FOREIGN TRADE BANK OF LATIN AMERICA, INC.
Form 6-K
October 24, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

PURSUANT TO RULE 13a-16 OR 15d-16 UNDER THE

SECURITIES EXCHANGE ACT OF 1934

Long Form of Press Release

Commission File Number 1-11414

BANCO LATINOAMERICANO DE COMERCIO EXTERIOR, S.A.

(Exact name of Registrant as specified in its Charter)

FOREIGN TRADE BANK OF LATIN AMERICA, INC.

(Translation of Registrant's name into English)

Business Park Torre V, Ave. La Rotonda, Costa del Este

P.O. Box 0819-08730

Panama City, Republic of Panama

(Address of Registrant's Principal Executive Offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F x Form 40-F ¨

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes ¨ No x

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes ¨ No x

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, thereunto duly authorized.

Date: October 23, 2017

FOREIGN TRADE
BANK OF LATIN
AMERICA, INC.
(Registrant)

By: /s/ Pierre Dulin

Name: Pierre Dulin
Title: General Manager

BLADEX'S PROFITS FOR THE THIRD QUARTER AND YEAR-TO-DATE 2017 AMOUNTED TO $20.5 MILLION, OR $0.52 PER SHARE, AND $61.4 MILLION, OR $1.56 PER SHARE, RESPECTIVELY, ON LOWER PROVISIONS AND OPERATING EXPENSES

PANAMA CITY, REPUBLIC OF PANAMA, October 20, 2017

Banco Latinoamericano de Comercio Exterior, S.A. (NYSE: BLX, "Bladex", or "the Bank"), a Panama-based multinational bank originally established by the central banks of 23 Latin-American and Caribbean countries to promote foreign trade and economic integration in the Region, today announced its results for the third quarter ("3Q17") and nine months ("9M17") ended September 30, 2017.

The consolidated financial information in this document has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

FINANCIAL SNAPSHOT

(US$ million, except percentages and per share amounts)	**9M17**	**9M16**	**3Q17**	**2Q17**	**3Q16**
Key Income Statement Highlights					
Total income	$103.8	$124.8	$31.1	$34.4	$43.4
Expenses:					
Impairment loss from ECL on loans at amortized cost, loan commitments and financial guarantees contracts, and investment securities	$8.6	$17.4	$0.7	$4.3	$4.1
Operating expenses (1)	$33.8	$33.7	$10.0	$12.6	$11.2
Profit for the period	$61.4	$73.7	$20.5	$17.5	$28.0
Profitability Ratios					
Earnings per Share ("EPS") (2)	$1.56	$1.89	$0.52	$0.44	$0.72
Return on Average Equity ("ROAE") (3)	8.1 %	10.0 %	7.9 %	6.9 %	11.2 %
Return on Average Assets ("ROAA")	1.26 %	1.31 %	1.30 %	1.08 %	1.50 %
Net Interest Margin ("NIM") (4)	1.87 %	2.08 %	1.76 %	1.80 %	2.13 %
Net Interest Spread ("NIS") (5)	1.51 %	1.86 %	1.37 %	1.44 %	1.89 %
Efficiency Ratio (6)	33 %	27 %	32 %	37 %	26 %
Assets, Capital, Liquidity & Credit Quality					
Commercial Portfolio (7)	$5,706	$6,688	$5,706	$5,840	$6,688

Treasury Portfolio	$88	$145	$88	$79	$145
Total assets	$6,200	$7,287	$6,200	$6,422	$7,287
Total stockholders' equity	$1,032	$1,011	$1,032	$1,024	$1,011
Market capitalization (8)	$1,159	$1,104	$1,159	$1,078	$1,104
Tier 1 Basel III Capital Ratio (9)	20.3 %	15.9 %	20.3 %	20.3 %	15.9 %
Total assets / Total stockholders' equity (times)	6.0	7.2	6.0	6.3	7.2
Liquid Assets / Total Assets (10)	12.2 %	9.9 %	12.2 %	12.0 %	9.9 %
NPL to Loan Portfolio (11)	1.20 %	1.31 %	1.20 %	1.12 %	1.31 %
Total allowance for ECL on loans at amortized cost, loan commitments and financial guarantee contracts to Commercial Portfolio	2.04 %	1.67 %	2.04 %	2.06 %	1.67 %
Total allowance for ECL on loans, loan commitments and financial guarantee contracts to NPL (times)	1.8	1.3	1.8	1.9	1.3

3Q17 & 9M17 Highlights

Reported results:

- 3Q17 and 9M17 Profit totaled $20.5 million (+17% QoQ, -27% YoY) and $61.4 million (-17% YoY), respectively, mainly as the effects of lower provisions for expected credit losses (“ECL”) were offset by decreased net interest income.

- Net interest income and margin (“NIM”) were $91.7 million and 1.87% in 9M17 (-22% and -21 bps YoY); $27.9 million and 1.76% in 3Q17 (-5% and -4 bps QoQ; -30% and -37 bps YoY, respectively). These decreases were a consequence of i) a YoY lower average loan book from de-risking and diversification efforts; ii) tighter net lending spreads on excess USD liquidity in markets across the Region; and iii) the effects from changes in the portfolio mix towards short-term trade exposures.

- Fees and Other Income totaled $12.8 million in 9M17 (+9% YoY) and $3.8 million (-28% QoQ, +5 YoY), mainly from increased activity in the letters of credit business, and the successful closing of three structured transactions in the quarter, for a total of five YTD.

Key performance metrics:

- The 9M17 annualized Return on Average Equity (“ROAE”) stood at 8.1%, compared to 10.0% a year ago, as the result of lower total income and a higher capital base. Similarly, 3Q17 ROAE was 7.9% vs. 6.9% in 2Q17 and 11.2% in 3Q16.

- The Efficiency Ratio improved to 32% in 3Q17 from 37% in the previous quarter on the back of lower operating expenses (-21% QoQ, from cost reductions and lower non-recurring expenses). The 9M17 efficiency ratio was 33%

vs. 27% a year ago, mostly on YoY lower total income.

- The Tier 1 Basel III Capital Ratio stood at 20.3% at the end of 3Q17, unchanged from a quarter ago, up from 15.9% a year ago, reflecting increasing levels of capitalization and decreased risk-weighted assets compared to a year ago.

Commercial Portfolio & Quality:

- As of September 30, 2017, end-of-period Commercial Portfolio balances stood at $5.7 billion (-2% QoQ, -15% YoY), with 3Q17 and 9M17 average balances reaching $5.7 billion (-1% QoQ, -16% YoY) and $5.9 billion (-14% YoY), respectively, while credit disbursement volumes increased QoQ and YoY.

- Non-performing loans ("NPL") stood at $64.1 million at the end of 3Q17, representing 1.20% of Loan Portfolio balances. The NPL coverage ratio reached 1.8x from 1.9x in 2Q17 and 1.3.x a year ago and the total allowance for ECL to total Commercial Portfolio ratio stood at 2.04% (-2 bps QoQ, +37 bps YoY).

CEO's Comments

Mr. Rubens V. Amaral Jr., Bladex's Chief Executive Officer, stated the following regarding the Bank's 3Q17 and 9M17 results: *"Markets in our Region continue to experience abundant USD liquidity, resulting, at times, in valuation and asset prices which do not meet our internal risk-reward targets. As in similar market conditions in the past, Bladex continues to privilege adequate pricing over volume growth. Nevertheless, the decrease in end of period portfolio balances seen in prior quarters slowed markedly, and average portfolio balances remained largely stable QoQ, with continued increases in disbursement activity as market loan demand showed some signs of improvement. Our origination focused on high-quality short-term trade transactions and contributed to sequentially lower spreads. Credit exposures with assigned specific reserves to cover expected losses remained limited to a small number of clients, primarily in Brazil. These exposures are actively managed and the pace of restructuring negotiations has accelerated. Based on finalized restructuring agreements, Bladex discharged realized losses against existing reserves, while we continued to strengthen reserves coverage in the remaining cases where restructuring negotiations are still ongoing with pending outcomes.*

On the expense side, the Bank reverted to lower levels following non-recurring employee-related expense charges in the previous quarter. The Bank remains committed to driving costs down across the organization, and it has embarked on a process of increasing levels of automation and improving workflows, revising organizational structures that not only help to better align its cost structure with the current revenue base, but also look to allow for future revenues growth without materially affecting its cost base going forward.

As you can see we have been able to improve the results QoQ, but we are cognizant of the need to effectively deploy our steadily increasing capital base to deliver on profitability expectations through the credit cycles. The Board of Directors approved to maintain the quarterly dividend payout at $0.385/share, which continues to represent an attractive dividend and demonstrates the Board's confidence in our ability to resume growth and deploy capital more efficiently." Mr. Amaral concluded.

RESULTS BY BUSINESS SEGMENT

The Bank's activities are managed and executed in two business segments, Commercial and Treasury. The business segment results are determined based on the Bank's managerial accounting process as defined by IFRS 8 – Operating Segments, which assigns consolidated statement of financial positions, revenue and expense items to each business segment on a systemic basis.

COMMERCIAL BUSINESS SEGMENT

The Commercial Business Segment encompasses the Bank's core business of financial intermediation and fee generation activities developed to cater to corporations, financial institutions and investors in Latin America. These activities include the origination of bilateral and syndicated credits, short-term and medium-term loans, customers' liabilities under acceptances, loan commitments and financial guarantee contracts. Profits from the Commercial Business Segment include (i) net interest income from loans; (ii) Fees and Other Income from the issuance, confirmation and negotiation of letters of credit, guarantees and loan commitments, and through loan structuring and syndication activities; and (iii) gain on the sale of loans generated through loan intermediation activities, such as sales in the secondary market and distribution in the primary market; (iv) impairment loss (recovery) from ECL on loans at amortized cost, loan commitments and financial guarantee contracts; and (v) direct and allocated operating expenses.

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As of September 30, 2017, the Commercial Portfolio stood at $5.7 billion, a 2% decrease compared to $5.8 billion a quarter ago, and a 15% decrease compared to $6.7 billion a year ago, mainly attributable to the Bank's efforts to shorten tenors, diversify its exposure profile and reduce portfolio concentration levels, together with abundant USD liquidity in key markets. 81% of the Commercial Portfolio was scheduled to mature within a year and 66% represented trade finance operations at the end of September 30, 2017, both up from 75% and 61%, respectively, a year ago. Consequently, average quarterly and year-to-date Commercial Portfolio balances decreased marginally by 1% QoQ and 16% YoY to reach $5.7 million in 3Q17, and down 14% YoY to reach $5.9 billion in the first 9M17, respectively.

The following graphs illustrate the geographic distribution of the Bank's Commercial Portfolio, highlighting the portfolio´s diversification by country of risk, and across industry segments:

Refer to Exhibit X for additional information relating to the Bank's Commercial Portfolio distribution by country, and Exhibit XII for the Bank's distribution of credit disbursements by country.

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(US$ million)	**9M17**	**9M16**	**3Q17**	**2Q17**	**3Q16**
Commercial Business Segment:					
Net interest income	$91.6	$105.4	$28.3	$30.0	$35.9
Net other income [12]	12.4	11.6	3.7	5.2	3.9
Total income	104.1	117.0	32.1	35.2	39.7
Impairment loss from ECL on loans and loan commitments and financial guarantees contracts	(9.0)	(17.1)	(0.6)	(4.3)	(4.4)
Operating expenses	(26.2)	(25.4)	(7.7)	(9.8)	(8.5)
Profit for the period	$68.8	$74.5	$23.8	$21.1	$26.9

<u>2017 Third Quarter and Year-to-Date results were mainly impacted by</u>:

i. Lower net interest income and margins on tighter net lending spreads as USD liquidity remained abundant in key markets, and on the effects of changes in the portfolio mix towards short-term trade loans, as a result of the Bank's de-risking and diversification efforts, partially compensated by the rise in LIBOR-based market rates;
ii. Higher YTD Other Income from increased letters of credit business activity throughout the year, and the successful closing of three structured transactions during 3Q17 (total of five in 9M17);
iii. Lower allocated operating expenses in 3Q17 on decreased cost levels, mainly due to non-recurring employee-related expenses incurred mostly in 2Q17, which also resulted in higher YTD salaries and other employee expenses compared to a year ago;
iv. Decreased provisions for ECL mostly reflecting both finalized restructurings, and the strengthening of reserves regarding remaining exposures undergoing restructuring efforts.

TREASURY BUSINESS SEGMENT

The Treasury Business Segment is responsible for the Bank's funding and liquidity management, along with the management of its activities in investment securities, and the Bank's interest rate, liquidity, price and currency positions. Interest-earning assets managed by the Treasury Business Segment include liquidity positions (cash and cash equivalents), and financial instruments related to the investment management activities, consisting of financial instruments at fair value through accumulated other comprehensive income (loss) account ("FVOCI") and securities at amortized cost. The Treasury Business Segment also manages the Bank's interest-bearing liabilities, which constitute its funding sources, mainly deposits, short- and long-term borrowings and debt.

Profit from the Treasury Business Segment includes net interest income derived from the above mentioned treasury assets and liabilities, and related net other income (net results from derivative financial instruments and foreign currency exchange, gain (loss) per financial instruments at FVTPL, gain (loss) per financial instruments at FVOCI, and other income), impairment loss from ECL on investment securities, and direct and allocated operating expenses. The Treasury Business Segment also incorporated the Bank's non-core results from its former participation in the investment funds exited in 2016, which were shown in the other income line item "gain (loss) per financial instruments at FVTPL".

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As of September 30, 2017, treasury business assets totaled $0.9 billion, stable from a quarter ago and marginally down 1% from a year ago, as higher cash and cash equivalent balances were offset by lower YoY Investment Securities Portfolio (at FVOCI and at amortized cost) balances of $88 million at the end of the 3Q17, the latter representing 1% of total assets, as of September 30, and June 30, 2017, and 2% of total assets a year ago, as the Bank aims to reduce market risk. The Investment Securities Portfolio consisted of readily-quoted Latin American securities, 85% of which represented sovereign or state-owned risk (refer to Exhibit XI for a per-country risk distribution of the Investment Securities Portfolio).

The Bank establishes and monitors requirements for internal liquidity management through limits and policies based on the Basel III Liquidity Coverage Ratio ("LCR"). Liquidity balances amounted to $0.8 billion as of September 30, 2017, nearly unchanged compared to June 30, 2017, and compared to $0.7 billion as of September 30, 2016. 99% of the Bank's liquid assets at the end of 3Q17 were held in deposits with the Federal Reserve Bank of New York. As of these quarter-end dates, the liquid assets to total assets ratio was 12.2%, 12.0%, and 9.9%, respectively, while the liquid assets to total deposits ratio was 25.2% at the end of the 3Q17, compared to 23.0% from a quarter and year ago.

Deposit balances decreased 10% QoQ and 4% YoY to $3.0 billion at the end of 3Q17, representing 59% of total funding sources, compared to 63% and 50%, at the end of 2Q17 and 3Q16, respectively. Deposits placed by the Class A shareholders of the Bank (i.e.: central banks or designees) represented 63% of total deposits as of September 30, 2017. At that same date, short-term borrowings and debt increased 51% QoQ and decreased 35% YoY, while long-term borrowings and debt decreased 9% QoQ and 26% YoY, to reach $0.7 billion and $1.4 billion at the end of the 3Q17, respectively. These effects stem from the Bank´s efforts to shorten funding tenors aligned with the lending book moving towards shorter tenors. The 3Q17 and 9M17 weighted average funding cost was 2.06% (up 11 bps QoQ and 64 bps YoY) and 1.91% (up 55 bps), respectively, both mainly reflecting the increase in LIBOR-based market rates (similarly impacting asset lending rates) and the amortization costs associated with the hedging of foreign currency deposits (forward points), partly compensated by decreasing funding spreads.

(US$ million)	**9M17**	**9M16**	**3Q17**	**2Q17**	**3Q16**
Treasury Business Segment:					
Net interest income	$ 0.0	$ 12.1	$ (0.4)	$ (0.7)	$ 4.0
Net other loss (12)	(0.3)	(4.4)	(0.6)	(0.1)	(0.3)
Total income (loss)	(0.3)	7.8	(1.0)	(0.8)	3.7
Recovery (Impairment) loss from ECL on investment securities	0.4	(0.3)	(0.1)	0.0	0.2
Operating expenses	(7.5)	(8.3)	(2.2)	(2.8)	(2.7)
(Loss) Profit for the period	$ (7.4)	$ (0.8)	$ (3.3)	$ (3.6)	$ 1.1

<u>2017 Third Quarter and Year-to-Date results were mainly impacted by</u>:

i. A funding mix which continues to maintain stable funding sources (i.e. medium- and long-term borrowings and debt) limiting gap income;
ii. The cumulative effect of the adjustment of amortization costs associated with the hedging of foreign currency deposits (forward points) in 2Q17; and
iii. 9M17 Profit positively impacted by the absence of non-core results that impacted prior year performance.

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NET INTEREST INCOME AND MARGINS

(US$ million, except percentages)	**9M17**	**9M16**	**3Q17**	**2Q17**	**3Q16**
Net Interest Income ("NII") by Business Segment					
Commercial Business Segment	$91.6	$105.4	$28.3	$30.0	$35.9
Treasury Business Segment	0.0	12.1	(0.4)	(0.7)	4.0
Combined Business Segment NII	$91.7	$117.5	$27.9	$29.3	$39.8
Net Interest Margin	1.87%	2.08 %	1.76%	1.80%	2.13%

2017 Third Quarter and Year-to-Date Net Interest Income and margins were mainly impacted by:

i. YoY reduction of average loan portfolio balances as a result of the Bank’s de-risking and diversification efforts towards short-term trade loans;
ii. Tighter net lending spreads as excess USD liquidity remains in key markets, partly compensated by increased lending Libor-based rates; and
iii. Higher funding cost from increased Libor-based rates, from a funding mix limiting gap income, and from the cumulative effect of forward points amortization costs.

FEES AND OTHER INCOME

Fees and Other Income includes the fee income associated with letters of credit and other contingent credits, such as guarantees and credit commitments, as well as fee income derived from loan structuring and syndication activities, together with loan intermediation and distribution activities in the primary and secondary markets.

(US$ million)	**9M17**	**9M16**	**3Q17**	**2Q17**	**3Q16**
Fees and Commissions *	$11.8	$10.2	$ 3.6	$ 5.0	$ 3.4
Letters of credit and other contingent credits	7.9	5.7	2.3	2.6	2.0
Loan structuring and distribution fees	3.9	4.5	1.3	2.4	1.3
Gain on sale of loans at amortized cost	0.1	0.5	0.0	0.0	0.1
Other income, net	0.8	1.1	0.2	0.3	0.1
Fees and Other Income	$12.8	$11.7	$ 3.8	$ 5.3	$ 3.6

* Net of commission expenses

2017 Third Quarter and Year-to-Date Fees and Other Income were mainly impacted by:

i. Higher YoY fees from increased activity in the letters of credit business; and

ii. The successful closing of three structured transactions in 3Q17, for a total of five in 9M17, compared to eight in 9M16.

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PORTFOLIO QUALITY AND ALLOWANCE FOR ECL ON LOANS, LOAN COMMITMENTS AND FINANCIAL GUARANTEE CONTRACTS

(In US$ million, except percentages)	30-Sep-17	30-Jun-17	31-Mar-17	31-Dec-16	30-Sep-16
Allowance for ECL on loans at amortized cost:					
Balance at beginning of the period	$ 115.6	$ 109.9	$ 106.0	$ 106.3	$ 102.1
Provisions	0.4	5.7	4.0	17.6	5.0
Write-offs, net of recoveries	(4.2)	0.0	0.0	(17.9)	(0.8)
End of period balance	$ 111.7	$ 115.6	$ 109.9	$ 106.0	$ 106.3
Allowance for ECL on loan commitments and financial guarantee contracts:					
Balance at beginning of the period	$ 4.6	$ 5.9	$ 5.8	$ 5.4	$ 6.1
Provisions (Reversals)	0.2	(1.3)	0.2	0.4	(0.7)
End of period balance	$ 4.8	$ 4.6	$ 5.9	$ 5.8	$ 5.4
Total allowance for ECL on loans at amortized cost, loan commitments and financial guarantee contracts	$ 116.6	$ 120.2	$ 115.9	$ 111.8	$ 111.7
Total allowance for ECL on loans at amortized cost, loan commitments and financial guarantee contracts to Commercial Portfolio	2.04 %	2.06 %	1.89 %	1.73 %	1.67 %
NPL to gross loan portfolio	1.20 %	1.12 %	1.14 %	1.09 %	1.31 %
Total allowance for ECL on loans at amortized cost, loan commitments and financial guarantee contracts to NPL (times)	1.8	1.9	1.8	1.7	1.3

The total allowance for ECL amounted to $116.6 million at September 30, 2017, representing 2.04% of the total Commercial Portfolio, compared to $120.2 million and 2.06%, respectively, as of June 30, 2017, and compared to $111.7 million and 1.67%, respectively, as of September 30, 2016. The QoQ decrease of $3.6 million was attributable to the net effects of write-offs and releases against existing specific reserves after completed restructurings, and reserve strengthening regarding remaining exposures in ongoing restructuring negotiations.

At the end