FIRST BANCORP /PR/
Form 424B3
August 25, 2010

Filed Pursuant to Rule 424(b)(3)
Registration File Number 333-165252

Offer to Exchange

Up to 256,401,610 shares of our Common Stock for any and all issued and outstanding shares of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock and Series E Preferred Stock
(subject to the limitations and qualifications described herein)

First BanCorp is offering to exchange (the Exchange Offer), on the terms and subject to the conditions set forth in this prospectus and in the accompanying letters of transmittal, up to 256,401,610 newly issued shares of our common stock, par value $1.00 per share (our Common Stock), for any and all of the issued and outstanding shares of:

- $90,000,000 in aggregate liquidation preference of our 7.125% Noncumulative Perpetual Monthly Income Preferred Stock, Series A (Series A Preferred Stock);
- $75,000,000 in aggregate liquidation preference of our 8.35% Noncumulative Perpetual Monthly Income Preferred Stock, Series B (Series B Preferred Stock);
- $103,500,000 in aggregate liquidation preference of our 7.40% Noncumulative Perpetual Monthly Income Preferred Stock, Series C (Series C Preferred Stock);
- $92,000,000 in aggregate liquidation preference of our 7.25% Noncumulative Perpetual Monthly Income Preferred Stock, Series D (Series D Preferred Stock); and
- $189,600,000 in aggregate liquidation preference of our 7.00% Noncumulative Perpetual Monthly Income Preferred Stock, Series E (Series E Preferred Stock and, collectively with our Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock and Series D Preferred Stock, Preferred Stock).

The Exchange Offer will expire at 9:30 a.m., New York City time, on August 25, 2010 (the expiration date), unless extended or earlier terminated by us. You must validly tender your shares of Preferred Stock for exchange in the Exchange Offer on or prior to the expiration date to receive shares of our Common Stock.

Our Common Stock trades on the New York Stock Exchange (NYSE) under the symbol FBP. As of August 17, 2010, the closing sale price for our Common Stock on the NYSE was $0.52 per share.

None of First BanCorp, the dealer manager, the exchange agent, the information agent or any other person is making any recommendation as to whether you should tender your shares of Preferred Stock. You must make your own decision after reading this prospectus and the documents incorporated by reference herein and consulting with your advisors.

Before deciding to exchange your securities for shares of our Common Stock, you are encouraged to read and carefully consider this prospectus (including the documents incorporated by reference herein) in its entirety, in particular the risk factors beginning on page 26 of this prospectus.

The shares of our Common Stock are not savings accounts, deposits or other obligations of any of our bank or non-bank subsidiaries and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

Neither the Securities and Exchange Commission, any state or the Commonwealth of Puerto Rico securities commission, the Federal Deposit Insurance Corporation, the Board of Governors of the Federal Reserve System nor any other regulatory body has approved or disapproved of the Exchange Offer or of the securities to be issued in the Exchange Offer or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The Dealer Manager for the Exchange Offer is:

UBS Investment Bank

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The Exchange Agent and the Information Agent for the Exchange Offer is:

BNY Mellon Shareowner Services

In its capacity as the Exchange Agent:

By Mail:
BNY Mellon Shareowner Services
Attn: Corporate Actions Dept.
P.O. Box 3301
South Hackensack, NJ 07606

By Hand or Overnight Courier:
BNY Mellon Shareowner Services
Attn: Corporate Actions Dept., 27th Floor
480 Washington Boulevard
Jersey City, NJ 07310

By Facsimile:
(For Eligible Institutions Only)
(201) 680-4626
Confirm Facsimile Transmission:
(201) 680-4860

In its capacity as the Information Agent:

BNY Mellon Shareowner Services
480 Washington Boulevard, 27th Floor
Jersey City, NJ 07310
Toll Free: (800) 777-3674
Call Collect: (201) 680-6579

The date of this prospectus is August 25, 2010.

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For each share of Preferred Stock that we accept for exchange in accordance with the terms of the Exchange Offer, we will issue a number of shares of our Common Stock having the aggregate dollar value (the Exchange Value) set forth in the applicable table below. We refer to the number of shares of our Common Stock we will issue (based on the Relevant Price (as defined below)) for each share of Preferred Stock we accept in the Exchange Offer as the exchange ratio. The Relevant Price was fixed on August 20, 2010 and was equal to the greater of (1) the average Volume Weighted Average Price, or VWAP, of a share of our Common Stock, determined as described on page 9 of this prospectus under the heading Questions and Answers about the Exchange Offer How will the Average VWAP be determined? during the five trading-day period ending on August 20, 2010 and (2) the Minimum Share Price of $1.18 per share of our Common Stock. If the Minimum Share Price is used to determine the exchange ratio, 11.6525 shares of Common Stock will be issued in exchange for each share of Preferred Stock that we accept for tender in the Exchange Offer. The Relevant Price is $1.18. **Depending on the trading price of our Common Stock compared to the Relevant Price, the market value of the Common Stock we issue in exchange for each share of Preferred Stock we accept for exchange may be less than, equal to or greater than the applicable Exchange Value.** If the trading price of our Common Stock is below $1.18 per share, the market value of our Common Stock to be received in the Exchange Offer will be less than the applicable Exchange Value.

Based on the Exchange Values set forth in the table below and the Minimum Share Price disclosed above, we will accept tenders of all shares of Preferred Stock.

CUSIP	Title of Securities	Aggregate liquidation preference outstanding	Liquidation preference per share	Exchange Value
318672201	7.125% Noncumulative Perpetual Monthly Income Preferred Stock, Series A	$ 90,000,000	$ 25	$ 13.75
318672300	8.35% Noncumulative Perpetual Monthly Income Preferred Stock, Series B	$ 75,000,000	$ 25	$ 13.75
318672409	7.40% Noncumulative Perpetual Monthly Income Preferred Stock, Series C	$ 103,500,000	$ 25	$ 13.75
318672508	7.25% Noncumulative Perpetual Monthly Income Preferred Stock, Series D	$ 92,000,000	$ 25	$ 13.75
318672607	7.00% Noncumulative Perpetual Monthly Income Preferred Stock, Series E	$ 189,600,000	$ 25	$ 13.75

The Exchange Offer will expire at 9:30 a.m., New York City time, on August 25, 2010 (unless we extend the Exchange Offer or terminate it early). You may withdraw any shares of Preferred Stock that you tender at any time prior to the expiration date of the Exchange Offer.

Our obligation to exchange shares of our Common Stock for shares of Preferred Stock in the Exchange Offer is subject to a number of conditions that must be satisfied or waived, including, among others, (i) pursuant to NYSE listing requirements, the approval by the holders of our Common Stock to the issuance of up to 256,401,610 shares of Common Stock upon the exchange of Preferred Stock in the Exchange Offer, (ii) the approval by the holders of our Common Stock of an amendment to our Restated Articles of Incorporation (Articles of Incorporation) to reduce the par value of a share of Common Stock from $1.00 to $0.10 per share, if necessary to issue shares of Common Stock in the Exchange Offer, and (iii) the absence of any change or development (affecting our business or otherwise) that in our reasonable judgment may materially reduce the anticipated benefits to us of the Exchange Offer or that has had, or could reasonably be expected to have, a material adverse effect on us or our businesses, financial condition, operations or prospects. Our obligation to exchange is not subject to any minimum tender condition. The conditions in (i) and (ii) have been met.

The remainder of this prospectus has not been updated to reflect the results of the Special Meeting of Stockholders held on Tuesday, August 24, 2010 and the determination of the Relevant Price on August 20, 2010. Information regarding the results of the Special Meeting and the determination of the Relevant Price is included in the Current Reports on Form 8-K dated August 24, 2010 and August 23, 2010, respectively, which are incorporated into this prospectus.

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Important

Certain shares of Preferred Stock were issued in book-entry form, and are currently represented by one or more global certificates held for the account of The Depository Trust Company (DTC). If your securities are book-entry securities, you may tender your shares of Preferred Stock by transferring them through DTC s Automated Tender Offer Program (ATOP) or following the other procedures described under The Exchange Offer Procedures for Tendering Shares of Preferred Stock.

If your interest as a holder of Preferred Stock is in certificated form, you must deliver to BNY Mellon Shareowner Services (the Exchange Agent) (1) the certificates for the shares of your Preferred Stock to be exchanged in the manner specified in the accompanying letter of transmittal and (2) a proper assignment of the shares of Preferred Stock to First BanCorp, or to any transfer agent for the shares of Preferred Stock, or in blank.

If you are a beneficial owner of shares of Preferred Stock that are held by or registered in the name of a broker, securities dealer, custodian, commercial bank, trust company or other nominee, and you wish to participate in the Exchange Offer, you must promptly contact your broker, securities dealer, custodian, commercial bank, trust company or other nominee to instruct it to tender your shares of Preferred Stock and to agree to the terms of the accompanying letter of transmittal. **You are urged to instruct your broker, securities dealer, custodian, commercial bank, trust company or other nominee at least five business days prior to the expiration date of the Exchange Offer in order to allow adequate processing time for your instruction.** Tenders not received by the Exchange Agent, on or prior to the expiration date will be disregarded and have no effect.

We are not providing for guaranteed delivery procedures and, therefore, you must allow sufficient time for the necessary tender procedures to be completed during normal business hours of DTC on or prior to the expiration date of the Exchange Offer. **Tenders not received by the Exchange Agent on or prior to the expiration date will be disregarded and have no effect.**

We are incorporating by reference into this prospectus important business and financial information that is not included in or delivered with this prospectus. This information is available without charge to security holders upon written or oral request. Requests should be directed to either First BanCorp or BNY Mellon Shareowner Services (the Information Agent) as follows:

First BanCorp.
Attention: Lawrence Odell, Secretary
P.O. Box 9146
San Juan, Puerto Rico, 00908-0146
(787) 729-8109

BNY Mellon Shareowner Services
480 Washington Boulevard, 27th Floor
Jersey City, NJ 07310
Toll Free: (800) 777-3674
Call Collect: (201) 680-6579

In order to ensure timely delivery of such documents, security holders must request this information no later than five business days before the date by which they must make their investment decision. Accordingly, any request for documents should have been made by August 17, 2010 to ensure timely delivery of the documents on or prior to the expiration date of the Exchange Offer.

You should rely only on the information contained in or incorporated by reference into this prospectus. We have not authorized anyone to provide you with information that is different. You should assume that the information contained in or incorporated by reference into this prospectus is accurate only as of the date of this prospectus or as of the date of the document incorporated by reference, as applicable. We are not making an offer of these securities in any jurisdiction where such offer is not permitted.

In this prospectus, unless otherwise stated or the context otherwise requires, Corporation, we, us, our and First BanCorp refer to First BanCorp. and its subsidiaries.

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Forward-looking Statements

Certain statements in this prospectus are forward-looking statements. These forward-looking statements may relate to First BanCorp s financial condition, results of operations, plans, objectives, future performance and business, including, but not limited to, statements with respect to the adequacy of the allowance for loan and lease losses, market risk and the impact of interest rate changes, capital markets conditions, capital adequacy and liquidity and the effect of new accounting guidance on the Corporation s financial condition and results of operations. All statements contained herein that are not clearly historical in nature are forward-looking, and the words anticipate, believe, continues, expect, estimate, intend, project and similar expressions and future or conditional verbs such as will should, could, might, can, may, or similar expressions are generally intended to identify forward-looking statem

These forward-looking statements are not guarantees of future performance and involve certain risks, uncertainties, estimates and assumptions by us that are difficult to predict. Various factors, some of which are beyond our control, could cause actual results to differ materially from those expressed in, or implied by, such forward-looking statements. Factors that might cause such a difference include, but are not limited to:

- uncertainty about whether we will be able to fully comply with the written agreement dated June 3, 2010 (the Agreement) that we entered into with the Federal Reserve Bank of New York (the Fed) and the order dated June 2, 2010 (the Order and collectively with the Agreement, the Agreements) that our banking subsidiary, First Bank Puerto Rico (First Bank or the Bank) 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) that, among other things, require the Bank to attain certain capital levels and reduce its special mention, classified, delinquent and non-accrual assets;

- uncertainty as to whether we will be able to meet the conditions necessary to compel the United States Department of the Treasury (the U.S. Treasury) to convert into Common Stock the shares of our preferred stock that we issued to the U.S. Treasury;

- uncertainty as to whether we will be able to complete future capital-raising efforts;

- the risk of being subject to possible additional regulatory action, including as a result of an inability to implement the capital plans submitted in accordance with the Agreements;

- the strength or weakness of the real estate market and of the consumer and commercial credit sector and their impact on the credit quality of our loans and other assets, including our construction and commercial real estate loan portfolios, which have contributed and may continue to contribute to, among other things, the increase in the levels of non-performing assets, charge-offs and the provision expense;

- adverse changes in general economic conditions in the United States and in Puerto Rico, including the interest rate scenario, 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 our products and services and the value of our assets;

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

- an adverse change in our ability to attract new clients and retain existing ones;

Ø a decrease in demand for our products and services and lower revenues and earnings because of the continued recession in Puerto Rico, the recently announced consolidation of the banking industry in Puerto Rico and the current fiscal problems and budget deficit of the Puerto Rico government;

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Forward-looking Statements

- a need to recognize additional impairments of financial instruments or goodwill relating to acquisitions;
- uncertainty about regulatory and legislative changes for financial services companies in Puerto Rico, the United States and the U.S. and British Virgin Islands, which could affect our financial performance and could cause our 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 our 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 Fed, the FDIC, government-sponsored housing agencies and local regulators in Puerto Rico and the U.S. and British Virgin Islands;
- 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 our non-interest expense;
- risks of not being able to generate sufficient income to realize the benefit of the deferred tax asset;
- risks of not being able to recover the assets pledged to Lehman Brothers Special Financing, Inc.;
- changes in our expenses associated with acquisitions and dispositions;
- developments in technology;
- the impact of Doral Financial Corporation s financial condition on the repayment of its outstanding secured loans to us;
- risks associated with further downgrades in the credit ratings of our securities;
- general competitive factors and industry consolidation; and
- the possible future dilution to holders of our Common Stock resulting from additional issuances of Common Stock or securities convertible into Common Stock.

Although the forward-looking statements are based on our current beliefs and expectations, 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.

You should carefully consider these factors and the risk factors beginning on page 26 of this prospectus. All forward-looking statements attributable to First BanCorp or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained in this prospectus.

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Where You Can Find More Information

We file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission (the SEC). Our SEC filings are available to the public over the Internet at the SEC s website at *http://www.sec.gov,* which contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC. You may also read and copy any document we file with the SEC at its public reference facilities located at 100 F Street, N.E., Washington, DC 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference facilities.

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Incorporation of Certain Documents by Reference

We hereby incorporate by reference into this prospectus the following documents that we have filed with the SEC:

Ø Our Annual Report on Form 10-K for the year ended December 31, 2009 filed on March 2, 2010;

Ø Our Proxy Statement for the Annual Meeting of Stockholders held on April 27, 2010 filed on April 6, 2010;

Ø Our Proxy Statement for the August 24, 2010 Special Meeting of Stockholders filed on August 2, 2010;

Ø Our Current Reports on Form 8-K filed on February 3, 2010 (excluding Items 2.02 and 9.01), April 29, 2010 (excluding Items 2.02 and 9.01, as amended by Form 8-K/A filed on May 3, 2010), June 4, 2010, July 2, 2010, July 7, 2010, July 15, 2010, July 16, 2010, July 20, 2010, August 17, 2010, August 18, 2010, August 23, 2010 and August 24, 2010; and

Ø Our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2010 and June 30, 2010 filed on May 10, 2010 and August 9, 2010, respectively.

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 at our website at *www.firstbankpr.com* by viewing the SEC Filings subsection of the Investor Relations menu. No additional information on our website is deemed to be part of or incorporated by reference into this prospectus.

Please note that this Registration Statement and the Schedule TO filed in connection with the Exchange Offer do not permit incorporation by reference of future filings. If a material change occurs in the information set forth in this prospectus, we will amend this Registration Statement and the Schedule TO accordingly.

Questions and Answers about the Exchange Offer

The following are certain questions regarding the Exchange Offer that you may have as a holder of shares of Preferred Stock and the answers to those questions. These questions and answers may not contain all of the information that is important to you and are qualified in their entirety by the more detailed information included or incorporated by reference into this prospectus. Before deciding to exchange your securities for shares of our Common Stock, you should carefully consider the information contained in or incorporated by reference into this prospectus, including the information set forth under the heading Risk Factors beginning on page 26 of this prospectus. For further information about us, see Where You Can Find More Information.

WHAT IS THE PURPOSE OF THE EXCHANGE OFFER?

We decided to conduct this Exchange Offer to improve our capital structure given the continuing difficult economic conditions in the markets in which we operate and the evolving regulatory environment. We must increase our common equity to provide additional protection against the future recognition of additional loan loss reserves against our loan portfolio and credit losses associated with the disposition of non-performing assets due to the current economic situation in Puerto Rico and the United States that has impacted the Corporation s asset quality and earnings performance. Total non-performing loans to total loans increased to 12.40% as of June 30, 2010 from 11.23% as of December 31, 2009 and from 8.94% as of June 30, 2009.

The restructuring of our equity components through the Exchange Offer will strengthen the quality of our regulatory capital position and enhance our ability to meet any new capital requirements. Furthermore, through the Exchange Offer, we are seeking to improve the Corporation s Tier 1 common equity to risk-weighted assets ratio. In the Supervisory Capital Assessment Program (the SCAP) applied to large money-center banks in the U.S., federal regulators established a 4% Tier 1 common equity to risk-weighted assets ratio as the minimum threshold to determine the potential capital needs of such banks. While the SCAP is not applicable to us, we believe that the Tier 1 common equity ratio is being viewed by financial analysts and rating agencies as a guide for measuring the capital adequacy of banking institutions. The Exchange Offer will also improve our tangible common equity to tangible assets ratio, which is another metric used by financial analysts to determine a bank s capital requirements. As of June 30, 2010, our Tier 1 common equity ratio was 2.86% and our tangible common equity ratio was 2.57%. If 70% of our outstanding shares of Preferred Stock is exchanged in the Exchange Offer, which is the Corporation s targeted success rate for the Exchange Offer, our Tier 1 common equity ratio and tangible common equity ratio as of June 30, 2010 on a pro forma basis after giving effect to the Exchange Offer would have been 5.92% and 4.70%, respectively. Our Tier 1 common equity would be strengthened by $385 million based on a 70% success rate for the exchange. See Regulatory and Other Capital Ratios Reconciliation of Tangible Common Equity and Tangible Assets and Regulatory and Other Capital Ratios Reconciliation of Common Stockholders Equity (GAAP) to Tier 1 Common Equity (Non-GAAP).

Finally, if holders of $385 million of the liquidation preference of the Preferred Stock tender their shares of Preferred Stock in the Exchange Offer, we raise $500 million of additional capital, and the holders of our Common Stock approve amendments to our Articles of Incorporation, within nine months of the July 7, 2010 date of our agreement with the U.S. Treasury, we will meet the substantive conditions necessary for us to compel the U.S. Treasury to convert into Common Stock the shares of a new series of Fixed Rate Cumulative Mandatorily Convertible Preferred Stock, Series G (the Series G Preferred Stock), that we issued to the U.S. Treasury in exchange for the $400 million liquidation value of our Fixed Rate Cumulative Perpetual Preferred Stock, Series F, $1,000 liquidation preference per share (Series F Preferred Stock), and accrued and unpaid dividends. No assurance can be given that we will

Questions and Answers about the Exchange Offer

able to meet these conditions for the conversion of the Series G Preferred Stock, including the requirement to raise additional capital. See Agreement with the U.S. Treasury.

WHAT ARE THE REQUIREMENTS OF THE RECENT REGULATORY AGREEMENTS?

The Corporation entered into the Agreement with the Fed dated June 3, 2010 and our subsidiary, FirstBank Puerto Rico (FirstBank or the Bank), agreed to the Order with the FDIC and the OCIF dated June 2, 2010. Pursuant to these Agreements, the Corporation and FirstBank have agreed to take certain actions designed to improve their financial condition. These actions include the adoption and implementation of various plans, procedures and policies related to their capital, lending activities, liquidity and funds management and strategy. In addition, the Order requires FirstBank to develop and adopt a plan to attain a leverage ratio of at least 8%, a Tier 1 capital to risk-weighted assets ratio of at least 10% and a Total capital to risk-weighted assets ratio of at least 12%, and obtain approval prior to issuing, increasing, renewing or rolling over brokered deposits. The Agreement also requires the Corporation to obtain the approval of the Fed prior to paying dividends, receiving dividends from FirstBank, incurring, increasing or guaranteeing any debt, or purchasing or redeeming any stock, to comply with certain notice provisions prior to appointing any new directors or senior executive officers and to comply with certain restrictions on severance payments and indemnification.

Concurrently with the issuance by the FDIC of its Order, the FDIC granted FirstBank a temporary waiver through June 30, 2010 to enable it to continue accessing the brokered deposit market. FirstBank has obtained an additional waiver through September 30, 2010. FirstBank will request waivers for future periods although no assurance can be given that the FDIC will continue to issue such waivers. Any failure to obtain a future waiver would have a significantly adverse effect on FirstBank, which has relied on brokered deposits to fund a major part of its operations and had, as of June 30, 2010, $7.1 billion in brokered deposits outstanding, representing approximately 56% of our total deposits. For more information about the Agreements, see Regulatory Agreements.

WHAT ADDITIONAL EFFORTS IS THE CORPORATION TAKING TO IMPROVE ITS CAPITAL?

We have assured our regulators that we are committed to raising capital and we have submitted capital plans to our regulators regarding how we plan to raise capital. In addition to this Exchange Offer, we have been taking steps to implement strategies to increase tangible common equity and regulatory capital through (1) the issuance of approximately $500 million of equity in one or more public or private offerings (a Capital Raise), (2) the conversion into Common Stock of the shares of Series G Preferred Stock that we issued to the U.S. Treasury in exchange for the Series F Preferred Stock that we sold to it on January 16, 2009, as further discussed below, and (3) a rights offering to common stockholders. With respect to a Capital Raise, we plan to seek to raise at least $500 million of equity because we believe that amount would enable us to absorb possible additional losses based on a worst case evaluation of possible losses over the next five years while maintaining the capital ratios required for a well-capitalized financial institution as well as those required by the FDIC s Order. We expect to amend this Prospectus to disclose any material developments relating to a Capital Raise that occur prior to the expiration date of the Exchange Offer. If we complete a Capital Raise, we expect to issue rights to the holders of our currently outstanding 92,542,722 shares of Common Stock that entitle them to acquire one share of Common Stock for each share of Common Stock they own at a price equal to the purchase price in a Capital Raise. No assurance can be given that we will complete a Capital Raise, the conversion of the Series G Preferred Stock or a rights offering.

We believe that the Exchange Offer and, to the extent completed, the conversion of the Series G Preferred Stock into Common Stock and a Capital Raise would enhance our long-term financial stability, improve our ability to operate in the current economic environment, and improve our ability to access the capital markets in order to fund strategic initiatives or other business needs and to absorb any future credit losses.

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Questions and Answers about the Exchange Offer

Our inability to complete the Exchange Offer would hinder our efforts to sell Common Stock in a Capital Raise. If we need to continue to recognize significant reserves and we cannot complete a Capital Raise, the Corporation and FirstBank may not be able to comply with the minimum capital requirements included in the capital plans required by the Agreements. These capital plans, which are subject to the approval of our regulators, set forth our plan to attain the capital ratio requirements set forth in the Order over time. In addition to a Capital Raise, the capital plans contemplate alternative capital preservation strategies, including among other things, an accelerated deleverage strategy and the divesture of profitable businesses. If, at the end of any quarter, we do not comply with any specified minimum capital ratios, we must notify our regulators. The Corporation must notify the Fed within 30 days of the end of any quarter of its inability to comply with a capital ratio requirement and submit an acceptable written plan that details the steps it will take to comply with the requirement. FirstBank must immediately notify the FDIC of its inability to comply with a capital ratio requirement and, within 45 days, it must either increase its capital to comply with the ratio requirements or submit a contingency plan to the FDIC for its sale, merger, or liquidation. In the event of a liquidation of FirstBank, the holders of any outstanding preferred stock would rank senior to the holders of our Common Stock with respect to rights upon any liquidation of the Corporation.

WHAT ARE THE TERMS OF THE EXCHANGE OF THE SERIES F PREFERRED STOCK FOR SERIES G PREFERRED STOCK?

On July 20, 2010, we exchanged our Series F Preferred Stock, which has a liquidation preference of $400 million, and accrued and unpaid dividends on the Series F Preferred Stock, for 424,174 shares of a new series of Series G Preferred Stock, that has similar terms (including the same liquidation preference), but which we can convert, under the conditions described below, into shares of Common Stock based on an initial conversion rate of 896.3045 shares of Common Stock for each share of Series G Preferred Stock (calculated by dividing $650, or a discount of 35% from the $1,000 liquidation preference per share of Series G Preferred Stock, by the initial conversion price of $0.7252 per share, which is subject to adjustment). No assurance can be given that we will able to meet the conditions for the conversion of the Series G Preferred Stock, including the requirement to raise additional capital. See Agreement with the U.S. Treasury.

HOW WOULD THE ISSUANCE OF ADDITIONAL SHARES OF COMMON STOCK AFFECT PARTICIPANTS IN THE EXCHANGE OFFER?

Existing holders of Preferred Stock that participate in the Exchange Offer would be significantly diluted if we issue additional shares of Common Stock other than through the Exchange Offer. These possible additional issuances include: (i) the possible issuance of shares of Common Stock in a Capital Raise at a price significantly below the book value per share of Common Stock as of June 30, 2010 of $5.48; (ii) the possible issuance of shares of Common Stock to the U.S. Treasury upon conversion of the Series G Preferred Stock; and (iii) the possible issuance of additional shares of Common Stock to The Bank of Nova Scotia (BNS) pursuant to its anti-dilution right, subject to the consent of the Federal Reserve (see Agreement with The Bank of Nova Scotia). Our issuance of 256,401,610 shares of Common Stock in the Exchange Offer, which is 100% of the shares offered in the Exchange Offer, would reduce on a pro forma basis our loss per share for the six-month period ended June 30, 2010 from $2.27 to $0.60 and our book value per share as of June 30, 2010 from $5.48 to $3.03. If, subsequent to our issuance of 256,401,610 shares of Common Stock in the Exchange Offer, we were to issue shares of Common Stock to the U.S. Treasury upon conversion of the Series G Preferred Stock, to investors in a Capital Raise and to BNS, we estimate that we would issue approximately 1.43 billion additional shares based on (i) our agreement with the U.S. Treasury and (ii) a sale in a Capital Raise of $500 million at a per-share price of $0.57, the market price of our Common Stock on July 14, 2010.

Accordingly, our loss per share for the six-month period ended June 30, 2010 and our book value per share as of June 30, 2010 would be reduced on a pro forma basis to $0.12 and $1.16, respectively. Such

Questions and Answers about the Exchange Offer

additional issuances of shares of Common Stock would decrease the voting power of participants in the Exchange Offer from 73% after the completion of the Exchange Offer, assuming all of the Preferred Stock is tendered, to 14% if approximately 1.68 billion shares of Common Stock are issued in a Capital Raise, to the U.S. Treasury and to BNS upon its exercise in full of its anti-dilution right. Finally, the additional issuances of shares of Common Stock may adversely impact the market price of our Common Stock.

At this time, we expect that any investor in a Capital Raise would acquire less than 10% of our outstanding shares to avoid being considered a bank holding company under the Bank Holding Company Act of 1956. If the Series G Preferred Stock is converted into Common Stock, the U.S. Treasury would acquire a significant percentage of our Common Stock. Any such ownership would give the U.S. Treasury the ability to influence stockholder matters in a manner that may conflict with the interests of other holders of Common Stock.

WHAT ARE THE KEY TERMS OF THE EXCHANGE OFFER?

We are offering to exchange up to 256,401,610 newly issued shares of our Common Stock for any and all issued and outstanding shares of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock and Series E Preferred Stock.

For each share of Preferred Stock that we accept for exchange in accordance with the terms of the Exchange Offer, we will issue a number of shares of our Common Stock having the Exchange Value set forth in the table below unless the Minimum Share Price is used to determine the exchange ratio, in which case we would issue 11.6525 shares of Common Stock for each share of Preferred Stock.

CUSIP	Title of securities	Aggregate liquidation preference outstanding	Liquidation preference per share	Exchange Value
318672201	7.125% Noncumulative Perpetual Monthly Income Preferred Stock, Series A	$ 90,000,000	$ 25	$ 13.75
318672300	8.35% Noncumulative Perpetual Monthly Income Preferred Stock, Series B	$ 75,000,000	$ 25	$ 13.75
318672409	7.40% Noncumulative Perpetual Monthly Income Preferred Stock, Series C	$ 103,500,000	$ 25	$ 13.75
318672508	7.25% Noncumulative Perpetual Monthly Income Preferred Stock, Series D	$ 92,000,000	$ 25	$ 13.75
318672607	7.00% Noncumulative Perpetual Monthly Income Preferred Stock, Series E	$ 189,600,000	$ 25	$ 13.75

Depending on the trading price of our Common Stock compared to the Relevant Price, the market value of the Common Stock we issue on the settlement date in exchange for each share of Preferred Stock we accept for exchange may be less than, equal to or greater than the applicable Exchange Value referred to above. If the trading price of our Common Stock is below $1.18 per share, the market value of our Common Stock to be received in the Exchange Offer will be less than the applicable Exchange Value.

WHAT CONSIDERATION ARE WE OFFERING IN EXCHANGE FOR SHARES OF PREFERRED STOCK?

For each share of Preferred Stock that we accept for exchange in accordance with the terms of the Exchange Offer, we will issue a number of shares of our Common Stock having the aggregate dollar value (based on the Relevant Price) equal to the applicable Exchange Value.

Questions and Answers about the Exchange Offer

Depending on the trading price of our Common Stock compared to the Relevant Price, the market value of the Common Stock we issue in exchange for each share of Preferred Stock we accept for exchange may be less than, equal to or greater than the applicable Exchange Value.

If the Minimum Share Price is used to determine the exchange ratio, 11.6525 shares of Common Stock will be issued in exchange for each share of Preferred Stock that we accept for tender in the Exchange Offer. If the trading price of our Common Stock is below $1.18 per share, the market value of our Common Stock to be received in the Exchange Offer will be less than the applicable Exchange Value.

HOW WILL THE AVERAGE VWAP BE DETERMINED?

Average VWAP during a period means the arithmetic average of VWAP for each trading day during that period. VWAP for any day means the per share volume weighted average price of our Common Stock on that day as displayed under the heading Bloomberg VWAP on Bloomberg Page FBP US <equity> VAP (or its equivalent successor page if such page is not available) in respect of the period from the scheduled open of trading on the relevant trading day until the scheduled close of trading on the relevant trading day (or if such VWAP is unavailable, the market price of one share of our Common Stock on such trading day determined, using a volume weighted average method, by a nationally recognized investment banking firm we retain for that purpose).

HOW MAY I OBTAIN INFORMATION REGARDING THE RELEVANT PRICE AND APPLICABLE EXCHANGE RATIOS?

Throughout the Exchange Offer, the indicative average VWAP, the Minimum Share Price, the resultant indicative Relevant Price and the indicative exchange ratios will be available at www.firstbankpr.com, by clicking on Exchange Offer in the Investor Relations section at this address, and from the Information Agent, at one of its numbers listed on the back cover page of this prospectus.

We will announce the final exchange ratio for each series of Preferred Stock prior to 9:00 a.m., New York City time, on the business day immediately succeeding the second business day prior to the expiration date of the Exchange Offer, and those final exchange ratios will also be available by that time at www.firstbankpr.com, by clicking on Exchange Offer in the Investor Relations section at this address, and from the Information Agent. No additional information on our website is deemed to be part of or incorporated by reference into this prospectus.

Depending on the trading price of our Common Stock compared to the Relevant Price, the market value of the Common Stock we issue in exchange for each share of Preferred Stock we accept for exchange may be less than, equal to or greater than the applicable Exchange Value.

WILL ALL SHARES OF PREFERRED STOCK THAT I TENDER BE ACCEPTED IN THE EXCHANGE OFFER?

Yes, we will accept all shares of Preferred Stock validly tendered in the Exchange Offer.

WHAT HAPPENS TO TENDERED SHARES OF PREFERRED STOCK THAT ARE NOT ACCEPTED FOR EXCHANGE?

If your tendered shares of Preferred Stock are not accepted for exchange because the tender is not in proper form, our acceptance of the tender would be unlawful, in our opinion, or for any other reason pursuant to the terms and conditions of the Exchange Offer, such shares will be returned without expense to you or, in the case of shares of Preferred Stock tendered by book-entry transfer, such shares will be credited to an account maintained at DTC, designated by the participant who delivered such shares, in each case, promptly following the expiration or termination, as applicable, of the Exchange Offer.

Questions and Answers about the Exchange Offer

WILL FRACTIONAL SHARES BE ISSUED IN THE EXCHANGE OFFER?

We will not issue fractional shares of our Common Stock in the Exchange Offer and no cash will be paid for fractional shares. Instead, the number of shares of Common Stock received by each holder whose shares of Preferred Stock are accepted for exchange in the Exchange Offer will be rounded down to the nearest whole number.

WHAT ARE THE CONDITIONS APPLICABLE TO THE EXCHANGE OFFER?

Our obligation to exchange shares of our Common Stock for shares of Preferred Stock in the Exchange Offer is subject to a number of conditions that must be satisfied or waived by us, including, among others, (i) pursuant to NYSE listing requirements, the approval by the holders of our Common Stock to the issuance of up to 256,401,610 shares of Common Stock upon the exchange of Preferred Stock in the Exchange Offer, (ii) the approval by the holders of our Common Stock of an amendment to our Articles of Incorporation to reduce the par value of a share of Common Stock from $1.00 to $0.10 per share if