

FIRST BANCORP /PR/  
Form 11-K  
July 11, 2018  
Table of Contents

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**

**FORM 11-K**

(Mark One)

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

**For the fiscal year ended December 31, 2017**

**Or**

**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**

**THE FIRSTBANK 401(K) RETIREMENT PLAN FOR RESIDENTS OF THE U.S. VIRGIN ISLANDS AND 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.**

Edgar Filing: FIRST BANCORP /PR/ - Form 11-K

**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)

---

**Table of Contents**

**The FirstBank 401(k) Retirement Plan for Residents of the U.S. Virgin**

**Islands and the United States of America**

**Financial Statements and Supplemental Schedules**

**December 31, 2017 and 2016**

**Index**

**TABLE OF CONTENTS**

	<b>PAGE</b>
<u>Report of Independent Registered Public Accounting Firm</u>	1
<u>Report of Independent Registered Public Accounting Firm</u>	3
<b>Financial Statements:</b>	
<u>Statements of Net Assets Available for Benefits at December 31, 2017 and 2016</u>	4
<u>Statement of Changes in Net Assets Available for Benefits for the year ended December 31, 2017</u>	5
<u>Notes to the Financial Statements</u>	6
<b>Supplemental Schedules:<sup>1</sup></b>	
<u>Schedule H, Line 4i Schedule of Assets (Held at End of Year) December 31, 2017</u>	14
<u>Schedule H, Line 4a Schedule of Delinquent Participant Contributions for the year ended December 31, 2017</u>	15
<u>Signatures</u>	16
EX 23.1 Consent of Crowe LLP	
EX 23.2 Consent of KPMG LLP	

<sup>1</sup> 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.

**Table of Contents**

**Report of Independent Registered Public Accounting Firm**

Plan Participants and Plan Administrator of The FirstBank

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

Santurce, Puerto Rico

**Opinion on the Financial Statements**

We have audited the accompanying statement of net assets available for benefits of The FirstBank 401(k) Retirement Plan for Residents of the U.S. Virgin Islands and the United States of America (the Plan ) as of December 31, 2017, the related statement of changes in net assets available for benefits for the year then ended, and the related notes (collectively referred to as the financial statements ). In our opinion, the financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2017, and the changes in net assets available for benefits for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on the Plan s financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ( PCAOB ) and are required to be independent with respect to the Plan in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting in accordance with the standards of the PCAOB. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Plan s internal control over financial reporting. Accordingly, we express no such opinion in accordance with the standards of the PCAOB.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

**Table of Contents**

**Supplemental Information**

The supplemental Schedule H, Line 4i Schedule of Assets (Held at End of Year) and Schedule H, Line 4a Schedule of Delinquent Participant Contributions as of December 31, 2017 and for the year then ended, have been subjected to audit procedures performed in conjunction with the audit of The FirstBank 401(k) Retirement Plan for Residents of the U.S. Virgin Islands and the United States of America's financial statements. The supplemental schedules are the responsibility of the Plan's management. Our audit procedures included determining whether the information presented in the supplemental schedules reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental schedules. In forming our opinion on the supplemental schedules, we evaluated whether the supplemental schedules, including their form and content, are presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental schedules are fairly stated in all material respects in relation to the financial statements as a whole.

/s/ Crowe LLP

We have served as the Plan's auditor since 2018.

Miami, Florida

July 11, 2018

Stamp No. E298223 of the Puerto Rico

Society of Certified Public Accountants

was affixed to the record copy of this report.

**Table of Contents**

**Report of Independent Registered Public Accounting Firm**

The Participants and Board of Trustees of The FirstBank 401(k) Retirement Plan for Residents of the U.S. Virgin Islands and the United States of America:

We have audited the accompanying statement of net assets available for benefits of The FirstBank 401(k) Retirement Plan for Residents of the U.S. Virgin Islands and the United States of America (the Plan) as of December 31, 2016. This financial statement is the responsibility of the Plan's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2016 in conformity with U.S. generally accepted accounting principles.

/s/ KPMG LLP

San Juan, Puerto Rico

July 12, 2017

Stamp No. E325053 of the Puerto Rico

Society of Certified Public Accountants

was affixed to the record copy of this report.

**Table of Contents****The FirstBank 401(k) Retirement Plan for Residents of the U.S. Virgin****Islands and the United States of America****Statements of Net Assets Available for Benefits****Year ended December 31, 2017**

	<b>As of December 31,</b>	
	<b>2017</b>	<b>2016</b>
<b>Assets</b>		
Investments		
Investments, at fair value	\$ 13,265,925	\$ 11,661,499
Receivables		
Notes receivable from participants	560,301	602,773
Cash	46,326	49,266
<b>Total Assets</b>	<b>13,872,552</b>	<b>12,313,538</b>
<b>Liabilities</b>		
Other liabilities	8,626	17,308
<b>Net assets available for benefits</b>	<b>\$ 13,863,926</b>	<b>\$ 12,296,230</b>

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

**Table of Contents****The FirstBank 401(k) Retirement Plan for Residents of the U.S. Virgin****Islands and the United States of America****Statement of Changes in Net Assets Available for Benefits****Year ended December 31, 2017**

	<b>Year ended December 31, 2017</b>
<b>Additions to assets attributed to:</b>	
Investment income:	
Net appreciation in fair value of investments	\$ 1,086,102
Dividends and interest income	455,691
<b>Total investment income</b>	<b>1,541,793</b>
Interest income on notes receivables from participants	29,864
<b>Contributions:</b>	
Participants	973,921
Employer	143,866
Rollover from other qualified plans	125,194
<b>Total contributions</b>	<b>1,242,981</b>
<b>Total additions</b>	<b>2,814,638</b>
<b>Deductions from assets attributed to:</b>	
Benefits and withdrawals paid to participants, including rollover distributions	1,234,003
Administrative expenses	12,939
<b>Total deductions</b>	<b>1,246,942</b>
<b>Net increase</b>	<b>1,567,696</b>
<b>Net Assets available for benefits</b>	
Beginning of year	12,296,230
End of year	\$ 13,863,926

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





**Table of Contents**

**The FirstBank 401(k) Retirement Plan for Residents of the U.S. Virgin**

**Islands and the United States of America**

**Notes to the Financial Statements**

**December 31, 2017 and 2016**

**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 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. 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).

**Plan Amendments**

There were no plan amendments during 2017.

**Eligibility**

All of the Bank's U.S. Virgin Islands and United States of America 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 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 are automatically enrolled in the Plan after completion of three months of service 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 Internal Revenue Service of \$18,000 for the tax year ended December 31, 2017. Also, the participant may make voluntary contributions to the Plan on an after-tax basis, not to exceed the maximum annual limit allowed by law. The

Bank is required to make a matching contribution of twenty-five cents for every dollar up to the first 4% of the participant's 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 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 \$6,000 pre-tax contribution after contributing the Plan limit of \$18,000 of their pre-tax annual compensation.

On March 21, 2018, the Bank approved an increase to the employers matching contribution to fifty cents for every dollar of the employees contribution up to 6% of their eligible compensation, effective on July 5, 2018. Refer to Note 11, Subsequent Events, below for additional information about the change in the Bank's matching contribution.

**Table of Contents****The FirstBank 401(k) Retirement Plan for Residents of the U.S. Virgin****Islands and the United States of America****Notes to the Financial Statements****December 31, 2017 and 2016****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 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. Forfeited nonvested accounts are used to cover administrative expenses, or used to reduce future Bank contributions. Certain administrative expenses directly associated with the Plan are paid by the Plan and charged to participant's accounts.

**Vesting**

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

The vesting schedule for the Bank's additional discretionary contribution is as follows:

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

**Notes receivable from 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. As of December 31, 2017 and 2016, substantially all of the loans have interest rates ranging from 5.25% to 6.25%, and are due at various maturity dates through January 2023. 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. All distributions from the Plan will be made in a single lump-sum cash 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.

In the case of participant termination because of death, all amounts credited to such participant's account shall become fully vested and the entire amount is paid to the person or persons legally entitled thereto. A participant will fully vest in his or her account balance (including matching and discretionary contributions) upon permanent and total disability. Payment of disability benefits will be made similar to payments to retired employees described above. However, if the value of the account balance does not exceed \$1,000, the distribution will be made to the participant, regardless of whether the participant consents to receive it.

**Table of Contents**

**The FirstBank 401(k) Retirement Plan for Residents of the U.S. Virgin**

**Islands and the United States of America**

**Notes to the Financial Statements**

**December 31, 2017 and 2016**

**Hurricane Relief for Distributions and Loans to Participants**

In the wake of Hurricanes Harvey, Irma and Maria in 2017, the U.S. Congress enacted the Disaster Tax Relief and Airport and Airways Extension Act of 2017 (the Act). The Act makes it easier for retirement plan participants to access their retirement funds to recover from Hurricanes Harvey, Irma and Maria.

The main provisions of the Act are:

*Early Distributions* - The Act waives the 10% additional tax under IRC Section 72(t) for qualified hurricane distributions, and permits participants to repay these amounts to a plan. Ordinarily, most distributions to a participant under age 59 ½ are subject to this additional tax. These distributions are limited to \$100,000 in the aggregate (regardless of whether received in one or more taxable years) and must be taken between the applicable storm dates and January 1, 2019.

Early distributions would ordinarily be taxable to the recipient in the tax year which includes the distribution date. The Act provides two options. Participants can repay all or part of the distribution within three years by making contributions to a qualified retirement plan (which will be treated as timely rollover contributions, thus deferring taxation), or they can elect to spread the tax on the distribution over a three-year period beginning with the tax year including the distribution date, unless the taxpayer chooses otherwise.

*Plan loans* - The Act also expands the availability of plan loans and extends the normal repayment period. Under IRC Section 72(p), loans from a plan to a participant are subject to a variety of limitations, primarily an overall \$50,000 limit on the outstanding amount, and the requirement of repayment at least quarterly within 5 years. The Act provides relief from both. A qualified individual can borrow up to the lesser of \$100,000 or 100% of the account balance or accrued benefit (loans taken from September 29, 2017 through December 31, 2018). The required repayments over 5 years can be delayed for an extra year, without regard to terms remaining under prior loans, provided the repayments are adjusted for interest.

*Plan amendments* - Plans generally may be amended retroactively as late as the last day of the first plan year beginning on or after January 1, 2019, to incorporate these provisions, so long as the plans are operated as if the amendments were in effect from their effective date.

During 2017, the Bank adopted the provisions of the Act. As of June 30, 2018, the Plan has processed loans totaling \$35 thousand under the special relief provisions of the Act. No hardship withdrawals subject to the special relief provisions of the Act were requested by participants during 2017 and 2018. The Bank plans to amend the Plan document on or before December 31, 2018 to incorporate the special relief provisions for distributions and loans to participants in accordance with the Act.

**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, interest and dividend income and makes distributions to participants.

Generally, recordkeeper's fees are paid by the Bank unless there are forfeitures available to offset such expenses. For the year ended December 31, 2017, the Bank paid on behalf of the Plan \$58,847 in administrative fees and other services rendered by the plan recordkeeper. Administrative expenses incurred by the Plan, primarily custodian's fees and other miscellaneous expenses, are reflected in the Plan's financial statements.

**Table of Contents**

**The FirstBank 401(k) Retirement Plan for Residents of the U.S. Virgin**

**Islands and the United States of America**

**Notes to the Financial Statements**

**December 31, 2017 and 2016**

**Forfeitures**

Forfeited balances of terminated participants' nonvested accounts are used to reduce future Bank contributions or used to cover administrative expenses of the Plan, refer to Note 7 for further detail.

**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 generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of net assets available for benefits, and changes therein. 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.

**Rollover Distributions**

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. See Note 3 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 on investments bought and sold as well as the unrealized appreciation (depreciation) on those investments held during the year.



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.

**Notes receivable from participants**

Notes receivable from participants represent participant loans that are measured at their unpaid principal balance plus any accrued but unpaid interest. The outstanding loan amount is reduced with payroll retentions made by the employer. Loans bear 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. Refer to Note 1, Description of the Plan, above, for the special relief provisions for distributions and loans to participants affected by Hurricanes Irma and Maria in the U.S. Virgin Islands and Florida.

**Payment of Benefits**

Benefit payments to participants are recorded upon distribution.

**New Accounting Pronouncements**

No new accounting pronouncements are applicable to the Plan.

**Table of Contents****The FirstBank 401(k) Retirement Plan for Residents of the U.S. Virgin****Islands and the United States of America****Notes to the Financial Statements****December 31, 2017 and 2016****3. Fair Value Measurements**

The Financial Accounting Standards Board 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. This guidance also establishes a fair value hierarchy for classifying financial instruments. The hierarchy is based on whether the inputs to the valuation techniques used to measure fair value are observable or unobservable. Three levels of inputs 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 2017 and 2016, the Plan's investments measured at fair value consisted of the following instruments and classifications within the fair value hierarchy.

	<b>As of December 31, 2017</b>			
	<b>Fair Value Measurements Using</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Assets at Fair Value</b>
Investments in mutual funds	\$ 13,022,692	\$	\$	\$ 13,022,692
Investment in First BanCorp.	243,233			243,233
	\$ 13,265,925	\$	\$	\$ 13,265,925

	<b>As of December 31, 2016</b>		
	<b>Fair Value Measurements Using</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>

				<b>Assets at Fair Value</b>
Investments in mutual funds	\$ 11,371,150	\$	\$	\$ 11,371,150
Investment in First BanCorp.	290,349			290,349
	<b>\$ 11,661,499</b>	<b>\$</b>	<b>\$</b>	<b>\$ 11,661,499</b>

**Table of Contents**

**The FirstBank 401(k) Retirement Plan for Residents of the U.S. Virgin**

**Islands and the United States of America**

**Notes to the Financial Statements**

**December 31, 2017 and 2016**

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, 2017 and 2016.

**Mutual Funds:** Investments in mutual funds consists of open-end mutual funds and the value is the Net Asset Value of shares held by the Plan at the reporting date. The Net Asset Value is a quoted market price available in an active market. These investments are classified as Level 1.

**Investment in First BanCorp.:** 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.

There were no transfers between any levels of the fair value hierarchy during the years ended December 31, 2017 and 2016.

**4. Party-In-Interest Transactions**

Parties-in-interest are defined under the provisions of ERISA as any fiduciary of the Plan, any party rendering service to the Plan, any employer or any affiliate, any employee of such employer covered by the Plan, and certain others. Certain Plan investments are shares of mutual funds with a market value of \$2,588,311 as of December 31, 2017 (2016 \$2,660,892) 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, 2017 and 2016, the FirstBank VI Unitized Stock Fund held 47,693 and 43,926 shares, with a quoted market value of \$243,233 and \$290,349, respectively, of First BanCorp. common stock, the parent company of the Plan Sponsor. This Fund also has an investment of \$12,630 (2016-\$0) in the State Street Institutional U.S. Government Money Market Fund. For the year ended December 31, 2017, 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 \$65,424. Plan assets include notes receivable from participants of \$560,301 and \$602,773 as of December 31, 2017 and 2016, respectively. For the year ended December 31, 2017 interest income related to notes receivable from participants amounted to \$29,864. These transactions qualify as party in-interest transactions permitted under the provisions of ERISA.

**5. Tax Status**

The Plan obtained its latest determination letter on July 7, 2017, in which the Internal Revenue Service determined and informed the Bank 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. Therefore, no provision for income taxes has been included in the Plan's financial statements.

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 and, therefore, believe that the Plan is qualified and is tax exempt.

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 an 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, 2017 and 2016, 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 2014.

**Table of Contents**

**The FirstBank 401(k) Retirement Plan for Residents of the U.S. Virgin**

**Islands and the United States of America**

**Notes to the Financial Statements**

**December 31, 2017 and 2016**

**6. 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.

**7. Forfeited Amount**

Forfeited 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. Forfeitures amounting to \$333 were used to cover administrative expenses during 2017.

**8. Risks and Uncertainties**

The Plan provides for investment options in various funds that invest in equity and debt securities and other investments. Such 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 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's exposure to a concentration of credit risk is dependent upon the investments selected by the participants.

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.

**9. Additional Contributions**

No additional discretionary contributions were made for the year ended December 31, 2017. However, as a result of the Plan's non-compliance with its non-discrimination test for the year ended December 31, 2017, the Bank agreed to reimburse the amount of \$8,626 to highly compensated participants to satisfy contribution requirements. At December 31, 2017, these corrective distributions were recorded as part of other liabilities in the statement of net assets available for benefits and as an offsetting against contributions in the statement of changes in net assets available for benefits.



**Table of Contents****The FirstBank 401(k) Retirement Plan for Residents of the U.S. Virgin****Islands and the United States of America****Notes to the Financial Statements****December 31, 2017 and 2016****10. Reconciliation of Financial Statement to Form 5500**

The following is a reconciliation of net assets available for benefits per the financial statements to Form 5500 at December 31, 2017:

	<b>2017</b>
Net assets available for benefits per the financial statements	\$ 13,863,926
Excess contributions payable to participants	8,626
<b>Net assets available for benefits per Form 5500</b>	<b>\$ 13,872,552</b>

The following is a reconciliation of participant contribution per the financial statements to Form 5500 for the year ended December 31, 2017:

	<b>2017</b>
Participant contributions per the financial statements	\$ 973,921
Excess contributions due to participants	8,626
<b>Participant contributions per Form 5500</b>	<b>\$ 982,547</b>

Participant contributions in the financial statements have been reduced by excess contributions payable as of December 31, 2017. The form 5500 reports participant contributions on the cash basis.

**11. Subsequent Events**

On March 21, 2018, the Bank approved an increase to the employer matching contribution to fifty cents for every dollar of the employees contribution up to 6% of their eligible compensation, effective on July 5, 2018. The matching contribution of fifty cents for every dollar of the employees contribution is comprised of: (i) twenty-five cents for every dollar of the employees contribution up to 6% of their eligible compensation to be paid to the Plan as of each bi-weekly payroll; and, (ii) an additional twenty-five cents for every dollar of the employees contribution up to 6% of their eligible compensation to be deposited as a lump sum as of the second payroll of the month of January of the Plan Year following that in which the elective deferrals were made. The lump-sum annual matching shall be subject to a vesting period of 3 years of service.



**12. Prohibited Transactions Participant s Contributions Remittances**

In accordance with the U.S. Department of Labor s Rules and Regulations 2510.3-102, an employer is required to segregate participants contributions from its general assets as soon as practical when amounts are contributed by participants or withheld from their wages. During 2018, the Bank remitted to the plan \$0.14 related to lost earnings pertaining to year 2017. The Plan Sponsor will absorb any costs incurred by the Plan as a result of the untimely remittances of the participants contributions.

**Table of Contents****The FirstBank 401(k) Retirement Plan for Residents of the U.S. Virgin****Islands and the United States of America****Schedule H, Line 4i - Schedule of Assets (Held at End of Year)****December 31, 2017**

(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
<b>Common Stocks</b>				
*	First BanCorp. Common Stock	Common Stock	47,693 shares	** 243,233
Total Common Stocks				243,233
<b>Mutual Funds</b>				
	Fidelity Spartan Extended Mkt. Index	Mutual Fund	12,480 shares	** 774,402
*	State Street Institutional US Government Money Market Fund	Mutual Fund	12,630 shares	** 12,630
	Dreyfus Mid Cap Index Fund	Mutual Fund	1,727 shares	** 64,114
	Harbor Bond Institutional Class Fund	Mutual Fund	106,633 shares	** 1,226,279
	Harbor Bond Institutional International Class Fund	Mutual Fund	14,217 shares	** 959,965
	Loomis Sayles Growth Fund	Mutual Fund	68,100 shares	** 1,057,590
	Loomis Sayles Inv. Grade Bond	Mutual Fund	2,418 shares	** 26,721
*	Schwab GOVT Money Fund	Mutual Fund	2,588,310 shares	** 2,588,311
	Vanguard S&P 500 Index Admiral	Mutual Fund	5,999 shares	** 1,480,793
	Vanguard Wellington Admiral	Mutual Fund	44,975 shares	** 3,264,294
	Metropolitan West Total Return	Mutual Fund	8,651 shares	** 92,214
	Vanguard Dividend Growth Inv. Fund	Mutual Fund	32,287 shares	** 857,209
	Virtus Small Cap Core	Mutual Fund	19,109 shares	** 618,170
Total mutual funds				13,022,692
<b>Other Investments</b>				
*	Notes receivables from participants	Interest rates ranging from 5.25% to 6.25% maturity dates February 2018 to January 2023.		** 560,301
Total Other Investments				560,301
Total				<b>\$ 13,826,226</b>

\* Party in-interest

\*\* Historical cost is not required for participant directed investment.

See accompanying report of Independent Registered Public Accounting Firm.

**Table of Contents**

**The FirstBank 401(k) Retirement Plan for Residents of the U.S. Virgin**

**Islands and the United States of America**

**Schedule H, Line 4a Schedule of Delinquent Participant Contributions**

**Year Ended December 31, 2017**

<b>Year</b>	<b>Participant contributions transferred to the plan</b>	<b>Contributions not corrected</b>	<b>Contributions corrected outside VFCP</b>	<b>Contributions pending corrections in VFCP</b>	<b>Total fully corrected under VFCP and PTE 2001-51</b>	<b>Lost earnings</b>
2017	\$ 584.31	\$	\$ 584.31	\$	\$	\$ 0.14

See accompanying report of Independent Registered Public Accounting Firm.

**Table of Contents**

**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.

**THE FIRSTBANK 401(K) RETIREMENT PLAN  
FOR RESIDENTS OF THE U.S. VIRGIN ISLANDS  
AND THE UNITES STATES OF AMERICA**  
(Name of Plan)

Date: 7/11/2018

By: /s/ Pedro A. Romero  
Authorized Representative