

FIRST BANCORP /PR/
Form S-1/A
February 09, 2012
Table of Contents

As filed with the Securities and Exchange Commission on February 8, 2012

Registration No. 333-178645

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 1

to

Form S-1

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

FIRST BANCORP.

(Exact name of registrant as specified in its charter)

Puerto Rico
*(State or other jurisdiction of
incorporation or organization)*

6022
*(Primary Standard Industrial
Classification Code Number)*
1519 Ponce de León Avenue, Stop 23

66-0561882
*(I.R.S. Employer
Identification Number)*

Santurce, Puerto Rico 00908

Edgar Filing: FIRST BANCORP /PR/ - Form S-1/A

(787) 729-8200

(Address, including zip code and telephone number, including area code, of registrant's principal executive offices)

Lawrence Odell

Executive Vice President and General Counsel

First BanCorp.

1519 Ponce de León Avenue, Stop 23

Santurce, Puerto Rico 00908

(787) 729-8109

(Name, address, including zip code and telephone number, including area code, of agent for service)

With a Copy to:

Linda L. Griggs

Sean M. Donahue

Morgan, Lewis & Bockius LLP

1111 Pennsylvania Avenue, NW

Washington, DC 20004

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this registration statement.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Edgar Filing: FIRST BANCORP /PR/ - Form S-1/A

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Table of Contents

SUBJECT TO COMPLETION: Dated February 8, 2012

PRELIMINARY PROSPECTUS

Up to 186,151,814 Shares of Common Stock

This prospectus relates to the offer and sale of up to 186,151,814 shares (the Shares) of the common stock, \$0.10 par value per share (Common Stock), of First BanCorp. (the Corporation) by the selling stockholders identified herein. We are registering the resale of 151,307,422 shares of Common Stock by certain institutional investors identified in this prospectus, 34,227,696 shares of Common Stock by the United States Department of the Treasury (the U.S. Treasury), and 616,696 shares by The Bank of Nova Scotia (BNS and, together with the institutional investors and the U.S. Treasury, the Selling Stockholders). The shares of Common Stock registered pursuant to this Registration Statement represent approximately 90% of the number of shares of Common Stock currently outstanding; of the shares being registered, 102,458,968 shares are beneficially owned by funds that have designated two directors to serve on our Board of Directors.

The Selling Stockholders may sell all or a portion of the shares of Common Stock from time to time, in amounts, at prices and on terms determined at the time of the offering. We will not receive any proceeds from the sale of the Shares by the Selling Stockholders.

Investing in our Common Stock involves risks. See Risk Factors beginning on page 7 to read about factors you should consider before you make your investment decision.

Our Common Stock is traded on the New York Stock Exchange (the NYSE) under the symbol FBP. On February 7, 2012, the closing price of our Common Stock on the NYSE was \$4.44 per share.

Neither the Securities and Exchange Commission nor any securities commission of any state or other jurisdiction has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

These securities are not savings accounts, deposits, or other obligations of any bank and are not insured or guaranteed by the Federal Deposit Insurance Corporation (the FDIC) or any other governmental agency.

The date of this prospectus is

Table of Contents

TABLE OF CONTENTS

	Page
<u>ABOUT THIS PROSPECTUS</u>	1
<u>ADDITIONAL INFORMATION</u>	1
<u>INCORPORATION BY REFERENCE</u>	1
<u>SUMMARY</u>	2
<u>SUMMARY SELECTED CONSOLIDATED FINANCIAL DATA</u>	5
<u>SUMMARY SELECTED PRO FORMA DATA</u>	6
<u>RISK FACTORS</u>	7
<u>FORWARD-LOOKING STATEMENTS</u>	22
<u>PLAN OF DISTRIBUTION</u>	24
<u>USE OF PROCEEDS</u>	26
<u>SELLING STOCKHOLDERS</u>	26
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u>	34
<u>MARKET PRICE, DIVIDEND AND DISTRIBUTION INFORMATION</u>	36
<u>CAPITALIZATION</u>	37
<u>DESCRIPTION OF CAPITAL STOCK</u>	41
<u>U.S. FEDERAL AND PUERTO RICO INCOME TAX CONSEQUENCES</u>	42
<u>LEGAL MATTERS</u>	47
<u>EXPERTS</u>	48

We have not authorized anyone to provide any information other than that contained or incorporated by reference in this prospectus prepared by or on behalf of us or to which we have referred you. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you.

This prospectus and any applicable prospectus supplement are not offers to sell nor are they seeking an offer to buy these securities in any jurisdiction where the offer or sale is not permitted. The information contained in this prospectus and any applicable prospectus supplement is complete and correct only as of the date on the front cover of such documents, regardless of the time of the delivery of such documents or any sale of these securities. In this prospectus, First BanCorp, the Corporation, we, us, and our refer to the consolidated operations of First BanCorp.

Table of Contents

About This Prospectus

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission (the SEC). When required, we will amend the registration statement or file prospectus supplements to update or change information contained in this prospectus. You should read both this prospectus or any amended prospectus and any prospectus supplement together with additional information described under the headings Additional Information and Incorporation By Reference.

Additional Information

As permitted by SEC rules, this prospectus omits certain information that is included in the registration statement and its exhibits. Since the prospectus may not contain all of the information that you may find important, you should review the full text of these documents. If we have filed a contract, agreement or other document as an exhibit to the registration statement, you should read the exhibit for a more complete understanding of the document or matter involved. Each statement in this prospectus, including statements incorporated by reference as discussed below, regarding a contract, agreement or other document is qualified in its entirety by reference to the actual document.

We file annual, quarterly and current reports and other information with the SEC. You may read and copy any document we file with the SEC at the SEC's public reference room located at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our filings are also available to the public from the SEC's website at <http://www.sec.gov>.

Incorporation by Reference

The SEC allows us to incorporate by reference the information we file with the SEC, which means we can disclose important information to you by referring to these documents. The information included in the documents incorporated by reference is considered a part of this prospectus. The most recent information that we filed with the SEC automatically updated and superseded previously filed information.

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

Our Annual Report on Form 10-K for the year ended December 31, 2010 filed with the SEC on April 15, 2011;

Our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2011, June 30, 2011 and September 30, 2011 filed with the SEC on May 16, 2011, August 15, 2011, and November 14, 2011, respectively;

Our Current Reports on Form 8-K filed with the SEC on January 10, 2011, January 31, 2011, February 15, 2011 with respect to Item 8.01 only, April 4, 2011, April 15, 2011, June 2, 2011, as amended on July 19, 2011 and July 21, 2011, June 23, 2011, June 29, 2011 (except with respect to Item 7.01), as amended on July 19, 2011 and July 21, 2011, July 19, 2011, August 12, 2011 (except with respect to Item 2.02 and Exhibit 99.1), August 24, 2011, September 12, 2011, September 28, 2011, October 5, 2011, October 7, 2011, October 11, 2011, October 13, 2011, as amended on November 2, 2011, November 1, 2011 (with respect to Item 5.02 only), December 13, 2011, and December 22, 2011; and

Our Definitive Proxy Statements on Schedule 14A filed with the SEC on July 21, 2011 and November 14, 2011 and our Additional Definitive Proxy Materials on Schedule 14A filed with the SEC on August 16, 2011, August 24, 2011, September 9, 2011, and November 23, 2011.

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 additional 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.

Table of Contents

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 the Selling Stockholders are offering as well as information regarding our business and financial condition. 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 Bank of New York (the FED or Federal Reserve) and the Board of Governors of the Federal Reserve System. First BanCorp. was incorporated under the laws of the Commonwealth of Puerto Rico to serve as the bank holding company for FirstBank Puerto Rico (FirstBank or the Bank). We are a full-service provider of financial services and products with operations in Puerto Rico, the mainland United States (the U.S.), the United States Virgin Islands (the USVI) and the British Virgin Islands (the BVI and together with the USVI, the Virgin Islands).

As of September 30, 2011, we had total assets of \$13.5 billion, total deposits of \$10.7 billion and total stockholders' equity of \$986.8 million. On a pro forma basis reflecting the sale of 150 million shares of Common Stock on October 7, 2011, the conversion of the Corporation's outstanding Fixed Rate Cumulative Mandatorily Convertible Preferred Stock, Series G (the Series G Preferred Stock) into 32,941,797 shares of Common Stock on October 7, 2011, and our sale of 888,781 shares of Common Stock in our rights offering that expired on November 29, 2011, we had total assets of \$13.9 billion and total stockholders' equity of \$1.5 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 is subject to the supervision, examination and regulation of the Office of the Commissioner of Financial Institutions of the Commonwealth of Puerto Rico (OCIF) and the FDIC. Deposits are insured through the FDIC Deposit Insurance Fund. In addition, within FirstBank, the operations in the USVI are subject to regulation and examination by the United States Virgin Islands Banking Board and, in the BVI, operations are subject to regulation by the British Virgin Islands Financial Services Commission. FirstBank Insurance Agency is subject to the supervision, examination and regulation of the Office of the Insurance Commissioner of the Commonwealth of Puerto Rico and operates six offices in Puerto Rico.

The Corporation entered into an agreement with the FED dated June 3, 2010 (the Written Agreement) and our subsidiary, FirstBank, agreed to an order issued by the FDIC and the OCIF dated June 2, 2010 (the FDIC Order, and together with the Agreement, the Agreements). Pursuant to these Agreements, the Corporation and FirstBank agreed to take certain actions designed to improve our financial condition. These actions include the adoption and implementation of various plans, procedures and policies related to our 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 FDIC 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.

We have taken the following actions to comply with the Agreements:

In July 2010, the Corporation and FirstBank jointly submitted to the FDIC, OCIF and the FED a capital plan, which was revised in March 2011, setting forth how we planned to improve our capital positions to comply with the Agreements. Our issuance of Common Stock in exchange for shares of the Corporation's preferred stock held by the U.S. Treasury and by public investors and our issuance of Common Stock in private transactions in October 2011, which implemented our capital plan, have significantly improved our capital position, which allows us to continue to pursue strategic initiatives and business objectives that will improve our financial condition.

Edgar Filing: FIRST BANCORP /PR/ - Form S-1/A

We have deleveraged our balance sheet in order to preserve capital, principally by selling investments and loans and reducing the size of the loan portfolio through the non-renewal of matured commercial loans, mostly temporary loan

Table of Contents

facilities to the Puerto Rico government, the charge-off of portions of loans deemed uncollectible, and a decrease in loan originations, mainly in construction loans. We believe these steps have improved the quality of our loan portfolio, thereby improving our financial condition by reducing the level of problem loans that could require additional provisions for loan losses and affect the Corporation's results of operations.

FirstBank conducts its business through its main office located in San Juan, Puerto Rico, forty-eight full service banking branches in Puerto Rico, fourteen full service banking branches in the Virgin Islands and ten branches in the State of Florida.

In addition to the banking operations of FirstBank, we provide, through directly or indirectly owned subsidiaries, small loan origination services, residential mortgage loan origination services, local municipal bond underwriting services and insurance services in Puerto Rico and the USVI.

THE OFFERING

The Selling Stockholders will offer the Shares for resale. Such shares were issued or are issuable in private transactions, as follows:

(i) 150 million shares of Common Stock issued at a price of \$3.50 per share to institutional investors on October 7, 2011 in a capital raise and 1,307,422 shares of Common Stock issuable to certain institutional investors upon the exercise of anti-dilution rights; (ii) 32,941,797 shares of Common Stock issued to the U.S. Treasury upon conversion of all of the Corporation's outstanding Series G Preferred Stock, then held by the U.S. Treasury, on October 7, 2011 and 1,285,899 shares of Common Stock underlying an exercisable warrant held by the U.S. Treasury; and (iii) 616,696 shares of Common Stock issued to BNS on August 24, 2007 (number of shares reflects the 1-for-15 reverse stock split effected on January 7, 2011).

Table of Contents**SUMMARY SELECTED CONSOLIDATED FINANCIAL DATA**

The following summary selected consolidated financial data summarizes our consolidated financial information as of and for each of the five years ended December 31, 2010 and for the interim periods ended September 30, 2011 and 2010. You should read the following financial data in conjunction with the information set forth under **Selected Financial Data** and **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, 2010, 2009 and 2008 and our report on Form 10-Q for the quarter ended September 30, 2011 from which this data is derived. For more information, see **Incorporation by Reference**. Our historical results for any prior period are not necessarily indicative of results to be expected in any future period.

	Nine Months ended September 30,		Year ended December 31,				
	2011	2010	2010	2009	2008	2007	2006
(In thousands, except per share and ratio results)							
Summary of Operations							
Interest income	\$ 502,863	\$ 639,880	\$ 832,686	\$ 996,574	\$ 1,126,897	\$ 1,189,247	\$ 1,288,813
Interest expense	207,894	290,253	371,011	477,532	599,016	738,231	845,119
Net interest income	294,969	349,627	461,675	519,042	527,881	451,016	443,694
Provision for loan and lease losses	194,362	438,240	634,587	579,858	190,948	120,610	74,991
Net interest income (loss) after provision for loan and lease losses	100,607	(88,613)	(172,912)	(60,816)	336,933	330,406	368,703
Non-interest income	93,311	104,117	117,903	142,264	74,643	67,156	31,336
Operating expenses	252,228	278,655	366,158	352,101	333,371	307,843	287,963
Income tax (expense) benefit	(9,080)	(9,721)	(103,141)	(4,534)	31,732	(21,583)	(27,442)
Net (loss) income	(67,390)	(272,872)	(524,308)	(275,187)	109,937	68,136	84,634
Net (loss) income attributable to common stockholders-basic	(88,785)	147,826	(122,045)	(322,075)	69,661	27,860	44,358
Net (loss) income attributable to common stockholders-diluted	(88,785)	153,452	(122,045)	(322,075)	69,661	27,860	44,358
Selected Financial Data at Period-End							
Total assets	13,475,572	16,678,879	15,593,077	19,628,448	19,491,268	17,186,931	17,390,256
Total loans	10,646,747	12,189,222	11,956,202	13,949,226	13,088,292	11,799,746	11,263,980
Deposits	10,657,311	12,543,567	12,059,110	12,669,047	13,057,430	11,034,521	11,004,287
Stockholders' equity	986,847	1,321,979	1,057,959	1,599,063	1,548,117	1,421,646	1,229,553
Performance Ratios							
Return on average common equity	(19.83)%	(62.75)%	(80.07)%	(34.07)%	7.89%	3.59%	6.85%
Return on average assets	(0.62)	(1.98)	(2.93)	(1.39)	0.59	0.40	0.44
Net interest margin (taxable equivalent basis)	2.81	2.74	2.77	2.93	3.20	2.83	2.84
Capital Ratios							
Tier 1 risk-based capital	11.07%	11.96%	10.73%	12.16%	11.55%	12.61%	11.06%
Total risk-based capital	12.39	13.26	12.02	13.44	12.80	13.86	12.25
Tier 1 leverage ratio	8.41	8.34	7.57	8.91	8.30	9.29	7.82
Credit Quality Data							
Non-performing loans held for investment to total loans held for investment	11.13%	12.36%	10.63%	11.23%	4.49%	3.50%	2.24%
Net charge offs to average loans held-in-portfolio	2.72	3.67	4.76	2.48	0.87	0.79	0.55
Allowance for loan losses to non-performing loans held for investment	43.90	40.41	44.64	33.77	47.95	46.04	62.79
Allowance for loan losses to year end loans receivable	4.89	5.00	4.74	3.79	2.15	1.61	1.41
Book value per share(1)	\$ 26.12	\$ 42.72	\$ 29.71	\$ 108.70	\$ 161.76	\$ 141.32	