

FIRST BANCORP /PR/
Form 8-K
November 01, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

Form 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported): October 31, 2012

First BanCorp.
(Exact Name of Registrant as Specified in its Charter)

Puerto Rico
(State or Other Jurisdiction
of Incorporation)

001-14793
(Commission
File Number)

66-0561822
(I.R.S. Employer
Identification No.)

1519 Ponce de Leon Ave.
P.O. Box 9146
San Juan, Puerto Rico
(Address of Principal Executive Offices)

00908-0146
(Zip Code)

(787) 729-8200
(Registrant's Telephone Number, including Area Code)

Not applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- .. Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- .. Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

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- .. Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - .. Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02 Results of Operations and Financial Condition.

On October 31, 2012, First BanCorp. (the “Corporation”), the bank holding company for FirstBank Puerto Rico (“FirstBank” or “the Bank”), issued a press release announcing its unaudited results of operations for the third quarter ended September 30, 2012. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

A copy of the presentation that the Corporation will use at its conference call to discuss its financial results for the quarter ended September 30, 2012 is attached hereto as Exhibit 99.2 and is incorporated herein by reference. As announced in a press release dated October 23, 2012, the call may be accessed via a live Internet webcast at 10:00 a.m. Eastern time on Thursday, November 1, 2012 through the investor relations section of the Corporation’s website: www.firstbankpr.com or through the dial-in telephone number (877) 317-6789 or (412) 317-6789. The conference number is 10018992.

The Corporation has included in this release the following financial measures that are not recognized under generally accepted accounting principles, which are referred to as non-GAAP financial measures: (i) the calculation of net interest income, interest rate spread and net interest margin rate on a tax-equivalent basis and excluding changes in the fair value of derivative instruments and certain financial liabilities; (ii) the calculation of the tangible common equity ratio and the tangible book value per common share; (iii) the Tier 1 common equity to risk-weighted assets ratio; and (iv) the adjusted pre-tax, pre-provision income. Investors should be aware that non-GAAP financial measures have inherent limitations and should be read only in conjunction with the Corporation’s consolidated financial data prepared in accordance with GAAP. The release includes a reconciliation of these non-GAAP financial measures to the GAAP financial measures, except for the reconciliation with respect to the calculation of net interest income, interest rate spread and net interest margin rate on a tax-equivalent basis and excluding changes in the fair value of derivative instruments and certain financial liabilities which is included below.

Net interest income, interest rate spread and net interest margin are reported on a tax-equivalent basis and excluding changes in the fair value of derivative instruments and financial liabilities elected to be measured at fair value (“valuations”). The presentation of net interest income excluding valuations provides additional information about the Corporation’s net interest income and facilitates comparability and analysis. The changes in the fair value of derivative instruments and unrealized gains and losses on liabilities measured at fair value have no effect on interest due or interest earned on interest-bearing liabilities or interest-earning assets, respectively. The tax-equivalent adjustment to net interest income recognizes the income tax savings when comparing taxable and tax-exempt assets and assumes a marginal income tax rate, as described in Exhibit A — Tables 2 and 3 of the press release attached hereto as Exhibit 99.1. Income from tax-exempt earning assets is increased by an amount equivalent to the taxes that would have been paid if this income had been taxable at statutory rates. Management believes that it is a standard practice in the banking industry to present net interest income, interest rate spread and net interest margin on a fully tax-equivalent basis. This adjustment puts all earning assets, most notably tax-exempt securities and certain loans, on a common basis that facilitates comparison of the Corporation’s results to results of its peers.

The following table reconciles the non-GAAP financial measure “net interest income on a tax-equivalent basis excluding valuations” with net interest income calculated and presented in accordance with GAAP. The table also reconciles the non-GAAP financial measures “net interest spread on a tax-equivalent basis and excluding valuations” and “net interest margin on a tax-equivalent basis and excluding valuations” with net interest spread and net interest margin calculated and presented in accordance with GAAP.

Reconciliation of GAAP Net Interest Margin and Spread to Non-GAAP Net Interest Margin and Spread on a Tax-Equivalent Basis and excluding fair value changes on derivative instruments and liabilities measured at fair value ("valuations")
(Dollars in Thousands)

| | Quarter Ended | | | | Nine-Month Period Ended | | |
|---|--------------------|---------------|----------------|-------------------|-------------------------|--------------------|--------------------|
| | September 30, 2012 | June 30, 2012 | March 31, 2012 | December 31, 2011 | September 30, 2011 | September 30, 2012 | September 30, 2011 |
| Net Interest Income | | | | | | | |
| Interest Income - GAAP | \$ 166,964 | \$ 153,652 | \$ 152,107 | \$ 156,752 | \$ 158,542 | \$ 472,723 | \$ 502,863 |
| Unrealized loss (gain) on derivative instruments | (170) | 33 | (332) | (246) | 954 | (469) | 1,794 |
| Interest income excluding valuations | 166,794 | 153,685 | 151,775 | 156,506 | 159,496 | 472,254 | 504,657 |
| Tax-equivalent adjustment | 1,463 | 1,634 | 1,741 | 1,456 | 1,521 | 4,838 | 5,339 |
| Interest income on a tax-equivalent basis excluding valuations | 168,257 | 155,319 | 153,516 | 157,962 | 161,017 | 477,092 | 509,996 |
| Interest Expense - GAAP | 41,461 | 44,947 | 50,241 | 58,209 | 64,287 | 136,649 | 207,894 |
| Unrealized gain (loss) on derivative instruments and liabilities measured at fair value | - | 539 | (49) | (1,992) | (1,601) | 490 | (2,176) |
| Interest expense excluding valuations | 41,461 | 45,486 | 50,192 | 56,217 | 62,686 | 137,139 | 205,718 |
| | \$ 125,503 | \$ 108,705 | \$ 101,866 | \$ 98,543 | \$ 94,255 | \$ 336,074 | \$ 294,969 |

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Net interest
income - GAAP

Net interest
income
excluding
valuations

| | | | | | | |
|-----------|-----------|-----------|-----------|----------|-----------|-----------|
| \$125,333 | \$108,199 | \$101,583 | \$100,289 | \$96,810 | \$335,115 | \$298,939 |
|-----------|-----------|-----------|-----------|----------|-----------|-----------|

Net interest
income on a
tax-equivalent
basis excluding
valuations

| | | | | | | |
|-----------|-----------|-----------|-----------|----------|-----------|-----------|
| \$126,796 | \$109,833 | \$103,324 | \$101,745 | \$98,331 | \$339,953 | \$304,278 |
|-----------|-----------|-----------|-----------|----------|-----------|-----------|

Average
Balances

Loans and leases
Total securities
and other
short-term
investments

| | | | | | | |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| \$10,297,835 | \$10,183,229 | \$10,389,246 | \$10,637,523 | \$10,832,426 | \$10,290,132 | \$11,164,370 |
| 2,238,701 | 2,450,198 | 2,397,918 | 2,665,918 | 2,787,708 | 2,361,820 | 3,305,893 |

Average
Interest-Earning
Assets

| | | | | | | |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| \$12,536,536 | \$12,633,427 | \$12,787,164 | \$13,303,441 | \$13,620,134 | \$12,651,952 | \$14,470,263 |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|

Average
Interest-Bearing
Liabilities

| | | | | | | |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| \$10,518,169 | \$10,577,054 | \$10,725,162 | \$11,255,725 | \$11,944,454 | \$10,606,471 | \$12,743,832 |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|

Average
Yield/Rate

Average yield
on
interest-earning
assets - GAAP

| | | | | | | |
|------|--------|--------|--------|--------|--------|--------|
| 5.30 | % 4.89 | % 4.78 | % 4.67 | % 4.62 | % 4.99 | % 4.65 |
|------|--------|--------|--------|--------|--------|--------|

Average rate on
interest-bearing
liabilities -
GAAP

| | | | | | | |
|------|--------|--------|--------|--------|--------|--------|
| 1.57 | % 1.71 | % 1.88 | % 2.05 | % 2.14 | % 1.72 | % 2.18 |
|------|--------|--------|--------|--------|--------|--------|

Net interest
spread - GAAP

| | | | | | | |
|------|--------|--------|--------|--------|--------|--------|
| 3.73 | % 3.18 | % 2.90 | % 2.62 | % 2.48 | % 3.27 | % 2.47 |
|------|--------|--------|--------|--------|--------|--------|

Net interest
margin - GAAP

| | | | | | | |
|------|--------|--------|--------|--------|--------|--------|
| 3.98 | % 3.46 | % 3.20 | % 2.94 | % 2.75 | % 3.55 | % 2.73 |
|------|--------|--------|--------|--------|--------|--------|

Average yield
on
interest-earning
assets excluding
valuations

| | | | | | | |
|------|--------|--------|--------|--------|--------|--------|
| 5.29 | % 4.89 | % 4.77 | % 4.67 | % 4.65 | % 4.99 | % 4.66 |
|------|--------|--------|--------|--------|--------|--------|

Average rate on
interest-bearing

| | | | | | | |
|------|--------|--------|--------|--------|--------|--------|
| 1.57 | % 1.73 | % 1.88 | % 1.98 | % 2.08 | % 1.73 | % 2.16 |
|------|--------|--------|--------|--------|--------|--------|

| | | | | | | | | | | | | | |
|--|------|---|------|---|------|---|------|---|------|---|------|---|------|
| liabilities excluding valuations | | | | | | | | | | | | | |
| Net interest spread excluding valuations | 3.72 | % | 3.16 | % | 2.89 | % | 2.69 | % | 2.57 | % | 3.25 | % | 2.50 |
| Net interest margin excluding valuations | 3.98 | % | 3.44 | % | 3.20 | % | 2.99 | % | 2.82 | % | 3.54 | % | 2.76 |
| Average yield on interest-earning assets on a tax-equivalent basis and excluding valuations | 5.34 | % | 4.94 | % | 4.83 | % | 4.71 | % | 4.69 | % | 5.04 | % | 4.71 |
| Average rate on interest-bearing liabilities excluding valuations | 1.57 | % | 1.73 | % | 1.88 | % | 1.98 | % | 2.08 | % | 1.73 | % | 2.16 |
| Net interest spread on a tax-equivalent basis and excluding valuations | 3.77 | % | 3.21 | % | 2.95 | % | 2.73 | % | 2.61 | % | 3.31 | % | 2.55 |
| Net interest margin on a tax-equivalent basis and excluding valuations | 4.02 | % | 3.50 | % | 3.25 | % | 3.03 | % | 2.86 | % | 3.59 | % | 2.81 |

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit Description of Exhibit

99.1 Press Release dated October 31, 2012 - First BanCorp Announces Earnings for the Quarter Ended September 30, 2012

99.2 First BanCorp Conference Call Presentation – Financial Results Third Quarter 2012

Exhibits 99.1 and 99.2 referenced therein, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall Exhibits 99.1 and 99.2 be deemed incorporated by reference in any filings under the Securities Act of 1933, as amended.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: November 1, 2012

First BanCorp.

By: /s/ Orlando Berges
Name: Orlando Berges
Title: EVP and Chief Financial Officer

Exhibit Index

| Exhibit | Description of Exhibit |
|---------|--|
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