

FIRST BANCORP /PR/
 Form 424B3
 August 08, 2013
Table of Contents

Filed Pursuant to Rule 424(b)(3)
 Registration No. 333-184764

This prospectus supplement relates to an effective registration statement under the Securities Act of 1933, but is not complete and may be changed. This prospectus supplement is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

PROSPECTUS SUPPLEMENT (Subject to Completion) dated August 8, 2013

(To Prospectus dated November 8, 2012)

28,000,000 Shares of Common Stock

The United States Department of the Treasury (Treasury), funds affiliated with Thomas H. Lee Partners, L.P. (THL), and funds managed by Oaktree Capital Management, L.P. (Oaktree and, together with Treasury and THL, the Selling Stockholders), are offering 28 million shares (the Shares) of the common stock, \$0.10 par value per share (the Common Stock), of First BanCorp. First BanCorp. will not receive any proceeds from the sale of the Common Stock by the Selling Stockholders.

Our Common Stock trades on the New York Stock Exchange (NYSE) under the symbol FBP. As of August 7, 2013, the closing sales price for our Common Stock on the NYSE was \$7.49 per share.

The Selling Stockholders are offering for resale the following numbers of shares of Common Stock: 12 million shares by Treasury (plus an additional 1.8 million shares at the option of the underwriters) and 8 million shares by each of THL and Oaktree (plus an additional 1.2 million shares by each of THL and Oaktree at the option of the underwriters). After the completion of the offering, Treasury will beneficially own 10.67% of our outstanding shares of Common Stock (9.81% if the underwriters exercise in full their option to purchase additional shares) and THL and Oaktree will each own 20.62% (20.04% if the underwriters exercise in full their option to purchase additional shares) of our outstanding shares of Common Stock.

Before making a decision regarding this offering, you are encouraged to read the Risk Factors section beginning on page S-7 of this prospectus supplement.

	Price to Public	Underwriting Discounts and Commissions	Proceeds to Selling Stockholders
Per Share of Common Stock	\$	\$	\$
Total	\$	\$	\$

Edgar Filing: FIRST BANCORP /PR/ - Form 424B3

None of the U.S. Securities and Exchange Commission, or any securities regulatory authority of any state or the Commonwealth of Puerto Rico, the Federal Deposit Insurance Corporation, the Board of Governors of the Federal Reserve System or any other regulatory body has approved or disapproved of this offering or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the Shares to purchasers on or about August , 2013.

Joint Book-Running Managers

Credit Suisse

BofA Merrill Lynch

Sandler O'Neill + Partners, L.P.

Co-Managers

Keefe, Bruyette & Woods

Sterne Agee

Guzman & Company

Ramirez & Co., Inc.

A Stifel Company

The date of this prospectus supplement is August , 2013.

Table of Contents

TABLE OF CONTENTS

PROSPECTUS SUPPLEMENT

	Page
<u>ABOUT THIS DOCUMENT</u>	S-ii
<u>INCORPORATION BY REFERENCE</u>	S-ii
<u>FORWARD-LOOKING STATEMENTS</u>	S-iii
<u>PROSPECTUS SUPPLEMENT SUMMARY</u>	S-1
<u>OUR COMPANY</u>	S-1
<u>THE OFFERING</u>	S-2
<u>DIVIDEND SUSPENSION ON COMMON STOCK</u>	S-2
<u>SUMMARY OF THE OFFERING</u>	S-3
<u>SUMMARY SELECTED CONSOLIDATED FINANCIAL DATA</u>	S-4
<u>NON-GAAP FINANCIAL MEASURES</u>	S-5
<u>RISK FACTORS</u>	S-7
<u>USE OF PROCEEDS</u>	S-31
<u>SELLING STOCKHOLDERS</u>	S-32
<u>CAPITALIZATION</u>	S-36
<u>MARKET PRICE OF AND DIVIDENDS ON THE COMMON STOCK</u>	S-37
<u>U.S. FEDERAL AND PUERTO RICO INCOME TAX CONSEQUENCES</u>	S-38
<u>UNDERWRITING</u>	S-47
<u>LEGAL MATTERS</u>	S-53
<u>EXPERTS</u>	S-53

PROSPECTUS

	Page
<u>ABOUT THIS PROSPECTUS</u>	1
<u>ADDITIONAL INFORMATION</u>	1
<u>INCORPORATION BY REFERENCE</u>	1
<u>SUMMARY</u>	3
<u>RISK FACTORS</u>	6
<u>FORWARD-LOOKING STATEMENTS</u>	26
<u>DESCRIPTION OF WARRANT TO PURCHASE COMMON STOCK</u>	28
<u>PLAN OF DISTRIBUTION</u>	29
<u>USE OF PROCEEDS</u>	32
<u>SELLING STOCKHOLDERS</u>	33
<u>U.S. FEDERAL AND PUERTO RICO INCOME TAX CONSEQUENCES</u>	37
<u>LEGAL MATTERS</u>	50
<u>EXPERTS</u>	50

Table of Contents

ABOUT THIS DOCUMENT

This document is in two parts. The first part is the prospectus supplement, which describes the specific terms of this offering. The second part, the accompanying prospectus, provides more general information. Generally, when we refer to the prospectus, we are referring to both parts combined.

If the description of the offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

Unless otherwise mentioned or unless the context requires otherwise, all references in this prospectus supplement to First BanCorp. or we, us, our or similar references mean First BanCorp. together with its consolidated subsidiaries, references to the Corporation mean solely First BanCorp. and not its subsidiaries and references to the Bank or FirstBank mean FirstBank Puerto Rico.

We have not authorized anyone to provide you with information other than that contained in or incorporated by reference into this prospectus supplement, the accompanying prospectus or any free writing prospectus relating to this offering of Common Stock. Neither we, nor the Selling Stockholders nor the underwriters take any responsibility for, and can provide any assurance as to the reliability of, any other information that others may give you. The Selling Stockholders are not making an offer of these securities in any jurisdiction where the offer is not permitted. You should not assume that the information contained in this prospectus supplement, the accompanying prospectus or any free writing prospectus, or the information we previously filed with the U.S. Securities and Exchange Commission (the SEC) that is incorporated by reference herein, is accurate as of any date other than its respective date.

INCORPORATION BY REFERENCE

The SEC allows us to incorporate by reference into this prospectus the information we file with the SEC, which means that we can disclose important information to you by referring you to those documents. Any statement contained in a document incorporated by reference in this prospectus shall be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained herein, or in any subsequently filed document, which also is incorporated by reference herein, modifies or supersedes such earlier statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

We hereby incorporate by reference into this prospectus the following documents that we have filed with the SEC under the Securities Exchange Act File No. 001-14793:

Our Annual Report on Form 10-K for the fiscal year ended December 31, 2012 filed with the SEC on April 1, 2013, as amended on April 2, 2013 (including the portions of our Definitive Proxy Statement on Schedule 14A filed with the SEC on April 29, 2013, that are incorporated by reference into our Annual Report on Form 10-K);

Our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2013 and June 30, 2013 filed with the SEC on May 10, 2013 and August 8, 2013, respectively;

Our Current Reports on Form 8-K filed with the SEC on March 11, 2013, April 1, 2013, April 5, 2013, May 13, 2013, and June 6, 2013; and

The description of our capital stock as set forth in our Registration Statement on Form 8-A/A filed with the SEC on May 4, 2012. All documents that we file with the SEC pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act), after the date of this prospectus and prior to the

Table of Contents

termination of the offering, are incorporated by reference in this prospectus from the date of filing of the documents. Information that we file with the SEC will automatically update and may replace information previously filed with the SEC.

You may request a copy of these filings, other than an exhibit to a filing (unless that exhibit is specifically incorporated by reference into that filing), at no cost, by writing to us at the following address: First BanCorp., Attention: Lawrence Odell, Secretary, P.O. Box 9146, San Juan, Puerto Rico, 00908-0146. Telephone requests may be directed to (787) 729-8109. E-mail requests may be directed to lawrence.odell@firstbankpr.com. You may also access this information on our website at www.firstbankpr.com by viewing the SEC Filings subsection of the Investor Relations menu. No information on our website is deemed to be part of or incorporated by reference into this prospectus. We have included our website address in this prospectus solely as an inactive textual reference.

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. When used in this prospectus the word or phrases would be, will allow, intends to, will likely result, are expected to, should, anticipate, and similar are meant to identify forward-looking statements. Such forward-looking statements speak only as of the date made, and various factors, including but not limited to, the following, could cause actual results to differ materially from those expressed in, or implied by such forward-looking statements :

uncertainty about whether the Corporation and FirstBank will be able to fully comply with the written agreement dated June 3, 2010 (the Written Agreement) that the Corporation entered into with the Federal Reserve Bank of New York (the New York FED) and the consent order dated June 2, 2010 that FirstBank entered into with the Federal Deposit Insurance Corporation (FDIC) and the Office of the Commissioner of Financial Institutions of the Commonwealth of Puerto Rico (OCIF) (the FDIC Order, and together with the Written Agreement, the Regulatory Agreements), that, among other things, require FirstBank to maintain certain capital levels and reduce its special mention, classified, delinquent and non-performing assets;

the risk of being subject to possible additional regulatory actions;

uncertainty as to the availability of certain funding sources, such as retail brokered certificates of deposit (brokered CDs);

our reliance on brokered CDs and our ability to obtain, on a periodic basis, approval from the FDIC to issue brokered CDs to fund operations and provide liquidity in accordance with the terms of the FDIC Order;

the risk of not being able to fulfill the Corporation's cash obligations or resume paying dividends to the Corporation's stockholders in the future due to the Corporation's inability to receive approval from the Board of Governors of the Federal Reserve System (Federal Reserve Board) and New York FED to receive dividends from FirstBank or FirstBank's failure to generate sufficient cash flow to make a dividend payment to the Corporation;

the strength or weakness of the real estate markets and of the consumer and commercial credit sectors and their impact on the credit quality of the Corporation's loans and other assets, which has contributed and may continue to contribute to, among other things, the high levels of non-performing assets, charge-offs, and the provision expense and may subject the Corporation to further risk from loan defaults and foreclosures;

the ability of FirstBank to realize the benefit of the deferred tax asset;

Edgar Filing: FIRST BANCORP /PR/ - Form 424B3

adverse changes in general economic conditions in Puerto Rico, the United States, and in the United States Virgin Islands (USVI) and the British Virgin Islands (BVI), including the interest rate

S-iii

Table of Contents

environment, market liquidity, housing absorption rates, real estate prices, and disruptions in the U.S. capital markets, which may reduce interest margins, impact funding sources, and affect demand for all of the Corporation's products and services and reduce the Corporation's revenues, earnings, and the value of the Corporation's assets;

an adverse change in the Corporation's ability to attract new clients and retain existing ones;

a decrease in demand for the Corporation's products and services and lower revenues and earnings because of the continued recession in Puerto Rico, the current fiscal problems and budget deficit of the Puerto Rico government and recent credit downgrades of the Puerto Rico government;

uncertainty about regulatory and legislative changes for financial services companies in Puerto Rico, the U.S., the USVI and the BVI, which could affect the Corporation's financial condition or performance and could cause the Corporation's actual results for future periods to differ materially from prior results and anticipated or projected results;

uncertainty about the effectiveness of the various actions undertaken to stimulate the U.S. economy and stabilize the U.S. financial markets, and the impact such actions may have on the Corporation's business, financial condition and results of operations;

changes in the fiscal and monetary policies and regulations of the federal government, including those determined by the Federal Reserve Board, the New York FED, the FDIC, government-sponsored housing agencies, and regulators in Puerto Rico, the USVI and the BVI;

the risk of possible failure or circumvention of controls and procedures and the risk that the Corporation's risk management policies may not be adequate;

the risk that the FDIC may further increase the deposit insurance premium and/or require special assessments to replenish its insurance fund, causing an additional increase in the Corporation's non-interest expenses;

the impact on the Corporation's results of operations and financial condition of acquisitions and dispositions;

a need to recognize additional impairments on financial instruments, goodwill, or other intangible assets relating to acquisitions;

the risks that downgrades in the credit ratings of the Corporation's long-term senior debt will adversely affect the Corporation's ability to access necessary external funds;

the impact of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act) on the Corporation's businesses, business practices, and cost of operations;

the risk of losses in the value of investments in unconsolidated entities that the Corporation does not control; and

Edgar Filing: FIRST BANCORP /PR/ - Form 424B3

general competitive factors and industry consolidation.

We do not undertake, and specifically disclaim any obligation, to update any of the forward-looking statements to reflect occurrences or unanticipated events or circumstances after the date of such statements except as required by the federal securities laws.

Investors should refer to the Risk Factors section of this prospectus supplement for a discussion of factors and certain risks and uncertainties to which we are subject.

S-iv

Table of Contents

PROSPECTUS SUPPLEMENT SUMMARY

This summary does not contain all of the information you should consider before investing in our Common Stock. This prospectus includes or incorporates by reference information about the Shares as well as information regarding our business and detailed financial data. Before you decide to invest in our Common Stock, you should read the entire prospectus carefully, including the Risk Factors section and any information incorporated by reference herein.

Our Company

Founded in 1948, First BanCorp. is a diversified financial holding company headquartered in San Juan, Puerto Rico offering a full range of financial products to consumers and commercial customers through various subsidiaries. We are subject to regulation, supervision and examination by the Federal Reserve Board and the New York FED. The Corporation was incorporated under the laws of the Commonwealth of Puerto Rico to serve as the bank holding company for FirstBank Puerto Rico. We are a full-service provider of financial services and products with operations in Puerto Rico, the mainland United States, the USVI and the BVI. Our principal executive offices are located at 1519 Ponce de León Avenue, Stop 23, Santurce, Puerto Rico 00908. Our telephone number is (787) 729-8200.

As of June 30, 2013, we had total assets of \$12.8 billion, total deposits of \$10.0 billion and total stockholders' equity of \$1.2 billion.

We provide a wide range of financial services for retail, commercial and institutional clients. We control two wholly-owned subsidiaries: FirstBank, a Puerto Rico-chartered commercial bank, and FirstBank Insurance Agency, Inc., a Puerto Rico-chartered insurance agency (FirstBank Insurance Agency).

FirstBank conducts its business through its main office located in San Juan, Puerto Rico and, as of August 6, 2013, forty-seven branches in Puerto Rico, fourteen branches in the USVI and BVI and twelve branches in the state of Florida (USA). As of August 6, 2013, FirstBank had five wholly-owned subsidiaries with operations in Puerto Rico: First Federal Finance Corp. (d/b/a Money Express La Financiera), a finance company specializing in the origination of small loans with twenty-six offices in Puerto Rico; First Mortgage, Inc., a residential mortgage loan origination company with thirty-five offices in FirstBank branches and at stand alone sites; First Management of Puerto Rico, a domestic corporation that holds tax-exempt assets; FirstBank Puerto Rico Securities Corp, a broker-dealer subsidiary engaged in municipal bond underwriting and financial advisory services on structured financings principally provided to government entities in the Commonwealth of Puerto Rico; and FirstBank Overseas Corporation, an international banking entity organized under the International Banking Entity Act of Puerto Rico. As of August 6, 2013, FirstBank had one subsidiary with operations outside of Puerto Rico: First Express, a finance company specializing in the origination of small loans with two offices in the USVI.

FirstBank is subject to the supervision, examination and regulation of the FDIC and the OCIF. Deposits are insured through the FDIC Deposit Insurance Fund. In addition, FirstBank's USVI operations are subject to regulation and examination by the United States Virgin Islands Banking Board; its BVI operations are subject to regulation by the British Virgin Islands Financial Services Commission. FirstBank Insurance Agency, which operates five offices in Puerto Rico, is subject to the supervision, examination and regulation of the Office of the Insurance Commissioner of the Commonwealth of Puerto Rico.

Pursuant to the Regulatory Agreements, the Corporation and FirstBank agreed to take certain actions designed to improve our financial condition. The Regulatory Agreements and the actions we have taken to comply with such agreements are described more fully in this prospectus.

Table of Contents

The Offering

The Selling Stockholders are offering for resale the following numbers of shares of Common Stock: 12 million shares by Treasury (plus an additional 1.8 million shares at the option of the underwriters) and 8 million shares by each of THL and Oaktree (plus an additional 1.2 million shares by each of THL and Oaktree at the option of the underwriters).

Dividend Suspension on Common Stock

We have not paid dividends on shares of Common Stock since August 2009. We are not required to pay dividends on our Common Stock and no such dividends can be paid unless they are declared by our Board of Directors out of funds legally available for payment. Moreover, the Written Agreement requires us to obtain the Federal Reserve Board's and New York FED's approval before we pay any dividends. Furthermore, our Board of Directors cannot declare, set apart or pay any dividends on shares of our Common Stock unless any accrued and unpaid dividends on our Series A through E preferred stock (the Preferred Stock) for the twelve monthly dividend periods ending on the immediately preceding dividend payment date have been paid or are paid contemporaneously and the full monthly dividend on our Preferred Stock for the then current month has been or is contemporaneously declared and paid or declared and set apart for payment.

The Banking Act of the Commonwealth of Puerto Rico requires that a minimum of 10% of FirstBank's net income for the year be transferred to legal surplus until such surplus equals the total of paid-in-capital on Common Stock and Preferred Stock. Amounts transferred to the legal surplus account from the retained earnings account are not available for distribution to the Corporation without the prior consent of the OCIF. FirstBank's net loss experienced in 2011 exhausted FirstBank's statutory reserve fund. FirstBank cannot pay dividends to the Corporation until it can replenish the reserve fund to an amount equal to at least 20% of the original capital contributed.

Table of Contents

Summary of the Offering

Common Stock offered to the public by the Selling Stockholders	28 million shares
Selling Stockholders	Treasury, THL and Oaktree
Option to Purchase Additional Shares of Common Stock	4.2 million shares, if the option to purchase from the Selling Stockholders is exercised in full
Common Stock to be held by the Selling Stockholders after the offering	Treasury will beneficially own 10.67% of our outstanding shares of Common Stock (9.81% if the underwriters exercise in full their option to purchase additional shares) and THL and Oaktree will each own 20.62% (20.04% if the underwriters exercise in full their option to purchase additional shares) of our outstanding shares of Common Stock.
Risk Factors	See Risk Factors beginning on page S-7 of this prospectus supplement.
Use of Proceeds	We will not receive any proceeds from the sale of shares of Common Stock by the Selling Stockholders.
U.S. Federal Income Tax Consequences	See U.S. Federal and Puerto Rico Income Tax Consequences U.S. Federal Income Tax Consequences beginning on page S-37.
Certain Puerto Rico Income Tax Considerations	See U.S. Federal and Puerto Rico Income Tax Consequences Certain Puerto Rico Tax Considerations beginning on page S-40.
New York Stock Exchange symbol	FBP

Table of Contents**Summary Selected Consolidated Financial Data**

The following data summarizes our consolidated financial information as of and for each of the five years in the five-year period ended December 31, 2012 and the six months ended June 30, 2013 and 2012. You should read the following financial data in conjunction with the information set forth under Management's Discussion and Analysis of Financial Condition and Results of Operations and the financial statements and the related notes thereto included in our Annual Reports on Form 10-K for the years ended December 31, 2012, 2011, and 2010 and our Quarterly Reports on Form 10-Q for the quarters ended June 30, 2013 and 2012 from which this information is derived. For more information, see Incorporation By Reference.

(In thousands, except per share data)	Six	Six	Year Ended December 31,				
	Months Ended June 30, 2013	Months Ended June 30, 2012	2012	2011	2010	2009	2008
Condensed Income Statements:							
Total interest income	\$ 320,895	\$ 305,759	\$ 637,777	\$ 659,615	\$ 832,686	\$ 996,574	\$ 1,126,897
Net interest income	251,381	210,571	461,705	393,512	461,675	519,042	527,881
Non-interest (loss) income	(38,034)	22,497	49,391	107,981	117,903	142,264	74,643
Non-interest expenses	209,333	172,135	354,883	338,054	366,158	352,101	333,371
Net (loss) income	(195,216)	(3,826)	29,782	(82,232)	(524,308)	(275,187)	109,937
Net income (loss) attributable to common stockholders, basic	(195,216)	(3,826)	29,782	173,226	(122,045)	(322,075)	69,661
Net income (loss) attributable to common stockholders, diluted	(195,216)	(3,826)	29,782	195,763	(122,045)	(322,075)	69,661
Per Common Share Results:							
Net (loss) income per common share basic	\$ (0.95)	\$ (0.02)	\$ 0.15	\$ 2.69	\$ (10.79)	\$ (52.22)	\$ 11.30
Net income (loss) per common share diluted	(0.95)	(0.02)	0.14	2.18	(10.79)	(52.22)	11.28
Cash dividends declared						2.10	4.20
Book value per common share	5.60	6.72	6.89	6.73	29.71	108.70	161.76
Tangible book value per common share(1)	5.32	6.42	6.60	6.54	27.73	101.45	153.52
Balance Sheet Data:							
Cash and due from banks	\$ 618,593	\$ 518,725	\$ 730,016	\$ 206,897	\$ 254,723	\$ 679,798	\$ 329,730
Money market and investment securities	2,239,483	1,813,844	1,986,669	2,220,888	3,369,332	4,866,617	5,709,154
Total loans, net	9,382,322	9,899,355	9,704,094	10,081,297	11,403,177	13,421,106	12,806,766
Gross deferred tax assets	542,468	385,666	378,166	387,325	469,582	312,323	142,446
Valuation Allowance	(523,471)	(366,932)	(359,947)	(368,882)	(445,759)	(191,672)	(7,275)