

FIRST BANCORP /PR/
Form DEF 14A
April 15, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

SCHEDULE 14A

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934

☒ Filed by the Registrant

☐ Filed by a Party other than the Registrant
Check the appropriate box:

☐ Preliminary Proxy Statement

☐ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

☒ Definitive Proxy Statement

☐ Definitive Additional Materials

☐ Soliciting Material Pursuant to Section 240.14a-12

FIRST BANCORP.

(Name of Registrant as Specified In Its Charter)

Not Applicable

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

Payment of Filing Fee (*Check the appropriate box:*)

☒ No fee required.

Edgar Filing: FIRST BANCORP /PR/ - Form DEF 14A

.. Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- 1) Title of each class of securities to which transaction applies:

- 2) Aggregate number of securities to which transaction applies:

- 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

- 4) Proposed maximum aggregate value of transaction:

- 5) Total fee paid:

.. Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule, and the date of its filing.

- 1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

1519 PONCE DE LEON AVENUE

SAN JUAN, PUERTO RICO 00908

(787) 729-8200

NOTICE OF 2015 ANNUAL MEETING OF STOCKHOLDERS

To the Stockholders of First BanCorp.:

NOTICE IS HEREBY GIVEN that, pursuant to a resolution of the Board of Directors and Article I, Section 2 of First BanCorp.'s By-laws, the 2015 Annual Meeting of Stockholders of First BanCorp. will be held at 4:00 p.m., local time, on Tuesday, May 26, 2015, at the Corporation's principal offices located at 1519 Ponce de Leon Avenue, Santurce, Puerto Rico, for the purpose of considering and taking action on the following matters, all of which are more completely described in the accompanying Proxy Statement:

1. To elect nine (9) directors, each for a term expiring at the 2016 Annual Meeting of Stockholders;
2. To approve on a non-binding basis the 2014 compensation of First BanCorp.'s named executive officers; and
3. To ratify the appointment of KPMG LLP as our independent registered public accounting firm for our 2015 fiscal year.

In addition, we will consider and take action on such other business as may properly come before the meeting or any adjournment or postponement thereof. The Board of Directors has no knowledge of any other business to be transacted at the 2015 Annual Meeting.

Only stockholders of record as of the close of business on April 1, 2015 are entitled to receive notice of and to vote at the meeting. A list of such stockholders will be available at our principal offices, at the address set forth above, for the examination of any stockholder for any purpose germane to the meeting during ordinary business hours, for a period of ten days prior to the meeting.

You are cordially invited to attend the Annual Meeting. It is important that your shares be represented regardless of the number you own. Even if you plan to be present at the meeting, you are urged to complete, sign, date and promptly return the enclosed proxy in the envelope provided. If you attend the meeting, you may vote either in person or by proxy. You may revoke any proxy that you give in writing or in person at any time prior to its exercise.

By Order of the Board of Directors,

/s/ Lawrence Odell
Lawrence Odell
Secretary

San Juan, Puerto Rico

April 15, 2015

TABLE OF CONTENTS

<u>2015 ANNUAL MEETING OF STOCKHOLDERS</u>	1
<u>QUESTIONS AND ANSWERS ABOUT THE MEETING</u>	1
<u>IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON MAY 26, 2015</u>	4
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u>	4
<u>Beneficial Owners of More Than 5% of our Common Stock</u>	5
<u>Beneficial Ownership of Directors, Director Nominees and Executive Officers</u>	6
<u>INFORMATION WITH RESPECT TO NOMINEES STANDING FOR ELECTION AS DIRECTORS AND WITH RESPECT TO EXECUTIVE OFFICERS OF THE CORPORATION</u>	7
<u>PROPOSAL NO. 1 ELECTION OF DIRECTORS</u>	7
<u>Director Qualifications</u>	8
<u>Nominees Standing for Election as Directors for Terms Expiring at the 2016 Annual Meeting</u>	9
<u>Required Vote</u>	13
<u>Recommendation of the Board of Directors</u>	14
<u>Information About Executive Officers Who Are Not Directors</u>	14
<u>CORPORATE GOVERNANCE AND RELATED MATTERS</u>	16
<u>General</u>	16
<u>Code of Ethics</u>	17
<u>Independence of the Board of Directors and Director Nominees</u>	17
<u>Board Leadership Structure</u>	17
<u>Board's Role in Risk Oversight</u>	18
<u>Director Stock Ownership</u>	18
<u>Communications with the Board</u>	18
<u>Board Meetings</u>	19
<u>Board Attendance at Annual Meetings</u>	19
<u>Board Committees</u>	19
<u>Audit Committee</u>	19
<u>Compensation and Benefits Committee</u>	20
<u>Corporate Governance and Nominating Committee</u>	21
<u>Asset/Liability Committee</u>	23
<u>Credit Committee</u>	23
<u>Compliance Committee</u>	24
<u>Risk Committee</u>	24
<u>CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS</u>	26
<u>COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION</u>	28
<u>COMPENSATION OF DIRECTORS</u>	29
<u>PROPOSAL NO. 2 NON-BINDING APPROVAL OF COMPENSATION OF NAMED EXECUTIVE OFFICERS</u>	31
<u>Background of the Proposal</u>	31
<u>Required Vote</u>	33
<u>Recommendation of the Board of Directors</u>	33
<u>PROPOSAL NO. 3 RATIFICATION OF THE APPOINTMENT OF THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	33
<u>Background of the Proposal</u>	33
<u>Required Vote</u>	33
<u>Recommendation of the Board of Directors</u>	33
<u>AUDIT COMMITTEE REPORT</u>	34
<u>AUDIT FEES</u>	34
<u>COMPENSATION DISCUSSION AND ANALYSIS</u>	35
<u>Executive Compensation Policy</u>	36

<u>TARP Related Actions – Amendments to Executive Compensation Program</u>	36
<u>Pay for Performance</u>	37
<u>Market Competitiveness</u>	37
<u>Compensation Review Process</u>	38
<u>Role of the Compensation Consultant</u>	38
<u>Benchmarking and Compensation Analysis</u>	38
<u>Elements of Executive Compensation</u>	39
<u>2015 Compensation Decisions</u>	42
<u>EXECUTIVE COMPENSATION DISCLOSURE</u>	43
<u>Summary Compensation Table</u>	43
<u>Grants of Plan-Based Awards</u>	44
<u>Outstanding Equity Awards at Fiscal Year End</u>	45
<u>Options Exercised and Stock Vested Information</u>	45
<u>Pension Benefits</u>	45
<u>Defined Contribution Retirement Plan</u>	46
<u>Non-Qualified Deferred Compensation</u>	46
<u>Employment Contracts, Termination of Employment, and Change in Control Arrangements</u>	46
<u>COMPENSATION COMMITTEE REPORT</u>	49
<u>STOCKHOLDER PROPOSALS FOR THE 2016 ANNUAL MEETING</u>	51
<u>HOUSEHOLDING</u>	52
<u>SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	52
<u>OBTAINING THE ANNUAL REPORT</u>	52

1519 PONCE DE LEON AVENUE

SAN JUAN, PUERTO RICO 00908

2015 ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON MAY 26, 2015

This Proxy Statement is furnished in connection with the solicitation of proxies on behalf of the Board of Directors (the "Board") of First BanCorp. (the "Corporation") for use at the 2015 Annual Meeting of Stockholders to be held at 4:00 p.m., local time, on Tuesday, May 26, 2015, at the Corporation's principal offices located at 1519 Ponce de Leon Avenue, Santurce, Puerto Rico, and at any adjournment or postponement thereof (the "Annual Meeting"). This Proxy Statement and the enclosed form of proxy are first being sent or given on or about April 15, 2015 to stockholders of record as of April 1, 2015. The Board has designated the individuals identified on the proxy card (the "proxy holders") to serve as proxies to vote the shares represented at the Annual Meeting. Shares represented by properly executed proxies that we receive will be voted at the Annual Meeting in accordance with the instructions specified in the proxies. If you properly submit a proxy but do not give instructions on how you want your shares to be voted, your shares will be voted by the proxy holders in accordance with the Board's recommendations described below.

QUESTIONS AND ANSWERS ABOUT THE MEETING

What information is contained in this Proxy Statement?

The information in this Proxy Statement relates to the proposals to be voted on at the Annual Meeting, the voting process, the Board, Board committees, the compensation of directors and executive officers, and other required information.

What is the purpose of the Meeting?

At the Annual Meeting, stockholders will act upon the following matters, which are identified in the accompanying Notice of Annual Meeting of Stockholders:

the election of nine directors;

the approval on a non-binding basis of the 2014 compensation of the Corporation's Named Executive Officers (as defined below); and

the ratification of the appointment of KPMG LLP ("KPMG") as our independent registered public accounting firm for our 2015 fiscal year.

What should I receive?

You should receive this Proxy Statement, the Notice of Annual Meeting of Stockholders, the proxy card and the Corporation's 2014 Annual Report on Form 10-K with the audited financial statements for the year ended December 31, 2014, audited by KPMG.

How many votes do I have?

You will have one vote for every share of the Corporation's common stock, par value \$0.10 per share ("Common Stock"), you owned as of the close of business on April 1, 2015, the record date for the Annual Meeting (the "Record Date").

If I am a holder of shares of Common Stock, but I did not hold my shares of Common Stock as of the Record Date, am I entitled to vote?

No. If you were not a record or beneficial holder of shares of Common Stock as of the Record Date, you will not be entitled to vote on the proposals.

How many shares of stock are outstanding?

On the Record Date, 213,829,758 shares of Common Stock were issued and outstanding.

How many votes must be present to hold the Meeting?

Holders of a majority of the outstanding shares of Common Stock must be present either in person or by proxy to enable us to conduct business at the Annual Meeting. Proxies received but marked as abstentions and broker non-votes will be included in the calculation of the number of shares considered to be present at the Annual Meeting for purposes of determining whether holders of a majority of the outstanding shares of Common Stock are present. A broker non-vote occurs when a broker or other nominee has not received voting instructions from the beneficial owner and the broker or other nominee does not have discretionary authority to vote on a particular matter. **We urge you to vote by proxy even if you plan to attend the Annual Meeting so that we will know as soon as possible that enough votes will be present for us to conduct business at the Annual Meeting.**

Votes cast by proxy or in person at the Annual Meeting will be counted by Broadridge Financial Solutions, an independent third party.

What vote is required and how are abstentions and broker non-votes treated?

To be elected, directors must receive the affirmative vote of a majority of the shares represented in person or by proxy at the Annual Meeting and entitled to vote on the election of directors. Abstentions will have the same effect as votes cast AGAINST and broker non-votes will not be counted in determining the number of shares necessary for approval.

As to approval of the advisory vote related to executive compensation and the ratification of the independent registered public accounting firm, the affirmative vote of a majority of the shares represented in person or by proxy and entitled to vote will be required for approval. Abstentions will have the same effect as votes cast AGAINST the proposals and broker non-votes will not be counted in determining the number of shares necessary for approval.

On which proposals can my broker vote my shares?

Brokers do not have discretionary authority to vote shares on the election of directors and on the non-binding approval of compensation of the Corporation's Named Executive Officers. You must instruct your broker how to vote your shares so that your vote can be counted. Brokers have discretionary authority to vote shares on the ratification of the independent registered public accounting firm.

How does the Board recommend that I vote?

The following is the Board's recommendation with respect to each of the items to be considered and voted upon at the Annual Meeting:

Proposal No. 1 The Board recommends a vote FOR each nominee to the Board;

Proposal No. 2 The Board recommends a vote FOR the approval of the 2014 compensation of the Corporation's Named Executive Officers; and

Proposal No. 3 The Board recommends a vote FOR the ratification of the Corporation's independent registered public accounting firm for the 2015 fiscal year.

How do I vote?

If you are a stockholder of record, you may vote by proxy without attending the Annual Meeting by:

completing the enclosed proxy card, signing, dating, and returning it in the enclosed postage-paid envelope;

voting by telephone (instructions are on the proxy card); or

voting via the Internet (instructions are on the proxy card).

Internet and telephone voting is available until 11:59 p.m. Eastern Time on May 25, 2015. Please refer to the specific instructions set forth on the enclosed proxy card for additional information on how to vote. For security reasons, our electronic voting system has been designed to authenticate your identity as a stockholder.

If you hold your shares in street name (i.e., your shares are held of record by a broker, bank, trustee or other nominee), your broker, bank, trustee or other nominee will provide you with materials and instructions for voting your shares.

Can I vote my shares in person at the Annual Meeting?

If you are a stockholder of record, you may vote your shares in person at the Annual Meeting. **If you hold your shares in street name, you must obtain a valid, legal proxy from your broker, banker, trustee or other nominee, giving you the right to vote your shares at the Annual Meeting.**

What is the difference between holding shares as a stockholder of record and as a beneficial owner?

Stockholder of Record. If your shares are registered in your name with our transfer agent, Computershare, you are considered the stockholder of record with respect to those shares, and these proxy materials are being sent directly to you. As a stockholder of record, you may vote in person at the Annual Meeting or vote by proxy. Whether or not you plan to attend the Annual Meeting, we urge you to vote via the Internet, by telephone, or by completing, signing, dating and returning the enclosed proxy card.

Beneficial Owner. If your shares are held by a broker, bank, trustee or other nominee, you are considered the beneficial owner of shares held in street name, and these proxy materials are being forwarded to you by your broker, bank, trustee or other nominee, who is considered the stockholder of record with respect to those shares. As a beneficial owner, you have the right to instruct your broker, bank, trustee or other nominee on how to vote the shares held in your account, and it will inform you how to instruct it to vote your shares. The organization that holds your shares, however, is considered the stockholder of record for purposes of voting at the Annual Meeting. **As noted above, if you are not the stockholder of record, you may not vote your shares in person at the Annual Meeting unless you request and obtain a valid, legal proxy from your broker, bank, trustee or other nominee giving you the right to vote your shares at the Annual Meeting.** The organization that holds your shares cannot vote your shares without your instructions on Proposals No. 1 and No. 2 so it is important that you instruct your nominee how to vote your shares.

Who will bear the costs of soliciting proxies for the Annual Meeting?

We will bear the cost of soliciting proxies for the Annual Meeting. In addition to solicitation by mail, proxies may be solicited personally, by telephone or otherwise. Our directors, officers and employees may also solicit proxies but will not receive any additional compensation for their services. Proxies and proxy materials will also be distributed at our expense by brokers, nominees, custodians and other similar parties.

Can I change my vote?

Yes. If you are a stockholder of record, you may revoke your proxy at any time before it is exercised by sending in a new proxy card with a later date, or casting a new vote over the Internet or by telephone, or sending

a written notice of revocation to the President or Corporate Secretary at First BanCorp., at P.O. Box 9146, San Juan, Puerto Rico 00908-0146, that is delivered before the proxy is exercised. Internet and telephone voting is available until 11:59 p.m. Eastern Time on May 25, 2015. If you attend the Annual Meeting and vote in person, your previously submitted proxy will not be used.

If your shares are held in the name of a broker, bank, trustee or other nominee, that institution will instruct you as to how your vote may be changed.

What should I do if I receive more than one set of voting materials?

Please complete, sign, date and return each proxy card or voting instruction card that you receive. You may receive more than one set of voting materials, including multiple copies of this Proxy Statement and multiple proxy cards. For example, if you hold your shares in more than one brokerage account, you may receive a voting instruction card for each brokerage account in which you hold shares.

Could other matters be decided at the Annual Meeting?

The Board does not intend to present any business at the Annual Meeting other than that described in the Notice of Annual Meeting of Stockholders. The Board at this time knows of no other matters that may come before the Annual Meeting and the Chairman of the Annual Meeting will declare out of order and disregard any matter not properly presented. However, if any new matter requiring the vote of the stockholders is properly presented before the Annual Meeting, proxies may be voted with respect thereto in accordance with the best judgment of the proxy holders, under the discretionary power granted by stockholders in their proxies in connection with general matters.

What happens to my vote if the Annual Meeting is postponed or adjourned?

Your proxy will still be valid and may be voted at the postponed or adjourned meeting. You will still be able to change or revoke your proxy until it is exercised.

Who can help answer my questions?

You should contact Lawrence Odell, Secretary of the Board, by e-mail at lawrence.odell@firstbankpr.com or by telephone at 787-729-8041, if you have any questions about how to vote or need copies of our public filings submitted to the U.S. Securities and Exchange Commission (SEC).

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING
TO BE HELD ON MAY 26, 2015**

This Proxy Statement and the 2014 Annual Report on Form 10-K are available at <https://materials.proxyvote.com/318672>. You may obtain directions regarding how to attend the Annual Meeting and vote in person by contacting Lawrence Odell, Secretary of the Board, by e-mail at lawrence.odell@firstbankpr.com or by telephone at 787-729-8041.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following tables set forth certain information as of April 1, 2015, unless otherwise specified, with respect to shares of our Common Stock beneficially owned by: (1) each person known to us to be the beneficial owner of more than 5% of our Common Stock; (2) each director, each director nominee and each executive officer named in the Summary Compensation Table in this Proxy Statement (the Named Executive Officers); and (3) all current directors and executive officers as a group. This information has been provided by each of the directors and executive officers at our request or derived from statements filed with the SEC pursuant to Section 13(d), 13(g), or 16(a) of the Securities Exchange Act of 1934, as amended (the Exchange Act).

Beneficial ownership of securities means the possession, directly or indirectly, through any formal or informal arrangement, either individually or in a group, of voting power (which includes the power to vote, or to direct the voting of, such security) and/or investment power (which includes the power to dispose of, or to direct the disposition of, such security). As of April 1, 2015, no officer or director, and, to the Corporation's knowledge, no beneficial owner of more than 5% of the Corporation's Common Stock owns any of the Corporation's outstanding preferred stock. Unless otherwise indicated, to the Corporation's knowledge the beneficial owner has sole voting and dispositive power over the shares.

(1) Beneficial Owners of More Than 5% of our Common Stock:

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class(a)
Thomas H. Lee Advisors (Alternative), VI, Ltd. THL Managers VI, LLC c/o Intertrust Corporate Services (Cayman) Limited 190 Elgin Avenue George Town, Grand Cayman KY1-9005, Cayman Islands	41,889,772(b)	19.59%
Oaktree Capital Group Holdings GP, LLC, Oaktree Capital Management LP, Oaktree Holdings, Inc., and Oaktree Capital Group, LLC. c/o Oaktree Capital Management, L.P. 333 South Grand Avenue, 28th Floor Los Angeles, CA 90071	41,889,771(c)	19.59%
United States Department of the Treasury 1500 Pennsylvania Avenue Northwest Washington D.C., District of Columbia 20229	11,577,452(d)	5.41%

(a) Based on 213,829,758 shares of Common Stock outstanding as of April 1, 2015.

(b) Based on a Form 4 filed with the SEC on October 14, 2014 by Thomas M. Hagerty, Mr. Hagerty and funds affiliated with Thomas H. Lee Partners, L.P. ("THL"). Mr. Hagerty and THL have shared voting and dispositive power over the 41,889,772 shares.

(c) Based on Form 4s filed with the SEC on September 17, 2013, April 28, 2014 and September 2, 2014 by each of Michael P. Harmon and funds controlled by Oaktree Capital Group Holdings GP, LLC and its affiliates (the "Oaktree Entities"). The Oaktree Entities hold 41,843,581 shares of Common Stock of the Corporation. Michael P. Harmon, a Managing Director of Oaktree Capital Management, L.P. and a director of the Corporation also holds 11,188 shares of Common Stock and 35,002 shares of restricted stock for the benefit of OCM FIE, LLC ("FIE"), one of the Oaktree Entities. Pursuant to the policies of the Oaktree Entities, Mr. Harmon must hold the shares on behalf of and for the benefit of FIE and has assigned all economic, pecuniary and voting rights to FIE. By virtue of Mr. Harmon's voting and investment authority with respect to the Oaktree Entities, Mr. Harmon may be deemed to have a beneficial ownership interest in the 41,889,771 shares of Common Stock held and collectively owned by the Oaktree Entities (Mr. Harmon being referred to herein as an "Oaktree Entity" with respect to such shares). Each Oaktree Entity disclaims beneficial ownership of all shares reported in such Form 4s except to the extent of their respective pecuniary interest therein.

(d) Consists of 10,291,553 shares of Common Stock remaining from the 32,941,979 shares of Common Stock that the Corporation issued to the United States Department of the Treasury (the "U.S. Treasury") on October 7, 2011 upon conversion of all of the Corporation's outstanding Fixed Rate Cumulative Mandatorily Convertible Preferred Stock, Series G, and 1,285,899 shares of Common Stock underlying a warrant that the U.S. Treasury acquired from the Corporation on January 16, 2009, which was amended and restated on July 20, 2010, that is exercisable at an exercise price of \$3.29 per share. The U.S. Treasury has sole dispositive and voting power over its shares but may vote the shares only in accordance with the terms of its exchange agreement with the Corporation dated July 7, 2010, as amended. The exercise price and the

number of shares issuable upon exercise of the warrant are subject to further adjustments under certain circumstances to prevent dilution. The warrant expires on July 20, 2020.

(2) **Beneficial Ownership of Directors, Director Nominees and Executive Officers:**

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership(a)	Percent of Class
Directors and Director Nominees		
Juan Acosta Reboyas	34,178	*
Aurelio Alemán-Bermúdez, President & Chief Executive Officer	703,845	*
Luz A. Crespo	30,068	*
Robert T. Gormley	54,802	*
Thomas M. Hagerty	41,889,772(b)	19.59%
Michael P. Harmon	41,889,771(c)	19.59%
Roberto R. Herencia, Chairman of the Board	486,134	*
David I. Matson	39,564	*
José Menéndez-Cortada	72,191	*
Named Executives		
Orlando Berges-González, Executive Vice President & Chief Financial Officer	325,650	*
Calixto García-Velez, Executive Vice President	264,071	*
Lawrence Odell, Executive Vice President, General Counsel & Secretary	261,166	*
Cassan Pancham, Executive Vice President	206,868	*
All current directors, Executive Officers and the Chief Accounting Officer as a group (20 persons as a group)	87,225,478	40.78%

* Less than 1% of our outstanding Common Stock.

(a) For purposes of this table, beneficial ownership is determined in accordance with Rule 13d-3 under the Exchange Act, pursuant to which a person or group of persons is deemed to have beneficial ownership of a security if that person has the right to acquire beneficial ownership of such security within 60 days. Therefore, it includes the number of shares of Common Stock that could be purchased by exercising stock options that were exercisable on April 1, 2015 or within 60 days after that date, as follows: Mr. Alemán-Bermúdez, 20,000; Mr. Odell, 11,666; Mr. Cassan Pancham, 3,332; and all current directors and executive officers as a group, 47,594. Also, it includes shares granted under the First BanCorp 2008 Omnibus Incentive Plan, subject to transferability restrictions and/or forfeiture upon failure to meet vesting conditions, as follows: Mr. Juan Acosta Reboyas, 34,178; Mr. Alemán-Bermúdez, 461,568; Ms. Crespo, 30,068; Mr. Gormley, 35,002; Mr. Hagerty, 35,002; Mr. Harmon, 35,002; Mr. Herencia, 140,265; Mr. Matson, 35,002; Mr. Menéndez-Cortada, 35,002; Mr. Berges-González 264,800; Mr. García-Velez, 222,854; Mr. Odell, 212,695; Mr. Pancham, 163,711 and all current directors and executive officers as a group, 2,457,943. (Although all of these stock options are currently exercisable, their exercise prices are significantly above the market price of the Common Stock.) These amounts do not include shares of Common Stock represented by units in a unitized stock fund under our Defined Contribution Plan.

(b) Mr. Hagerty is the Board representative for THL, which currently owns 19.59% of our Common Stock. See **Beneficial Owners of More Than 5% of our Common Stock** for information concerning THL's ownership. Mr. Hagerty owns directly 35,002 shares of restricted stock in connection with his services as a director. As set forth in footnote (b) to the beneficial ownership table above, the funds affiliated with THL hold 41,854,770 shares of the Corporation. Mr. Hagerty disclaims beneficial ownership of all shares of the Corporation owned by such THL funds.

(c) Mr. Harmon is the Board representative for Oaktree, which currently owns 19.59% of our Common Stock. See **Beneficial Owners of More Than 5% of our Common Stock** for information concerning Oaktree's ownership.

INFORMATION WITH RESPECT TO NOMINEES STANDING FOR ELECTION AS DIRECTORS AND WITH RESPECT TO EXECUTIVE OFFICERS OF THE CORPORATION

PROPOSAL NO. 1

ELECTION OF DIRECTORS

During fiscal year 2014 and through the date of the filing of this Proxy Statement, the composition of our Board changed in the following respects:

on June 4, 2014, director Fernando Rodriguez-Amaro passed away;

effective September 8, 2014, Juan Acosta Reboyas became a director; and

effective February 4, 2015, Luz A. Crespo became a director.

Pursuant to its respective investment agreement, each of THL and Oaktree has the right to designate a person to serve on the Board. This right will remain in effect as long as each owns at least 25% or more of the shares of Common Stock they acquired in the Corporation's private offering of shares in 2011 (the "Capital Raise"). Additionally, these investment agreements require us to use our best efforts to nominate two additional directors to the Board and require that a majority of our directors be either investor designees or independent directors with banking or related financial management expertise. Robert T. Gormley and David I. Matson were nominated to the Board in accordance with these requirements.

Our By-laws provide that the Board will consist of a number of members fixed from time to time by resolution of a majority of the Board, provided that the number of directors is always an odd number and not less than five nor more than fifteen. Any director elected or appointed to our Board must be approved by the Federal Reserve Bank of New York. In accordance with our Restated Articles of Incorporation and By-laws, director nominees stand for election annually. A director is elected by the stockholders for a one-year term and serves until his or her successor is elected and qualified. If stockholders do not elect a nominee who is serving as a director, Puerto Rico corporation law provides that the director would continue to serve on the Board as a holdover director. Under our By-laws, an incumbent director who is not elected by a majority of the votes present in person or by proxy must tender his or her resignation to the Board promptly following certification of the stockholder vote. The Board must act on the tendered resignation within 90 days following certification of the stockholder vote and must elect a new director by an affirmative vote of the majority of the Board to fill the vacancy until the next election of directors by stockholders.

Our retirement policy for the Board states that directors who reach the age of 70 may continue to serve until the end of the term to which they were elected, but will not be eligible to stand for re-election absent a waiver to this requirement.

Unless otherwise directed, each proxy executed and returned by a stockholder will be voted FOR the election of the nominees listed below. If any nominee should be unable to serve or for good cause will not serve, the designated proxies will vote each executed and returned proxy for the replacement nominee or nominees as the Board may propose. At this time, the Board knows of no reason why any of the persons listed below may not be able to serve as a director if elected and has not identified any substitute nominees. On February 4, 2015, the Board nominated current Directors Juan Acosta Reboyas, Aurelio Alemán-Bermúdez, Luz A. Crespo, Robert T. Gormley, Thomas M. Hagerty, Michael P. Harmon, Roberto R. Herencia, David I. Matson, and José Menéndez-Cortada to serve terms ending at the 2016 annual meeting of stockholders, and when their respective successors have been duly elected and qualified.

Except for Mr. Gormley and Mr. Matson, all of the members of the Board are also the members of the Board of Directors of FirstBank Puerto Rico ("FirstBank" or the "Bank"). The information presented below regarding the time of service on the Board includes terms concurrently served on the Board of Directors of the Bank as applicable.

Director Qualifications

Each director nominee has the qualifications and experience to focus on the complex issues confronting us and the financial industry. The nominees are leaders in business, finance, accounting or academia because of their intellectual acumen and analytic skills, strategic vision, ability to lead and inspire others to work with them, and records of outstanding accomplishments. Each has been chosen to stand for election in part because he or she has the ability and willingness to ask difficult questions, understand our unique challenges and evaluate the strategies proposed by management and, when applicable, oversee their implementation.

Each of the nominees has a long record of professional integrity and dedication to his or her profession and community, a strong work ethic that includes coming fully prepared to meetings and fulfilling professional obligations, the ability to maintain a collegial environment, and the experience of having served as a director of the Corporation or other companies.

In evaluating the composition of the Board, the Corporate Governance and Nominating Committee seeks to find and retain individuals who, in addition to having the qualifications set forth in our Corporate Governance Guidelines and Principles, have the skills, experience and abilities necessary to oversee our operations in the corporate and consumer businesses within Puerto Rico, the United States and the United States and British Virgin Islands. This Committee has determined that it is critically important to our proper operation and success that, through its members, our Board has expertise and experience in the following areas: