First BanCorp
Investor Presentation

June 2018

1 First BanCorp

Forward-Looking Statements

1 First BanCorp

This presentation may contain "forward-looking statements" concerning the Corporation's future economic, operational and financial performance. The words or phrases "expect," "anticipate," "intend," "look forward," "should," "would," "believes" and similar expressions are meant to identify "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and are subject to the safe harbor created by such sections. The Corporation cautions readers not to place undue reliance on any such "forward-looking statements," which speak only as of the date made, and advises readers that 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: the actual pace and magnitude of economic recovery in the regions impacted by the two hurricanes that affected the Corporation's service areas during the third quarter of 2017 compared to management's current views on the economic recovery; uncertainties about how and when rebuilding will take place in the regions affected by the recent storms, including the rebuilding of the public infrastructure, such as Puerto Rico's power grid, what level of government, private or philanthropic funds will be invested in the affected communities, how many dislocated individuals will return to their homes in both the short- and long-term, and what other demographic changes will take place; uncertainty as to the ultimate outcomes of actions taken, or those that may have to be taken, by the Puerto Rico government, or the oversight board established by the Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA) to address Puerto Rico's financial problems, including the filing of a form of bankruptcy under Title III of PROMESA that provides a court debt restructuring process similar to U.S. bankruptcy protection; the ability of the Puerto Rico government or any of its public corporations or other instrumentalities to repay its respective debt obligations, including the effect of payment defaults on the Puerto Rico government general obligations, bonds of the Government Development Bank for Puerto Rico and certain bonds of government public corporations, and recent and any future downgrades of the long-term and short-term debt ratings of the Puerto Rico government, which could exacerbate Puerto Rico's adverse economic conditions and, in turn, further adversely impact the Corporation; uncertainty about whether approvals by the New York FED will be provided for future payments of dividends to stockholders or for receiving dividends from FirstBank, or for making payments on trust preferred securities or subordinated debt, incurring, increasing or guaranteeing debt or repurchasing any capital securities, despite the consents that have enabled the Corporation to pay quarterly interest payments on the Corporation's subordinated debentures associated with its trust preferred securities since the second quarter of 2016, and for future monthly dividends on the non-cumulative perpetual preferred stock, despite the consents that have enabled the Corporation to pay monthly dividends on its non-cumulative perpetual preferred stock since December 2016; a decrease in demand for the Corporation's products and services and lower revenues and earnings because of the continued recession in Puerto Rico; uncertainty as to the availability of certain funding sources, such as brokered CDs; the Corporation's reliance on brokered CDs to fund operations and provide liquidity; the risk of not being able to fulfill the Corporation's cash obligations or resume paying dividends to the Corporation's common stockholders in the future due to the Corporation's need to receive regulatory approvals to declare or pay any dividends and to take dividends or any other form of payment representing a reduction in capital from FirstBank or FirstBank's failure to generate sufficient cash flow to make a dividend payment to the Corporation; the weakness of the real estate markets and of the consumer and commercial sectors and their impact on the credit quality of the Corporation's loans and other assets, which have contributed and may continue to contribute to, among other things, high levels of non-performing assets, charge-offs and provisions for loan and lease losses, and may subject the Corporation to further risk from loan defaults and foreclosures; the ability of FirstBank to realize the benefits of its deferred tax assets subject to the remaining valuation allowance; adverse changes in general economic conditions in Puerto Rico, the U.S., and the U.S. Virgin Islands and British Virgin Islands, including the interest rate environment, market liquidity, housing absorption rates, real estate prices, and disruptions in the U.S. capital markets, which reduced interest margins and affected funding sources, and has affected demand for all of the Corporation's products and services and reduced the Corporation's revenues and earnings, and the value of the Corporation's assets, and may continue to have these effects; an adverse change in the Corporation's ability to attract new clients and retain existing ones; the risk that additional portions of the unrealized losses in the Corporation's investment portfolio are determined to be other-than-temporary, including additional impairments on the Puerto Rico government's obligations; uncertainty about regulatory and legislative changes for financial services companies in Puerto Rico, the U.S., and the U.S. and British Virgin Islands, 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; changes in the fiscal and monetary policies and regulations of the U.S. federal government and the Puerto Rico and other governments, including those determined by the Federal Reserve Board, the New York Fed, the Federal Deposit Insurance Corporation ("FDIC"), government-sponsored housing agencies, and regulators in Puerto Rico and the U.S. and British Virgin Islands; 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 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 the Corporation's financial instruments, goodwill or other intangible assets relating to acquisitions; the risk 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 on the Corporation's businesses, business practices and results of operations of a potential higher interest rate environment; uncertainty as to whether FirstBank will be able to satisfy its regulators regarding, among other things, its asset quality, liquidity plans, maintenance of capital levels and compliance with applicable laws, regulations and related requirements; and general competitive factors and industry consolidation. 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, except as required by the federal securities laws.

Compelling Value Proposition

1 First BanCorp

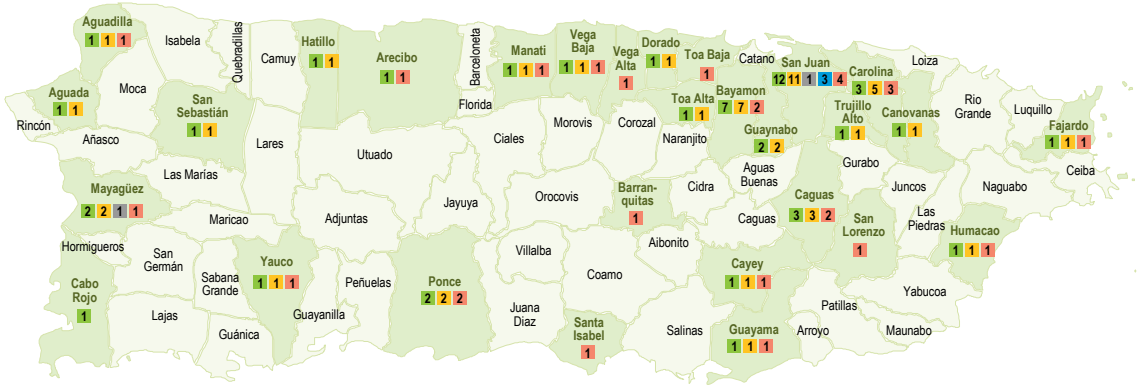
- **Our business model is diverse and scalable** by segment (commercial, residential and consumer) and by unique markets (Puerto Rico, Southeast Florida & Eastern Caribbean).
- **Our equity is valued at 93% of TBV (5/29/18)** and at below 50% of the SNL bank index (199% of TBV). Our capital ratios are among top 5% of banks above $10 billion in assets.
- **Updated regulatory stress test capital ratios (DFAST-2017) remain strong** (over 500 basis points above well-capitalized levels) even under defined severely adverse economic scenario (lasting 9 quarters).
- **Successfully navigated challenging operating environment following a decade long recession.** We have capital to support recovery, a return to organic growth and future strategic opportunities.
- **Leadership team is experienced, cohesive, and credible.** Dedicated to enhancing shareholder value through superior service and products for all our customers in all our markets.
- **Poised to resume growth as we support rebuilding activities in our communities and ready for strategic consolidation opportunities.** We will join with private and public resources to help Puerto Rico and the Virgin Islands rebuild.

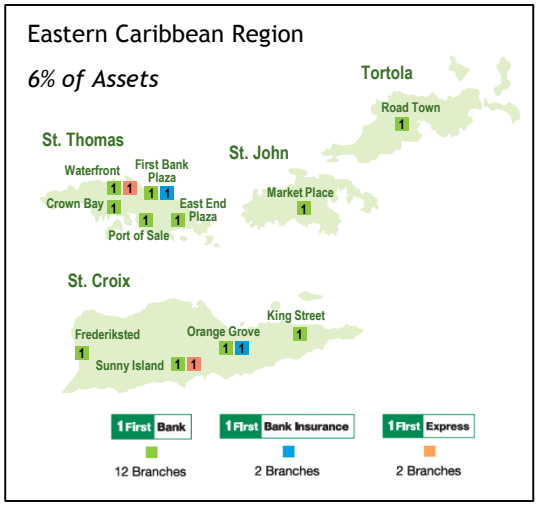
Franchise Overview

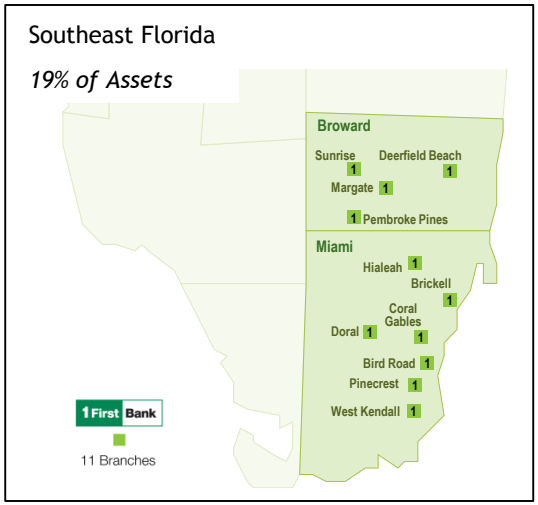
1First BanCorp

Well-diversified with significant competitive strengths

- Founded in 1948
- Headquartered in San Juan, Puerto Rico with operations in PR, Eastern Caribbean (Virgin Islands) and Florida.
  - ~2,555 FTE employees[1]
- 2nd largest financial holding company in Puerto Rico with attractive business mix and substantial loan market share.
- Florida presence with focus on serving southeast Florida region.
- The largest depository institution in the US Virgin Islands with approximately 40% deposit market share.
- Over 200 ATM machines and the largest ATM network in the Eastern Caribbean Region.[2]
- A well-diversified operation with over 650,000 retail & commercial customers.







As of March 31, 2018.
1) FTE = Full Time Equivalent.
2) Eastern Caribbean Region or ECR includes United States and British Virgin Islands.

Franchise Positioning

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Well-positioned Puerto Rico institution in a consolidating market

($ in millions)

Puerto Rico Total Assets (Q4-2017)		
Institutions	Portfolio Balance	Market Share
1 Banco Popular	$ 33,180	53.5%
2 FirstBank	9,388	15.2%
3 Oriental Bank	6,063	9.8%
4 Banco Santander	5,114	8.3%
5 Scotiabank	5,019	8.1%
6 Citibank	2,309	3.7%
7 Banco Cooperativo	752	1.2%
8 Banesco	139	0.2%
Total Industry	$ 61,963	100.0%

Puerto Rico Total Loans (Q4-2017)		
Institutions	Portfolio Balance	Market Share
1 Banco Popular	$ 17,064	44.4%
2 FirstBank	6,757	17.6%
3 Oriental Bank	4,157	10.8%
4 Banco Santander	3,839	10.0%
5 Scotiabank	3,031	7.9%
6 Others	3,031	7.9%
7 Citibank	405	1.1%
8 Banesco	141	0.4%
Total Industry	$ 38,426	100.0%

Puerto Rico Deposits, Net of Brokered (Q4-2017)		
Institutions	Portfolio Balance	Market Share
1 Banco Popular	$ 27,723	58.2%
2 FirstBank	5,319	11.2%
3 Oriental Bank	4,290	9.0%
4 Banco Santander	4,044	8.5%
5 Scotiabank	3,201	6.7%
6 Citibank	2,303	4.8%
7 Banco Cooperativo	657	1.4%
8 Banesco	83	0.2%
Total Industry	$ 47,622	100.0%

- Strong and uniquely positioned franchise in densely populated regions of core operating footprint.
- Strong market share in loan portfolios facilitates customer relationship expansion and cross-sell to increase deposit share.
- Long-term opportunity for additional consolidation.
  - Branch overlap of greater than 50% with five Puerto Rico institutions.[2]

1-mile branch overlap[2]

citi	100%
OFGBancorp	52
POPULAR	50
Santander	60
Scotiabank	67

Source: PR Market Share Report prepared with data provided by the Commissioner of Financial Institutions of Puerto Rico as of 12/31/17.
1) Puerto Rico only.
2) Calculated as institution bank branches within a mile of an FBP branch as a percentage of total institution branches in Puerto Rico. Alphabetical order.

Diversified Business Model Across Regions

1 First BanCorp

Consumer Banking

- *Attractive branch network across densely populated regions in Puerto Rico, south Florida and the V.I. Expanded Puerto Rico footprint through Doral acquisition.*
- *Full suite of leading edge deposit products. Increased emphasis on transaction banking, mobile and remote channels.*
- *Well-diversified, high-yielding consumer portfolio: auto; personal loans; and credit card portfolio.*
- *Earnings growth focused on ongoing market share gains and product penetration via cross-selling activities —notably tied to mortgage, credit cards, personal loans and auto finance.*
- *Average origination[1] volume over past 3 quarters of $200 million vs. $242 million in 4 quarters prior to the hurricanes.*

Mortgage Banking

- *Originate, sale & servicing model.*
- *Production channels centered on expanding branch network vs. correspondents/brokers.*
- *Target majority conforming originations.*
- *Fannie, Freddie and FHA Servicer.*
- *Expanded mortgage origination capabilities during 2015 with the mortgage banking business acquired from Doral Bank.*
- *Solidified 2nd position in Puerto Rico with 30% mortgage origination market share during 4Q 2017.*
- *Average origination[1] volume over the past 3 quarters of $109 million vs. $184 million in 4 quarters prior to hurricanes.*

Commercial Lending

- *Focus on small to middle market commercial and corporate borrowers across FBP's footprint. Complimented by full suite of deposit and business products.*
- *Balanced risk/return profile to manage concentration risk/earnings.*
- *Growth opportunities centered in south Florida region and expanding lending teams.*
- *Building stronger transaction banking services to target market share opportunities.*
- *Emphasis on cross-sell and core deposit gathering with recent launch of new products and services.*
- *Average origination[1] volume over past 3 quarters of $346 million vs. $496 in 4 quarters prior to the hurricanes.*

Strong Governance, Risk Management and Compliance Culture

1) Originations include purchases, refinancings, and draws from existing revolving and non-revolving commitments.

Diversity in Core Franchise

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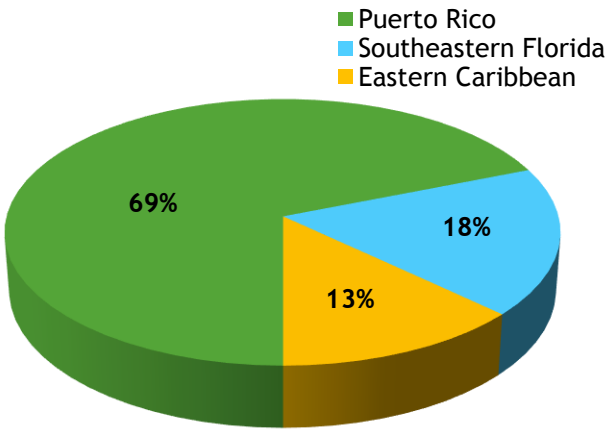
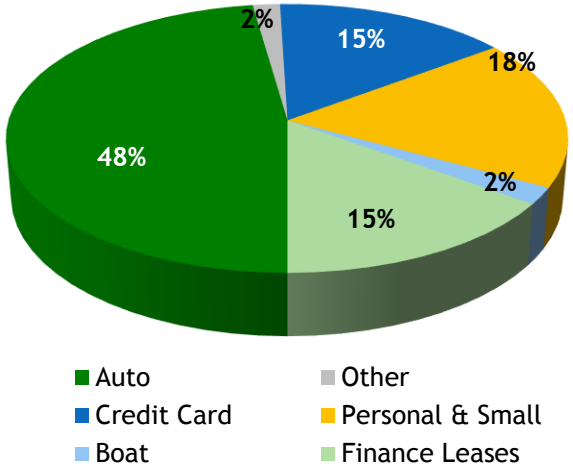
Strengthening geographic and line of business diversification

- Our well-diversified business model within commercial, consumer and residential across three unique regions allows us to be agile when responding to growth opportunities.
- Line of business diversification: Commercial represents 42%, residential represents 38% and consumer represents 20% of the total loan portfolio.
- Geographic diversification:
  - Revenue[1]: 82% Puerto Rico; 12% Florida; and 6% ECR.
  - Loan Portfolio: 75% Puerto Rico; 19% Florida; and 6% ECR.
  - Total Deposits: 69% Puerto Rico; 18% Florida; and 13% ECR.

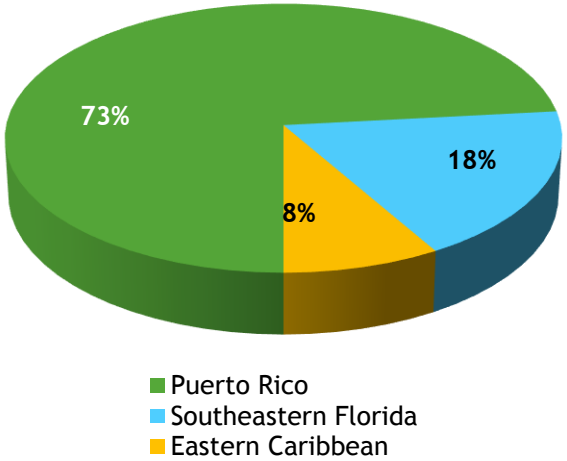
1Q 2018 Total Deposits by Geography



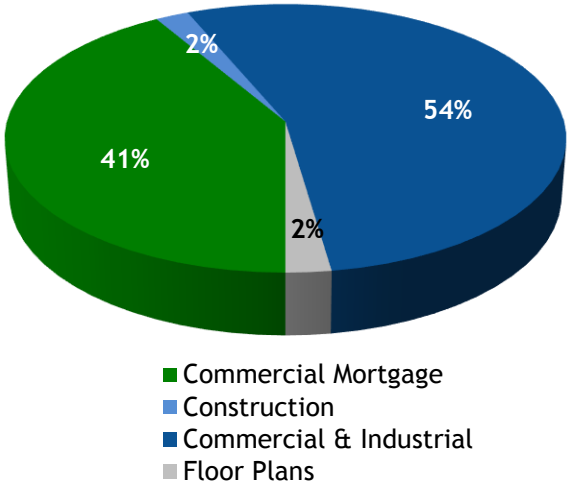
1Q 2018 Consumer Loan Composition



1Q 2018 Residential Loans by Geography



1Q 2018 Commercial Loan Composition



1) For quarter ended March 31, 2018. Revenues include interest income and non interest income as detailed in Note 24 – Segment Information of 3/31/18 10-Q.

Favorable Funding Mix

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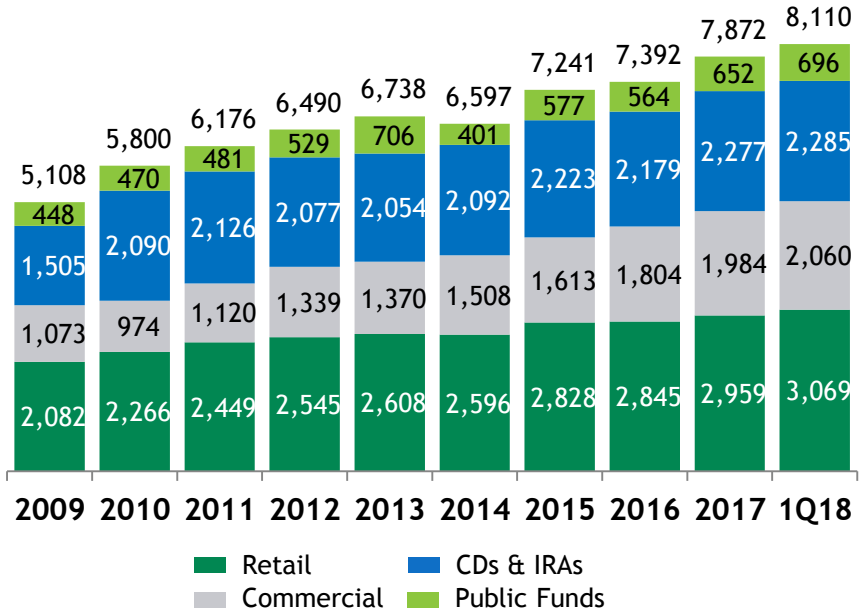
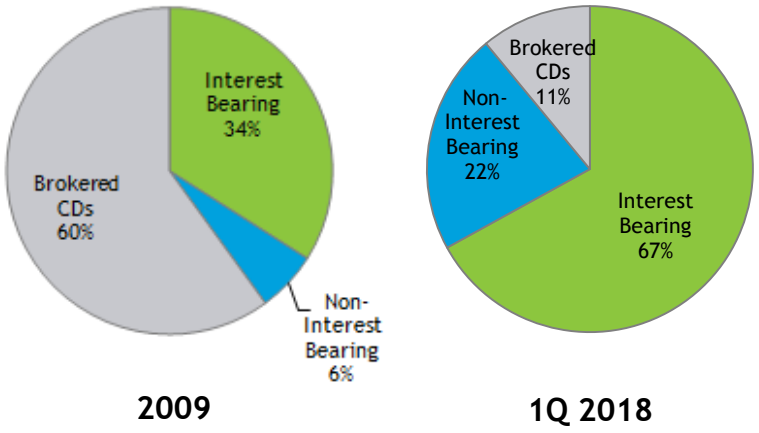
Core Deposits[1] ($ millions)



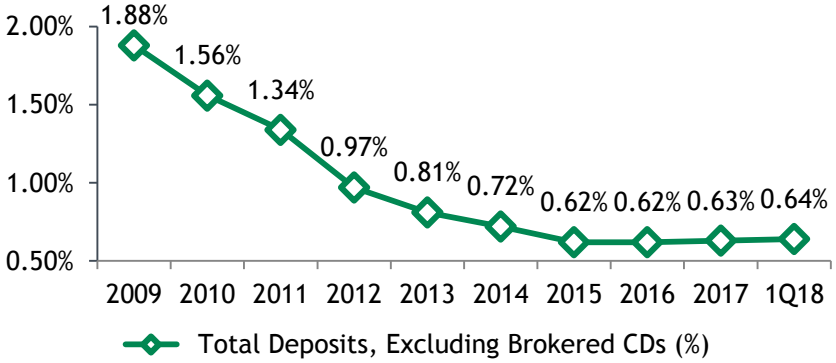
Total Deposit Composition (%)



Successful core deposit growth

- Non-brokered deposits, excluding government deposits, increased $195 million during 1Q 2018.
- Reliance on brokered deposits declined $194 million during 1Q 2018.
- Non-interest bearing deposits continue to grow and now represent 22% of total deposits.

Cost of Deposits



1) Core deposits are total deposits excluding brokered CDs.

Geographic Diverse Business Model Sustains Portfolio

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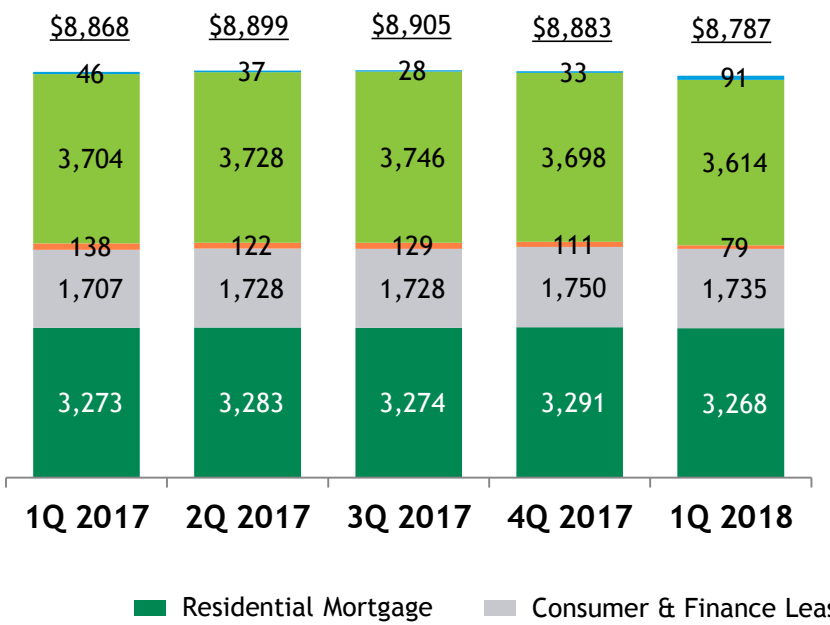
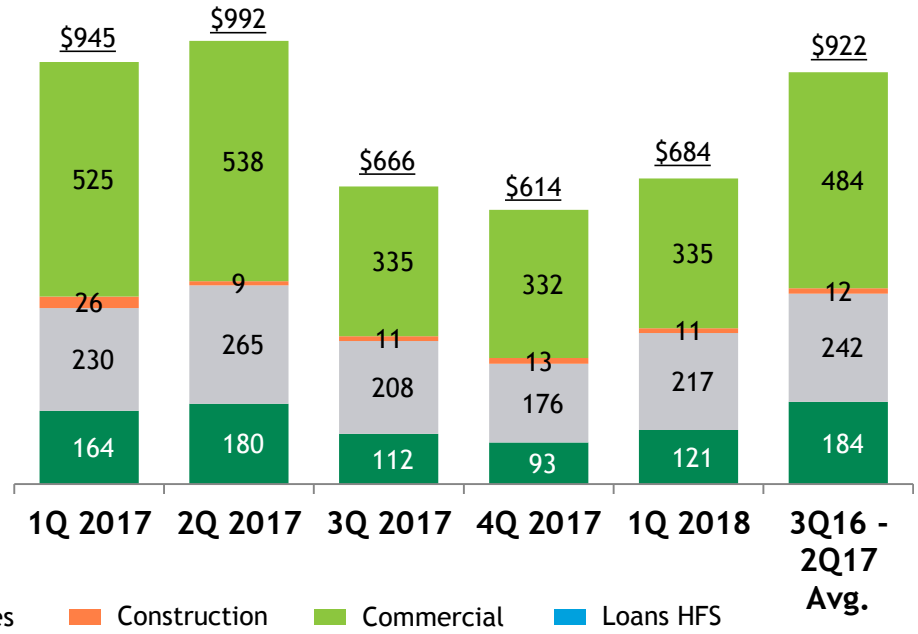
Loan Portfolio ($ millions)



Loan Originations[1] ($ millions)



Despite a challenging market environment, we continue to achieve results through our regional diversification:

Loan Portfolio:

- The loan portfolio decreased $96.2 million in 1Q 2018; mainly due to certain large pay-downs or repayments ($62 million) and sales ($15 million).
- Florida now represents 19% of the loan portfolio.
- Rebuilding efforts in Puerto Rico should provide opportunities for loan growth in the latter part of 2018.

Origination Activity:

- Loan originations in Puerto Rico and the Virgin Islands are still recovering from the hurricane impact; we had a small increase in all major segments this quarter.
- Loan origination pipeline across all three regions for the second quarter is building at a better pace than the first quarter.

1) Including refinancing and draws from existing revolving and non-revolving commitments.

First Quarter 2018 Highlights

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Profitability	▪ 1Q 2018 net income of $33.1 million, or $0.15 per diluted share, compared to $24.2 million in 4Q 2017. ▪ Adjusted pre-tax, pre-provision income of $60.7 million, compared to $53.9 million for 4Q 2017. ▪ Net interest income increased $2.4 million compared to 4Q 2017.
Asset Quality	▪ Total NPAs decreased by $13.4 million to $637.2 million, or 5.2% of assets, in 1Q 2018. ▪ Non-performing loan inflows of $49.8 million compared to $58.3 million in 4Q 2017. ▪ Provision for loan and lease losses decreased $5.2 million to $20.5 million compared to $25.7 million in 4Q 2017. ▪ Net charge-off rate of 1.21% compared to 1.12% for the 4Q 2017.
Core Deposits	▪ Deposits, net of government and brokered CDs, increased by $194.6 million to $7.4 billion. Most of this growth occurred in noninterest-bearing deposits, which grew 10%, or $186.2 million compared to the prior quarter. ▪ Brokered certificates of deposit (CDs) decreased by $194.4 million in 1Q 2018. ▪ Government deposits increased by $43.7 million to $695.7 million as of 1Q 2018.
Capital	▪ During 1Q 2018, we repurchased and cancelled $23.8 million in trust preferred securities for a $2.3 million gain. ▪ 1Q 2018 capital position: – Total Risk Based Capital Ratio of 22.98%; – Tier 1 Ratio Risk Based Capital Ratio of 19.66%; and – Leverage Ratio of 14.18%. ▪ Tangible book value per common share of $8.32 compared to $8.28 in 4Q 2017.

Stable Core Performance in Challenging Environment

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Strong pre-tax pre-provision income with opportunities for improved efficiencies

Income Statement
($ in millions except per share data)

	1Q 2017	2Q 2017	3Q 2017	4Q 2017	1Q 2018
GAAP Net Interest Income	$ 122.5	$ 123.9	$ 122.8	$ 122.3	$ 124.7
Provision for loan and lease losses	25.4	18.1	75.0	25.7	20.5
Non-interest income	8.2	20.5	18.6	15.0	22.8
Non-interest expense	87.9	89.1	85.6	85.1	86.0
Pre-tax net income (loss)	17.5	37.3	(19.2)	26.4	40.9
Income tax (expense) benefit	8.1	(9.3)	8.4	(2.2)	(7.8)
Net income (loss)	**$ 25.5**	**$ 28.0**	**$ (10.8)**	**$ 24.2**	**$ 33.1**
Adjusted Pre-tax pre-provision earnings	$ 55.4	$ 55.0	$ 53.5	$ 53.9	$ 60.7
Net Interest Margin, (GAAP) (%)	4.42%	4.44%	4.33%	4.36%	4.40%
Net income (loss) per common share-basic	$ 0.11	$ 0.13	$ (0.05)	$ 0.11	$ 0.15
Tangible book value per common share	$ 7.97	$ 8.24	$ 8.21	$ 8.28	$ 8.32

- Pre-tax pre-provision income of $60.7 million[1] average 4 quarters of $55.8 million.
- Replacement of NPLs with performing loans should reduce provisioning needs.
- Future earnings potential with a reduction in costs associated with managing NPLs and OREO.
- Opportunities for income improvement with focused efforts on non-interest expense reduction.
- Potential for additional loan growth opportunities.

1) See pre-tax pre-provision income reconciliation on page 31.

Proactively Managing Asset Quality

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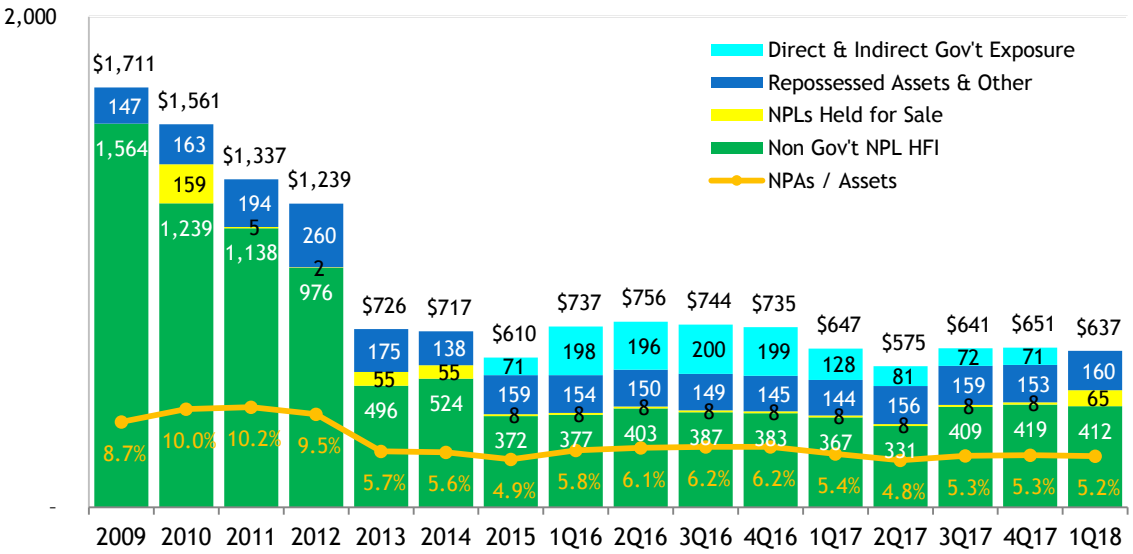
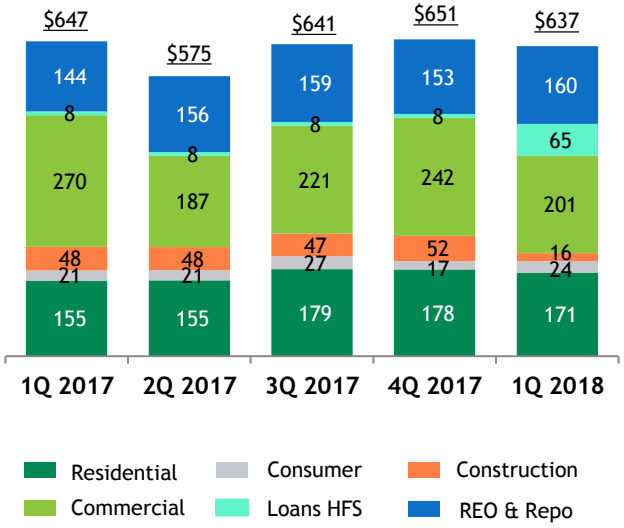
Non-Performing Assets ($ millions)



NPA Composition



NPAs decreased by $13 million to $637 million or 5.2% of assets:

- The decrease in NPAs in 1Q18 was primarily attributable to charge-offs totaling $11.4 million taken on four commercial and construction loans and payments totaling $4.0 million received in the first quarter that reduced the outstanding balance of non-performing commercial mortgage loans that were previously guaranteed by the TDF.
- Inflows to non-performing loans were $49.8 million in 1Q 2018, a decrease of $8.5 million, compared to inflows of $58.3 million in the 4Q 2017. The increase in residential and consumer inflows is tied to the expiration of the three-month payment deferral programs in 1Q 2018.

Commercial NPLs (Includes HFS)

Product	Book Value	Accum. Charge-offs	Reserves	Net Carrying Amount [1]
C&I	$85.3	$59.6	$13.2	49.8%
Const.	54.0	100.8	2.1	33.5%
CRE	142.4	81.4	9.7	59.3%
Total	**$281.7**	**$241.8**	**$25.0**	**49.0%**

1) Net Carrying Amount = % of unpaid principal balance net of reserves and accumulated charge-offs.

Earnings Continue to Drive Significant Capital Formation

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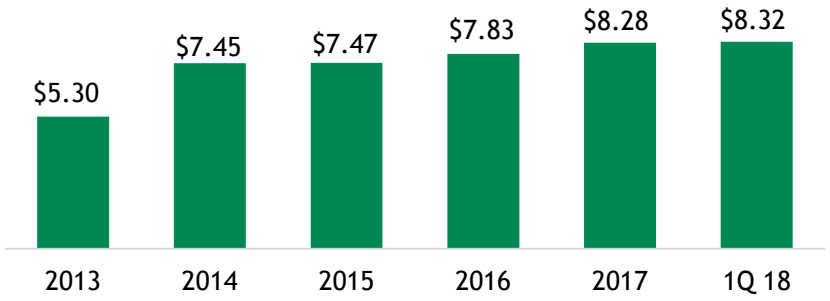
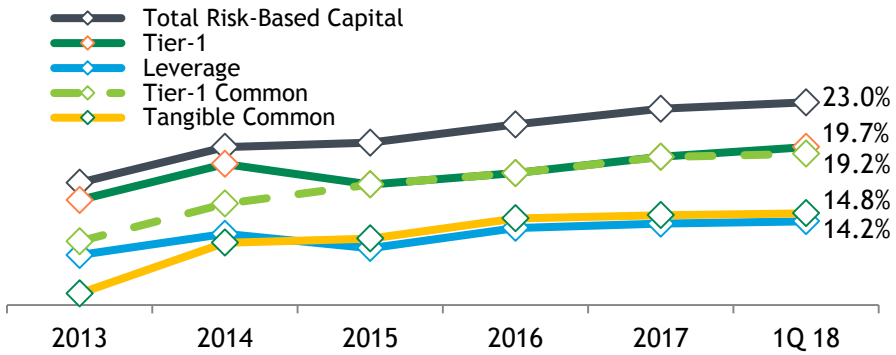
Published DFAST results in October; under the severely adverse scenario, stressed capital ratios are significantly above regulatory capital requirements

Tangible Book Value per Share



Capital Ratios (%)



DFAST Projected Stressed Capital Ratios (Severely Adverse Scenario through Q1 2019)

	Actual	FBP - Changes in Capital Ratios				Projected
Capital Ratio	Q4 2016	Basel III Impact	PPNR	PLLL	Other[1]	Q1 2019
Total Risk-Based Capital	21.34%	(1.89%)	2.25%	(8.05%)	3.86%	17.51%
Tier-1 Risk-Based Capital	17.74%	(1.47%)	2.25%	(8.05%)	3.15%	13.62%
Common Equity Tier-1 [(2)]	17.74%	(1.49%)	2.25%	(8.05%)	2.72%	13.17%
Tier-1 Leverage	13.70%	(0.01%)	1.74%	(6.21%)	1.94%	11.17%

Source: First Bancorp 2017 Annual Company-Run Stress Test Results, Severely Adverse Scenario published October 31, 2017.

1) Increase is mainly due to the effect of the overall reduction in balance sheet items throughout the projection period.

2) Common Equity Tier-1 calculated under Basel III is a non-GAAP measure.

Executing for Earnings Growth

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Puerto Rico

- **Opportunities for ongoing market share gains**
  - Largest opportunity on deposit products, electronic banking & transaction services.
  - Growth in selected loan products for balanced risk/return to manage risk concentration and diversify income sources.
  - FirstBank-branded credit card portfolio continues to broaden and deepen relationships, while diversifying revenue stream.

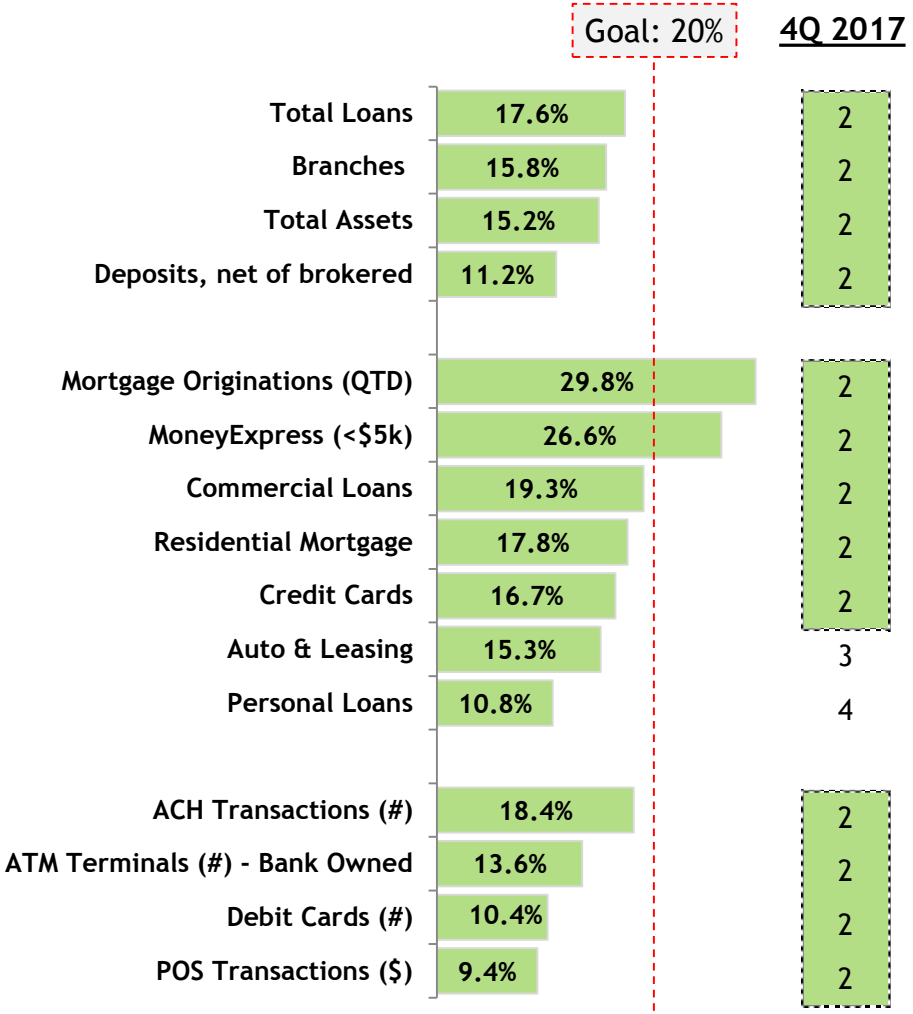
SE Florida

- **Long-term demographic trends tailwind for growth**
  - Continued focus on core deposit growth, commercial and transaction banking and conforming residential mortgages.
  - Lending teams generating growth in loan portfolio. Florida loan portfolio increased $283 million in 2017.

Virgin Islands

- **Solidify leadership position by further increasing customer share of wallet.**

Puerto Rico Market Share[1]



1) Source: PR Market Share Report prepared with data provided by the Commissioner of Financial Institutions of Puerto Rico as of 12/31/17.

Stronger Franchise: Proven Success Implementing Strategic Plan

1 First BanCorp

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- **Our equity is valued at 93% of TBV (5/29/18)** and at below 50% of the SNL bank index (199% of TBV). Our capital ratios are among top 5% of banks above $10 billion in assets.
- **Updated regulatory stress test capital ratios (DFAST-2017) remain strong** (over 500 basis points above well-capitalized levels) even under defined severely adverse economic scenario (lasting 9 quarters).
- **Successfully navigated challenging operating environment following a decade long recession.** We have capital to support recovery, a return to organic growth and future strategic opportunities.
- **Leadership team is experienced, cohesive, and credible.** Dedicated to enhancing shareholder value through superior service and products for all our customers in all our markets.
- **Poised to resume growth as we support rebuilding activities in our communities and ready for strategic consolidation opportunities.** We will join with private and public resources to help Puerto Rico and the Virgin Islands rebuild.

Exhibits

Franchise History

1 First BanCorp

Our turnaround story

2010

June 2010: Written Agreement with the FED and Consent Order with FDIC.

July 2010: The U.S. Treasury exchanged TARP preferred for convertible preferred.

2011

August 2010: Exchange of 89% Perpetual Preferred Stock for Common.

Feb 2011: Sale of NPLs with book value of $269 million.

Feb-April 2011: Sale of $330 million of MBS and $518 mm of performing residential mortgages.

2012

October 2011: Private placement of $525 million in common stock. Lead investors included Thomas H. Lee & Oaktree.

October 2011: Conversion of the preferred held by the U.S. Treasury into 32.9 mm shares of common stock.

May 2012: Acquisition of a $406 million portfolio of FirstBank-branded credit cards from FIA.

March 2013: Sale of NPLs w/ BV of $218 mm & entered separate agreements for sale of NPLs with a book value of $99mm.

2013

August 2013: Completed secondary offering reducing ownership interest of U S Treasury and PE Investors.

June 2013: Write-off of $66.6 mm collateral pledged to Lehman, sale of NPLs with book value of $203.8 mm and $19.2 mm of OREO.

2014

Sept 2014: UST announced on Sept 9th its first predefined written trading plan, in which it will be selling its position in FBP.

Dec 2014: Partial recapture of DTA Valuation Allowance of $303 mm.

UST sold 4.4 mm shares. Ownership at 7.7%.

2015

April 2015: FDIC lifted Consent Order.

During 1Q UST sold 5.0 mm shares. Ownership at 4.8%.

Feb 2015: Acquired 10 branches, over $500 mm in deposits & $325 mm of resi. mort. loans from FDIC as receiver for Doral.

May 2015: Sold $150 mm classified assets.

June 2015: DFAST results; severely-adv. scenario FBP exceeds well-capitalized threshold.

2016

Jan 2016: Repurch. $10 million of trust preferred securities resulting in a $4.2 mm gain.

June 2016: Brought current accrued & unpaid int. on trust pref. secs.

Oct 2016: DFAST results; exceed well-cap ratios.

Dec 2016: Completed secondary offering reducing PE ownership to 14.5% each.

2017

Aug 2017: Completed secondary offering reducing PE ownership to 4.6% each.

Feb 2017: Secondary offering reducing PE ownership to 9.2% each.

May 2017: UST sold remaining shares FBP.

Oct 2017: Written Agreement with Federal Reserve lifted.

($ in millions)

		2009	1Q 2018	Change ('09-'18)	% improvement
De-Risking of Balance Sheet	NPAs	$1,711	$637	$1,073	63%
	NPAs/assets	8.7%	5.2%	349 bps	
	Government exposure	$1,364	$213	$1,151	84%
Building Capital	Tier 1 Common Ratio	4.1%	19.2%	1514 bps	
	TCE / TA	3.2%	14.8%	1160 bps	
Enhanced Franchise Value	Core deposits	$5,108	$8,110	$3,002	59%
	Brokered deposits	$7,561	$956	$6,605	87%
	NIM	2.69%	4.40%	171 bps	

Stock Profile

1 First BanCorp

Trading Symbol:	• FBP
Exchange:	• NYSE
Share Price (5/29/18)**:**	• $7.72
Shares Outstanding [1] (in 000's as of 3/31/18)**:**	• 216,390
Market Capitalization (5/29/18)**:**	• $1.67 billion
Average 3M Daily Volume:	• 1,660,812
Tangible Book Value per Share (3/31/18)	• $8.32
Price (5/29/18) **to Tangible Book Value** (3/31/18)	• 0.93x

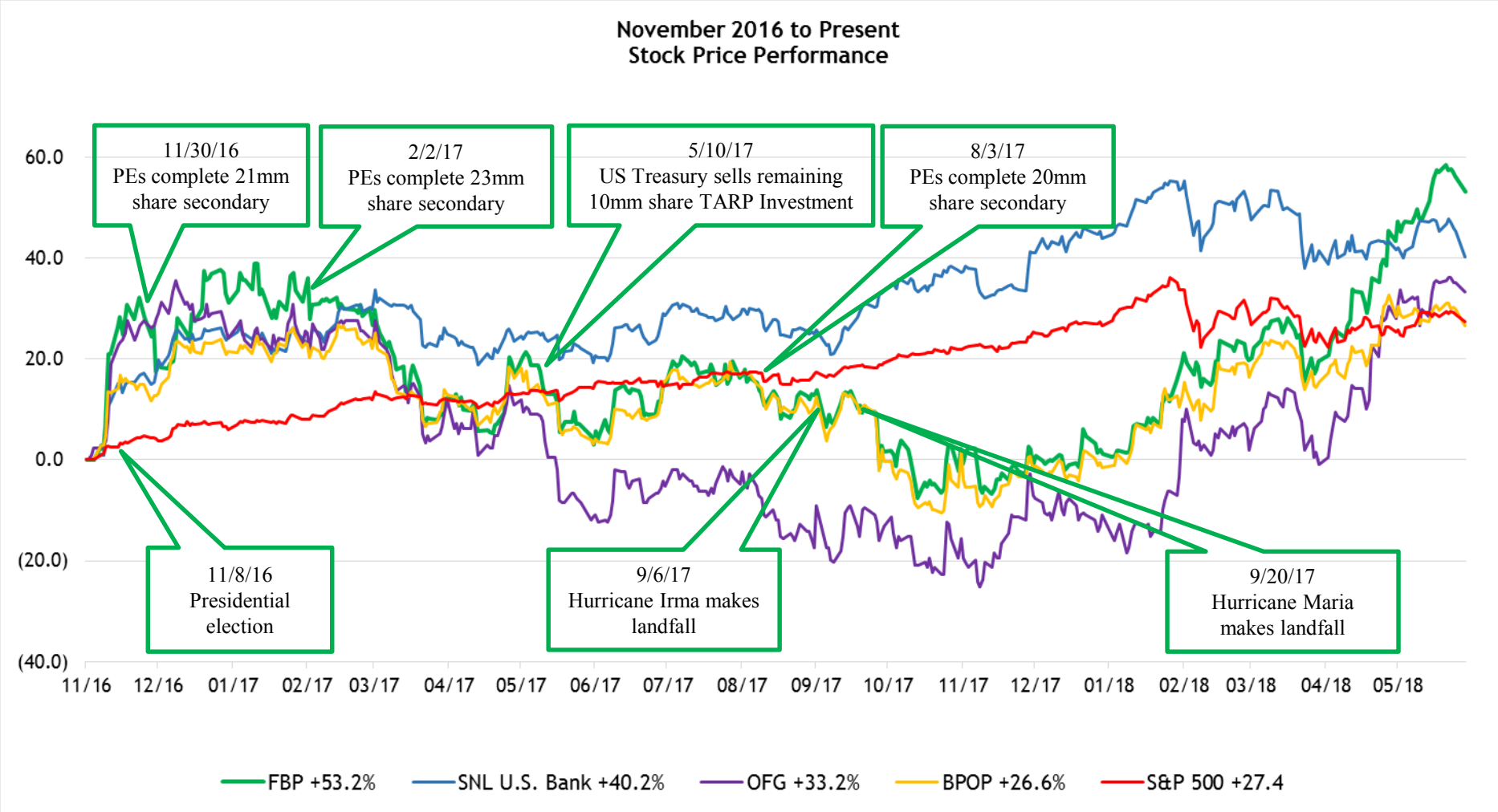
Beneficial Owner >5%	Amount (000s)	Percent of Class
BlackRock Fund Advisors	22,404	10.35%
The Vanguard Group, Inc.	18,893	8.44%
Dimensional Fund Advisors	15,813	7.31%
Frontier Capital Management	11,680	5.40%

1) On May 10, 2017, the U.S. Treasury sold their remaining 10,291,553 shares in FBP. On May 16, 2018, the U.S. Treasury exercised their warrant that entitled it to purchase up to 1,285,899 shares of Common Stock at an exercise price of $3.29 per share. The warrant was exercised in a cashless transaction resulting in 730,751 shares issued and not reflected in the March 31, 2018 shares outstanding.

FBP Stock Price Performance

1 First BanCorp

FBP showed strong institutional demand for shares during four liquidity events since the presidential election. Overall, Puerto Rico bank stocks lagged index performance, after early gains.

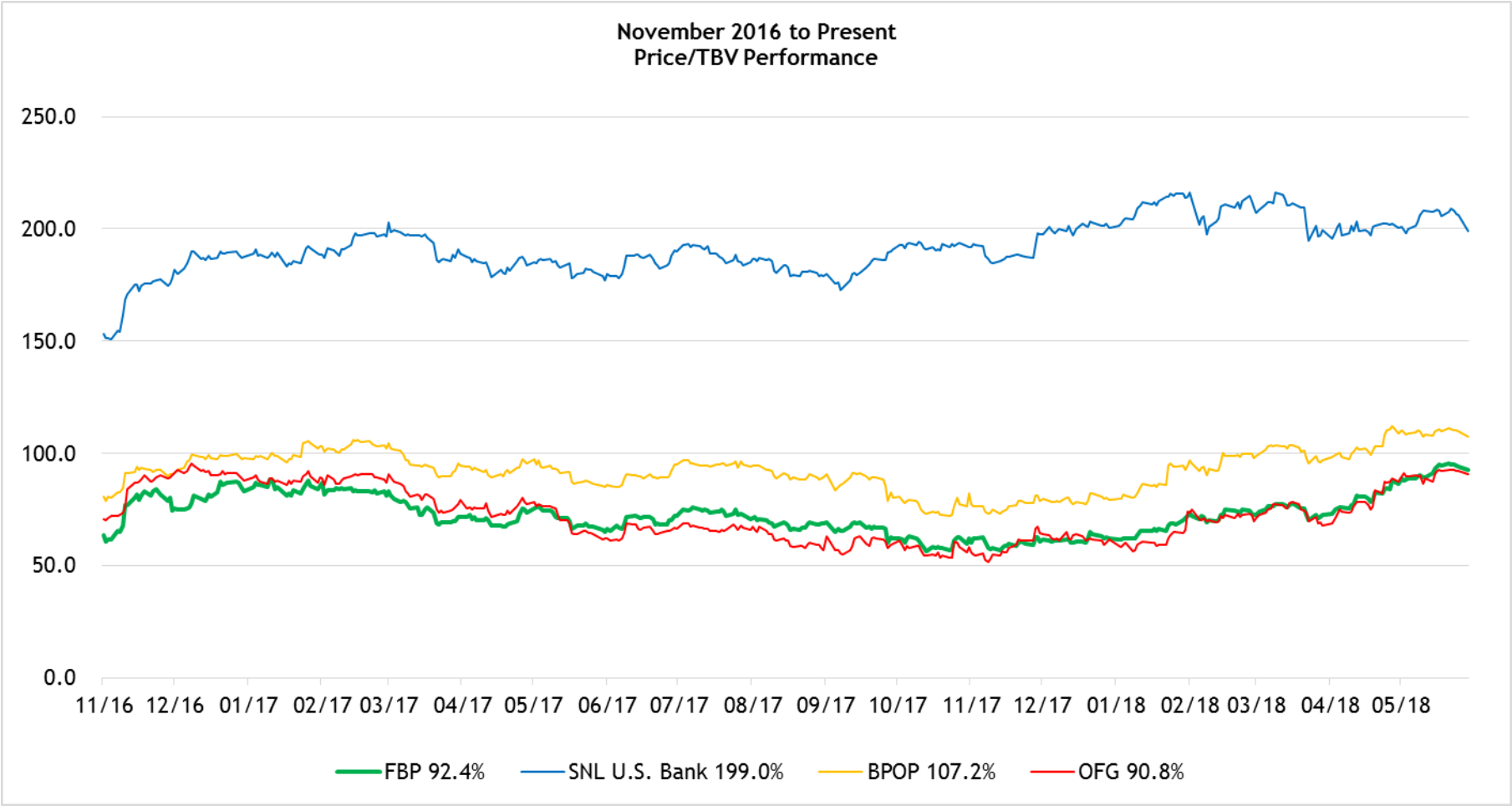


1) Source: SNL Financial. Information November 1, 2016 to Present.

Puerto Rico Bank Sector Price / TBV Performance

1 First BanCorp

Puerto Rico bank valuations continue to trail the broader market.



1) Source: SNL Financial. Information November 1, 2016 to Present.

First Quarter 2018 Results

Results of Operations: First Quarter Financial Highlights

1 First BanCorp

($ in thousands, except per share data)

	1Q 2018	4Q 2017	Variance	1Q 2017
Interest income	$ 149,418	$ 147,826	$ *1,592*	$ 145,228
Interest expense	24,725	25,560	*(835)*	22,679
Net interest income	124,693	122,266	*2,427*	122,549
Provision for loan and lease losses	20,544	25,703	*(5,159)*	25,442
Non-interest income	20,468	14,950	*5,518*	20,474
Gain on early extinguishment of debt	2,316	-	*2,316*	-
Net gain (loss) on investments and impairments	-	-	-	(12,231)
Total non-interest income	22,784	14,950	*7,834*	8,243
Personnel expense	40,684	37,655	*3,029*	38,653
Occupancy and equipment expense	15,105	15,067	*38*	14,088
Insurance and supervisory fees	3,855	4,417	*(562)*	4,909
REO expense	190	2,201	*(2,011)*	4,076
Other operating expenses	26,193	25,796	*397*	26,156
Total non-interest expense	86,027	85,136	*891*	87,882
Pre-tax income (loss)	40,906	26,377	*14,529*	17,468
Income tax (expense) benefit	(7,758)	(2,208)	*(5,550)*	8,073
Net income (loss)	**$ 33,148**	**$ 24,169**	***$ 8,979***	**$ 25,541**

Select Financial Information				
Adjusted Pre-tax, pre-provision income	$ 60,730	$ 53,868	$ *6,862*	$ 55,416
Fully diluted EPS	$ 0.15	$ 0.11	$ *0.04*	$ 0.11
Book value per share	$ 8.51	$ 8.48	$ *0.03*	$ 8.18
Tangible book value per share	$ 8.32	$ 8.28	$ *0.04*	$ 7.97
Common stock price	$ 6.02	$ 5.10	$ *0.92*	$ 5.65

Results of Operations: Net Interest Income

1 First BanCorp

Net Interest Income ($ millions)

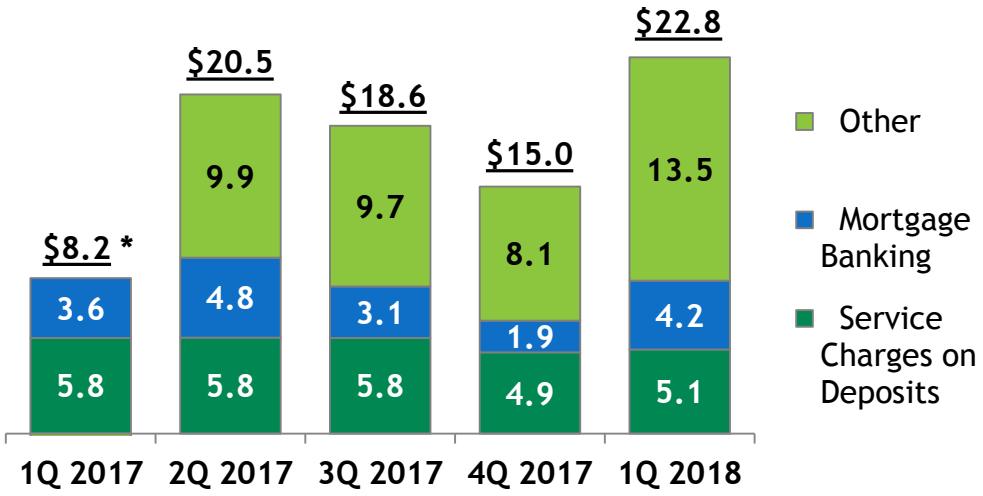
Key Highlights

- Net interest income increased $2.4 million in 1Q 2018. This increase was mainly due to:
  - A $2.2 million increase in interest income on investments securities tied to the full quarter effect of securities purchased toward the end of 4Q 2017 and a decrease in premium amortization from lower prepayment speeds on MBS.
  - A $0.8 million decrease in interest expense related to improved funding mix.
  - A $0.5 million increase in interest income on commercial and construction loans primarily due to the upward repricing of variable rate loans, net of the two fewer days in the quarter.
- This increase was partially offset by a $1.1 million decrease in interest income on consumer loans due largely to the adverse effect of two fewer days in the quarter.
- GAAP NIM increased 14 basis points to 4.40%, primarily driven by the upward repricing of variable rate commercial loans and improved funding mix.

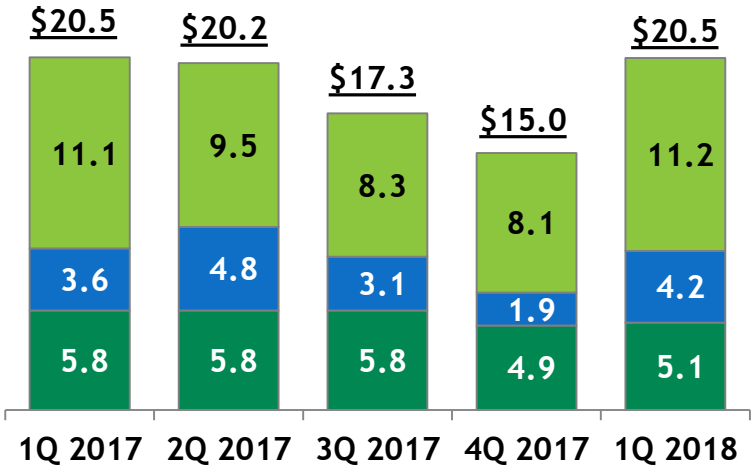
Results of Operations: NON-INTEREST INCOME

1 First BanCorp

GAAP Non-Interest Income ($ millions)



Adj. Non-Interest Income** ($ millions)



Key Highlights

- Non-interest income for 1Q 2018 amounted to $22.8 million, compared to $15.0 million for 4Q 2017. Non-interest income for 1Q 2018 includes the $2.3 million gain on the repurchase at a discount of $23.8 million in trust preferred securities.
- Adjusted non-interest income, excluding the 1Q 2018 gain, increased by $5.5 million primarily due a $2.1 million increase related to seasonal contingent commissions received by the insurance agency, a $2.3 million increase in revenues from mortgage banking activities a $0.8 million gain on the sale of fixed assets of a closed banking branch in Florida and $0.6 million increase in transaction fee income from credit and debit cards, POS, and ATMs.

** Other for 1Q 2017 of -$1.2 million due to a $12.2 million OTTI charge on Puerto Rico Government securities.*
*** Non-GAAP adjusted non interest income - See Appendix page 32 for reconciliation.*

Results of Operations: OPERATING EXPENSES

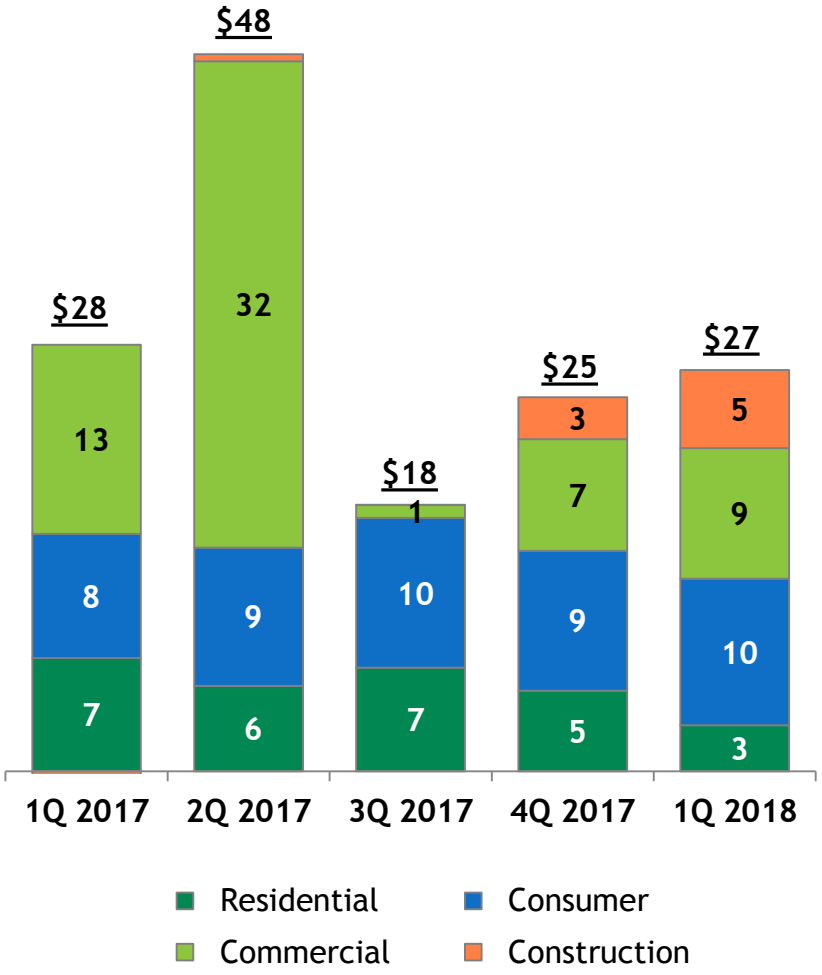
1 First BanCorp

($ in millions)	1Q 2018	4Q 2017	% Change
Credit related expenses	$ 1.8	$ 3.6	-51%
Compensation & benefits	40.7	37.7	8%
Occupancy & equipment	13.5	14.7	-8%
Credit & debit card processing	3.5	3.1	15%
Taxes other than income	3.9	3.4	15%
Other professional fees	8.5	8.8	-4%
Business promotion	2.6	2.4	9%
Deposit insurance premium	2.6	3.1	-13%
Other insurance and supervisory fees	1.2	1.4	-12%
All other expenses	6.2	5.4	13%
Non-GAAP Adj operating expenses	**$ 84.4**	**$ 83.3**	**1%**
Hurricane-related expenses:			
Credit related expenses	$ -	$ 0.9	
Occupancy & equipment	1.6	0.4	
Business promoton	-	0.4	
Compensation & benefits	-	-	
Hurricane-related expenses	$ 1.6	$ 1.7	
Non-interest expense	**$ 86.0**	**$ 85.1**	**1%**

- Non-interest expenses increased by $0.9 million in 1Q 2018 to $86.0 million.
- Non-interest expenses for 1Q 2018 included $1.6 million in storm-related costs substantially all included in occupancy and equipment. For 4Q 2017 insurance deductibles related to damages assessed on certain OREO properties damaged by Hurricane Maria and estimated storm-related costs not recoverable under insurance policies totaled $1.7 million.
- Excluding theses items, non-interest expenses increased $1.1 million this quarter due to:
  - A $3.0 million increase in compensation and benefits related to higher seasonal payroll taxes and bonus expenses.
  - A $0.5 million increase in credit and debit card processing expenses primarily associated with a higher volume of transactions.
  - A $0.5 million increase in taxes, other than income taxes primarily related to an increase in the sales and use tax expense recorded in 1Q 2018.
- These expenses were partially offset by:
  - A $1.9 million decrease in credit related expenses due to a $1.1 million decrease write-downs to the value of OREO properties and $0.8 million decrease in collection fees.
  - A $1.1 million decrease in adjusted occupancy and equipment costs, primarily reflecting the effect in the previous quarter of approximately $0.8 million in lease-termination costs associated with the closing of a Bank branch in Puerto Rico.

Results of Operations: NET CHARGE-OFFS

Net Charge-Offs ($ millions)



Key Highlights

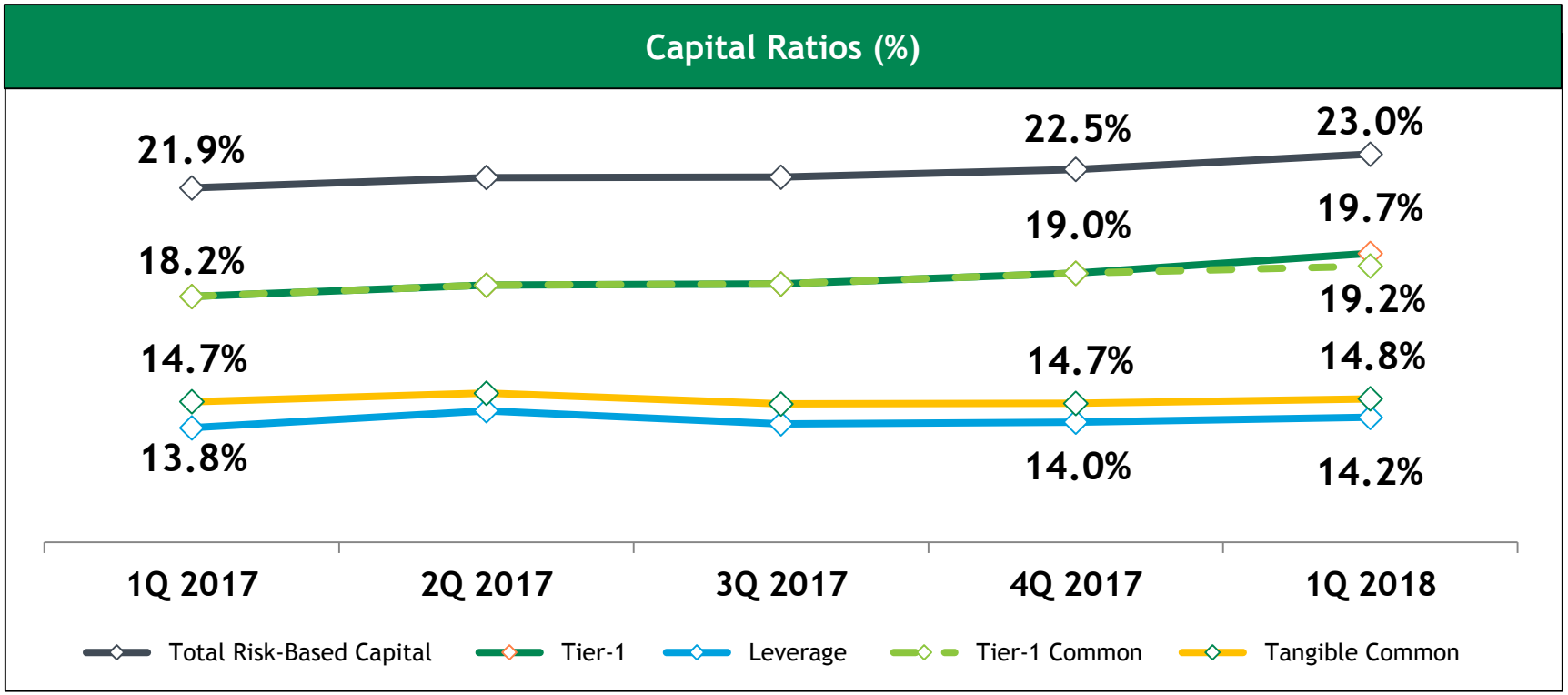
- Net charge-offs for 1Q 2018 were $26.5 million, or an annualized 1.21% of average loans, compared to $24.7 million, or an annualized 1.12% of average loans, in 4Q 2017.
- $9.7 million of the $26.5 million of net charge-offs were tied to loans transferred to held for sale status.
- Allowance coverage ratio of 2.60% compared to 2.62% in 4Q 2017.
- The ratio of the allowance to NPLs held for investment was 54.8% as of 1Q 2018 compared to 47.4% as of 4Q 2017.

Migration Trend ($ millions)

Loan Portfolio	1Q 2018	4Q 2017	$ Change	% Change
Residential	$27.0	$12.8	$14	111%
Consumer	16.3	5.1	11	220%
Com. & Const.	6.5	40.4	(34)	NA
Total Migration	**$49.8**	**$58.3**	**($8)**	**(15%)**

Results of Operations: Capital Position

- Total stockholders' equity amounted to $1.9 billion as of March 31, 2018, an increase of $8.0 million from December 31, 2017, mainly driven by the earnings generated in the first quarter, partially offset by a decrease in the fair value of available-for-sale investment securities recorded as part of other comprehensive income.



NPLs Held for Investment - Migration

1 First BanCorp

($ in 000)

	March 31, 2018					
	Residential Mortgage	Commercial Mortgage	Commercial & Industrial	Construction	Consumer	Total
Beginning balance	**$ 178,291**	**$ 156,493**	**$ 85,839**	**$ 52,113**	**$ 16,818**	**$ 489,554**
Plus:						
Additions to non-performing	26,962	3,568	2,773	196	16,345	49,844
Less:						
Non-performing loans transferred to OREO	(10,129)	(1,456)	(1,133)	(58)	-	(12,776)
Non-performing loans charged-off	(2,800)	(6,810)	(531)	(5,177)	(9,275)	(24,593)
Loans returned to accrual status / collections	(21,725)	(9,302)	(1,623)	(57)	(31)	(32,738)
Transfer from Loand Held for Sale	781	-	-	(781)	-	-
Reclassification (Transfer to LHFS)	-	(27,314)	-	(30,000)	-	(57,314)
Sale	-	-	-	-	-	-
Ending balance	**$ 171,380**	**$ 115,179**	**$ 85,325**	**$ 16,236**	**$ 23,857**	**$ 411,977**

	December 31, 2017					
	Residential Mortgage	Commercial Mortgage	Commercial & Industrial	Construction	Consumer	Total
Beginning balance	**$ 178,530**	**$ 137,059**	**$ 84,317**	**$ 46,720**	**$ 26,506**	**$ 473,132**
Plus:						
Additions to non-performing	12,774	28,423	3,121	8,905	5,092	58,315
Less:						
Non-performing loans transferred to OREO	(780)	-	-	-	-	(780)
Non-performing loans charged-off	(4,583)	(6,968)	(527)	(2,902)	(7,540)	(22,520)
Loans returned to accrual status / collections	(7,650)	(2,021)	(1,072)	(610)	(7,240)	(18,593)
Reclassification	-	-	-	-	-	-
Sale	-	-	-	-	-	-
Ending balance	**$ 178,291**	**$ 156,493**	**$ 85,839**	**$ 52,113**	**$ 16,818**	**$ 489,554**

First Quarter 2018 Highlights: PR Government Exposure

1 First BanCorp

($ in millions)

- As of March 31, 2018, the Corporation had $213.4 million of direct exposure to the Puerto Rico Government, its municipalities and public corporations, compared to $214.5 million as of December 31, 2017.
  - 86% of direct government exposure is to municipalities, which are supported by assigned property tax revenues.

Government Unit	Source of Repayment		Total Outstanding
GDB & Other PR Securities			$ 8.1
Municipalities:			$ 183.6
Securities	Property Tax Revenues	150.5	
Loans		33.1	
Central Government:			$ 6.7
1 Loan	Operating Revenues	6.7	
Public Corporations:			$ 15.0
1 Loan	CRE - Operating Revenues	15.0	
Total Direct Government Exposure			**$ 213.4**

- As of March 31, 2018, the Corporation had $541.4 million of public sector deposits in Puerto Rico, compared to $490.3 million as of December 31, 2017. Approximately 24% is from municipalities and municipal agencies in Puerto Rico and 76% is from public corporations and the central government and agencies in Puerto Rico.

Government Unit	Time Deposits	Transaction Accounts	Total
Municipalities	$ 19.8	$ 88.8	$ 108.6
Municipal Agency	-	21.3	21.3
Public Agencies	78.6	331.2	409.8
Public Corporations	-	1.6	1.6
Total Deposits	**$ 98.4**	**$ 443.0**	**$ 541.4**

Use of Non-GAAP Financial Measures

Basis of Presentation

Use of Non-GAAP Financial Measures

This presentation contains non-GAAP financial measures. Non-GAAP financial measures are used when management believes they will be helpful to an understanding of the Corporation's results of operations or financial position. Where non-GAAP financial measures are used, the comparable GAAP financial measure, as well as the reconciliation of the non-GAAP financial measure to the comparable GAAP financial measure, can be found in the text or in the attached tables to this earnings release. Any analysis of these non-GAAP financial measures should be used only in conjunction with results presented in accordance with GAAP.

Tangible Common Equity Ratio and Tangible Book Value per Common Share

The tangible common equity ratio and tangible book value per common share are non-GAAP financial measures generally used by the financial community to evaluate capital adequacy. Tangible common equity is total equity less preferred equity, goodwill, core deposit intangibles, and other intangibles, such as the purchased credit card relationship intangible and the insurance customer relationship intangible. Tangible assets are total assets less goodwill, core deposit intangibles, and other intangibles, such as the purchased credit card relationship intangible and the insurance customer relationship intangible. Management and many stock analysts use the tangible common equity ratio and tangible book value per common share in conjunction with more traditional bank capital ratios to compare the capital adequacy of banking organizations with significant amounts of goodwill or other intangible assets, typically stemming from the use of the purchase method of accounting for mergers and acquisitions. Accordingly, the Corporation believes that disclosures of these financial measures may be useful also to investors. Neither tangible common equity nor tangible assets, or the related measures should be considered in isolation or as a substitute for stockholders' equity, total assets, or any other measure calculated in accordance with GAAP. Moreover, the manner in which the Corporation calculates its tangible common equity, tangible assets, and any other related measures may differ from that of other companies reporting measures with similar names.

Supplemental Information - Non-GAAP Measures

Tangible Common Equity

(In thousands, except ratios and per share information)	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017
Tangible Equity:					
Total equity - GAAP	$ 1,877,104	$ 1,869,097	$ 1,853,751	$ 1,859,910	$ 1,823,017
Preferred equity	(36,104)	(36,104)	(36,104)	(36,104)	(36,104)
Goodwill	(28,098)	(28,098)	(28,098)	(28,098)	(28,098)
Purchased credit card relationship intangible	(7,426)	(8,000)	(8,633)	(9,266)	(9,899)
Core deposit intangible	(5,084)	(5,478)	(5,885)	(6,297)	(6,747)
Insurance customer relationship intangible	(737)	(775)	(813)	(851)	(889)
Tangible common equity	**$ 1,799,655**	**$ 1,790,642**	**$ 1,774,218**	**$ 1,779,294**	**$ 1,741,280**
Tangible Assets:					
Total assets - GAAP	$ 12,200,386	$ 12,261,268	$ 12,173,648	$ 11,913,800	$ 11,890,398
Goodwill	(28,098)	(28,098)	(28,098)	(28,098)	(28,098)
Purchased credit card relationship intangible	(7,426)	(8,000)	(8,633)	(9,266)	(9,899)
Core deposit intangible	(5,084)	(5,478)	(5,885)	(6,297)	(6,747)
Insurance customer relationship intangible	(737)	(775)	(813)	(851)	(889)
Tangible assets	**$ 12,159,041**	**$ 12,218,917**	**$ 12,130,219**	**$ 11,869,288**	**$ 11,844,765**
Common shares outstanding (1)	**216,390**	**216,278**	**216,175**	**215,964**	**218,431**
Tangible common equity ratio	**14.80%**	**14.65%**	**14.63%**	**14.99%**	**14.70%**
Tangible book value per common share	**$ 8.32**	**$ 8.28**	**$ 8.21**	**$ 8.24**	**$ 7.97**

(1) In May 2017, the U.S. Treasury sold its remaining shares of common stock in First BanCorp. As a result, approximately 2.4 million of restricted shares outstanding were forfeited.

Use of Non-GAAP Financial Measures

1 First BanCorp

Basis of Presentation

Use of Non-GAAP Financial Measures

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Adjusted Pre-Tax, Pre-Provision Income

Adjusted pre-tax, pre-provision income is a non-GAAP performance metric that management uses and believes that investors may find useful in analyzing underlying performance trends, particularly in times of economic stress. Adjusted pre-tax, pre-provision income, as defined by management, represents net income (loss) excluding income tax expense (benefit), the provision for loan and lease losses, as well as certain items that management believes are not reflective of core operating performance or that are not expected to reoccur with any regularity or reoccur at uncertain times and amounts. This metric is income before income taxes adjusted to exclude the provision for loan and lease losses, gains or losses on sales of investment securities and impairments, and fair value adjustments on derivatives. In addition, from time to time, earnings are adjusted also for items that management believes are not reflective of core operating performance or that are not expected to reoccur with any regularity or reoccur at uncertain times and amounts.

Pre-Tax, Pre-Provision Income

(Dollars in thousands)

	Quarter Ended				
	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017
Income (loss) before income taxes	$ 40,906	$ 26,377	$ (19,150)	$ 37,288	$ 17,468
Add: Provision for loan and lease losses	20,544	25,703	75,013	18,096	25,442
(Less)/Add: Net (gain) loss on investments and impairments	-	-	-	(371)	12,231
Less: Gain on early extinguishment of debt	(2,316)	-	(1,391)	-	-
Less: Storm-related idle time payroll and rental costs insurance recovery	-	(157)	(1,662)	-	-
Add: Storm-related expenses	1,596	1,945	599	-	-
Add/(Less): Unrealized loss (gain) on derivative instruments	-	-	-	-	1
Add: Secondary offering costs	-	-	118	-	274
Adjusted pre-tax, pre-provision income	$ 60,730	$ 53,868	$ 53,527	$ 55,013	$ 55,416
Change from most recent prior quarter (amount)	$ 6,862	$ 341	$ (1,486)	$ (403)	$ 409
Change from most recent prior quarter (percentage)	12.7%	0.6%	-2.7%	-0.7%	0.7%

Use of Non-GAAP Financial Measures

Basis of Presentation

Use of Non-GAAP Financial Measures

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Adjusted Non-interest Income

Adjusted non-interest income is a non-GAAP performance metric that management uses and believes that investors may find useful in analyzing underlying performance trends, particularly in times of economic stress. Adjusted non-interest income, as defined by management, represents non-interest income (loss) excluding certain items that management believes are not reflective of core operating performance or that are not expected to reoccur with any regularity or reoccur at uncertain times and amounts. This metric is non-interest income adjusted to exclude gains or losses on sales of investment securities and impairments, and fair value adjustments on derivatives, the gain from recovery of investments previously written off, brokerage and insurance commissions from the sale of large fixed annuities contracts, and OTTI charges on debt securities, the gain on the repurchase and cancellation of trust preferred securities, the gain on sale of merchant contracts.

Adjusted Non-Interest Income

	Quarter Ended				
(In thousands)	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017
Non-interest income	$ 22,784	$ 14,950	$ 18,645	$ 20,549	$ 8,243
Add/(Less): Net loss (gain) on investments and impairments	-	-	-	(371)	12,231
Less: Brokerage and insurance commissions, primarily from sales of large fixed annuities contracts, net of incentive costs	-	-	-	-	-
Less: Gain from recovery of investments previously written off	-	-	-	-	-
Less: Gain on early extinguishment of debt	(2,316)	-	(1,391)	-	-
Adjusted Non-interest Income	$ 20,468	$ 14,950	$ 17,254	$ 20,178	$ 20,474