

FIRST BANCORP /PR/
Form 8-K
April 02, 2014

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported):

March 27, 2014

First BanCorp.

(Exact name of registrant as specified in its charter)

Puerto Rico

001-14793

66-0561882

(State or other jurisdiction
of incorporation)

(Commission
File Number)

(I.R.S. Employer
Identification No.)

1519 Ponce de Leon Ave., PO Box 9146, San
Juan, Puerto Rico

00908-0146

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code:

787-729-8041

Not Applicable

Former name or former address, if changed since last report

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Top of the Form**Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers**

Effective March 27, 2014, independent members of the Board of Directors of First BanCorp. (the Corporation) determined to increase the salary amounts paid to certain of its named executive officers (NEOs) for fiscal year 2014. The changes to the NEOs' compensation included the following:

adjustments to base salary in cash, and

adjustments to base salary paid in the Corporation's common stock, par value \$0.10 per share (Salary Stock). The shares to be issued in connection with the Salary Stock are to be issued to the executive officers on a biweekly basis consistent with the Corporation's pay cycle and the practice in 2013. The base salary amounts in cash and Common Stock expected to be paid to the NEOs for fiscal year 2014 will be as indicated in the table below.

| NEO | Base Salary Paid in Cash | Base Salary Paid in Common Stock | Total Base Salary |
|---|-----------------------------|--|-------------------|
| Aurelio Alemán-Bermúdez, President and Chief Executive Officer | \$880,000 | \$ 600,000 | \$1,480,000 |
| Orlando Berges-González, Executive Vice President and Chief Financial Officer | \$600,000 | \$ 200,000 | \$ 800,000 |
| Calixto García-Velez, Executive Vice President | \$550,000 | \$ 175,000 | \$ 725,000 |

Additionally, effective March 27, 2014, independent members of the Board of Directors approved grants of restricted stock to the NEOs. The actions taken were consistent with the requirements of the Interim Final Rule on TARP Standards for Compensation and Corporate Governance issued by the U.S. Department of the Treasury in June 2009 (the TARP Interim Final Rule). The TARP Interim Final Rule imposes certain restrictions on compensation paid by the Corporation to its senior executive officers and certain other employees as a participant in the TARP Capital Purchase Program (CPP).

In light of the CPP-related restrictions, the Corporation's incentive program for NEOs is solely in the form of restricted stock, thereby aligning our executives' compensation with the Corporation's long-term profitability. Consistent with the requirements of the CPP, the restricted stock issued will vest as follows: fifty percent (50%) of the shares on the second anniversary date of the grant and the remaining fifty percent (50%) on the third anniversary date of the grant. Notwithstanding the vesting, the NEOs will be restricted from transferring the shares pursuant to additional CPP-related restrictions as they relate to transferability of the shares.

Each NEO was granted the following restricted stock awards:

| NEO | Number of Shares of Restricted Stock Awarded | Value of Restricted Stock Awarded |
|---|---|---|
| Aurelio Alemán-Bermúdez, President and Chief Executive Officer | 140,952 | \$ 740,000 |
| Orlando Berges-González, Executive Vice President and Chief Financial Officer | 76,190 | \$ 400,000 |

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|--|--------|------------|
| Lawrence Odell, Executive Vice President, General Counsel and Secretary of the Board of Directors | 59,619 | \$ 313,000 |
| Calixto García-Velez, Executive Vice President | 69,142 | \$ 363,000 |
| T. Michael McDonald, Executive Vice President | 41,904 | \$ 220,000 |

Item 8.01

Other Events

The Corporation recently issued an aggregate of 1,075,283 shares of the Corporation's common stock, \$0.10 par value per share (the "Common Stock"), in exchange for an aggregate of 249,477 shares of the Corporation's 7.125% Noncumulative Perpetual Monthly Income Preferred Stock, Series A, 8.35% Noncumulative Perpetual Monthly Income Preferred Stock, Series B, 7.40% Noncumulative Perpetual Monthly Income Preferred Stock, Series C, 7.25% Noncumulative Perpetual Monthly Income Preferred Stock, Series D, and 7.00% Noncumulative Perpetual Monthly Income Preferred Stock, Series E (collectively, the "Preferred Stock"), having an aggregate liquidation preference value of \$6,236,925. The shares of Common Stock were issued to two holders of Preferred Stock in reliance upon the exemption set forth in Section 3(a)(9) of the Securities Act of 1933, as amended, for securities exchanged by an issuer with existing security holders where no commission or other remuneration is paid or given directly or indirectly by the issuer for soliciting such exchange.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

First BanCorp.

April 1, 2014

By: */s/Lawrence Odell*

*Name: Lawrence Odell
Title: EVP and General Counsel*