



First BanCorp Selling \$199.8Mln Distressed-Asset Portfolio

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Commercial Real Estate Direct Staff Report

First BanCorp, a Puerto Rico banking company has agreed to sell a portfolio of \$199.8 million of distressed commercial loans and foreclosed properties for \$87.6 million, or 43.8 percent of face value.

The sale, orchestrated by Mission Capital Advisors, allows the lender to improve its credit profile. According to analysis by Keefe, Bruyette & Woods, its ratio of nonperforming assets to total assets would fall to 5.02 percent as a result of the sale, from 5.74 percent. It said the sale, which is slated to close in July, allows the bank to clean up its loan portfolio. KBW called the sale a long-term "benefit," despite the reduction in the size of the company's balance sheet.

First BanCorp had already written the portfolio's value down to \$150.1 million before the sale took place. While the company's share price has slipped by some 10 percent to just more than \$6 over the past week, it is well above its \$4.56 low from last November.

Aurelio Aleman-Bermudez, the bank's president and chief executive, said, "the transaction accelerates improvement in our risk profile and will contribute to future reductions in our expense base" as it's able to re-allocate resources away from the management of distressed assets to other areas. "We view this as a positive step as we continue addressing credit quality."