1First BanCorp

Investor Presentation
September 2024



Forward Looking Statements

This presentation contains "forward-looking statements" concerning the Corporation's future economic, operational and financial performance. The words or phrases "expect," "anticipate," "intend," "should," "would," "will," "plans," "forecast," "believe" 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 hereof, and advises readers that any such forward-looking statements are not guarantees of future performance and involve certain risks, uncertainties, estimates and assumptions by us that are difficult to predict. Various factors, some of which are beyond our control, including, but not limited to, the uncertainties more fully discussed in Part I, Item 1A, "Risk Factors" of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2023, and the following, could cause actual results to differ materially from those expressed in, or implied by, such forward-looking statements: the effect of the current interest rate environment and inflation levels or changes in interest rates on the level, composition and performance of the Corporation's assets and liabilities, and corresponding effects on the Corporation's net interest income, net interest margin, loan originations, deposit attrition, overall results of operations, and liquidity position; the effects of changes in the interest rate environment, including any adverse change in the Corporation's ability to attract and retain clients and gain acceptance from current and prospective customers for new products and services, including those related to the offering of digital banking and financial services; volatility in the financial services industry, including failures or rumored failures of other depository institutions, and actions taken by government agencies to stabilize the financial system, which could result in, among other things, bank deposit runoffs, liquidity constraints, and increased regulatory requirements and costs; uncertainty as to the ability of FirstBank to retain its core deposits and generate sufficient cash flow through its wholesale funding sources, which may require us to sell investment securities at a loss; adverse changes in general economic conditions in Puerto Rico, the U.S., and the U.S. and British Virgin Islands, including in the interest rate environment, unemployment rates, market liquidity, housing absorption rates, real estate markets and U.S. capital markets; general competitive factors and other market risks as well as the implementation of existent or planned strategic growth opportunities, including risks, uncertainties, and other factors or events related to any business acquisitions, dispositions, strategic partnerships, strategic operational investments including system conversions, and any anticipated efficiencies or other expected results related thereto; uncertainty as to the implementation of the debt restructuring plan of Puerto Rico and the Fiscal Plan for Puerto Rico as certified on June 5, 2024 by the Financial Oversight and Management Board for Puerto Rico, or any revisions to it, on our clients and loan portfolios, and any potential impact from future economic or political developments and tax regulations in Puerto Rico; the impact of government financial assistance for hurricane recovery and other disaster relief on economic activity in Puerto Rico; the timing of sales of properties from our other real estate owned ("OREO") portfolio; the impacts of applicable legislative, tax or regulatory changes on the Corporation's financial condition or performance; and the effect of continued changes in the fiscal and monetary policies and regulations of the U.S. federal government, the Puerto Rico government and other governments. 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.

Non-GAAP Financial Measures

In addition to the Corporation's financial information presented in accordance with GAAP, management uses certain "non-GAAP" financial measures" within the meaning of Regulation G promulgated by the SEC, to clarify and enhance understanding of past performance and prospects for the future. Please refer to pages 20-22 for a reconciliation of GAAP to non-GAAP measures and calculations.

Franchise Highlights and Investment Merits

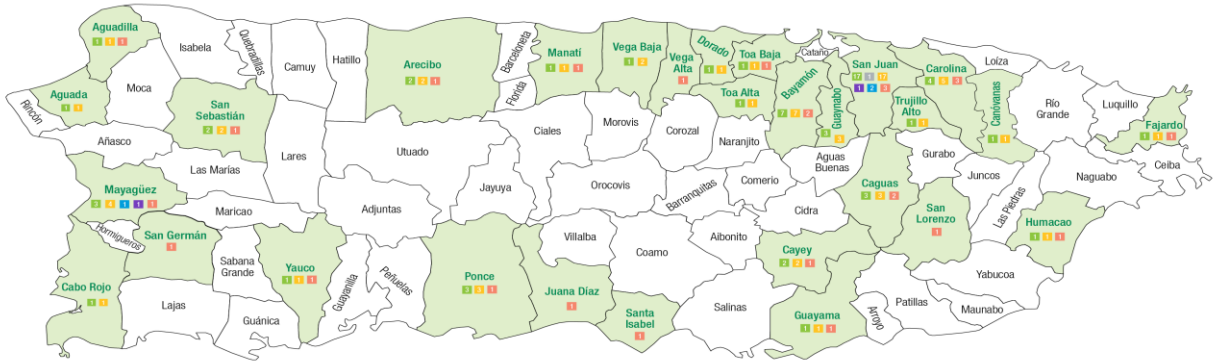
Franchise Overview

- Founded in Puerto Rico in 1948
- Headquartered in San Juan, Puerto Rico with operations in Eastern Caribbean and Florida
- Second largest financial company in PR, with an attractive business mix and substantial loan market share in retail and commercial lending segments
- Florida presence with focus on serving southeast Florida region (Miami-Dade and Broward counties)
- One of the largest depository institution in the US Virgin Islands with over 30% deposit market share (net of government deposits)

Full-Service Banking Franchise Across Three Operating Regions*

Puerto Rico Region

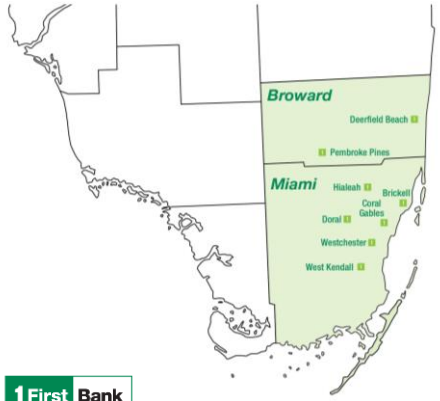
Revenue: 85%
Loan Portfolio: 80%
Total Deposits: 82%



1First Bank — 59 Branches
1First Bank Platinum — 1 Branch
1First Mortgage — 61 Branches
1First Bank Insurance — 3 Branches
Auto Lending — 2 Branches
en moneyexpress ¡Te queremos resolver! — 27 Branches

Florida Region

Revenue: 8%
Loan Portfolio: 17%
Total Deposits: 8%



1First Bank — 8 Branches

Eastern Caribbean Region

Revenue: 7%
Loan Portfolio: 3%
Total Deposits: 10%

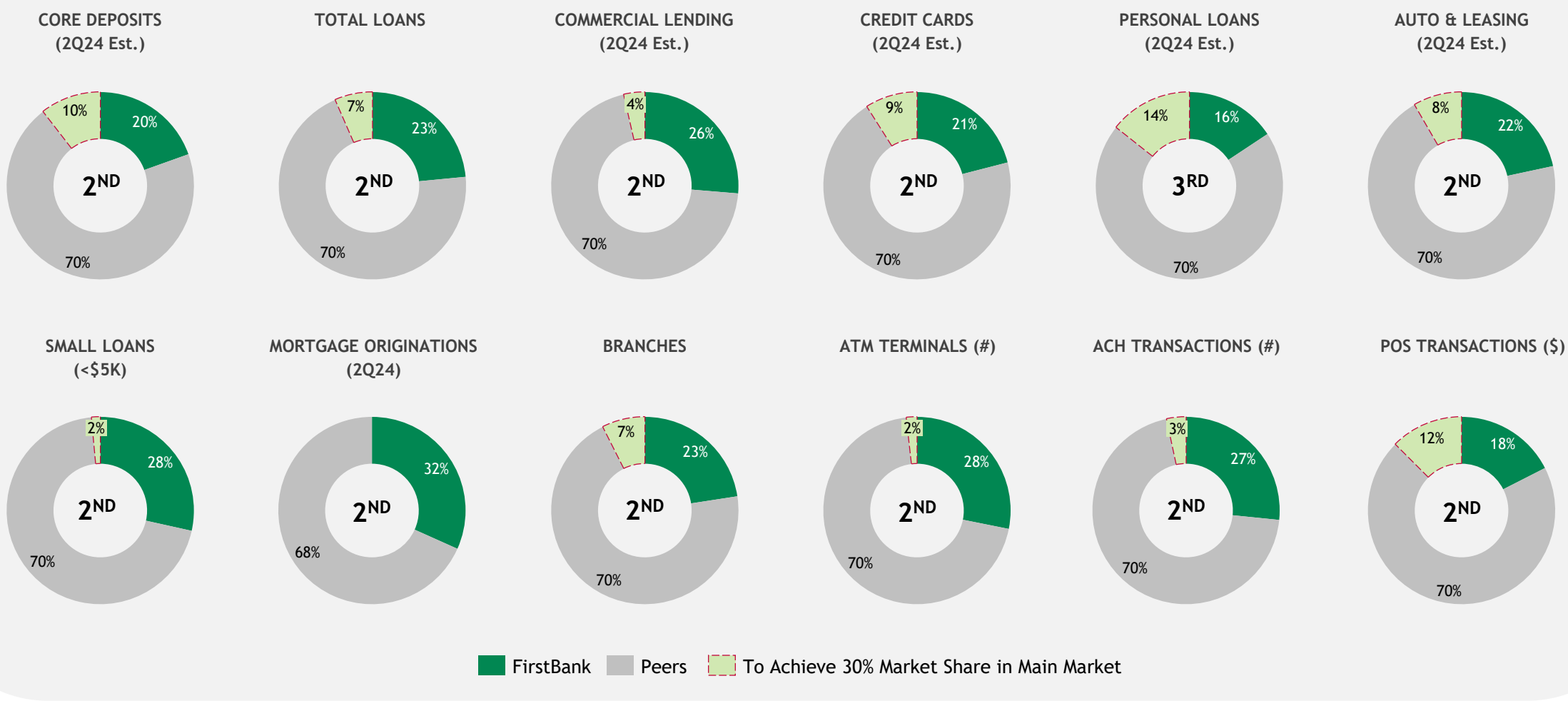


1First Bank — 8 Branches
1First Bank Insurance — 2 Branches

As of 2Q 2024

PUERTO RICO MARKET SHARE*

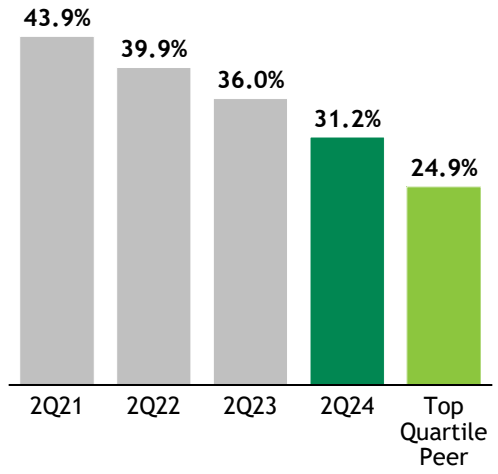
Leading Banking Institution in Puerto Rico Across All Business Segments and Services / Channels



** Market share data as of 4Q 2023 and excludes balances/transactions related to credit unions. "Auto & Leases" and "Small Loans (<$5K)" segments include loans related to other non-depository institutions.*

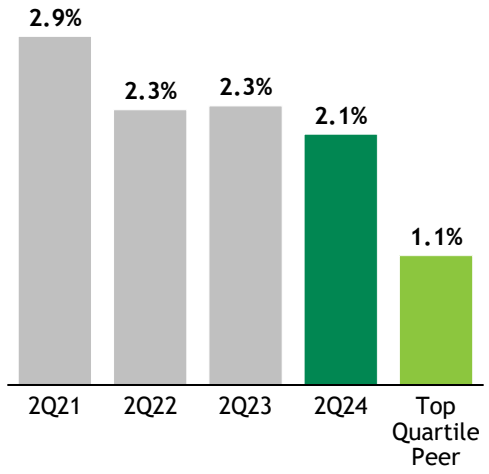
Strong Balance Sheet

Cash/Investments to Assets



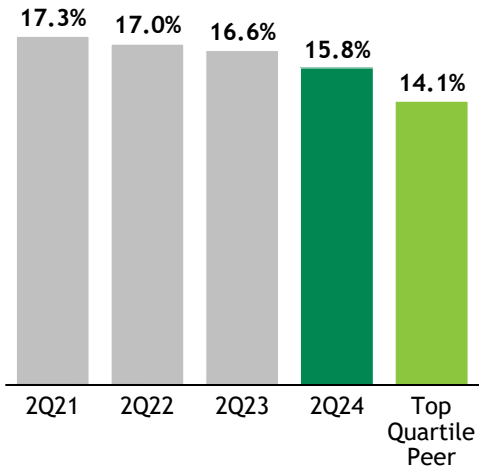
Ample liquidity to drive loan demand as economy continues reopening efforts

ACL to Total Loans HFI



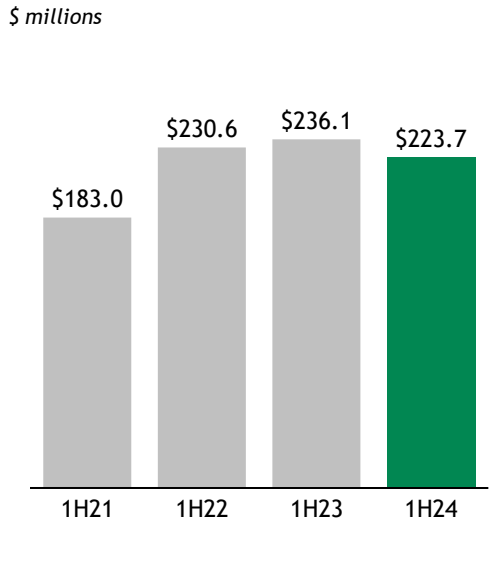
Strong reserve coverage on a well-diversified loan portfolio

Common Equity Tier-1 Ratio



Capital ratios among the highest in the banking sector and above regulatory "Well-Capitalized" guidelines

Pre-Tax Pre-Provision Income



Strong pre-tax pre-provision income generating capacity

Note: Top quartile peer group consists of U.S. banks with assets between $10 billion and $40 billion with operating characteristics similar to FBP. Top quartile as of 2Q 2024 as per S&P Global Market Intelligence.

Investment Merits

1. **Strong Market Position & Scalable Platform** Fully integrated and expanded franchise with a strong market position in a consolidated market with opportunities for enhanced market penetration while serving over 675,000 customers

2. **Economic Recovery Underway** Puerto Rico will continue to benefit from both pandemic relief and disaster recovery funding; over $45 billion in obligated funds are still pending to be disbursed over the next years

3. **Fortress Balance Sheet** Liquidity, reserve coverage, and capital levels remain among the highest in the banking industry with ample coverage to weather the impact of market fluctuations

4. **Strong Core Performance** Pre-tax, pre-provision income of $460 million in 2023; lowest efficiency ratio and nonperforming loans ratio among local peers

5. **Value Driving Capital Allocator** Capital ratios remain among the highest in the banking industry
   - Increased quarterly common dividend to $0.16 per share in February 2024
   - Three consecutive years returning close to 100% of annual earnings in the form of common share repurchases and the payment of common stock dividends to shareholders

Second Quarter 2024 Results

Second Quarter 2024

Financial Performance Highlights

Profitability

- Net income of $75.8 million ($0.46 per diluted share), compared to $73.5 million ($0.44 per diluted share) in 1Q 2024
- Solid return on average assets (“ROAA”) of 1.61%, compared to 1.56% in 1Q 2024
- On a non-GAAP basis, adjusted pre-tax, pre-provision income of $113.1 million, compared to $110.5 million in 1Q 2024
- Sustained expense management discipline resulting in efficiency ratio of 51.2% compared to 52.5% in 1Q 2024

Balance Sheet

- Total loans grew by 2.4% linked-quarter annualized (“LQA”) to $12.4 billion driven by growth across all loan portfolios
- Total loan originations, other than credit card utilization activity, of $1.1 billion
- Total deposits, other than brokered deposits, increased by $84.3 million to $15.9 billion; brokered deposits decreased by $100.9 million
- Core deposits, other than brokered and fully collateralized government deposits, increased by $131.7 million (+4.2% LQA) to $12.7 billion

Asset Quality

- Non-performing assets ("NPA”) decreased by $2.7 million to $126.9 million; NPAs represent 0.67% of total assets
- Allowance for credit losses (“ACL”) coverage ratio on loans and leases decreased by 8 basis points to 2.06%

Liquidity and Capital

- Total available liquidity sources of approximately $6.0 billion or 1.3x of uninsured deposits
- Returned 100% of quarterly earnings to shareholders through common stock repurchases and the payment of dividends on common stock
- On a non-GAAP basis, tangible book value per share increased to $8.81; tangible common equity ratio at 7.7%
- Strong capital position with a Common Equity Tier-1 ratio of 15.8% in 2Q 2024

Franchise Highlights and Operating Environment

Key Highlights

1. **ROAA: 1.61%**
   Adj. ROACE[1]: 14.2%
2. **CET1 Ratio: 15.8%**
   ACL Coverage: 2.06%
3. **100% dividend and buyback payout ratio (2Q 2024)**

Operating Environment

- Main market benefitting from an unprecedented level of federal support for reconstruction activities; close to $2.5 billion in reconstruction funds have been disbursed in 2024 (up 35% YoY)
- Strong labor market in main market; May 2024 unemployment rate at 5.8% vs 6.2% in May 2023
- Encouraging tourism trends; passenger activity through June 2024 at SJU up 10% YTD vs. prior year

Franchise Highlights

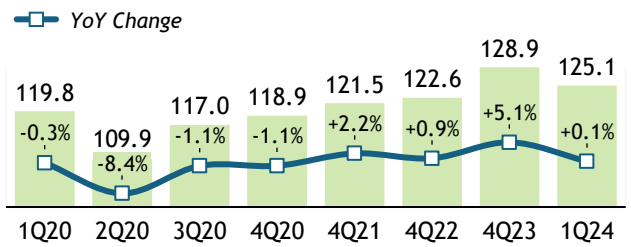
- Digital banking users up 2.8% linked quarter (13.2% vs. prior year)
- Over 40% of deposits captured through self-service and digital functionalities
- Published third annual *Corporate Sustainability Report*

Capital and Strategic Priorities

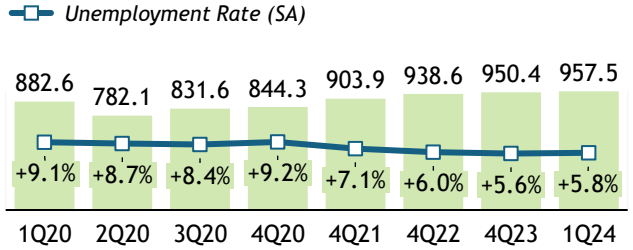
- Focus on thoughtful capital management that serves the long-term best interest of shareholders
- Leverage strong capital position to grow market share within core business segments, while safeguarding asset quality and sustaining profitability profile
- Advance the evolution of IT infrastructure and digital capabilities to support business growth

Positive Economic Backdrop

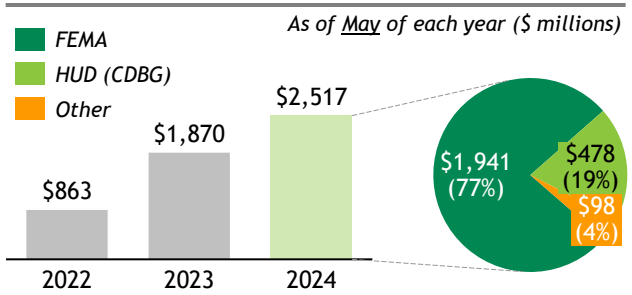
PR Economic Activity Index (EAI)[2]



PR Payroll Employment (Thousands)



PR Disaster Relief Funds Disbursed Per Year[3]



[1] *Non-GAAP financial measure. Please refer to the calculation and management's reason for using this measure on slide 22 titled "Second Quarter 2024 - Use of Non-GAAP Financial Measures".*
[2] *Puerto Rico Economic Development Bank (EDB).* [3] *www.recovery.pr.gov and Recovery Support Function Leadership Group (RSFLG) - https://recovery.fema.gov/rsflg-monthly-data. | YTD disbursements through May of each year*

SECOND QUARTER 2024

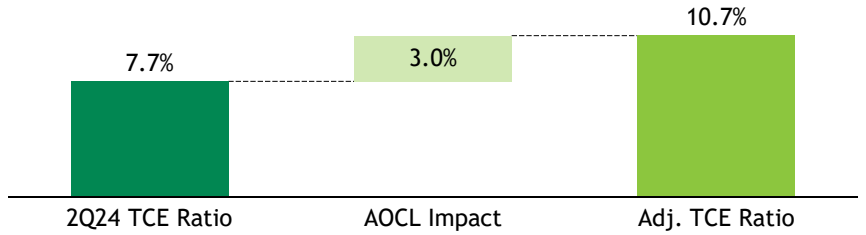
Discussion of Results

Income Statement and Selected Financial Data

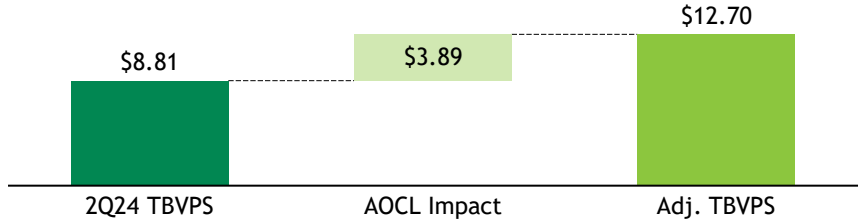
($ in thousands, except per share data and financial ratios)	2Q 2024	1Q 2024	Variance	2Q 2023
Interest income	$ 272,245	$ 268,505	$ 3,740	$ 252,204
Interest expense	72,617	71,985	632	52,389
Net interest income	**199,628**	**196,520**	**3,108**	**199,815**
Provision for credit losses	**11,605**	**12,167**	**(562)**	**22,230**
Total non-interest income	**32,038**	**33,983**	**(1,945)**	**36,271**
Personnel expense	57,456	59,506	(2,050)	54,314
Occupancy and equipment expense	21,851	21,381	470	21,097
Professional service fees	12,431	12,676	(245)	11,596
FDIC deposit insurance	2,316	3,102	(786)	2,143
Net gain of OREO operations	(3,609)	(1,452)	(2,157)	(1,984)
Other non-interest expenses	28,237	25,710	2,527	25,751
Total non-interest expenses	**118,682**	**120,923**	**(2,241)**	**112,917**
Pre-tax income	101,379	97,413	3,966	100,939
Income tax expense	25,541	23,955	1,586	30,284
Net income	**$ 75,838**	**$ 73,458**	**$ 2,380**	**$ 70,655**
Selected Financial Data:				
Adjusted pre-tax, pre-provision income (Non-GAAP)[1]	113,136	110,527	2,609	117,964
Fully diluted EPS (GAAP)	0.46	0.44	0.02	0.39
Cash dividend declared	0.16	0.16	-	0.14
Book value per share	9.10	8.88	0.22	7.78
Tangible book value per share	8.81	8.58	0.23	7.47
Common stock price as of end of quarter	18.29	17.54	0.75	12.22
Dividend payout ratio	34.80%	36.41%	-1.61%	35.45%
Net Interest Margin (GAAP)	4.22%	4.16%	0.06%	4.23%
Efficiency ratio	51.23%	52.46%	-1.23%	47.83%
Return on Average Assets (ROAA)	1.61%	1.56%	0.05%	1.51%
Return on Average Common Equity (ROACE)	20.80%	19.56%	1.24%	19.66%

Non-GAAP Reconciliation - Selected Data[1]

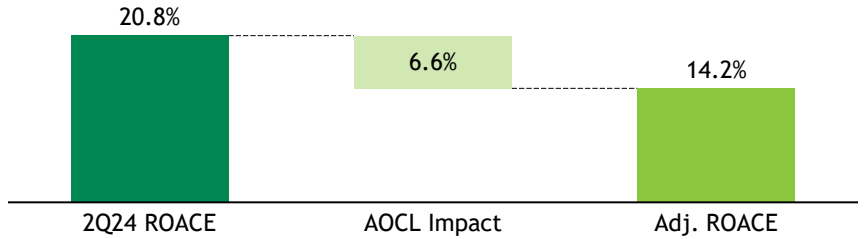
2Q24 Adjusted Tangible Common Equity Ratio



2Q24 Adjusted Tangible Book Value per Share



2Q24 Adjusted ROACE

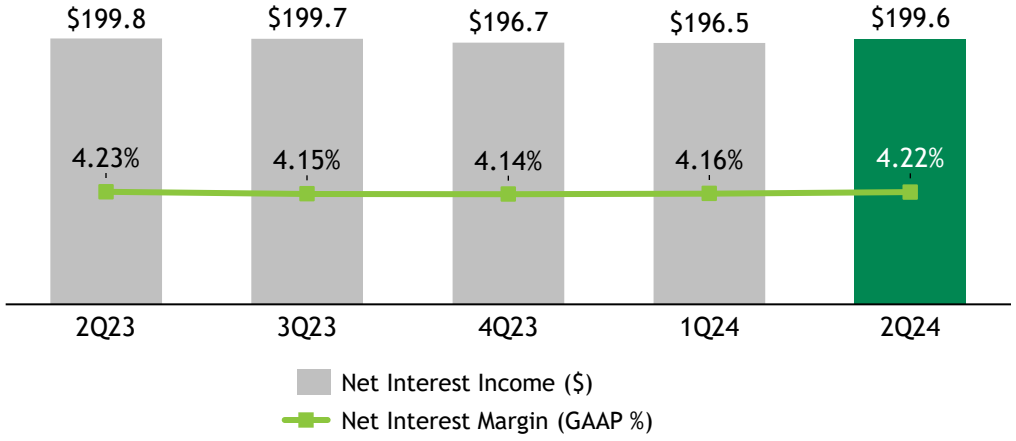


[1] Non-GAAP financial measures. Please refer to the calculation and management's reason for using these measures on slides 20 - 22 titled "Second Quarter 2024 - Use of Non-GAAP Financial Measures".

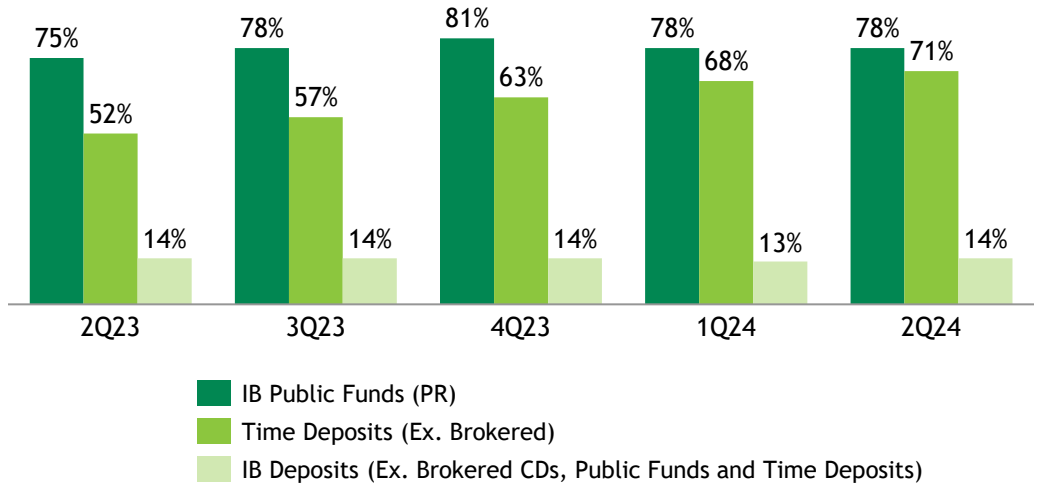
Second Quarter 2024

Profitability Dynamics

Net Interest Income ($MM)



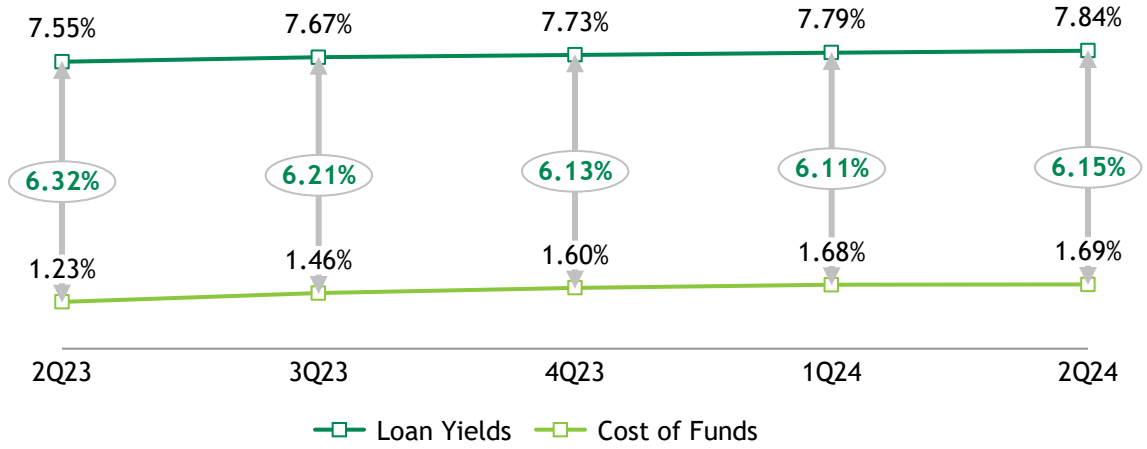
Cumulative Deposit Betas by Deposit Type(1)



Key Highlights

- Net interest income amounted to $199.6 million, an increase of $3.1 million vs. the prior quarter, mainly reflecting:
  - A $2.8 million increase in interest income on loans due to higher average loan balances and new refinancings at higher yields primarily within the commercial and construction loan portfolios and a $1.8 million increase in interest income on interest-bearing cash balances due to higher average balances
  - Partially offset by a $0.8 million decrease in income from securities and a $0.7 million net increase in interest expense on interest-bearing deposits
- Net interest margin increased during the quarter by 6 bps to 4.22%

Evolution of Loan Yields and Cost of Funds(2)

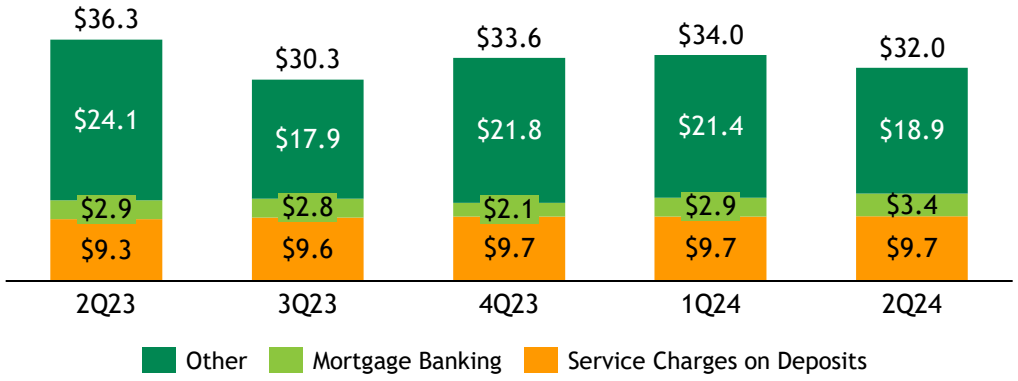


(1) Cumulative deposit betas on interest-bearing deposits (based on end of quarter figures since 2Q22)
(2) Cost of funds include cost of all interest-bearing deposits, non-interest-bearing deposits, and wholesale funding

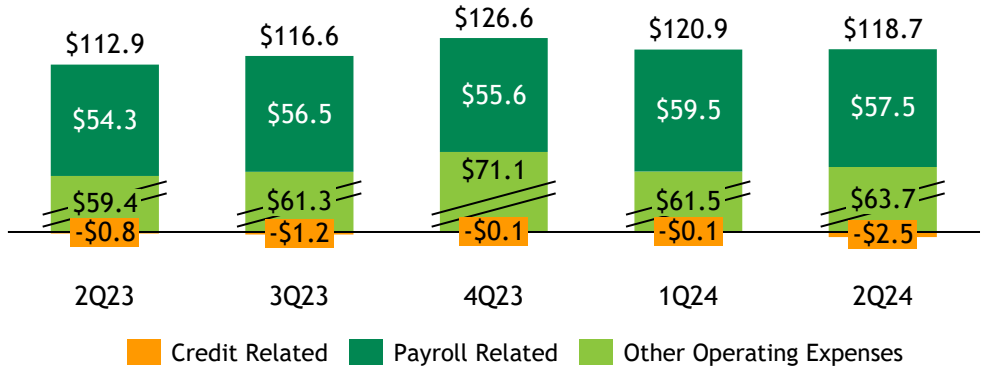
Second Quarter 2024

Profitability Dynamics

Non-Interest Income ($MM)



Non-Interest Expenses ($MM)



Key Highlights

- Non-interest income of $32.0 million, compared to $34.0 million in prior quarter; the $2.0 million decrease includes:
  - A $2.7 million decrease in insurance commission income driven by the seasonal contingent commission of $3.2 million recorded in 1Q 2024 based on the prior year's production of insurance policies
  - Partially offset by a $0.5 million increase in mortgage banking activities due to an increase in the net realized gain on sales of residential mortgage loans in the secondary market related to higher volume of sales and a $0.2 million net increase in the fair value of derivatives

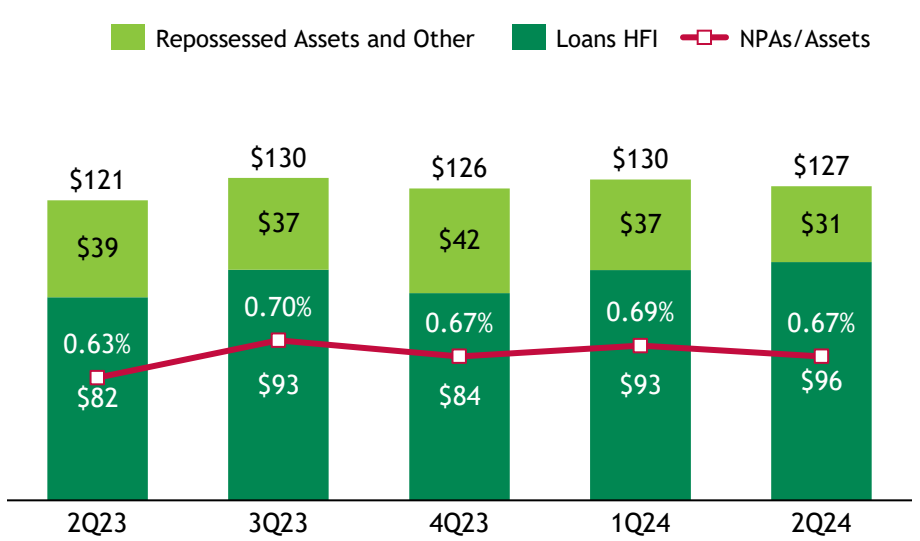
Key Highlights

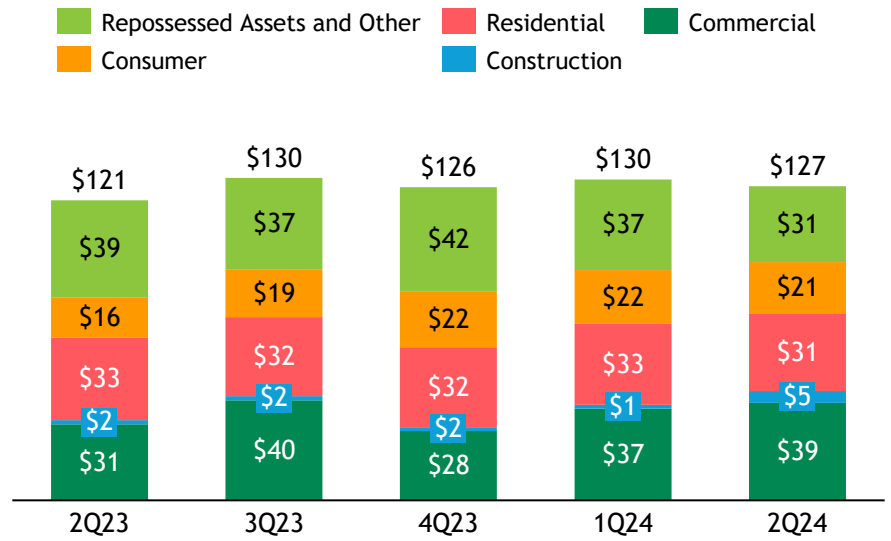
- Non-interest expenses of $118.7 million, down $2.2 million vs. prior quarter; expenses for the second and first quarters of 2024 included an additional FDIC special assessment expense of $0.2 million and $0.9 million, respectively
- Excluding the effect of the FDIC expense, adjusted non-interest expenses decreased by $1.5 million mainly due to:
  - A $2.0 million decrease in payroll expenses due to lower payroll taxes, stock-based compensation expense of retirement-eligible employees recorded during 1Q 2024, and a $2.3 million gain on the sale of a commercial real estate property in Puerto Rico during 2Q 2024
  - Partially offset by a $1.9 million increase in card processing expenses, mainly due to $1.3 million in card expense reimbursements recognized during 1Q 2024
- Efficiency ratio was 51.2% compared to 52.5% in the prior quarter

Second Quarter 2024

Asset Quality

Non-Performing Assets ($MM)





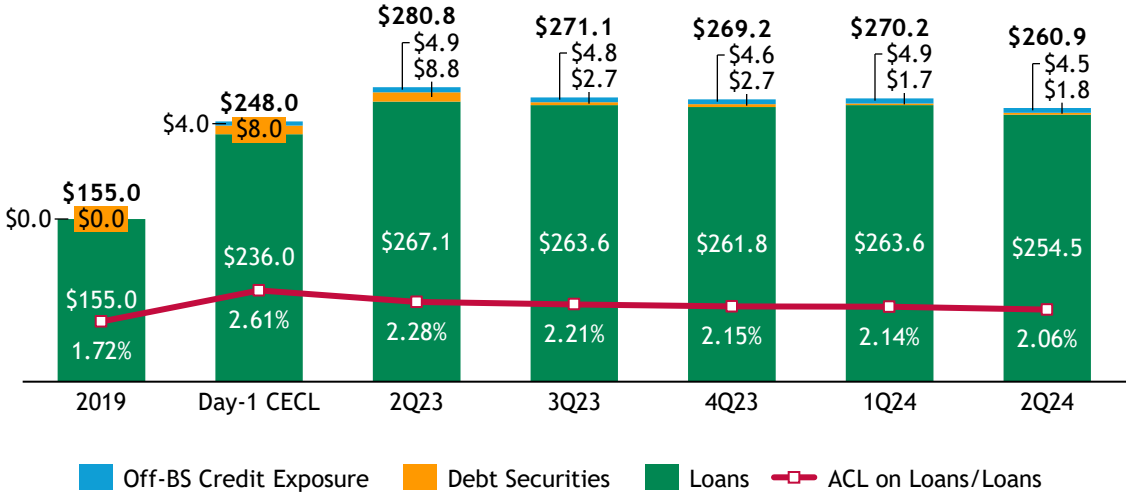
Total non-performing assets decreased by $2.7 million to $126.9 million or 0.67% of total assets

- Decrease in NPAs was primarily attributed to a $7.2 million decrease in OREO balances due to the sale of a $5.3 million commercial real estate OREO property, partially offset by a $5.6 million net increase in nonaccrual commercial and construction loans
- Inflows to nonaccrual loans held for investment were $44.0 million, a decrease of $2.8 million when compared to inflows of $46.8 million in the prior quarter, mostly related to decreases in inflows to nonaccrual consumer and residential mortgage loans of $8.7 million and $1.2 million, respectively, partially offset by a $7.1 million increase in inflows to nonaccrual commercial and construction loans driven by the inflow of a $16.5 million Puerto Rico commercial relationship in the food retail industry
- Loans in early delinquency (i.e., 30-89 days past due accruing loans) amounted to $147.4 million, an increase of $13.7 million vs. 1Q 2024, mostly related to a $15.2 million increase in consumer loans, mainly in the auto loan portfolio

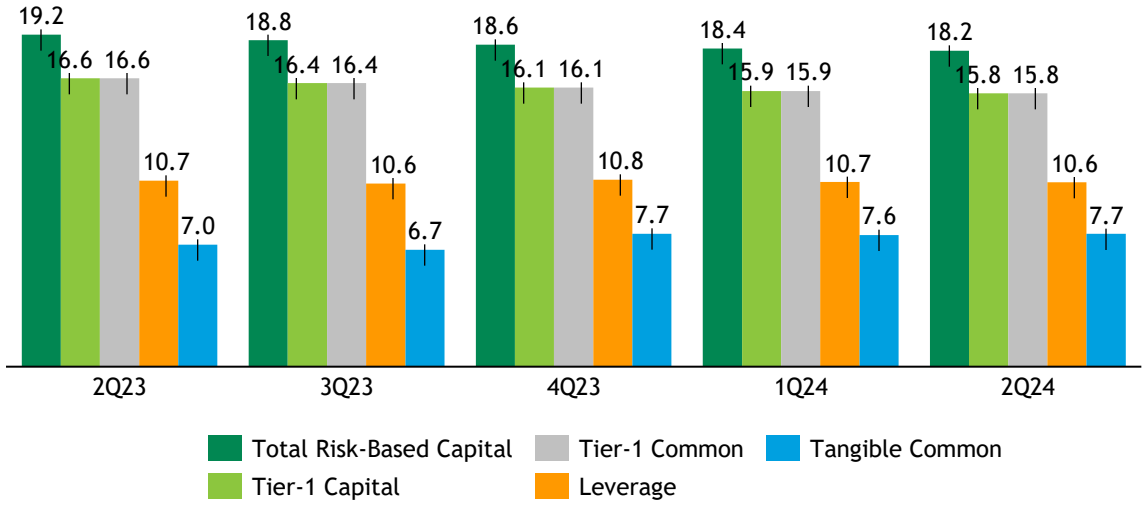
Second Quarter 2024

ACL and Capital

Evolution of ACL ($MM) and ACL on Loans to Total Loans (%)



Capital Ratios (%)



Key Highlights

- The allowance for credit losses (ACL) on loans and leases was $254.5 million, a decrease of $9.1 million when compared to the prior quarter; the ratio of the ACL on loans and finance leases to total loans held for investment decreased to 2.06%
  - Most of the reduction was driven by a decrease of $10.6 million in the residential mortgage ACL due to updated historical loss experience used to determine the ACL estimate
- Net charge offs for the quarter were $21.0 million or 0.69% of average loans compared to $11.2 million or 0.37% of average loans in 1Q 2024 (which included the effect of $9.5 million in recoveries associated to sale of previously charged-off loans)

Key Highlights

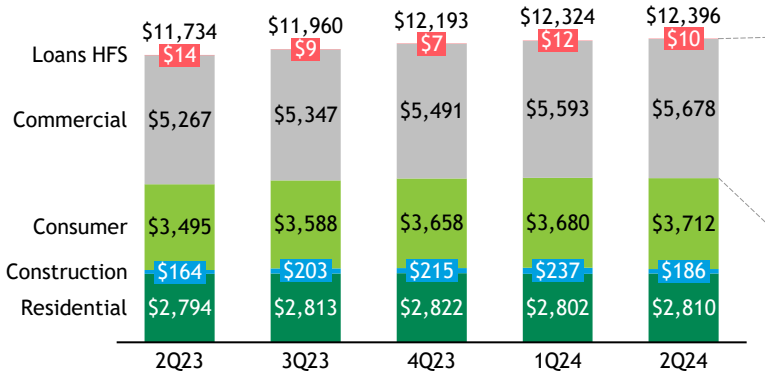
- Total stockholders' equity increased by $11.7 million to $1.5 billion as of 2Q 2024 driven by net income generated during the quarter and a $10.6 million increase in the fair value of available-for-sale debt securities due to changes in market rates recognized as part of accumulated other comprehensive loss
  - Partially offset by $50.0 million in common stock repurchases and $26.6 million in cash dividends declared during the quarter

Appendix and Non-GAAP Financial Measures

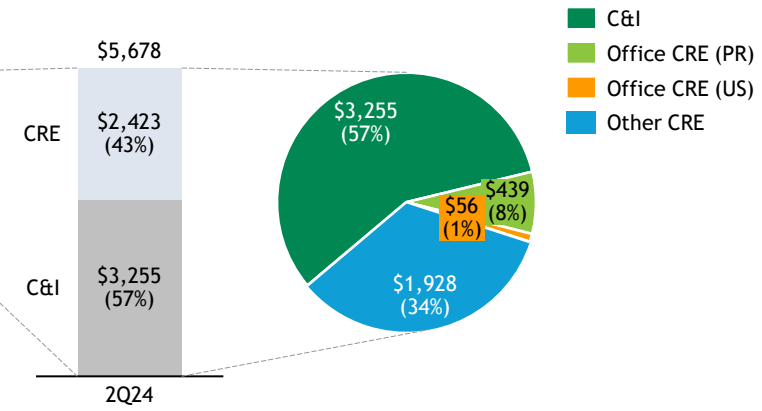
Second Quarter 2024

Appendix – Balance Sheet Highlights

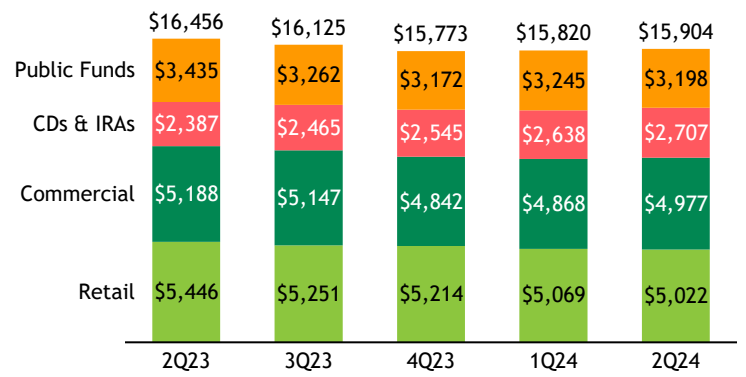
Loan Portfolio - $MM



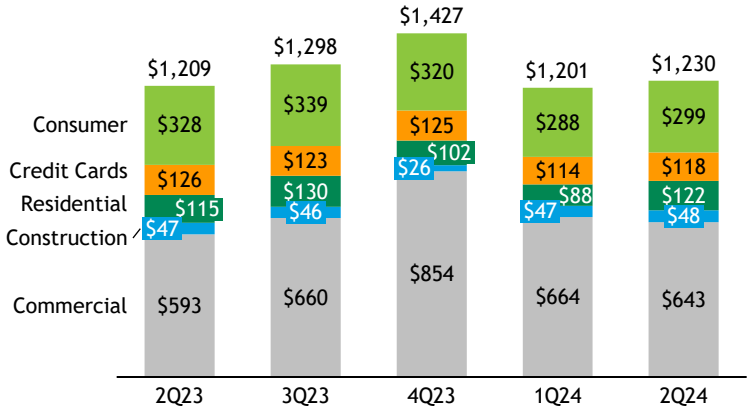
Commercial Loan Portfolio Distribution - $MM



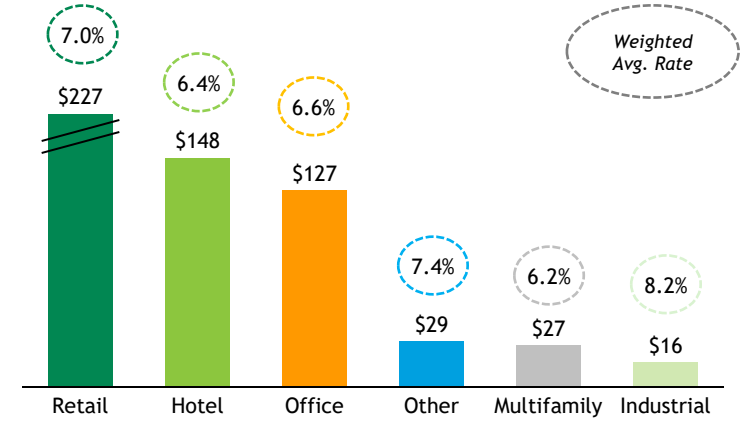
Total Deposits (excluding Brokered CDs) - $MM



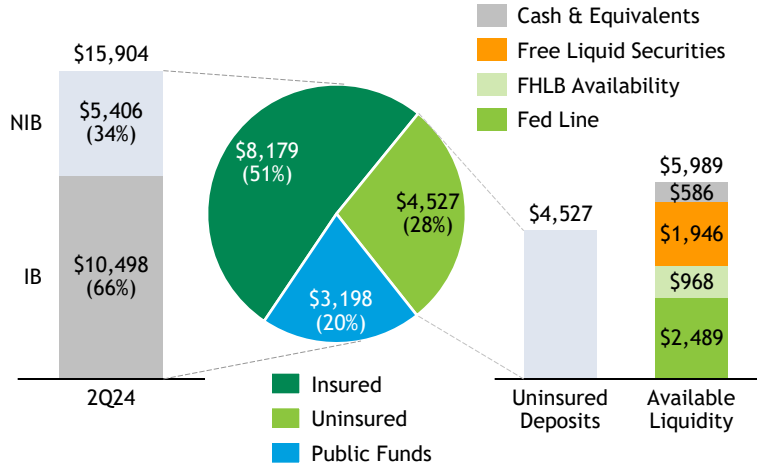
Loan Originations - $MM(1)



CRE Maturities < 12 Months ($MM)



Composition of Deposit Portfolio vs. Available Liquidity - $MM(2)



(1) Loan Originations include refinancing and renewals, as well as credit card utilization activity
(2) Uninsured deposits exclude public funds which are fully collateralized

SECOND QUARTER 2024

Appendix - Puerto Rico Government Exposure

Government Loans

Government Unit	Source of Repayment		Total
Puerto Rico Securities			**$ 3.1**
Municipalities:			**$ 262.5**
Securities	Property Tax Revenues	$ 107.5	
Loans		155.0	
Public Corporations:			**$ 51.1**
	CRE - Operating Revenues	$ 32.2	
	Low Income Housing Programs	18.9	
Total Direct Government Exposure			**$ 316.7**

Government Deposits

Government Unit	Time Deposits	Transaction Accounts	Total
Municipalities	$ 61.2	$ 561.0	**$ 622.2**
Municipal Agency	-	-	**-**
Public Agencies	70.2	906.4	**976.6**
Public Corporations	26.6	1,005.7	**1,032.3**
U.S. Federal Government	1.2	54.4	**55.6**
Total Government Deposits (PR)	**$ 159.2**	**$ 2,527.5**	**$ 2,686.7**

Key Highlights

- As of 2Q 2024, the Corporation had $316.7 million of direct exposure to the Puerto Rico government, its municipalities and public corporations, compared to $313.7 million as of 1Q 2024
  - 83% of direct government exposure is to municipalities in Puerto Rico, which are supported by assigned property tax revenues or by one or more specific sources of municipal revenues

Key Highlights

- As of 2Q 2024, the Corporation had $2.7 billion of public sector deposits in Puerto Rico, compared to $2.8 billion as of 1Q 2024
  - Approximately 23% were from municipalities and municipal agencies in Puerto Rico and 77% were from public corporations, the Puerto Rico central government and agencies, and U.S. federal government agencies in Puerto Rico

SECOND QUARTER 2024

Appendix - NPL Migration

	2Q 2024					
	Residential Mortgage	Commercial Mortgage	Commercial & Industrial	Construction	Consumer	Total
Beginning balance	**$ 32,685**	**$ 11,976**	**$ 25,067**	**$ 1,498**	**$ 21,739**	**$ 92,965**
Plus:						
Additions to non-performing	3,397	7	14,800	3,300	22,449	43,953
Less:						
Non-performing loans transferred to OREO	(743)	-	(684)	-	(3,606)	(5,033)
Non-performing loans charged-off	(153)	-	(332)	-	(13,084)	(13,569)
Loans returned to accrual status / collections	(3,790)	(247)	(11,190)	(56)	(6,860)	(22,143)
Ending balance	**$ 31,396**	**$ 11,736**	**$ 27,661**	**$ 4,742**	**$ 20,638**	**$ 96,173**

	1Q 2024					
	Residential Mortgage	Commercial Mortgage	Commercial & Industrial	Construction	Consumer	Total
Beginning balance	**$ 32,239**	**$ 12,205**	**$ 15,250**	**$ 1,569**	**$ 22,444**	**$ 83,707**
Plus:						
Additions to non-performing	4,596	-	11,041	-	31,186	46,823
Less:						
Non-performing loans transferred to OREO	(404)	-	-	(48)	(5,520)	(5,972)
Non-performing loans charged-off	(125)	-	(459)		(19,165)	(19,749)
Loans returned to accrual status / collections	(3,621)	(229)	(765)	(23)	(7,206)	(11,844)
Ending balance	**$ 32,685**	**$ 11,976**	**$ 25,067**	**$ 1,498**	**$ 21,739**	**$ 92,965**

SECOND QUARTER 2024

Appendix - 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 that the presentation of these non-GAAP financial measures enhances the ability of analysts and investors to analyze trends in the Corporation's business and understand the performance of the Corporation. Where non-GAAP financial measures are used, the most comparable GAAP financial measure, as well as the reconciliation of the non-GAAP financial measure to the most comparable GAAP financial measure, can be found in the text or in the attached tables to this earnings presentation. 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 that management believes are generally used by the financial community to evaluate capital adequacy. Tangible common equity is total common equity less goodwill and other intangibles. Tangible assets are total assets less goodwill and other intangibles. 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 disclosure of these financial measures may be useful 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 way 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.

(In thousands, except ratios and per share information)	As of 2Q 2024	1Q 2024	4Q 2023	3Q 2023	2Q 2023
Tangible Equity:					
Total common equity - GAAP	$ 1,491,460	$ 1,479,717	$ 1,497,609	$ 1,303,068	$ 1,397,999
Goodwill	(38,611)	(38,611)	(38,611)	(38,611)	(38,611)
Other intangible assets	(9,700)	(11,542)	(13,383)	(15,229)	(17,092)
Tangible common equity (Non-GAAP)	**$ 1,443,149**	**$ 1,429,564**	**$ 1,445,615**	**$ 1,249,228**	**$ 1,342,296**
Tangible Assets:					
Total assets - GAAP	18,881,374	18,890,961	18,909,549	18,594,608	19,152,455
Goodwill	(38,611)	(38,611)	(38,611)	(38,611)	(38,611)
Other intangible assets	(9,700)	(11,542)	(13,383)	(15,229)	(17,092)
Tangible assets (Non-GAAP)	**$ 18,833,063**	**$ 18,840,808**	**$ 18,857,555**	**$ 18,540,768**	**$ 19,096,752**
Common shares outstanding	**163,865**	**166,707**	**169,303**	**174,386**	**179,757**
Tangible common equity ratio (Non-GAAP)	**7.66%**	**7.59%**	**7.67%**	**6.74%**	**7.03%**
Tangible book value per common share (Non-GAAP)	**$ 8.81**	**$ 8.58**	**$ 8.54**	**$ 7.16**	**$ 7.47**

SECOND QUARTER 2024

Appendix - 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 that the presentation of these non-GAAP financial measures enhances the ability of analysts and investors to analyze trends in the Corporation's business and understand the performance of the Corporation. Where non-GAAP financial measures are used, the most comparable GAAP financial measure, as well as the reconciliation of the non-GAAP financial measure to the most comparable GAAP financial measure, can be found in the text or in the attached tables to this earnings presentation. Any analysis of these non-GAAP financial measures should be used only in conjunction with results presented in accordance with GAAP.

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, including as a result of natural catastrophes or health epidemies. Adjusted pre-tax, pre-provision income, as defined by management, represents income before income taxes adjusted to exclude the provision for credit losses expense, as well as certain items that management believes are not reflective of core operating performance.

($ in thousands)	2Q 2024	1Q 2024	4Q 2023	3Q 2023	2Q 2023
Income before income taxes	$ 101,379	$ 97,413	$ 84,874	$ 108,990	$ 100,939
Add: Provision for credit losses expense	11,605	12,167	18,812	4,396	22,230
Add: FDIC special assessment expense	152	947	6,311	-	-
Less: Gain recognized from legal settlement	-	-	-	-	(3,600)
Less: Gain on early extinguishment of debt	-	-	-	-	(1,605)
Adjusted pre-tax, pre-provision income	***$ 113,136***	***$ 110,527***	***$ 109,997***	***$ 113,386***	***$ 117,964***
Change from most recent prior period (amount)	2,609	530	(3,389)	(4,578)	(171)
Change from most recent prior period (percentage)	2.4%	0.5%	-3.0%	-3.9%	-0.1%

Second Quarter 2024

Appendix - 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 that the presentation of these non-GAAP financial measures enhances the ability of analysts and investors to analyze trends in the Corporation's business and understand the performance of the Corporation. Where non-GAAP financial measures are used, the most comparable GAAP financial measure, as well as the reconciliation of the non-GAAP financial measure to the most comparable GAAP financial measure, can be found in the text or in the attached tables to this earnings presentation. Any analysis of these non-GAAP financial measures should be used only in conjunction with results presented in accordance with GAAP.

Adjusted Tangible Common Equity Ratio
Adjusted tangible common equity, which is total common equity less goodwill and other intangibles, after exclusion of net unrealized losses on available-for-sale debt securities recognized as part of accumulated other comprehensive loss, divided by adjusted tangible assets, which are total assets less goodwill and other intangible assets, after exclusion of the net unrealized losses on available-for-sale debt securities.

Adjusted Tangible Book Value Per Share
Adjusted tangible common equity, which is total common equity less goodwill and other intangibles, after exclusion of net unrealized losses on available-for-sale debt securities recognized as part of accumulated other comprehensive loss, divided by common shares outstanding.

Adjusted Return on Average Common Equity Ratio
Net income divided by adjusted average common equity, which is average total common equity, after exclusion of average net unrealized losses on available-for-sale debt securities recognized as part of accumulated other comprehensive loss.

	As of June 2024
Tangible Common Equity	$ 1,443,149
Add: AOCL AFS Debt Securities	637,306
Adjusted Tangible Common Equity	2,080,455
Tangible Assets	18,833,063
Add: AOCL AFS Debt Securities	637,306
Adjusted Tangible Assets	19,470,369
Adjusted Tangible Common Equity Ratio	**10.69%**
Common Shares Outstanding	163,865
Adjusted Tangible Book Value Per Common Share	**$ 12.70**

	2Q 2024 (Average)
Average Common Equity	$ 1,462,267
Add: Average AOCL AFS Debt Securities	675,945
Adjusted Tangible Common Equity	2,138,212
Net income	75,838
Adjusted Return on Average Common Equity	**14.23%**

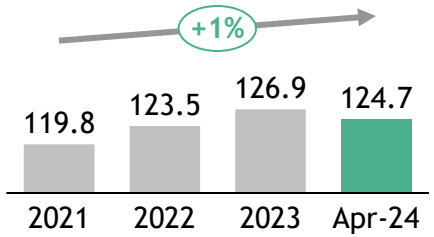
Operating Environment

Over the past few years, Puerto Rico's economy has experienced an expansionary cycle as evidenced by most economic variables…

…such trends are projected to continue

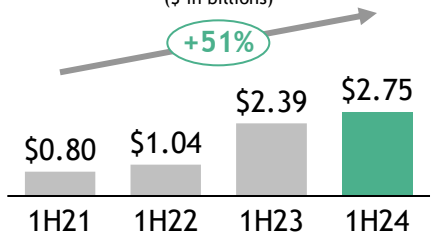
Key Economic Indicators[1]

Economic Activity Index



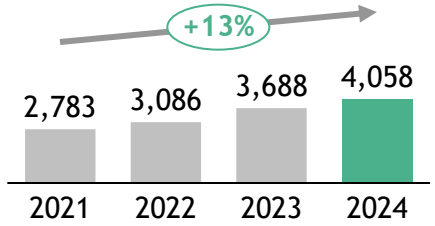
Disaster Recovery Funding[2]

($ in billions)

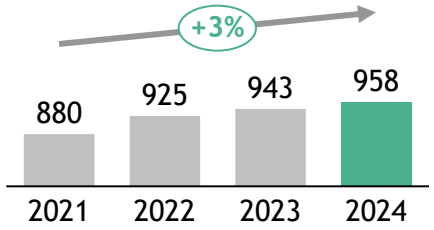


SJU Passenger Arrivals[2]

(000s)

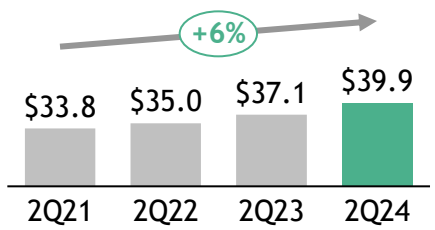


Non-Farm Payroll



Loan Portfolio[3]

($ in billions)



Lodging Demand Nights[2]

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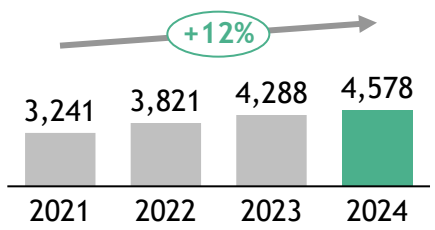
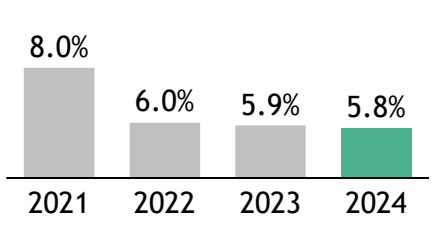
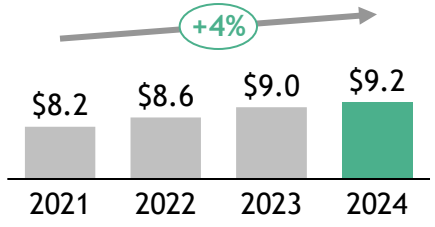


Unemployment Rate

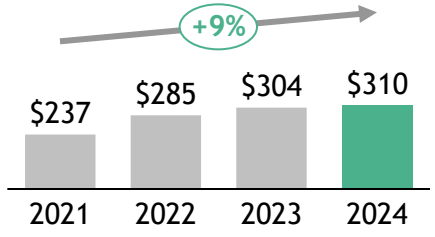


Retail Sales[4]

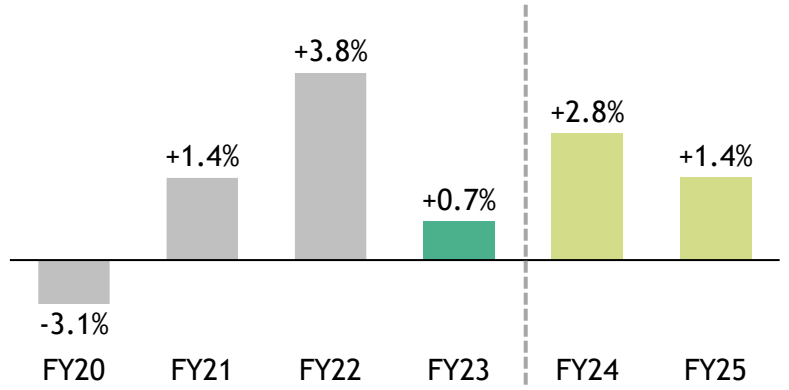
($ in billions)



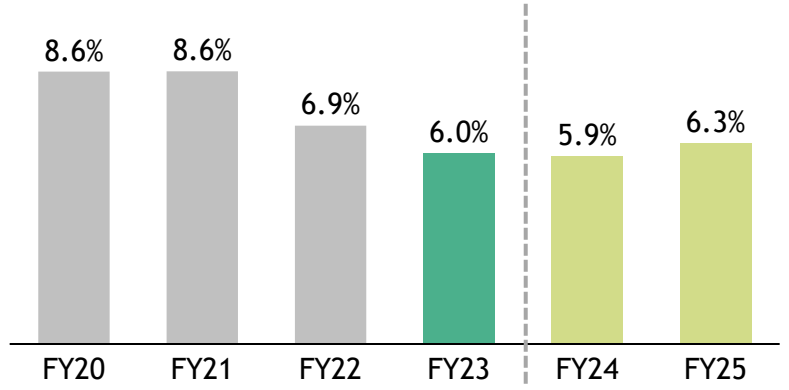
Hotel ADR[2]



GNP Projections - Planning Board



Unemployment Rate Projection

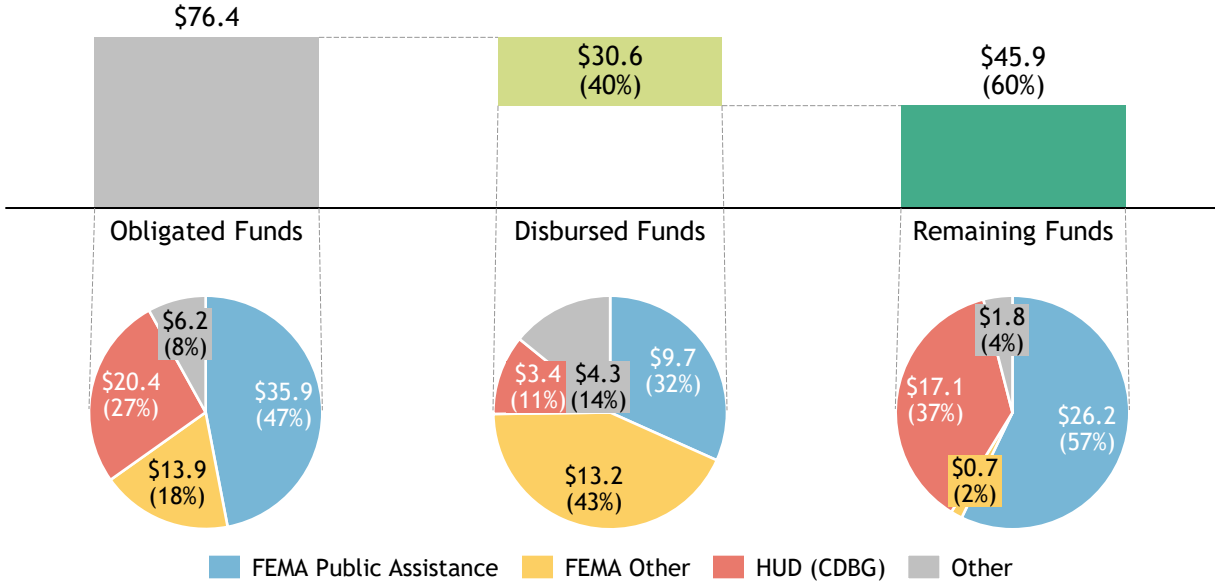


(1) Unless otherwise noted, all figures are presented on a year-to-date (YTD) basis | (2) Results presented through July of each year | (3) Based on the loan portfolios (excl. SBA PPP) of FBPR, BPPR and Oriental, only | (4) Results presented through March of each year

PUERTO RIC DISASTER RECOVERY & PANDEMIC RELIEF - FUNDING OVERVIEW

Disaster Recovery Funding[1]

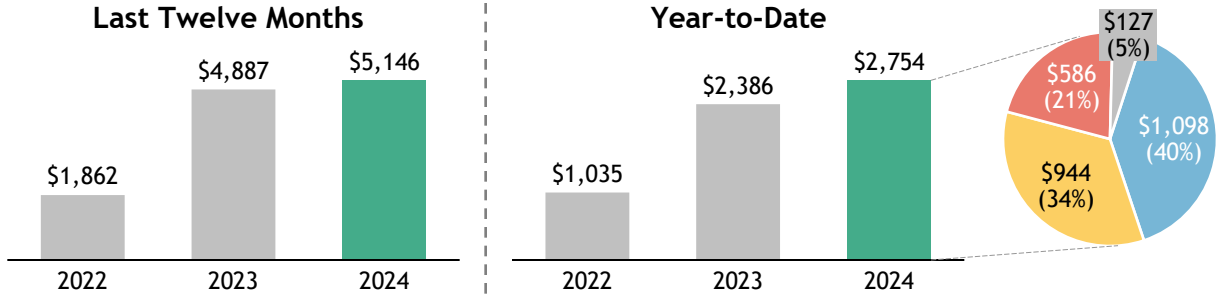
$ in billions



Progress on Disbursements[2]

As of June of each year

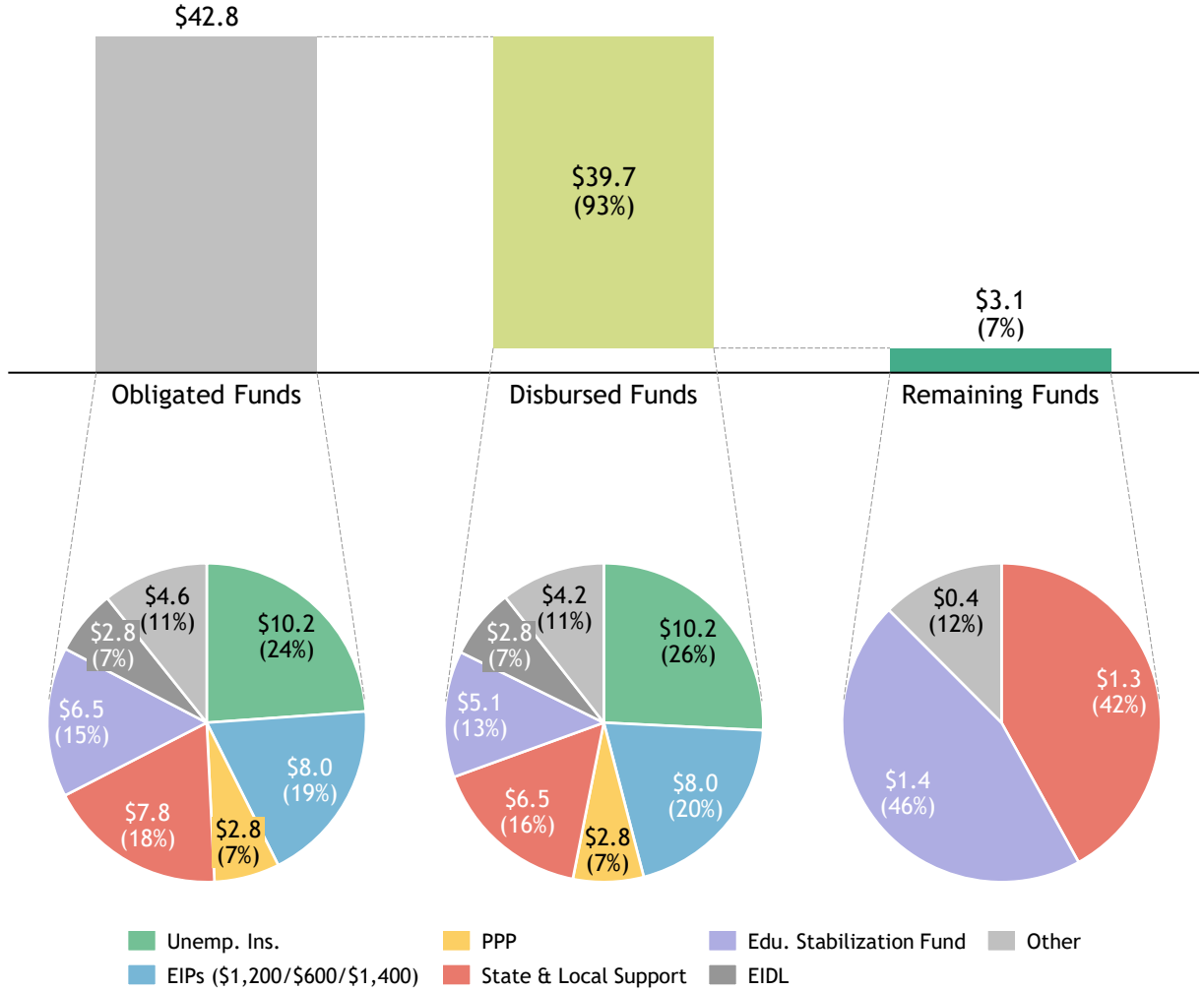
$ in millions



[1] Sources: https://recovery.fema.gov/rsflg-monthly-data & COR3, Puerto Rico Disaster Recovery Transparency Portal - COR3 (pr.gov);
[2] YTD Data presented for 2023 and 2024 includes $414.6 million and $1.04 billion, respectively, related to Hurricane Fiona (Sep. 2022)

Pandemic Relief Funding[3][4][5]

$ in billions



[3] Sources: COR3, USASpending.gov, SBA, U.S. Department of Labor, HHS' TAGGS, and AAFAF (data subject to revisions by sources)
[4] Unemployment insurance includes $1.39 billion in regular UI benefits
[5] Economic Injury Disaster Loan (EIDL) data is based on approved amounts

1 First BanCorp

