment securities	—	3,250	—	3,250
Gain on sale of SBA loans held for sale, net	646	163	1,530	163
Interest income from SBA loans	325	313	674	581
Interest income from loans receivable	396	459	791	936
Other	1,602	1,263	3,263	1,774
Total	<u>\$ 16,208</u>	<u>\$ 21,823</u>	<u>\$ 36,481</u>	<u>\$ 37,728</u>
<b>Special Situations Platform segment:</b>				
<b>Revenues and equity in earnings of investments by source:</b>				
Equity in earnings of unconsolidated subsidiaries	\$ 1,622	\$ 1,806	\$ 1,774	\$ 2,852
Interest income from loans receivable	489	543	1,020	1,152
Operating revenue - railroad	1,430	1,196	2,860	2,461
Operating revenue - manufacturing	—	6,107	—	10,466
Other	404	256	639	833
Total	<u>\$ 3,945</u>	<u>\$ 9,908</u>	<u>\$ 6,293</u>	<u>\$ 17,764</u>
<b>Number of personnel at period end:</b>				
U.S. - Portfolio Asset Acquisition and Resolution segment	88	89		
U.S. - Special Situations Platform segment	29	29		
Latin America	119	118		
Corporate	32	30		
Total personnel	<u>268</u>	<u>266</u>		

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
<b><u>Analysis of Equity Investments</u></b>				
<b>FirstCity's average investment:</b>				
U.S. - Portfolio Asset Acquisition and Resolution segment	\$ 39,873	\$ 19,041	\$ 39,306	\$ 16,599
U.S. - Special Situations Platform segment	12,530	3,921	13,439	3,095
Latin America	14,313	17,164	14,584	17,299
Europe	60	6,187	(35)	7,199
Europe - servicing subsidiaries	35,197	25,599	35,125	25,415
Latin America - servicing subsidiaries	3,176	1,863	3,060	2,182
Total	<u>\$ 105,149</u>	<u>\$ 73,775</u>	<u>\$ 105,479</u>	<u>\$ 71,789</u>
<b>FirstCity's share of equity earnings (losses):</b>				
U.S. - Portfolio Asset Acquisition and Resolution segment	\$ (112)	\$ (95)	\$ 820	\$ 37
U.S. - Special Situations Platform segment	1,622	1,806	1,774	2,852
Latin America	84	165	(272)	45
Europe	21	(345)	29	(965)
Europe - servicing subsidiaries	1,398	378	2,373	2,801
Latin America - servicing subsidiaries	270	(93)	430	(725)
Total	<u>\$ 3,283</u>	<u>\$ 1,816</u>	<u>\$ 5,154</u>	<u>\$ 4,045</u>
<b><u>Selected Other Data:</u></b>				
<b>Average investment in consolidated portfolio assets and loans receivable:</b>				
U.S. - Portfolio Asset Acquisition and Resolution segment	\$ 175,965	\$ 225,098	\$ 186,115	\$ 215,904
U.S. - Special Situations Platform segment	23,382	28,785	23,187	28,366
Latin America	17,781	18,393	17,764	18,438
Europe	6,195	15,824	13,426	17,256
Total	<u>\$ 223,323</u>	<u>\$ 288,100</u>	<u>\$ 240,492</u>	<u>\$ 279,964</u>
<b>Income from consolidated portfolio assets and loans receivable:</b>				
U.S. - Portfolio Asset Acquisition and Resolution segment	\$ 7,835	\$ 11,586	\$ 15,460	\$ 19,492
U.S. - Special Situations Platform segment	489	543	1,020	1,152
Latin America	1,375	1,058	2,288	1,636
Europe	1,255	2,913	7,185	6,637
Total	<u>\$ 10,954</u>	<u>\$ 16,100</u>	<u>\$ 25,953</u>	<u>\$ 28,917</u>
<b>Servicing fee revenues:</b>				
Portfolio assets - U.S. partnerships:				
Servicing fee revenue	\$ 954	\$ 74	\$ 1,852	\$ 295
Average servicing fee	3.2%	2.9%	3.2%	3.7%
Portfolio assets - Latin American partnerships:				
Servicing fee revenue	\$ 1,390	\$ 1,523	\$ 2,774	\$ 3,245
Average servicing fee %	30.1%	17.9%	25.6%	24.6%
Total service fees - Portfolio Assets:				
Servicing fee revenue	\$ 2,344	\$ 1,597	\$ 4,626	\$ 3,540
Average servicing fee %	6.8%	14.5%	6.7%	16.8%
Service fees - SBA loans:				
Total Service Fees	\$ 2,480	\$ 1,743	\$ 4,905	\$ 3,746
<b>Collections:</b>				
U.S. unconsolidated partnerships	\$ 29,847	\$ 2,530	\$ 57,756	\$ 7,874
Latin American unconsolidated partnerships	5,922	9,951	13,340	16,102
European unconsolidated partnerships	—	2,045	—	9,929
Total unconsolidated partnership collections	<u>35,769</u>	<u>14,526</u>	<u>71,096</u>	<u>33,905</u>
U.S. consolidated partnerships	31,153	27,555	48,525	59,068
Latin American consolidated partnerships	1,275	917	1,946	1,192
European consolidated partnerships	2,055	5,470	24,051	10,706
Total consolidated partnership collections	<u>34,483</u>	<u>33,942</u>	<u>74,522</u>	<u>70,966</u>
Total collections	<u>\$ 70,252</u>	<u>\$ 48,468</u>	<u>\$ 145,618</u>	<u>\$ 104,871</u>
<b>Servicing portfolio (face value) at period end:</b>				
United States	\$ 1,212,014	\$ 915,597		
Latin America	1,582,016	1,439,153		
Europe	1,287,265	1,245,119		
Total	<u>\$ 4,081,295</u>	<u>\$ 3,599,869</u>		

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

**Portfolio Purchases and Other Investments:**

	Portfolio Purchases				FirstCity Investment in Portfolios	FirstCity Investment in Other	FirstCity Investment in Special Situations	Total
	United States	Europe	Latin America	Total				
2011								
2nd Quarter	\$ 81,653	\$ —	\$ —	\$ 81,653	\$ 22,159	\$ 7,396	\$ —	\$ 29,555
1st Quarter	11,091	—	—	11,091	4,810	9,931	700	15,441
Total Year 2011	\$ 92,744	\$ —	\$ —	\$ 92,744	\$ 26,969	\$ 17,327	\$ 700	\$ 44,996
2010								
4th Quarter	\$ 51,059	\$ —	\$ —	\$ 51,059	\$ 14,473	\$ 14,314	\$ 175	\$ 28,962
3rd Quarter	15,025	—	—	15,025	10,513	4,956	148	15,617
2nd Quarter	141,566	—	—	141,566	28,122	14,482	8,107	50,711
1st Quarter	18,114	—	—	18,114	14,605	9,005	4,790	28,400
Total Year 2010	\$ 225,764	\$ —	\$ —	\$ 225,764	\$ 67,713	\$ 42,757	\$ 13,220	\$ 123,690
Total Year 2009	\$ 200,590	\$ —	\$ —	\$ 200,590	\$ 147,654	\$ 33,873	\$ 12,415	\$ 193,942
Total Year 2008	\$ 64,394	\$ 1,823	\$ 23,097	\$ 89,314	\$ 72,307	\$ 33,007	\$ 19,906	\$ 125,220

**Portfolio Asset Acquisition and Resolution segment:**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
	<b>Aggregate purchase price of portfolios acquired:</b>			
Acquisition partnerships				
United States	\$ 81,653	\$ 141,566	\$ 92,744	\$ 159,680
Latin America	—	—	—	—
Europe	—	—	—	—
Total	\$ 81,653	\$ 141,566	\$ 92,744	\$ 159,680

	Purchase Price	FirstCity's Investment
<b>Historical acquisitions of Portfolios - annual:</b>		
First six months of 2011	\$ 92,744	\$ 26,969
2010	225,764	67,713
2009	200,590	147,654
2008	89,314	72,307
2007	214,333	126,714

	June 30, 2011	December 31, 2010
<b>Portfolio acquisition and resolution assets by region:</b>		
United States	\$ 216,925	\$ 241,589
Latin America	40,170	39,476
Europe	49,070	68,642
Total	\$ 306,165	\$ 349,707

**Special Situations Platform segment:**

	Total Investment	FirstCity Denver's Investment		
		Debt	Equity	Total
<b>Historical investments - annual:</b>				
First six months of 2011	\$ 700	\$ 700	\$ —	\$ 700
2010	13,739	8,825	4,395	13,220
2009	20,058	12,023	392	12,415
2008	28,750	16,650	3,256	19,906
2007	22,314	5,630	5,900	11,530

**FirstCity Financial Corporation**  
**Supplemental Information**  
(Dollars in thousands, except exchange rate data)  
(Unaudited)

**Summary of Consolidated Portfolio Assets (at Carrying Value) by Region and Type**

	<b>June 30, 2011</b>							
	<u>Income-Accruing Loans</u>		<u>Non-Accrual Loans</u>				<u>Real Estate</u>	<u>Total</u>
	<u>Purchased</u>	<u>Credit- Impaired</u>	<u>Purchased Credit- Impaired Loans</u>		<u>Other</u>			
			<u>Loans</u>	<u>Other</u>	<u>Cash basis</u>	<u>Cost recovery</u>	<u>Cash basis</u>	<u>Cost recovery</u>
United States	\$ 34,921	\$ 4,822	\$ 37,820	\$ 32,122	\$ 1,368	\$ —	\$ 33,068	\$ 144,121
France	—	1,250	1,053	—	—	2,164	—	4,467
Germany	—	—	2,433	830	—	—	230	3,493
Mexico	—	—	—	10,148	—	—	—	10,148
<b>Total</b>	<b>\$ 34,921</b>	<b>\$ 6,072</b>	<b>\$ 41,306</b>	<b>\$ 43,100</b>	<b>\$ 1,368</b>	<b>\$ 2,164</b>	<b>\$ 33,298</b>	<b>\$ 162,229</b>

	<b>December 31, 2010</b>							
	<u>Income-Accruing Loans</u>		<u>Non-Accrual Loans</u>				<u>Real Estate</u>	<u>Total</u>
	<u>Purchased</u>	<u>Credit- Impaired</u>	<u>Purchased Credit- Impaired Loans</u>		<u>Other</u>			
			<u>Loans</u>	<u>Other</u>	<u>Cash basis</u>	<u>Cost recovery</u>	<u>Cash basis</u>	<u>Cost recovery</u>
United States	\$ 3,420	\$ 1,640	\$ 94,144	\$ 41,959	\$ 1,574	\$ —	\$ 33,709	\$ 176,446
France	—	1,125	2,499	—	—	2,037	—	5,661
Germany	—	—	2,022	12,659	—	—	9,376	24,057
Mexico	—	—	—	9,897	—	—	—	9,897
<b>Total</b>	<b>\$ 3,420</b>	<b>\$ 2,765</b>	<b>\$ 98,665</b>	<b>\$ 64,515</b>	<b>\$ 1,574</b>	<b>\$ 2,037</b>	<b>\$ 43,085</b>	<b>\$ 216,061</b>

**Illustration of the Effects of Foreign Currency Fluctuations on Net Earnings**

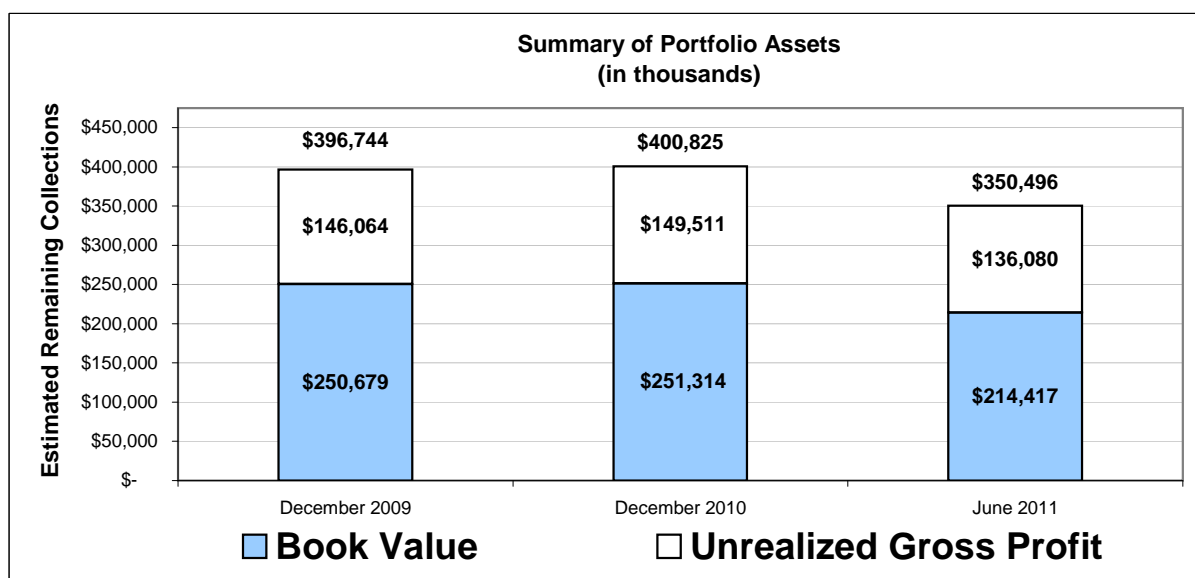
	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>June 30,</u>	<u>June 30,</u>	<u>June 30,</u>	<u>June 30,</u>
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Net earnings to common stockholders	\$ 2,428	\$ 8,065	\$ 6,153	\$ 8,166
Foreign currency gains (losses), net:				
Euro	\$ 218	(549)	999	(949)
Mexican Peso	353	(9)	528	(3)
Argentine Peso	(5)	(7)	(10)	(12)
Chilean Peso	33	(14)	57	(67)

Exchange rate at valuation date:

Euro	0.69	0.82
Mexican Peso	11.84	12.66
Argentine Peso	4.11	3.94
Chilean Peso	470.00	550.66

**FirstCity Financial Corporation**  
**Schedule of Estimated Unrealized Gross Profit from Portfolio Assets (Unaudited)**  
**June 30, 2011**

(\$ in 000's)	Basis in Portfolio Assets (1), (4)		
	12/31/2009	12/31/2010	6/30/2011
Domestic	\$ 190,541	196,159	179,358
Europe	32,665	31,826	12,223
Latin America	27,473	23,329	22,836
<b>Total</b>	<b>\$ 250,679</b>	<b>251,314</b>	<b>214,417</b>
	<b>Estimated Remaining Collections (2)</b>		
	12/31/2009	12/31/2010	6/30/2011
Domestic	\$ 276,018	290,626	259,967
Europe	50,328	43,634	26,036
Latin America	70,398	66,564	64,494
<b>Total</b>	<b>\$ 396,744</b>	<b>400,825</b>	<b>350,496</b>
	<b>Estimated Unrealized Gross Profit (3)</b>		
	12/31/2009	12/31/2010	6/30/2011
Domestic	\$ 85,476	94,469	80,609
Europe	17,663	11,807	13,813
Latin America	42,925	43,235	41,658
<b>Total</b>	<b>\$ 146,064</b>	<b>149,511</b>	<b>136,080</b>
	<b>Estimated Unrealized Gross Profit %</b>		
	12/31/2009	12/31/2010	6/30/2011
Domestic	30.97%	32.50%	31.01%
Europe	35.10%	27.06%	53.05%
Latin America	60.97%	64.95%	64.59%
<b>Total</b>	<b>36.82%</b>	<b>37.30%</b>	<b>38.83%</b>



This schedule provides selected information related to the Company's economic interests in consolidated and unconsolidated Portfolio Assets and is provided for informational purposes to provide an indication of the future potential unrealized gross profit attributable to those portfolios. In preparing this schedule, management was required to make certain estimates and assumptions surrounding the underlying assets in the Portfolios that impact the reported amounts. Such estimates and assumptions could change in the future, as more information becomes known, which could impact the reported amounts. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates.

- (1) Basis in Portfolio Assets represents FirstCity's share of the unamortized purchase price of the Portfolios held by the various acquisition entities, some of which are consolidated by FirstCity and others held through equity and beneficial interests in unconsolidated partnerships.
- (2) Estimated Remaining Collections represents FirstCity's share of future projected net cash collections expected from the Portfolios Assets.
- (3) Unrealized Gross Profit represents the excess difference between the Estimated Remaining Collections and the Basis in Portfolio Assets.
- (4) FirstCity considers Basis in Portfolio Assets a useful measurement of the Company's underlying holdings and interests in Portfolio Assets. As FirstCity's share of Basis in Portfolio Assets is considered a non-GAAP measure, the following reconciliation is provided:

	12/31/2009	12/31/2010	6/30/2011
FirstCity's consolidated Portfolio Assets (as reported in "Portfolio Assets" on the balance sheet of the respective Form 10-K or 10-Q)	\$ 224,384	216,061	162,229
Noncontrolling interests in FirstCity's consolidated Portfolio Assets (component of "Non-controlling interests" as reported on the balance sheet of the respective Form 10-K or 10-Q)	(37,277)	(23,482)	(21,172)
FirstCity's equity and beneficial interests in Portfolio Assets held by unconsolidated partnerships (components of "Assets" as reported in the "Condensed Combined Balance Sheets" tabular disclosure under the "Equity Investments" footnote, and "Investment securities" as reported on the balance sheet of the respective Form 10-K or 10-Q)	63,572	58,735	73,360
<b>FirstCity's economic basis in consolidated and unconsolidated Portfolio Assets</b>	<b>\$ 250,679</b>	<b>251,314</b>	<b>214,417</b>