FIRST BANCORP /PR/
Form 11-K
June 29, 2009

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

(Mark One)

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

For the fiscal year ended December 31, 2008

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 THE U.S. VIRGIN ISLANDS OF THE UNITED STATES OF AMERICA

(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 the U.S. Virgin Islands and of the United States of America
Financial Statements and Supplemental Schedules
December 31, 2008 and 2007
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[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.

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FirstBank 401(k) Retirement Plan for Residents of the U.S. Virgin Islands and of the United States of America
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Report of Independent Registered Public Accounting Firm

To the Participants and Administrator of
FirstBank 401(k) Retirement Plan for Residents of the U.S. Virgin Islands and of the United States of America

In our opinion, the accompanying statements of assets available for benefits and the related statement of changes in assets available for benefits present fairly, in all material respects, the assets available for benefits of FirstBank 401(k) Retirement Plan for Residents of the U.S. Virgin Islands and of the United States of America (the Plan) at December 31, 2008 and 2007, and the changes in assets available for benefits for the year ended December 31, 2008 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.

As discussed in Note 1 to the financial statements, the Plan adopted in 2007 Statement of Financial Accounting Standards No. 157, Fair Value Measurements .

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, 2008 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 respect in relation to the basic financial statements taken as a whole.

PricewaterhouseCoopers, LLP
San Juan, Puerto Rico
June 29, 2009
Certified Public Accountants
(Of Puerto Rico)
License No. 216 Expires Dec. 1, 2010
Stamp 2388262 of the P.R. Society of Certified
Public Accountants has been affixed to the
File copy of this report.

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FirstBank 401(k) Retirement Plan for Residents of the U.S. Virgin Islands and of the United States of America
Statements of Assets Available for Benefits
December 31, 2008 and 2007

	As of December 31,	
	2008	**2007**
Assets		
Investments		
Investments, at fair value	$ 4,603,468	$ 3,880,313
Participants loans receivable	474,899	273,843
Total investments	5,078,367	4,154,156
Receivables		
Employer contributions	167,504	144,715
Participant contributions		15,965
Interest and dividends receivable	5	1
Total receivables	167,509	160,681
Cash and cash equivalent	43,625	16,678
Assets available for benefits	$ 5,289,501	$ 4,331,515

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

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FirstBank 401(k) Retirement Plan for Residents of the U.S. Virgin Islands and of the United States of America
Statement of Changes in Assets Available for Benefits
Year Ended December 31, 2008

	Year ended December 31, 2008
Additions to assets attributed to	
Investment income (loss)	
Net depreciation in fair value of investments	$ (928,547)
Dividends and interest income	167,624
Interest income on loans to participants	32,328
Total investment loss	(728,595)
Contributions	
Employer	227,326
Participants	392,772
Rollovers from other qualified plans	1,577,130
Total contributions	2,197,228
Total additions	1,468,633
Deductions from assets attributed to	
Benefits and withdrawals paid to participants, including rollover distributions	510,647
Total deductions	510,647
Increase in assets available for benefits	957,986
Assets available for benefits	
Beginning of year	4,331,515
End of year	$ 5,289,501

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

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FirstBank 401(k) Retirement Plan for Residents of the U.S. Virgin Islands and of the United States of America
Notes to the Financial Statements
December 31, 2008 and 2007

1. Description of the Plan

Reporting Entity

The accompanying financial statements include the assets of the FirstBank 401(k) Retirement Plan for Residents of the U.S. Virgin Islands and of the United States of America (the Plan) sponsored by FirstBank Puerto Rico (the Bank) for its U.S. Virgin Islands and United States of America 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 on May 15, 1977. Effective September 1, 1991, the Plan was further amended to become a savings plan under the provisions of the U.S. Internal Revenue Code. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA).

On January 2008, the Bank completed the acquisition of the Virgin Islands Community Bank (VICB) in St. Croix, U.S. Virgin Islands. Employees of VICB that joined the Bank were immediately eligible to participate and to roll their funds into the Plan.

Eligibility

All full-time employees 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 Company s matching, qualified matching and qualified nonelective contributions.

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 make 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 its period 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 10% of their pre-tax annual compensation, as defined in the Plan, and up to an additional 8% on an after-tax basis. Contributions are subject to certain limitations. For the year ended December 31, 2008, pre-tax contributions were limited to a maximum of $15,500, as defined by the Internal Revenue Service. The Bank is required to make a matching contribution of twenty-five cents for every dollar on the first 4% of the participant s compensation that a participant contributes to the Plan on a pre-tax basis.

FirstBank 401(k) Retirement Plan for Residents of the U.S. Virgin Islands and of the United States of America
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In addition, the Bank may voluntarily make additional discretionary contributions to the Plan at the end of the year to be distributed among the participants 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 10% of their pre-tax annual compensation.

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 contribution 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 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 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 Participant s Loan account. Loans are collateralized 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 December 31, 2008 and 2007 the

FirstBank 401(k) Retirement Plan for Residents of the U.S. Virgin Islands and of the United States of America
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interest rates of these loans range from 6.00% to 10.25% and are due at various maturity dates through December 4, 2013. 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.

Vested plan benefits not exceeding $1,000 are distributed to participants in a single lump-sum cash payment after employment with the Bank is terminated. If the value of the vested account is more than $1,000, the participant may elect to defer any benefit payable under the Plan until a specified future date. There were no outstanding benefits payable to participants at December 31, 2008 and 2007.

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 of which were appointed by the Board of Directors of the Bank. The custodian invests cash received in accordance with participants directions, 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, 2008 the Bank paid $69,362 in administrative fees and other services rendered by the plan recordkeeper on behalf of the Plan.

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

2. Summary of Significant Accounting Policies

The more significant accounting policies followed by the Plan in the preparation of the financial statements are summarized below:

Basis of Accounting
The Plan s policy is to prepare its financial statements using the accrual basis of accounting and reflect management s estimates and assumptions, such as those regarding fair value, that affect the recorded amounts.

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Certain reclassifications to the 2007 amounts have been made to conform with the current year presentation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities and changes therein 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 U.S. Internal Revenue Code.

Investments Valuation and Income Recognition

The Plan s investments in mutual funds and common stock of First BanCorp are stated at fair value. Effective January 1, 2007, the Plan elected to early adopt Statement of Financial Accounting Standard (SFAS) 157, Fair Value Measurements. 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.

Payment of Benefits

Benefits are recorded when paid.

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FirstBank 401(k) Retirement Plan for Residents of the U.S. Virgin Islands and of the United States of America
Notes to the Financial Statements
December 31, 2008 and 2007

3. Plan Investments

The following presents the Plan s investments:

	2008		2007	
	Value	**# of shares**	**Value**	**# of shares**
First BanCorp. Common Stock	$ 411,979*	36,982	$ 244,667*	33,562
Ameristock Fund	134,900	5,323	242,609*	5,772
Ariel Fund			95,756	2,064
Dodge & Cox Balanced Fund	148,402	2,895	265,488*	3,278
Fidelity Spartan Extended Mkt. Index	24,592	1,091		
GE Premier Growth Equity Class A	250,525	18,010	261,530*	10,979
Harbor Bond Institutional Class Fund	747,037*	66,109	421,774*	35,413
Harbor Bond Institutional International Class Fund	294,622*	7,344	683,967*	9,585
Royce Pennsylvania Mutual Fund	95,488	13,759	232,269*	21,467
Schwab Value Advantage Money Fund	2,208,600*	2,208,600	1,112,972*	1,112,972
Vanguard S&P 500 Index	287,323*	3,458	319,281*	2,362
Participant loans receivable	474,899*		273,843*	
	$ 5,078,367		$ 4,154,156	

* Investment exceeds five percent of assets available for benefits.

During 2008, the Plan s investments (including gains and losses on investments bought and sold) depreciated in value by $928,547 as follows:

Mutual Funds	$ (1,062,912)
Common stock First BanCorp.	134,365
	$ (928,547)

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FirstBank 401(k) Retirement Plan for Residents of the U.S. Virgin Islands and of the United States of America
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December 31, 2008 and 2007

4. Fair Value Measurements

SFAS 157 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. SFAS 157 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 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 2008, the Plan s investments measured at fair value consisted of the following instruments and classifications within the fair value hierarchy.

	As of December 31, 2008 Fair Value Measurements Using			
	Level 1	**Level 2**	**Level 3**	**Assets as Fair Value**
Investments in mutual funds	$ 4,191,489	$	$	$ 4,191,489
Investment in First BanCorp.	411,979			411,979
Participant loans receivable			474,899	474,899
	$ 4,603,468	$	$ 474,899	$ 5,078,367

	As of December 31, 2007 Fair Value Measurements Using			
	Level 1	**Level 2**	**Level 3**	**Assets as Fair Value**
Investments in mutual funds	$ 3,635,646	$	$	$ 3,635,646
Investment in First BanCorp.	244,667			244,667
Participant loans receivable			273,843	273,843
	$ 3,880,313	$	$ 273,843	$ 4,154,156

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FirstBank 401(k) Retirement Plan for Residents of the U.S. Virgin Islands and of the United States of America
Notes to the Financial Statements
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Following is a description of the Plan s valuation methodologies used for assets measured at fair value:

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 (quoted market price) at the reporting date. These investments are classified as Level 1.

Participant loans: Participant loans are valued at their amortized cost, which approximates fair value. These investments are classified as Level 3.

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. There have been no changes in the methodologies used at December 31, 2008 and 2007.

Below is a summary of changes in the fair value of the Plan s Level 3 investments for the year ended December 31, 2008:

	Participant Loans
Balance at beginning of the year	$ 273,843
Issuances, repayments, and settlements, net	201,056
Balance at end of year	$ 474,899

FirstBank 401(k) Retirement Plan for Residents of the U.S. Virgin Islands and of the United States of America
Notes to the Financial Statements
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5. Party In-Interest Transactions

Certain Plan investments are shares of a mutual fund 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, 2008 and 2007, the Plan held 36,982 and 33,562 shares, with a quoted market value of $411,979 and $244,667, respectively, of First BanCorp. common stock, the Parent Company of the Plan Sponsor. For the year ended December 31, 2008, the Plan received dividend income related to First BanCorp. common stock in the amount of $10,568 and the net appreciation in the fair value of the Investment in First BanCorp common stock amounted to $134,365. Plan assets include participant loans receivable of $474,899 and $273,843 as of December 31, 2008 and 2007, respectively. For the year ended December 31, 2008 interest income related to participant loans receivable amounted to $32,328. These transactions qualify as party in-interest transactions permitted under provisions of ERISA.

6. Tax Status

The Internal Revenue Service has determined and informed the Bank under letter dated December 22, 2003 that the Plan is designed in accordance with the applicable sections of the U.S. Internal Revenue Code (IRC) and, therefore, exempt from income taxes. Although the Plan has been amended since receiving the determination letter, the Plan administrator and the Plan s tax counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC. Therefore, no provision for income taxes has been included in the Plan s financial statements.

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 nonvested accounts amounted to $10,190 at December 31, 2008 ($2,910 at December 31, 2007). These accounts are transferred by the Plan administrator to an unallocated account to be used to cover administrative expenses of the plan or reduce the Bank s future contributions. No forfeitures were used to reduce the Bank s contribution or to cover administrative expenses during 2008.

FirstBank 401(k) Retirement Plan for Residents of the U.S. Virgin Islands and of the United States of America
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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 default 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 participant s account balances and the amounts reported in the statement of assets available for benefits and the statement of changes in assets available for benefits.

10. Additional Contributions

The Board of Directors of the Bank approved in 2008 and 2007 additional contributions of $167,504 and $144,715 based on the Bank s results for the years ended December 31, 2008 and 2007, respectively. At December 31, 2008 and 2007, these additional contributions were recorded as employer contribution receivables in the statement of assets available for benefits and as contributions from employer in the statement of changes in assets available for benefits.

11. Differences Between Financial Statements and Form 5500

For purposes of Form 5500, interest-bearing cash equivalents are classified as plan investments. The amount of interest-bearing cash equivalents classified as investment on the Form 5500 was $18,543 and $16,678 as of December 31, 2008 and 2007, respectively. In addition, non-interest bearing cash held by the Plan as of December 31, 2008 amounted to $25,082. There were no balances of non-interest bearing cash as of December 31, 2007.

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FirstBank 401(k) Retirement Plan for Residents of Puerto Rico (Section 1165(e))
Schedule H, Line4i Schedule of Assets (Held at End of Year)
December 31, 2008

(a)	(b) Identity of issue, borrower lessor or similar party	(c) Description of Investment including maturity date, rate of interest, par value			(d) Cost	(e) Current value
	Money Market and Interest Bearing Cash					
	Investcash Money Market Deposit Account	Money Market			**	$ 18,543
	Total Money Market and Interest Bearing Cash					18,543
	Common Stocks					
*	FirstBancorp. Common Stock	Common Stock	36,982	shares	**	411,979
	Total Common Stocks					411,979
	Mutual Funds					
	Ameristock Fund	Mutual Fund	5,323	shares	**	134,900
	Dodge & Cox Balanced Fund	Mutual Fund	2,895	shares	**	148,402
	Fidelity Spartan Extended Mkt. Index	Mutual Fund	1,091	shares	**	24,592
	GE Premier Growth Equity Class A	Mutual Fund	18,010	shares	**	250,525
	Harbor Bond Institutional Class Fund	Mutual Fund	66,109	shares	**	747,037
	Harbor Bond Institutional International Class Fund	Mutual Fund	7,344	shares	**	294,622
	Royce Pennsylvania Mutual Fund	Mutual Fund	13,759	shares	**	95,488
*	Schwab Value Advantage Money Fund	Mutual Fund	2,208,600	shares	**	2,208,600
	Vanguard S&P 500 Index	Mutual Fund	3,458	shares	**	287,323
	Total mutual funds					4,191,489
	Other Investments					

*	Participant loan receivable	Interest rates ranging from 6.00% to 10.25% maturity dates of January 30, 2009 to December 4, 2013	**	474,899
	Total Other Investments			474,899
	Total			**$ 5,096,910**

* Party in-interest

** Historical costs is not required for participant directed investment.

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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: 6/29/2009

By: /s/ Pedro A. Romero
Authorized Representative

Date: 6/29/2009

By: /s/ María Medina
Authorized Representative

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