FIRST BANCORP /PR/
Form 11-K
June 29, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 11-K

(Mark One)

þ **ANNUAL REPORT PURSUANT TO SECTION 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2010

Or

o **TRANSITION REPORT PURSUANT TO SECTION 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ______ to ______

Commission file number 001-14793

FIRSTBANK 401 (K) RETIREMENT PLAN FOR RESIDENTS OF PUERTO RICO (SECTION 1165(e))

(Full title of the Plan and address of the Plan, if different from that of the issuer named below)

FIRST BANCORP.

1519 Ponce de León Avenue, Stop 23
Santurce, Puerto Rico 00908-0146

(Name of issuer of the securities held pursuant to the plan and the address of principal executive office)

FirstBank 401(k) Retirement Plan for Residents of Puerto Rico (Section 1165(e))
Financial Statements and Supplemental Schedule
December 31, 2010 and 2009
Index

[1] Other schedules required by Section 2520.103-10 of the Department of Labor s Rules and Regulations for Reporting and Disclosure under ERISA have been omitted because they are not applicable.

Report of Independent Registered Public Accounting Firm

To the Participants and Administrator of
FirstBank 401(k) Retirement Plan for Residents of Puerto Rico (Section 1165(e))

In our opinion, the accompanying statements of net assets available for benefits and the related statement of changes in net assets available for benefits present fairly, in all material respects, the net assets available for benefits of FirstBank 401(k) Retirement Plan for Residents of Puerto Rico (Section 1165(e)) (the Plan) at December 31, 2010 and 2009, and the changes in its net assets available for benefits for the year ended December 31, 2010 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental Schedule of Assets (Held at Year End) as of December 31, 2010 is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan s management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PricewaterhouseCoopers LLP
San Juan, Puerto Rico
June 29, 2011

Certified Public Accountants
(Of Puerto Rico)
License No. 216 Expires Dec. 1, 2013
Stamp 2615742 of P.R. Society of Certified
Public Accountants has been affixed to the
Filed copy of this report.

FirstBank 401(k) Retirement Plan for Residents of Puerto Rico (Section 1165(e))

Statements of Net Assets Available for Benefits
December 31, 2010 and 2009

	As of December 31,	
	2010	**2009**
Assets		
Investments		
Investments, at fair value	$ 21,365,968	$ 19,281,137
Total investments	21,365,968	19,281,137
Receivables		
Employer contribution	12,811	472,373
Participant contributions	71,401	134,078
Participant loans receivable	1,648,081	1,459,455
Due from brokers for securities sold	11,286	25,321
Loan repayments from participants	28,113	49,102
Total receivables	1,771,692	2,140,329
Cash and cash equivalents	22,953	66,296
Total assets	23,160,613	21,487,762
Liabilities		
Due to brokers for securities purchased	169	18,902
Total liabilities	169	18,902
Net assets available for benefits	$ 23,160,444	$ 21,468,860

The accompanying notes are an integral part of these financial statements.

FirstBank 401(k) Retirement Plan for Residents of Puerto Rico (Section 1165(e))

Statement of Changes in Net Assets Available for Benefits
December 31, 2010

	Year ended December 31, 2010
Additions to assets attributed to:	
Investment income	
Net appreciation in fair value of investments	$ 242,790
Dividends and interest income	327,760
Total investment income	570,550
Interest income on participant loans	96,487
Contributions	
Participants	1,970,102
Employer	335,758
Rollovers from other qualified plans	61,147
Total contributions	2,367,007
Total additions	3,034,044
Deductions from assets attributed to:	
Benefits and withdrawals paid to participants, including rollover distributions	1,332,545
Administrative expenses	9,915
Total deductions	1,342,460
Net increase in net assets available for benefits	1,691,584
Net assets available for benefits	
Beginning of year	21,468,860
End of year	$ 23,160,444

The accompanying notes are an integral part of these financial statements.

FirstBank 401(k) Retirement Plan for Residents of Puerto Rico (Section 1165(e))

Notes to the Financial Statements
December 31, 2010 and 2009
1. Description of the Plan
Reporting Entity
The accompanying financial statements include the assets of the FirstBank 401(k) Retirement Plan for Residents of Puerto Rico (Section 1165(e)) (the Plan) sponsored by FirstBank Puerto Rico (the Bank) for its Puerto Rico employees only. The following description of the Plan provides only general information. Participants should refer to the Plan agreement for a complete description of the Plan s provisions.
General
The Plan is a defined contribution plan, which became effective in 1965, and was amended in 1977, to comply with the requirements of the Employee Retirement Income Security Act of 1974, as amended (ERISA), and as of January 1, 1985, to comply with the requirements of the Retirement Equity Act of 1984 (REACT). Accordingly, the Plan is subject to the provisions of ERISA. Effective September 1, 1991, the Plan was further amended to become a savings plan under the provisions of the Puerto Rico Code Section 1165(e). The Plan was created for the purpose of providing retirement benefits to employees and to encourage and assist them in adopting a regular savings plan that qualifies under the applicable laws of the Commonwealth of Puerto Rico.
Plan Amendments
There were no plan amendments during plan year 2010.
Eligibility
All full-time employees of the Bank and its wholly owned Puerto Rico subsidiaries are eligible to participate in the Plan after completion of three months of service for purposes of making elective deferral contributions and one year of service for purposes of sharing in the Bank s matching, qualified matching and qualified non-elective contributions. Furthermore, regular part time employees are also eligible if the criteria of 1,000 hours of service is met.
Employees hired on or after September 1, 2007 will be automatically enrolled in the Plan after completion of three months of services unless the employee makes an election to waive participation in the Plan by completing an Election Form at least 30 days before the enrollment date. If the employee does not complete the Election Form within the mentioned period, the employee will be automatically enrolled in the Plan with an initial pre-tax contribution equivalent to 2% of his/her period eligible compensation and the contribution will be invested in a predetermined fund until subsequent election is made by the participant.
Contributions
Participants are permitted to contribute up to an amount not to exceed the maximum deferral amount specified by the Puerto Rico Code of 1994, as amended (PR Code) of $9,000 for the tax year ended December 31, 2010. Also, the participant may make voluntary contributions to the Plan on an after-tax basis. The Bank is required to make a matching contribution of twenty-five cents for every dollar on the first 4% of the participants eligible compensation that a participant contributes to the Plan on a pre-tax basis. In addition, the Bank may voluntarily make additional discretionary contributions to the Plan at the end of the year to be distributed among the accounts as established in the Plan. Investment of participants and employer s contributions are directed by participants into various investment options, which include several mutual funds and the common stock of First BanCorp, the Bank s parent company. The Plan allows for rollover contributions from other qualified plans.
Participants over age 50 are permitted to make an additional $1,000 pre-tax contribution after contributing the Plan limit of $9,000 of their pre- tax annual compensation.

FirstBank 401(k) Retirement Plan for Residents of Puerto Rico (Section 1165(e))
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The Act No. 186 of August 7, 2008 (Act 186) amended section 1165(e) of the PR Code to gradually increase the maximum allowance contribution as follows:

For tax years:	Amount
Beginning on and after January 1, 2011	$10,000
Beginning on and after January 1, 2013	$12,000

Participant Accounts

Each participant s account is credited with the participant s contributions and allocations of (a) the Bank s contributions and (b) Plan earnings. Allocations are based on (a) the participant s contributions in the case of matching contributions, (b) a discretionary percentage of the participant s contribution in the case of discretionary contributions, and (c) account balances in each investment option in the case of plan earnings. The benefit to which a participant is entitled is the benefit that can be provided from the participant s vested account.

Vesting

Participants are immediately vested in their contributions plus actual earnings thereon. Vesting in the Bank s contribution portion of their account is based on years of continuous service. A participant is 100% vested after five years of credited service.

Vesting schedule for the Bank s matching and additional discretionary contribution is as follows:

Years of Service	Vested Percentage
Less than 2	0%
2	20%
3	40%
4	60%
5 or more	100%

Loans to Participants

Under the terms of the Plan, participants are allowed to borrow from their accounts up to 50% of their vested account balance or $50,000, whichever is less. Loan transactions are treated as a transfer to (from) the investment funds from (to) the Participants Loan account. Loans are secured by the balance in the participants accounts and bear interest at the rate determined by the Plan administrator at the time the loan is granted. At the end of both December 31, 2010 and 2009 the interest rates of these loans ranged from 5.25% to 10.25% and are due at various maturity dates through July 23, 2016. Principal and interest is paid ratably through biweekly payroll deductions.

Payment of Benefits

Plan participants are permitted to make withdrawals from the Plan, subject to provisions in the Plan agreement. If a participant suffers financial hardship, as defined in the Plan agreement, the participant may request a withdrawal from his or her contributions. In the case of participant termination because of death, the entire vested amount is paid to the person or persons legally entitled thereto.

All distributions from the Plan will be made in a single lump-sum payment. If the value of the vested account is more than $5,000, the participant may elect to defer any benefit payable under the Plan until a specified future date.

FirstBank 401(k) Retirement Plan for Residents of Puerto Rico (Section 1165(e))
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Plan Expenses and Administration

Bank and participant contributions were held by Charles Schwab as custodian and managed by Milliman USA, Inc. as plan recordkeeper, both appointed by the Board of Directors of the Bank. The custodian invests cash received in accordance with participant s directions, credits interest and dividend income and makes distributions to participants. Administrative expenses for the custodian s and recordkeeper s fees are paid by the Bank unless there are forfeitures available to offset such expenses. For the year ended December 31, 2010 the Bank paid $184,683 in administrative fees and other services rendered by the plan recordkeeper on behalf of the Plan.

Forfeitures

Forfeited balances of terminated participants non-vested accounts are used to reduce future Bank contributions or used to cover administrative expenses of the Plan.

Recent Accounting Pronouncements

In January 2010, the Financial Accounting Standards Board (FASB) updated the Accounting Standards Codification (Codification) to provide guidance to improve disclosure requirements related to fair value measurements and require reporting entities to make new disclosures about recurring or nonrecurring fair-value measurements including significant transfers into and out of Level 1 and Level 2 fair-value measurements and information on purchases, sales, issuances, and settlements on a gross basis in the reconciliation of Level 3 fair-value measurements. Currently, entities are only required to disclose activity in Level 3 measurements in the fair-value hierarchy on a net basis. The FASB also clarified existing fair-value measurement disclosure guidance about the level of disaggregation, inputs, and valuation techniques. Entities are required to separately disclose significant transfers into and out of Level 1 and Level 2 measurements in the fair-value hierarchy and the reasons for the transfers. Significance will be determined based on earnings and total assets or total liabilities or, when changes in fair value are recognized in other comprehensive income, based on total equity. A reporting entity must disclose and consistently follow its policy for determining when transfers between levels are recognized. Acceptable methods for determining when to recognize transfers include: (i) actual date of the event or change in circumstances causing the transfer; (ii) beginning of the reporting period; and (iii) end of the reporting period. The guidance requires disclosure of fair-value measurements by class instead of major category. A class is generally a subset of assets and liabilities within a financial statement line item and is based on the specific nature and risks of the assets and liabilities and their classification in the fair-value hierarchy. When determining classes, reporting entities must also consider the level of disaggregated information required by other applicable accounting principles generally accepted in the United States of America (GAAP). For fair-value measurements using significant observable inputs (Level 2) or significant unobservable inputs (Level 3), this guidance requires reporting entities to disclose the valuation technique and the inputs used in determining fair value for each class of assets and liabilities. If the valuation technique has changed in the reporting period (e.g., from a market approach to an income approach) or if an additional valuation technique is used, entities are required to disclose the change and the reason for making the change. Except for the detailed Level 3 roll forward disclosures, the guidance is effective for annual and interim reporting periods beginning after December 15, 2009 (first quarter of 2010 for public companies with calendar year-ends). The new disclosures about purchases, sales, issuances, and settlements in the roll forward activity for Level 3 fair value measurements are effective for interim and annual reporting periods beginning after December 15, 2010 (first quarter of 2011 for public companies with calendar year-ends). Early adoption is permitted. In the initial adoption period, entities are not required to include disclosures for previous comparative periods; however, comparative disclosures will be required for periods ending after initial adoption. The adoption of this guidance did not have an impact on the Plan s financial statements.

In September 2010, the FASB amended the existing guidance for reporting loans to participants by a defined contribution pension plan. The objective of the amendments in this Update is to clarify how

FirstBank 401(k) Retirement Plan for Residents of Puerto Rico (Section 1165(e))
Notes to the Financial Statements
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loans to participants should be classified and measured by defined contribution pension benefit plans. The amendments in this Update require that participant loans be classified as notes receivable from participants, which are segregated from plan investments and measured at their unpaid principal balance plus any accrued but unpaid interest. This guidance was effective for interim and annual reporting periods ending after December 15, 2010 on a retroactive basis. The Plan adopted this guidance; refer to the Statement of Net Assets Available for Benefits.

Reclassifications

Certain reclassifications have been made to prior year amounts to conform with current year presentation. On January 7, 2011, First BanCorp effected a 1-for-15 reverse stock split. These notes to the financial statements have been retroactively adjusted to give effect to that reverse stock split.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared in accordance with accounting policies generally accepted in the United States of America. A description of the significant accounting policies of the Plan follows.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Contributions

Employee contributions are recorded in the period in which the Bank makes payroll deductions from the participants compensation. Matching employer s contributions are recorded in the same period. Discretionary contributions are recorded in the period they are earned by the participant, as determined by the Bank s Board of Directors.

Transfer of Assets to Other Plans

Terminated employees or retirees may elect to transfer their savings to other plans qualified by the Puerto Rico Department of Treasury.

Investments Valuation and Income Recognition

The Plan s investments in mutual funds and common stock of First BanCorp are stated at fair value. See Note 4 for further information regarding valuation of the Plan s investments. The Plan presents in the statement of changes in net assets available for benefits the net appreciation (depreciation) in the fair value of its investments which consists of the realized gains or losses and the unrealized appreciation (depreciation) on those investments.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date.

Loans repayments from participants

Under the terms of the Plan, the participants are allowed to borrow from their accounts up to 50% of their vested account balance or $50,000, whichever is less. Loan transactions are treated as a transfer to (from) the investment fund from (to) the Participant Loan account at the time the employee signs for the loan. The outstanding loan amount is reduced with payroll retentions made by the employer. Loans bear

FirstBank 401(k) Retirement Plan for Residents of Puerto Rico (Section 1165(e))
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interest at the rate determined by the Plan administrator at the time the loan is granted. Any terminated employee is required to liquidate his loan before his resignation.

Payment of Benefits

Benefits are recorded when paid.

3. Plan Investments

The following presents the Plan s investments:

	2010		2009	
	Value	**# of shares**	**Value**	**# of shares**
First BanCorp. Common stock	$ 496,553	71,964	$ 1,117,645*	32,396
Ameristock Fund	1,623,462*	43,985	1,472,154*	45,227
Dodge & Cox Balanced Fund	1,982,950*	27,061	1,394,256*	21,775
Fidelity Spartan Extended Mkt. Index	675,930	17,708	485,302	15,964
FMI Focus	23,030	759	18,430	787
GE Premier Growth Equity Class A	752,035	35,155	610,334	31,755
Harbor Bond Institutional Class Fund	1,851,720*	153,062	1,591,993*	131,136
Harbor Bond Institutional International Class Fund	2,762,391*	45,620	2,421,833*	44,138
Royce Pennsylvania Mutual Fund	1,847,521*	158,585	1,439,301*	152,307
Schwab Value Advantage Money Fund	5,807,356*	5,807,356	5,673,003*	5,673,003
Vanguard S&P 500 Index	3,543,020*	23,870	3,056,886*	29,774
	$ 21,365,968		$ 19,281,137	

* Investment exceeds five percent of net assets available for benefits.

During 2010, the Plan s investments including gains and losses on investments bought and sold (as well as held during the year) appreciated in value by $242,790 as follows:

	2010
Mutual Funds	$ 1,454,991
Common stock First BanCorp.	(1,212,201)
	$ 242,790

4. Fair Value Measurements

The FASB authoritative guidance for fair value measurements defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The guidance also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are

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observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 Valuations are observed from unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

As of December 31, 2010 and 2009, the Plan s investments measured at fair value consisted of the following instruments and classifications within the fair value hierarchy.

	As of December 31, 2010 Fair Value Measurements Using			
	Level 1	**Level 2**	**Level 3**	**Assets at Fair Value**
Investments in mutual funds:				
Large Cap	$ 5,918,517	$	$	$ 5,918,517
Mid Cap	675,930			675,930
Small Cap	1,870,551			1,870,551
International	2,762,391			2,762,391
Fixed Income	7,659,076			7,659,076
Balanced	1,982,950			1,982,950
Investment in First BanCorp.	496,553			496,553
	$ 21,365,968	$	$	$ 21,365,968

	As of December 31, 2009 Fair Value Measurements Using			
	Level 1	**Level 2**	**Level 3**	**Assets at Fair Value**
Investments in mutual funds:				
Large Cap	$ 5,139,374	$	$	$ 5,139,374
Mid Cap	485,302			485,302
Small Cap	1,457,731			1,457,731
International	2,421,833			2,421,833
Fixed Income	7,264,996			7,264,996
Balanced	1,394,256			1,394,256
Investment in First BanCorp.	1,117,645			1,117,645
	$ 19,281,137	$	$	$ 19,281,137

Following is a description of the Plan s valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2010 and 2009.

Equity securities: Investment in First BanCorp consists of common stock of First BanCorp and is valued at its quoted market price obtained from an active exchange market. These securities are classified as Level 1.

Mutual Funds: Investments in mutual funds consists of open-end mutual funds and the value is based on the published mutual fund Net Asset Value at the reporting date. These investments are classified as Level 1.

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The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. These Levels are not an indication of risk associated with the investments.

There were no transfers in and /or out of Level 3 for financial instruments measured at fair value on a recurring basis during the years ended December 31, 2009 and 2010. There were no transfers in and/or out of Level 1 and Level 2 during the years ended December 31, 2009 and 2010.

5. Party In-Interest Transactions

Certain plan investments consist of shares of a mutual fund with market value of $5,807,356 and cash equivalents of $22,185 managed by The Charles Schwab Trust Company, which is also a provider of custodial services as defined by the Plan since April 1, 2005. In addition, at December 31, 2010 and 2009, the Plan held 71,964 and 32,396 units, with a quoted market value of $496,553 and $1,117,645, respectively, of First BanCorp common stock, the parent company of the Plan Sponsor. For the year ended December 31, 2010, the Plan did not receive any dividend income related to First BanCorp common stock and the net depreciation in the fair value of the investment in First BanCorp common stock amounted to $1,212,201. Plan assets include participant loans receivable of $1,648,081 and $1,459,455 as of December 31, 2010 and 2009, respectively. For the year ended December 31, 2010 interest income related to participant loans receivable amounted to $96,487. These transactions qualify as party-in-interest transactions permitted under the provisions of ERISA.

6. Tax Status

The Puerto Rico Department of Treasury has determined and informed the Bank under letter dated October 11, 2010 that the Plan is designed in accordance with the applicable sections of the PR Code and, therefore, exempt from income taxes. Therefore, no provision for income taxes has been included in the Plan s financial statements.

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the plan and recognize a tax liability (or asset) if the plan has taken a uncertain tax position that more likely than not would not be sustained upon examination by federal, state and/ or local taxing authorities. The plan administrator has analyzed the tax positions by the plan, and has concluded that as of December 31, 2010, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The plan administrator believes it is no longer subject to income tax examinations for years prior to 2010.

7. Plan Termination

Although it has not expressed any intent to do so, the Bank has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will become 100 percent vested in their accounts and such termination shall not reduce the interest of any participating employee or their beneficiaries accrued under the Plan up to the date of such termination.

8. Forfeited Amount

Forfeited non-vested accounts amounted to $1,774 at December 31, 2010 ($5,266 at December 31, 2009). These accounts are transferred by the Plan administrator to an unallocated account to be used

FirstBank 401(k) Retirement Plan for Residents of Puerto Rico (Section 1165(e))
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to cover administrative expenses of the Plan or reduce the Bank s future contributions. No forfeitures were used to reduce the Bank s contribution, while $9,915 was used to cover administrative expenses during 2010.

9. Risks and Uncertainties

The Plan s investments are exposed to various risks, such as interest rate, market and credit risks. Market values of investments may decline for a number of reasons, including changes in prevailing market and interest rates, increases in defaults and credit rating downgrades. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the values of investments, it is at least reasonably possible that changes in these factors in the near term would materially affect participants account balances and the amounts reported in the statement of net assets available for benefits and the statement of changes in net assets available for benefits.

The Plan is subject to legal proceedings and claims which might arise in the ordinary course of its activities. At this time, there are no legal proceedings against the Plan that might impact the financial statements.

10. Additional Contributions

The Board of Directors of the Bank approved in 2010 additional contributions of $447,470, based on the Bank s results for the year ended December 31, 2009. No additional discretionary contributions were made for the year ended December 31, 2010. In addition, as a result of the Plan s non-compliance with its non-discrimination test for the years ended December 31, 2010 and 2009, the Bank agreed to contribute $1,066 and $2,876, respectively, to non-highly compensated participants to satisfy contribution requirements. At December 31, 2010 and 2009, these additional contributions were recorded as employer contribution receivables in the statement of net assets available for benefits and as contributions from employer in the statement of changes in net assets available for benefits.

11. Reconciliation of Financial Statements to Form 5500

For purposes of Form 5500, interest-bearing cash equivalents which consist of money-market instruments, are classified as plan investments. The amount of interest-bearing cash equivalent classified as investment on the Form 5500 was $22,185 and $61,934 as of December 31, 2010 and 2009, respectively. In addition, non-interest bearing cash held by the Plan as of December 31, 2010 and 2009 amounted to $768 and $4,361, respectively.

12. Subsequent events

The Plan has evaluated subsequent events through the date the financial statements were issued. The Plan has determined that there are no events occurring in this period that required disclosure in or adjustment to the accompanying financial statements.

FirstBank 401(k) Retirement Plan for Residents of Puerto Rico (Section 1165(e))

Schedule H, Line 4i - Schedule of Assets (Held at End of Year)
December 31, 2010

(a)	(b) Identity of issue, borrower lessor or similar party	(c) Description of Investment including maturity date, rate of interest, par			(d) Cost	(e) Current value
	Money Market and Interest Bearing Cash					
*	Investcash Money Market Deposit Account	Money Market			**	$ 22,185
	Total Money Market and Interest Bearing Cash					22,185
	Common Stocks					
*	First BanCorp. Common Stocks	Common Stock	71,964	shares	**	496,553
	Total Common Stocks					496,553
	Mutual Funds					
	Ameristock Fund	Mutual Fund	43,985	shares	**	1,623,462
	Dodge & Cox Balanced Fund	Mutual Fund	27,061	shares	**	1,982,950
	Fidelity Spartan Extended Mkt. Index	Mutual Fund	17,708	shares	**	675,930
	FMI Focus	Mutual Fund	759	shares	**	23,030
	GE Premier Growth Equity Class A	Mutual Fund	35,155	shares	**	752,035
	Harbor Bond Institutional Class Fund	Mutual Fund	153,062	shares	**	1,851,720
	Harbor Bond Institutional International Class Fund	Mutual Fund	45,620	shares	**	2,762,391
	Royce Pennsylvania Mutual Fund	Mutual Fund	158,585	shares	**	1,847,521
*	Schwab Value Advantage Money Fund	Mutual Fund	5,807,356	shares	**	5,807,356
	Vanguard S&P 500 Index	Mutual Fund	23,870	shares	**	3,543,020
	Total mutual funds					20,869,415
	Participant Loans Receivable					
*	Participant loans receivable	Interest rates raging from 5.25% to 10.25% maturity dates of January 15, 2011 to July 23, 2016				1,648,081
	Total participant Loans receivable					1,648,081
	Total					**$ 23,036,234**

* Party in-interest

** Historical cost is not required for participant directed investments.

Signatures

The Plan. Pursuant to the requirement of the Securities Exchange Act of 1934, the Board of Trustees (or the persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

FIRST BANCORP.
(Name of Plan)

Date: 6/29/2011

By: /s/ Pedro A. Romero
Authorized Representative

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