

FOREIGN TRADE BANK OF LATIN AMERICA, INC.
Form 6-K
November 02, 2018

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

For the month of November, 2018

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

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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 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

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

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: November 2, 2018

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

By: /s/ Ana Graciela de Méndez

Name: Ana Graciela de Méndez

Title: CFO

**Banco Latinoamericano
de Comercio Exterior, S.A.
and Subsidiaries**

Unaudited condensed consolidated interim statement of financial position as of September 30, 2018 and December 31, 2017, and related unaudited condensed consolidated interim statements of profit or loss, unaudited condensed consolidated interim statements of profit or loss and other comprehensive income, unaudited condensed consolidated interim statements of changes in stockholder's equity and unaudited condensed consolidated interim statements of cash flows for the nine months ended September 30, 2018, 2017 and 2016

Banco Latinoamericano de Comercio Exterior, S.A.

and Subsidiaries

Unaudited condensed consolidated interim financial statements

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Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries**Unaudited condensed consolidated interim statement of financial position****September 30, 2018 and December 31, 2017**

(In US\$ thousand)

	Notes	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Assets			
Cash and cash equivalents	4,5,18	792,952	672,048
Financial Instruments:			
Securities at fair value through OCI	5,18	20,971	25,135
Securities at amortized cost, net	5,18	77,562	68,934
Loans	5,18	5,724,518	5,505,658
Less:			
Allowance for expected credit losses	5	139,318	81,294
Unearned interest and deferred fees	5	7,357	4,985
Loans, net		5,577,843	5,419,379
Derivative financial instruments used for hedging – receivable	5,16,18	3,391	13,338
Investment properties, net	7	2,289	5,119
Property and equipment, net		6,692	7,420
Intangibles, net		1,798	5,425
Other assets:			
Customers' liabilities under acceptances	18	24,232	6,369
Accrued interest receivable	18	45,367	30,872
Other assets	8	7,661	13,708
Total of other assets		77,260	50,949
Total assets		6,560,758	6,267,747
Liabilities and stockholders' equity			
Deposits:			
Noninterest-bearing - Demand	9,18	203	420
Interest-bearing - Demand		77,928	81,644
Time		2,699,404	2,846,780
Total deposits		2,777,535	2,928,844
Derivative financial instruments used for hedging – payable	5,16,18	26,394	34,943
Securities sold under repurchase agreement	5,10,18	39,767	-
Short-term borrowings and debt	11,18	1,237,603	1,072,723
Long-term borrowings and debt, net	11,18	1,423,952	1,138,844

Other liabilities:			
Acceptances outstanding	18	24,232	6,369
Accrued interest payable	18	23,427	15,816
Allowance for expected credit losses on loan commitments and financial guarantees contracts	6	3,219	6,845
Other liabilities	12	15,678	20,551
Total other liabilities		66,556	49,581
Total liabilities		5,571,807	5,224,935
Stockholders' equity:			
Common stock	14	279,980	279,980
Treasury stock	15	(61,076)	(63,248)
Additional paid-in capital in excess of assigned value of common stock	14	119,523	119,941
Capital reserves		95,210	95,210
Dymanic provision	22	108,756	108,756
Regulatory credit reserve	22	25	20,498
Retained earnings	22	444,959	479,712
Accumulated other comprehensive income (loss)	5,16	1,574	1,963
Total stockholders' equity		988,951	1,042,812
Total liabilities and stockholders' equity		6,560,758	6,267,747

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

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries**Unaudited condensed consolidated interim statements of profit or loss
For the three and nine months ended September 30, 2018, 2017 and 2016**

(In US\$ thousand, except earnings per share amounts)

	For the three months ended September 30,			For the nine months ended September 30,			
	Notes	2018	2017	2016	2018	2017	2016
Interest income:							
Deposits		3,129	2,995	1,142	9,293	7,818	3,206
Securities at fair value through OCI		150	124	457	416	420	1,956
Securities at amortized cost		599	474	688	1,605	1,448	2,261
Loans		61,142	51,457	60,530	173,062	160,594	177,025
Total interest income		65,020	55,050	62,817	184,376	170,280	184,448
Interest expense:							
Deposits		16,767	12,510	5,329	47,160	30,310	14,970
Short and long-term borrowings and debt		20,957	14,643	17,668	55,441	48,296	51,954
Total interest expense		37,724	27,153	22,997	102,601	78,606	66,924
Net interest income		27,296	27,897	39,820	81,775	91,674	117,524
Other income (expense):							
Fees and commissions, net		3,692	3,566	3,371	11,783	11,848	10,178
(Loss) gain on derivative financial instruments and foreign currency exchange		(1,554)	(616)	204	(404)	(12)	(135)
Gain (loss) per financial instrument at fair value through profit or loss		109	3	(324)	(233)	(706)	(4,091)
Gain (loss) on sale of securities at fair value through OCI	5	-	-	69	-	79	(246)
Gain (loss) on sale of loans	5	-	15	87	(625)	113	490
Loss on investment properties at fair value through profit or loss	7	(412)	-	-	(1,560)	-	-
Other income, net		564	201	150	1,209	810	1,057
Total other income, net		2,399	3,169	3,557	10,170	12,132	7,253
Total income		29,695	31,066	43,377	91,945	103,806	124,777
Expenses:							
Impairment loss from expected credit losses on loans	5	53,568	362	5,077	62,509	9,981	17,186
Impairment loss (recovery) from expected credit losses on investment securities	5	-	75	(210)	(47)	(390)	276
Impairment loss (recovery) from expected credit losses on loan commitments and	5	1,566	215	(725)	(3,626)	(946)	(59)

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financial guarantee contracts							
Impairment loss in other assets	8	1,724	-	-	3,464	-	-
Loss on derecognition of intangible assets		2,705	-	-	2,705	-	-
Salaries and other employee expenses		5,213	5,842	6,230	21,390	20,306	19,008
Depreciation of equipment and leasehold improvements		315	384	376	957	1,171	1,039
Amortization of intangible assets		336	174	222	1,011	553	425
Other expenses		4,987	3,553	4,416	13,177	11,731	13,201
Total expenses		70,414	10,605	15,386	101,540	42,406	51,076
(Loss) profit for the period		(40,719)	20,461	27,991	(9,595)	61,400	73,701
 (Loss) earnings per share:							
Basic	13	(1.03)	0.52	0.72	(0.24)	1.56	1.89
Diluted	13	(1.03)	0.52	0.71	(0.24)	1.56	1.88
Weighted average basic shares	13	39,540	39,362	39,102	39,544	39,289	39,059
Weighted average diluted shares	13	39,540	39,413	39,225	39,544	39,319	39,178

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

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries**Unaudited condensed consolidated interim statements of profit or loss and other comprehensive income
For the three and nine months ended September 30, 2018, 2017 and 2016**

(In US\$ thousand)

	Notes	For the three months ended September 30,			For the nine months ended September 30,		
		2018	2017	2016	2018	2017	2016
(Loss) profit for the period		(40,719)	20,461	27,991	(9,595)	61,400	73,701
Other comprehensive income (loss):							
Items that will not be reclassified subsequently to profit and loss:							
Change in fair value for revaluation by equity instrument to FVOCI, net of hedging	16	866	-	-	(1,653)	-	-
Items that are or may be reclassified subsequently to profit and loss:							
Change in fair value for debt instrument revaluation, net of hedging	16	(2,304)	(759)	6,017	(2,221)	123	9,070
Reclassification adjustment for gains (losses) included in the loss or profit	16	1,998	2,449	(2,622)	4,693	935	(2,773)
Exchange difference in conversion of foreign operating currency		(1,071)	-	-	(1,208)	-	-
Other comprehensive income (loss)	16	(511)	1,690	3,395	(389)	1,058	6,297
Other comprehensive income (loss) for the period		(41,230)	22,151	31,386	(9,984)	62,458	79,998

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

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries**Unaudited condensed consolidated interim statements of changes in stockholders's equity****For the nine months ended September 30, 2018, 2017 and 2016**

(In US\$ thousand)

	Common stock	Treasury stock	Additional paid- in capital in excess of assigned value of common stock	Capital reserves	Dynamic provision	Regulatory reserve	Retained earnings	Accumulated other comprehensive income (loss)	Total
Balances at January 1, 2016	279,980	(73,397)	120,177	95,210	30,788	7,920	521,934	(10,681)	971,931
Profit for the period	-	-	-	-	-	-	73,701	-	73,701
Other comprehensive income	-	-	-	-	-	-	-	6,297	6,297
Issuance of restricted stock	-	1,259	(1,259)	-	-	-	-	-	-
Compensation cost - stock options and stock units plans	-	-	2,480	-	-	-	-	-	2,480
Exercised options and stock units vested	-	-	-	-	-	-	-	-	-
Repurchase of "Class B" and "Class E" common stock	-	-	-	-	-	-	-	-	-
Regulatory reserve	-	2,953	(1,387)	-	-	-	2,203	-	3,769
Dymanic provision	-	-	-	-	-	-	(10,244)	-	(10,244)
Dividends declared	-	-	-	-	-	-	(45,104)	-	(45,104)
Balances at September 30, 2016	279,980	(69,185)	120,011	95,210	30,788	7,920	542,490	(4,384)	1,002,829

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Balances at January 1, 2017	279,980	(69,176)	120,594	95,210	43,826	18,633	525,048	(2,801)	1,011,314
(Loss) profit for the period	-	-	-	-	-	-	61,400	-	61,400
Other comprehensive income (loss)	-	-	-	-	-	-	-	1,058	1,058
Issuance of restricted stock	-	1,259	(1,229)	-	-	-	-	-	30
Compensation cost - stock options and stock units plans	-	-	(38)	-	-	-	-	-	(38)
Exercised options and stock units vested	-	3,278	109	-	-	-	-	-	3,387
Repurchase of "Class B" and "Class E" common stock	-	(28)	-	-	-	-	-	-	(28)
Regulatory reserve	-	-	-	-	-	-	10,637	-	10,637
Dymanic provision	-	-	-	-	-	-	(63,566)	-	(63,566)
Dividends declared	-	-	-	-	-	-	(45,384)	-	(45,384)
Balances at September 30, 2017	279,980	(64,667)	119,436	95,210	43,826	18,633	488,135	(1,743)	978,810
Balances at January 1, 2018	279,980	(63,248)	119,941	95,210	108,756	20,498	479,712	1,963	1,042,812
Profit for the period	-	-	-	-	-	-	(9,595)	-	(9,595)
Other comprehensive income	-	-	-	-	-	-	-	(389)	(389)
Issuance of restricted stock	-	1,259	(1,259)	-	-	-	-	-	-
Compensation cost - stock options and stock units plans	-	-	587	-	-	-	-	-	587
Exercised options and stock units vested	-	3,355	254	-	-	-	-	-	3,609
Repurchase of "Class B" and "Class E" common stock	-	(2,442)	-	-	-	-	-	-	(2,442)
Regulatory reserve	-	-	-	-	-	(20,473)	20,473	-	-
Dymanic provision	-	-	-	-	-	-	-	-	-
Dividends declared	-	-	-	-	-	-	(45,631)	-	(45,631)
Balances at September 30, 2018	279,980	(61,076)	119,523	95,210	108,756	25	444,959	1,574	988,951

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

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries**Unaudited condensed consolidated interim statements of cash flows****For the nine months ended September 30, 2018, 2017 and 2016**

(In US\$ thousand)

	2018	2017	2016
Cash flows from operating activities			
(Loss) profit for the period	(9,595)	61,400	73,701
Adjustments to reconcile profit for the year to net cash provided by (used in) operating activities:			
Activities of derivative financial instruments used for hedging	1,929	(35,559)	(18,947)
Depreciation of equipment and leasehold improvements	957	1,171	1,039
Amortization of intangible assets	1,011	553	425
Loss for disposal of equipment and leasehold improvements	840	150	-
Loss for disposal of intangible assets	2,705	14	-
Loss on investment properties at fair value through profit or loss	1,560	-	-
Impairment loss from expected credit losses	58,836	8,645	17,408
(Loss) gain on sale of financial assets at fair value through OCI	-	(79)	246
Amortization of premium and discount related to securities at amortized cost	798	601	863
Gain on sale of property and equipment	18	-	-
Impairment loss on other assets	3,464	-	-
Compensation cost - share-based payment	587	(38)	2,480
Interest income	(184,376)	(170,280)	(184,453)
Interest expense	102,601	78,606	66,924
Net decrease (increase) in operating assets:			
Net decrease (increase) in pledged deposits	25,320	18,720	(3,385)
Financial instruments at fair value through profit or loss	-	-	53,383
Net decrease (increase) in loans	(216,489)	676,129	297,758
Other assets	(15,281)	(2,514)	4,044
Net increase (decrease) in operating liabilities:			
Net increase due to depositors	(151,309)	200,157	330,536
Financial liabilities at fair value through profit or loss	-	(24)	(89)