

# First BanCorp Completes Sale of \$400 Million in Preferred Shares to the United States Treasury

Company Release - 01/19/2009 11:00

SAN JUAN, Puerto Rico--(BUSINESS WIRE)-- First BanCorp (the "Corporation") (NYSE:FBP) announced today that it has completed the sale of \$400 million of preferred stock to the US Department of the Treasury ("Treasury") under the Treasury's TARP Capital Purchase Program (the "CPP").

The Corporation has issued and sold to Treasury 400,000 shares of the Corporation's Fixed Rate Cumulative Perpetual Preferred Stock, Series F, at \$1,000 liquidation preference per share (the "Preferred Stock"), and a warrant to purchase up to 5,842,259 shares of the Corporation's common stock at an exercise price of \$10.27 per share. The Preferred Stock qualifies as Tier 1 regulatory capital and has a 5% coupon for the first five years and a 9% coupon thereafter. The warrant has a 10-year term and is immediately exercisable and transferable, subject to certain conditions.

This additional capital increases the Corporation's total regulatory capital ratio, as of September 30, 2008, on a pro forma basis to approximately 15%, or \$775 million in excess of the well-capitalized requirement, and the Tier 1 capital ratio to approximately 14.0%, or approximately \$1.2 billion in excess of the well-capitalized requirement. Including this capital raise, the total regulatory capital for First BanCorp would have been approximately \$2.2 billion as of September 30, 2008.

Luis M. Beauchamp, Chairman and CEO of First BanCorp, commented, "The purchase of our Preferred Stock and warrant by the Treasury reflects our financial soundness and further strengthens the already 'well-capitalized' position of First BanCorp. First BanCorp is committed to meeting the financing needs of consumers, commercial establishments and corporations in the markets it serves. The Corporation will continue to work side by side with its customers to provide them the financial support they need to operate during the current economic climate. We will place particular focus and attention on our lending activities in Puerto Rico and the Virgin Islands, our main markets, so that, in conjunction with private and public sector initiatives, our communities can thrive and prosper."

## About First BanCorp

First BanCorp is the parent corporation of FirstBank Puerto Rico, a state-chartered commercial bank with operations in Puerto Rico, the Virgin Islands and Florida; of FirstBank Insurance Agency; and of Ponce General Corporation. First BanCorp, FirstBank Puerto Rico and FirstBankFlorida, the thrift subsidiary of Ponce General, all operate within U.S. banking laws and regulations. The Corporation operates a total of 194 branches, stand-alone offices and in-branch service centers throughout Puerto Rico, the U.S. and British Virgin Islands, and Florida. Among the subsidiaries of FirstBank Puerto Rico are Money Express, a finance company; First Leasing and Car Rental, a car and truck rental leasing company; and FirstMortgage, a mortgage origination company. In the U.S. Virgin Islands, FirstBank operates First Insurance VI, an insurance agency, and First Express, a small loan company. First BanCorp's common and preferred shares trade on the New York Stock Exchange under the symbols FBP, FBPPrA, FBPPrB, FBPPrC, FBPPrD and FBPPrE. Additional information about First BanCorp may be found at [www.firstbankpr.com](http://www.firstbankpr.com).

## Safe Harbor

This press release may contain "forward-looking statements" concerning the Corporation's future economic performance. The words or phrases "expect," "anticipate," "look forward," "should," "believes" and similar expressions are meant to identify "forward-looking statements" within the meaning of Section 27A of the Private Securities Litigation Reform Act of 1995, and are subject to the safe harbor created by such section. The Corporation wishes to caution readers not to place undue reliance on any such "forward-looking statements," which speak only as of the date made, and to advise readers that various factors, including, but not limited to, the risks arising from credit and other risks of the Corporation's lending and investment activities, including the condo conversion loans from its Miami Corporate Banking operations and the construction loan portfolio in Puerto Rico, which may affect, among other things, the level of non-performing assets, charge-offs and provision expense; an adverse change in the Corporation's ability to attract new clients and retain existing ones; changes in general economic conditions in the United States and Puerto Rico, including the interest rate scenario, market liquidity, rates and prices, and the disruptions in the U.S. capital markets that may reduce interest margins, impact funding sources and affect demand for the Corporation's products and services and the value of the Corporation's assets, including the value of the interest rate swaps that economically hedge the interest rate risk mainly relating to brokered certificates of deposit and medium-term notes as well as other derivative instruments used for protection from interest rate fluctuations; uncertainty about the effectiveness and impact of the U.S. government's rescue plan, including the bailout of U.S. housing government-sponsored agencies, on the financial markets in general and on the Corporation's business, financial condition and results of operations; risks of not being able to recover all assets pledged to Lehman Brothers Special Financing, Inc.; changes in the Corporation's expenses associated with acquisitions and dispositions; developments in technology; the impact of Doral Financial Corporation's and R&G Financial Corporation's financial condition on the repayment of their outstanding secured loans to the Corporation; the Corporation's ability to issue brokered certificates of deposit and fund operations; risks associated with downgrades in the credit ratings of the Corporation's securities; general competitive factors and industry consolidation; and risks associated with regulatory and legislative changes for financial services companies in Puerto Rico, the United States, and the U.S. and British Virgin Islands, could affect the Corporation's financial performance and could cause the Corporation's actual results for future periods to differ materially from those anticipated or projected. The Corporation does not undertake, and specifically disclaims any obligation, to update any "forward-looking statements" to reflect occurrences or unanticipated events or circumstances after the date of such statements.

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