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Balanced Diversification
For Successful Performance

1 First BanCorp

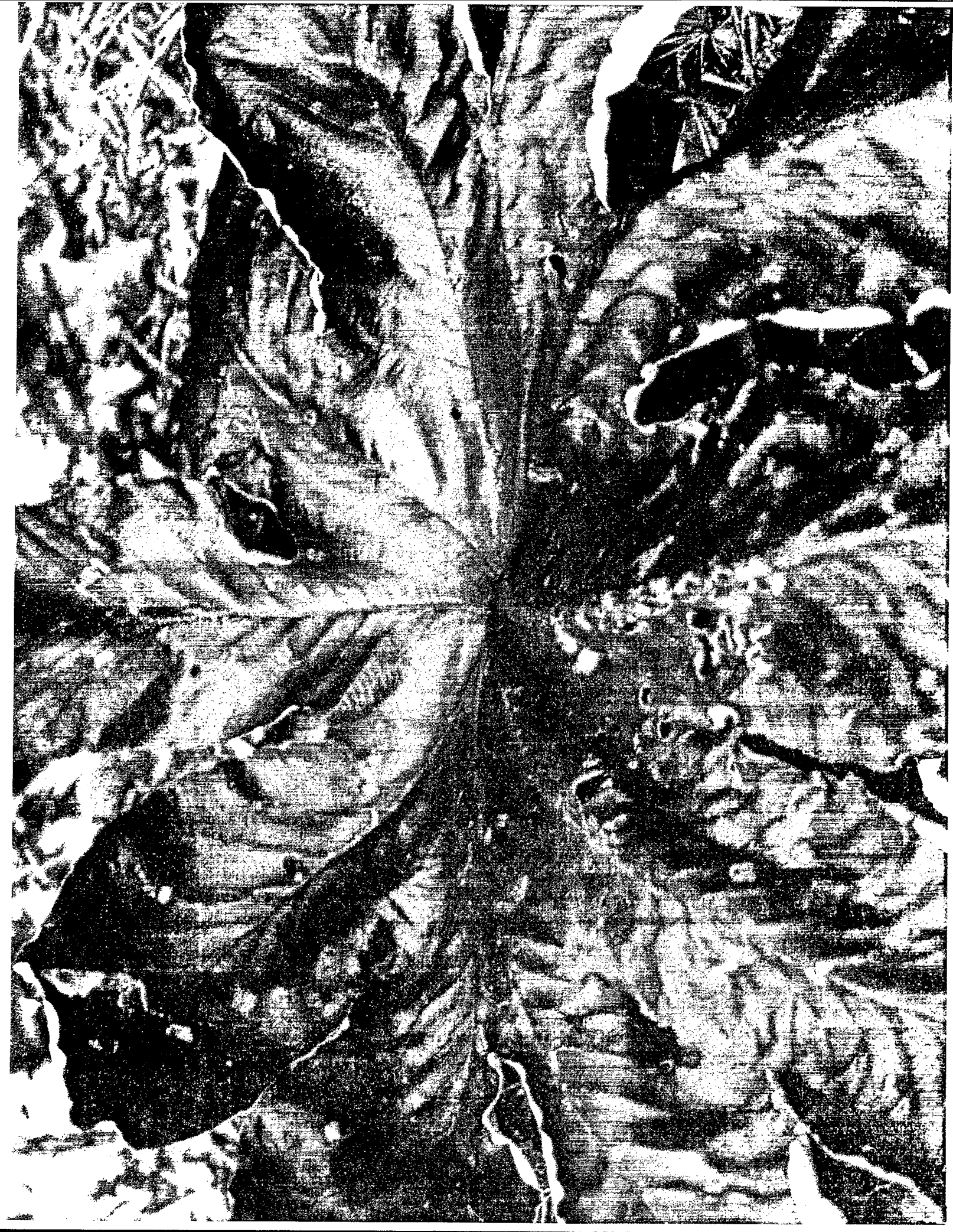


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The Yagrumo leaf featured in the 2000 Annual Report, symbolizes our belief in conservation of natural resources and our commitment to customers' banking needs. We have made a commitment to promote the environmental quality of Puerto Rico by supporting the Puerto Rico Conservation Trust.

The Yagrumo tree grows abundantly, as our commitment to serve customers. The flexibility of its wood is a symbol of our capability to adapt to changing needs. Its umbrella-like leaves represent our diversification of services. Its capacity to bloom and give fruit year round, is a symbol of innovation and constant evolution. The harmony of its leaves, shows our determination to offer the best quality, personal service.

At First BanCorp we believe in keeping a perfect balance with our mission as a leading financial institution and the well-being of the community.

Financial Highlights

in thousands (except for per share results)

2000

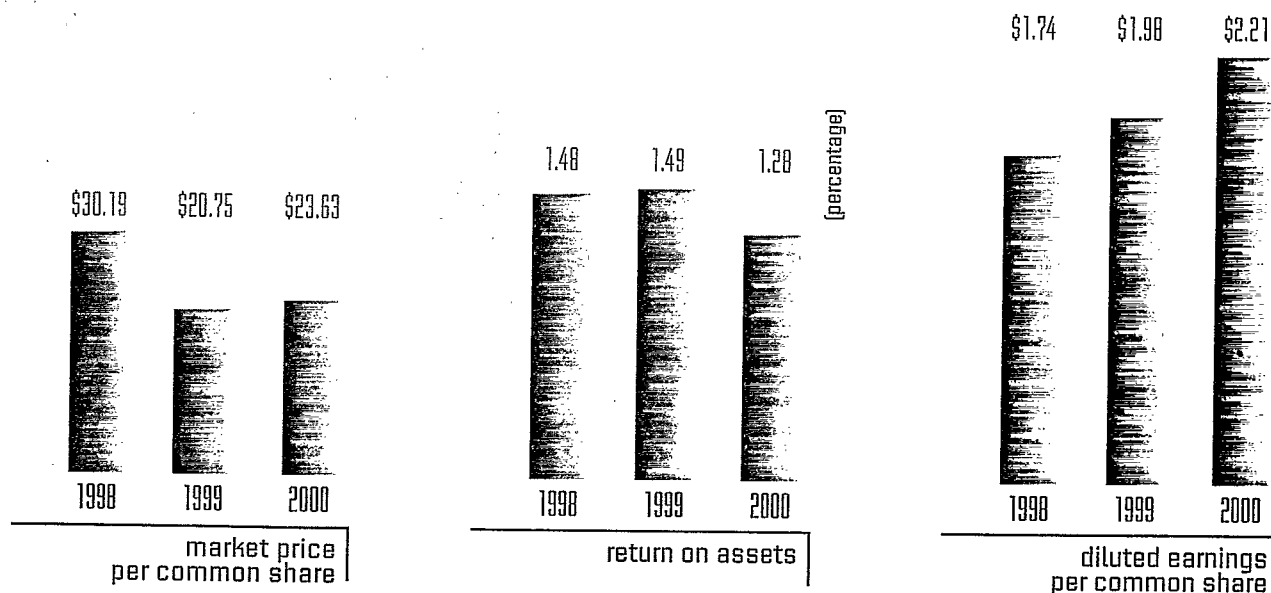
1999

OPERATING RESULTS:

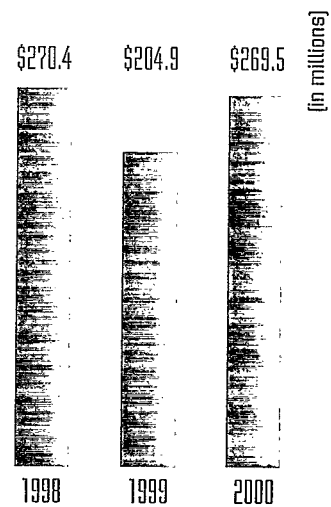
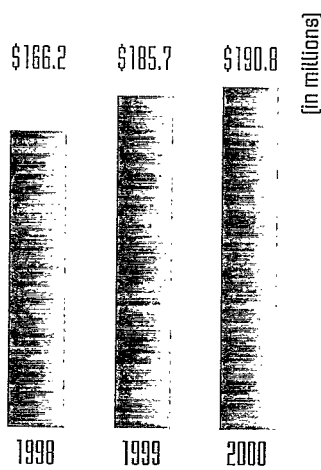
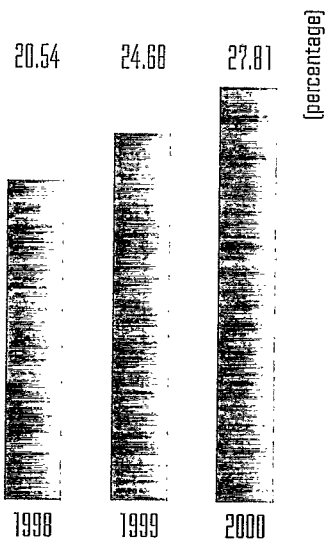
net interest income	\$190,773	\$185,733
provision for loan losses	45,718	47,960
other income	50,032	32,862
other operating expenses	113,050	101,272
income tax provision	14,761	7,288
net income	67,276	62,075
per common share:		
net income - basic	2.22	2.00
net income - diluted	2.21	1.98

WEIGHTED AVERAGE COMMON SHARES:

basic	26,943	28,941
diluted	27,145	29,199



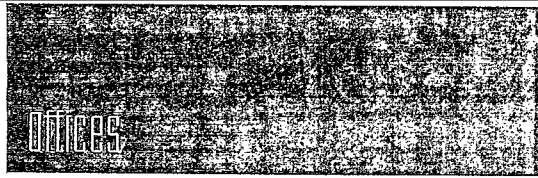
	2000	1999
AT YEAR END:		
assets	\$5,919,657	\$4,721,568
loans	3,498,198	2,745,368
allowance for loan losses	76,919	71,784
investments	2,233,216	1,811,164
deposits	3,345,984	2,565,422
borrowings	2,069,484	1,803,729
capital	434,461	294,902



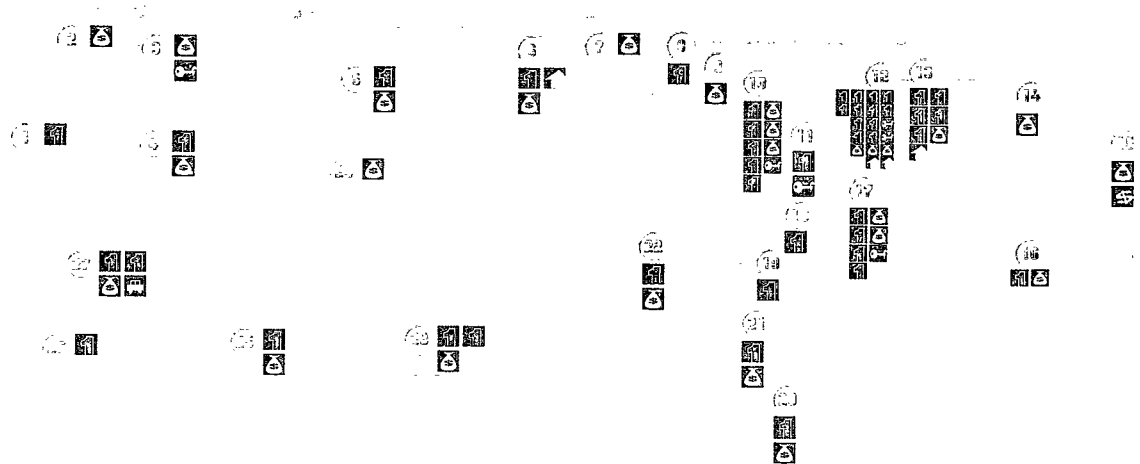
return on common equity

net interest income

common stockholders' equity



Locations in Puerto Rico & the Virgin Islands



28 Saint Thomas

29 Saint Croix

- | | |
|------------------|------------------|
| 1. Aguada | 16. Humacao |
| 2. Aguadilla | 17. Caguas |
| 3. Isabela | 18. Aguas Buenas |
| 4. San Sebastián | 19. Cidra |
| 5. Arecibo | 20. Guayama |
| 6. Manatí | 21. Cayey |
| 7. Vega Baja | 22. Barranquitas |
| 8. Dorado | 23. Ponce |
| 9. Toa Baja | 24. Utuado |
| 10. Bayamón | 25. Yauco |
| 11. Guaynabo | 26. Cabo Rojo |
| 12. San Juan | 27. Mayagüez |
| 13. Carolina | 28. Saint Thomas |
| 14. Río Grande | 29. Saint Croix |
| 15. Fajardo | |

	BRANCH	48
	MONEY EXPRESS	26
	FIRST LEASING & RENTAL CORP	6
	AUTO LOAN CENTER	1
	LOAN CENTER	1
	MORTGAGE LOAN CENTER	4

First BanCorp (the Corporation), incorporated in Puerto Rico, is the holding company for FirstBank (the Bank), the second largest locally owned commercial bank in Puerto Rico. First BanCorp, a Financial Holding Company which operates primarily in the Puerto Rico banking market, had total assets of \$5.9 billion as of December 31, 2000. The Corporation offers a wide selection of financial services to a growing number of consumer and commercial customers. Commercial loans, consumer loans, mortgage loans and investment operations are the most important areas of its business.

The Corporation has a \$1.6 billion portfolio of commercial loans, commercial mortgages, construction loans and other related commercial products. Its commercial clients include businesses covering a wide range of economic activities. First BanCorp has a \$747 million portfolio of residential mortgages. The institution also has \$1.2 billion in consumer loans, concentrated in auto loans and leases, personal loans and credit cards. Its \$2.2 billion investment portfolio consists mostly of U.S. government securities and mortgage backed securities. Through a strategic alliance with Paine Webber, First BanCorp offers brokerage services in its largest branches. Approximately 1,650 professionals and a sophisticated computerized system support the business activities of the Corporation.

First chartered in 1948, First BanCorp was the first savings bank established in Puerto Rico, under the name of "First Federal Savings and Loan Association". It has been a stockholder owned institution since 1987. In October, 1994, it became a Puerto Rico chartered commercial bank and assumed the name of "FirstBank". Effective October 1, 1998, the Bank reorganized, making FirstBank a subsidiary of the holding company First BanCorp.

First BanCorp, which is a well-capitalized institution under federal standards, operates 48 full service branches including four offices in the U.S. Virgin Islands. The Corporation also has an auto loan center, a personal loan center and four mortgage loan centers in Puerto Rico. A second tier subsidiary of First BanCorp, Money Express, operates 26 small loan offices through-

out Puerto Rico. First BanCorp also has a second tier subsidiary known as First Leasing and Rental Corp. which rents and leases motor vehicles from its six offices in Puerto Rico.

First BanCorp has distinguished itself by providing innovative marketing strategies and novel products to attract clients. Besides its main branches and specialized lending offices, the Corporation has offered a telephone information service called "Telebanco" since 1983. This was the first telebanking service offered in Puerto Rico. First BanCorp clients have access to an extensive ATM network covering the U.S. Virgin Islands, the U.S. mainland and the rest of the world. The Corporation was also the first in Puerto Rico to open on weekends and the first to offer in-store branches to its clients. First BanCorp was also the first banking institution in Puerto Rico with a presence on the internet. The Corporation offers a wide menu of internet banking services to its clients.

First BanCorp and its subsidiaries are subject to supervision, examination and regulation by the Federal Reserve Board, the Federal Deposit Insurance Corporation and the Commissioner of Financial Institutions of Puerto Rico.

First BanCorp is committed to providing the most efficient and cost effective banking services possible. Management's goal is to be the premier financial institution in Puerto Rico and a leader in financial products and services. First BanCorp's Management works constantly to exceed the expectations of its stockholders, clients and employees.



Angel Alvarez-Pérez, President

TO OUR STOCKHOLDERS:

On behalf of the Board of Directors and staff of First BanCorp I am pleased to submit our annual report for 2000, another record year. In 2000, First BanCorp earned \$67.3 million, representing \$2.22 per common share (basic) and \$2.21 per common share (diluted). These earnings compare favorably with 1999, when the Corporation earned \$62.1 million, which came to \$2.00 per common share (basic) or \$1.98 per common share (diluted). Net income increased 8.4% and diluted earnings per share rose 11.6% in 2000. These achievements continued our record of consistent earnings growth.



GROWTH AND DIVERSIFICATION

Profits grew in spite of high interest rates during 2000. The growth of the loan portfolio, strict controls over operating costs, and increases in other income all helped to make this performance possible.

Our business grew substantially in 2000. Total assets increased 25% from \$4.7 billion at the end of 1999 to \$5.9 billion on December 31, 2000. Loans grew by \$753 million. Much of this growth took place in commercial, construction and commercial mortgage lending, which expanded by \$431 million. Residential mortgage loans also grew \$27 million. This pattern of growth provides additional diversification in the loan portfolio, which used to be concentrated in consumer lending. Consumer loans and leases were 57% of the loan portfolio at the end of 1997, compared with 33% at December 31, 2000. We are maintaining high underwriting standards in all lending areas.

To support future growth, First BanCorp issued \$75 million of additional preferred stock during 2000. This issuance brings total preferred stock to \$165 million, allowing the Corporation to maintain strong capital ratios as it continues growing.

During the past year our efficiency ratio averaged 46.95%, almost the same as the very favorable 46.33% of 1999. Other income increased by \$17.2 million, of which \$6.5 million were gains on the sale of investments. The remaining \$10.7 million represented additional services provided by the Corporation including investment banking, services to commercial clients, and others. We expect fee income to grow as we increase the sophistication of the services offered while delivering them to a growing base of clients.

IMPROVING SERVICE TO CORPORATE CLIENTS

During 1999, we took several steps to expand commercial lending, including the recruitment of senior executives from major money center banks with local experience and established relationships. In mid-1999 the Corporation acquired the Puerto Rico operations of the Royal Bank of Canada. This transaction gave us a seasoned portfolio of commercial loans and an established branch in Hato Rey, the commercial and financial center of the Island.

In 2000 we built on these achievements, expanding the commercial portfolio and improving corporate services. The Corporation offers an extensive menu of services to corporate clients. We provide international letters of credit, a VISA corporate credit card, direct deposit of payroll, service point of sale transactions, and a selection of cash management accounts. Achieving this level of service has required continual investments in new and more sophisticated technology. We are committed to providing state of the art services to all of our corporate customers.

REMAKING RETAIL OPERATIONS

We continue remaking the Corporation's retail operations. The Corporation relocated three branches during 2000, mainly to shopping malls. The strategy has been to make our facilities more accessible by adding parking space, drive through lanes and extending branch operating hours. In 2001 the Corporation will relocate one office while opening a new branch in Guaynabo, an upper middle class municipality close to San Juan.

In 1999 the Corporation introduced an innovative deposit account which reward clients for transactions such as loans and ATM transactions. During 2000 the Corporation promoted this account, and these deposits reached \$77.9 million by year end.

We are also inaugurating an internet banking system in which our clients can do their banking from home. Customers who want personal attention can take advantage of our extensive telephone services or visit one of our 48 branch offices.

During 2000 the Corporation began upgrading the software and communications tools which record routine transactions in our branches and link them to the central offices. Similar upgrades have also been done for our call centers. When this process is completed at the end of 2001 we will have a state of the art communications and data processing system for our branches.

We have also made a commitment to promote the environmental quality of Puerto Rico by supporting the Puerto Rico Conservation Trust. As part of this program we launched a new savings account for children which includes membership in the Conservation Trust. We also added an affinity card which allows cardholders to contribute to the Conservation Trust by using their cards.



The Corporation has placed commercial and mortgage loan desks in certain key branch offices. Many of our clients have also taken advantage of a business arrangement in which Paine Webber places brokers in certain branches. At the end of 2000 these brokerage accounts totaled \$34 million. Paine Webber currently maintains offices in 12 FirstBank branches.

LAYING THE GROUNDWORK FOR DIVERSIFICATION

In September First BanCorp purchased First Virgin Islands Federal Savings Bank, a \$56 million bank in St. Thomas. This acquisition builds on last year's purchase of a Citibank branch in the same area, giving the Bank four branches in the U.S. Virgin Islands.

In investment banking, First BanCorp reached an agreement last year with Goldman, Sachs & Co. to participate in issuance of bonds by the Government Development Bank of Puerto Rico. During 2000 the Corporation participated in six transactions totaling \$3.8 billion, including the first issuance of municipal bonds through the internet.



During 2000 First BanCorp reorganized as a Financial Holding Company. This change will allow us to enter new lines of business. We expect to open an insurance agency in Puerto Rico during 2001. This change is part of our long term strategy to diversify sources of revenue.

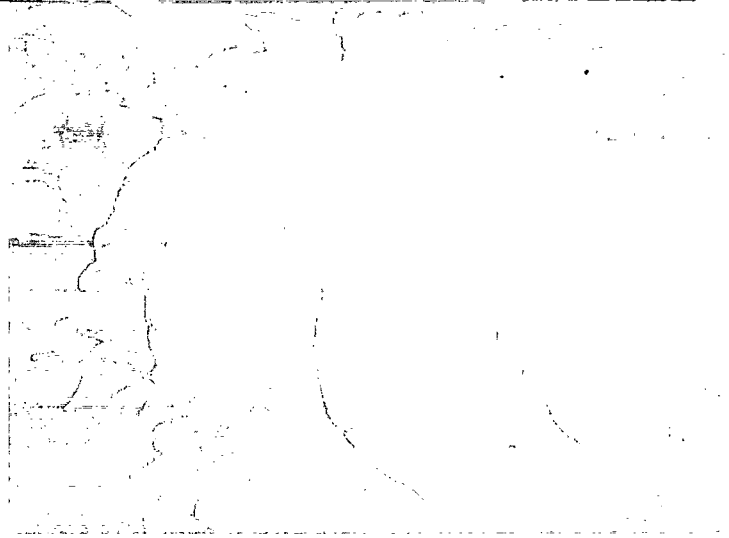
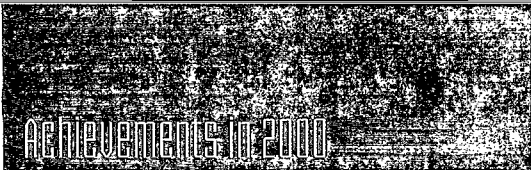
ENHANCING SHAREHOLDER VALUE

These efforts have paid off in strong earnings growth for 2000, with a return on equity of 21.22%, compared with 21.06% in 1999. The return on common equity was 27.81%, well above the 24.68% of 1999. The stock price has reflected these strong results, and our shareholders experienced a total return of 16.35% on their investment during 2000. Investors who held First BanCorp stock over the ten year period from year-end 1990 to year-end 2000 received a cumulative total return of 2,970%, for an average annual growth rate of 40.82% on their investment.

The Corporation began a stock repurchase program five years ago. During 2000 First BanCorp repurchased 1,642,400 shares, bringing total activity over the course of the program to 4,757,850 shares, adjusted for splits, for a total investment of \$84.4 million. In addition, officers and directors of First BanCorp own approximately 21 percent of its shares. This shows our confidence in First BanCorp's future and our commitment to keep its fundamentals sound.

As First BanCorp begins another year of growth and service, we are confident that the Corporation is stronger and better positioned than ever. We have a truly outstanding group of employees, officers and directors. I am confident that we can meet the challenges ahead, and that we will continue to provide outstanding service to our clients, while benefiting employees and stockholders in the years to come.

Angel Alvarez-Pérez
Chairman
President
Chief Executive Officer



Record profits made 2000 a successful year for First BanCorp. Total assets grew 25% to \$5.9 billion. In September the Corporation purchased First Virgin Islands Federal Savings Bank, a \$56 million institution in St. Thomas, U.S. Virgin Islands. The Corporation acquired \$46 million in loans, \$38 million in deposits and one branch office from this transaction. First BanCorp also introduced internet banking to supplement its 48 branch offices.

Profits continued their growth as First BanCorp earned \$67.3 million, which comes to \$2.22 per common share (basic) or \$2.21 per common share (diluted). In 1999 the Corporation earned \$62.1 million, the equivalent of \$2.00 (basic) or \$1.98 (diluted) per common share. Net income increased by 8.4% in 2000, or 11.6% per share on a diluted basis. Net interest income grew by \$5.0 million. Gains on sale of investments and trading added \$8.3 million to net income in 2000.

First BanCorp's loans increased by \$753 million for the year, of which \$431 million were commercial and construction loans. The investment portfolio grew by \$422 million. First BanCorp was able to maintain an efficiency ratio of only 46.95% during 2000, almost the same as the 46.33% in 1999.

During 2000 deposits grew from \$2.565 billion to \$3.346 billion, an increase of \$781 million. Management worked intensively to improve the branch network and upgrade its data processing systems. Management has been placing commercial loan desks, mortgage officers and brokers in certain key branch offices. The Corporation also began offering internet services for those clients who like the convenience of banking from their homes.

DIVERSIFYING INCOME

Management has been taking steps to diversify the Corporation's revenues by moving toward fee based activities in some areas. In 2000 First BanCorp began offering brokerage services in selected branches through a new alliance with Paine Webber. This arrangement gives the Corporation's clients the broadest range of brokerage and financial management services available in Puerto Rico. By year-end accounts managed under this program had reached \$34 million in 12 branches.

Early in 2000 Management entered an agreement with Goldman, Sachs & Co. to participate in bond issues by the Government Development Bank of Puerto Rico. During 2000 the Corporation participated in six transactions totaling \$3.8 billion.

Finally, First BanCorp reorganized as a financial holding company in 2000, opening the way for the Corporation to enter new lines of business permitted by the Gramm Leach Bliley Act. Early in 2001 Management expects to open an insurance agency in Puerto Rico.

IMPROVEMENTS IN THE BALANCE SHEET

Contributing to higher profits in 2000 was a significant improvement in asset quality. Three years ago Management substantially improved its system of underwriting consumer loans, introduced tighter approval procedures and improved the Corporation's computer systems. The quality of the loan portfolio has improved substantially as a result. Loan write-offs net of recoveries amounted to \$42.0 million in 2000, as compared to \$44.6 million in 1999 and \$66.2 million in 1998. The provision for loan losses has followed a similar trend, from \$76.0 million in 1998 to \$48.0 million in 1999 followed by \$45.7 million in 2000. These reductions took place even as the overall loan portfolio was growing from \$2.1 billion at the end of 1998 to \$3.5 billion at the end of 2000.

On December 31, 2000 nonperforming loans totaled \$67.7 million, compared to \$53.8 million on the same date in 1999 and \$57.0 million at the end of 1998. The increase in 2000 was basically due to one large commercial loan combined with nonperforming loans in the portfolio of First Virgin Islands Federal Savings, which First BanCorp acquired in September. At the end of 2000 the ratio of non-performing loans to total loans had fallen to 1.94%, compared with 1.96% at the end of 1999 and 2.69% at year-end 1998.

Loan loss reserves have increased from \$67.9 million at the end of 1998 to \$71.8 million at year-end 1999 and \$76.9 million on December 31, 2000. The reserve coverage ratio (allowance for loan losses as a percentage of non-performing loans) has remained above 100%. It was 119.1% at the end of 1998, 133.4% at year-end 1999 and 113.6% at the end of 2000. Management is committed to continuing improvements in loan quality in coming years.

During the fourth quarter of 2000 Management also strengthened the capital structure of First BanCorp by issuing \$75 million in preferred stock. This transaction brings total preferred stock to \$165 million, helping the Corporation to maintain a solid and conservative capital structure.

Although assets grew substantially during 2000 the Corporation's capital ratios remained strong. The core capital ratio was 7.28% and the risk based capital ratio was 14.43% as of December 31, 2000.

INCREASING SHAREHOLDER VALUE

The financial results reported here continue a trend of earnings growth that has produced excellent value for shareholders. First BanCorp's return on average equity was 21.22% in 2000, while the return on average assets was 1.28%. The return on common equity was 27.81%. Dividends were increased in 2000, but the payout ratio remained at a conservative 19.72% compared with 17.96% in 1999. During 2000 the Corporation repurchased 1,642,400 common shares.

First BanCorp shareholders experienced a total return of 16.35% on their investment during 2000. Investors who held First BanCorp stock over the ten year period from year-end 1990 to year-end 2000 received a cumulative total return of 2,970%. This is equivalent to an average annual growth rate of 40.82% on the original investment.

Management is optimistic about the future of First BanCorp. The range of services it offers, its effective network of offices and branches supplemented by new sales methods, its dedicated staff and its reputation with clients will all contribute to future earnings growth. Management will continue its efforts to improve First BanCorp's excellent performance in 2001 and in the years to come.



The Island of Puerto Rico is a U.S. Commonwealth with a population of 3.8 million, located in the Caribbean approximately 1,600 miles southeast of New York. Puerto Rico has been enjoying solid economic growth over most of the 1990's. Real GNP grew by 3.1% in the 2000 fiscal year. Economists are forecasting a slowdown during 2001 in line with mainland growth trends. The Puerto Rico Planning Board projects real GNP growth in the range of 2.1% to 2.6% for this fiscal year.

Puerto Rico's economic performance is a natural result of its integration with the U.S. economy. Puerto Ricans are U.S. citizens and serve in the United States armed forces, and the Island has several large U.S. military bases. The Island uses U.S. currency and forms part of the U.S. financial system. Federal courts enforce U.S. laws here. Since Puerto Rico falls within the U.S. for purposes of customs and migration, there is full mobility of funds, people and goods between Puerto Rico and the U.S. mainland. Puerto Rico banks are subject to the same Federal laws, regulations and supervision as other financial institutions in the rest of the U.S. The Federal Deposit Insurance Corporation insures the deposits of Puerto Rico chartered commercial banks, including FirstBank, the banking subsidiary of First BanCorp.

Puerto Rico made a rapid transition from poverty in the immediate postwar period to prosperity today. Throughout this process the Island has attracted industry using tax exemption. Many multinational corporations have substantial operations here. During 1996 Congress repealed Section 936 of the Internal Revenue Code, which provided Federal tax exemption for companies operating in Puerto Rico. However, Congress also provided a ten-year grandfather clause for companies already operating here. Because Puerto Rico has a fiscal system independent from that of the U.S., it can fashion local tax incentives to attract or retain businesses.

Puerto Rico is becoming somewhat less dependent on manufacturing than it was in the early postwar period. Manufacturing attracted by tax exemption is still an important part of the Island's economy. Nevertheless, Puerto Rico has been diversifying its economic base to include tourism, business services and transportation. As part of these changes the Island has been receiving U.S. private investment in diverse areas such as hotels, financial services and large retail stores. During the past year a slowdown in manufacturing growth was balanced by strong construction activity, both private and public. Management is optimistic about Puerto Rico's economic future.

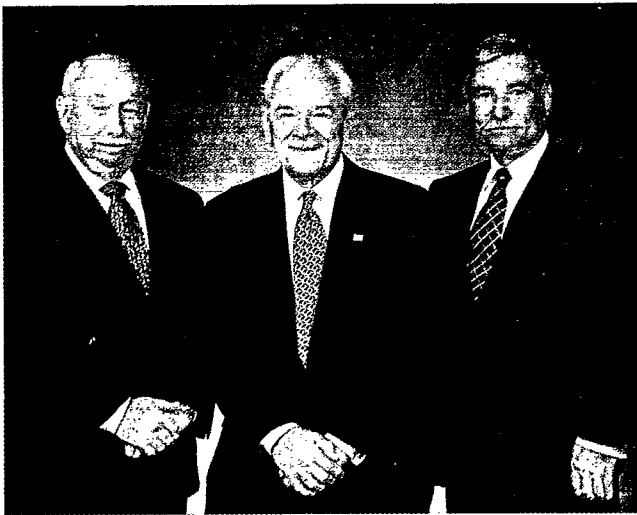
Board of Directors



From left to right: Angel Alvarez-Pérez, Esq., Chairman,
and Germán E. Malaret, M.D.



From left to right: Annie Astor-Carbonell, C.P.A.,
Angel L. Umpierre, C.P.A and José Teixidor.



From left to right: Antonio Pavía Villamil, M.D.,
Francisco D. Fernández, Eng. and Rafael Bouet, Eng.



From left to right: Jorge L. Díaz Irizarry, Héctor M. Neváres, Esq.
and José Julián Álvarez



From left to right- Josianne M. Roselló, Randolph Rivera, Luis Cabrera, Miguel Mejías, Aida M. García, Ricardo N. Ramos, Annie Astor-Carbonell, Aurelio Alemán, Angel Alvarez-Pérez, Laura Villarino, Luis M. Beauchamp and Fernando L. Battle.

PRESIDENT

Angel Alvarez-Pérez
Chief Executive Officer

SENIOR EXECUTIVE VICE PRESIDENTS

Annie Astor-Carbonell
Chief Financial Officer

Luis M. Beauchamp
Chief Lending Officer

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Retail Banking

Fernando L. Battle
Branch Banking,
Mortgages

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Corporate Services

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Credit Policy & Portfolio
Management

Luis Cabrera
Treasury & Investments

Eva Candelario
Corporate Business Development

Jim Crites
Sales and Distribution
Virgin Islands

Aida M. García
Human Resources

Michael García
Consumer Collection

Fernando Iglesias
Special Loans &
Credit Administration

Roger Lay
Internal Audit

Miguel Mejías
Information Systems

John Ortiz
Remote Banking

Haydeé Rivera
Branch Banking
Operations

Julio Rivera
Construction Lending

Carmen Rocafort
Structure Financing

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Demetrio Santiago
Auto Wholesale Business

Héctor Santiago
Auto Business

Denisse Segarra
Sales & Distribution

Laura Villarino
Controller



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Area Business

José H. Aponte
Commercial Mortgage

Beverly Bachetti
Private Banking

Ana Colón
Centralized Accounting

Lenitzia Delgado
Corporate Services

David González
Corporate Business Development

Wanda Cooper
Customer Care Center

Nelson González
Structure Financing

Eric López
Corporate Banking

Marcelo López
Regional Sales Manager

Juanita Marrero
First Mortgage

Iván Martínez
Project Manager

José Negrón
Auto Asset & Disposition

Luis Orengo
Commercial Loans

Eduardo Ortiz
Auto Wholesale

María Cristina Oruña
Customer Relationship
Management

Oswaldo Padilla
Corporate Business

Reynaldo Padilla
Auto Finance

Miguel Pimentel
Corporate Business Development

Dionisio Ramírez
Construction Loans

Jorge Rendón
Operational Support

Migdalia Rivera
Community Banking

Sandra Rivera
Auto Collection

Belinda Rodríguez
Remote Sales

José L. Rodríguez
Information Systems

Elizabeth Sánchez
Marine Financing

Roberto Sánchez
Credit Risk

Ramón Santiago
Asset Based Unit

Miguel Santin
Corporate Banking

Carmen Szendrey
Legal Counsel

Carmen Torres
Senior Sales Manager

Raphael Torres
Regional Sales Manager

SUBSIDIARIES

**FIRST FEDERAL FINANCE
CORPORATION DBA
MONEY EXPRESS
"LA FINANCIERA"**

Angel Alvarez-Pérez
Chief Executive Officer

Aurelio Alemán
President and Chief Operating Officer

Carlos Power
Vice President and General Manager

**FIRST LEASING
AND RENTAL CORPORATION**

Angel Alvarez-Pérez
Chief Executive Officer

Aurelio Alemán
President and Chief Operating Officer

Agustín Dávila
General Manager