

FOREIGN TRADE BANK OF LATIN AMERICA, INC.

Form 6-K

November 02, 2009

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

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)

Calle 50 y Aquilino de la Guardia
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 Form 40-F

(Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing information to the Commission pursuant to Rule 12g-3-2(b) under the Securities Exchange Act of 1934.)

Yes No

(If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b). 82__.)

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, thereto duly authorized.

October 29, 2009

FOREIGN TRADE BANK OF LATIN AMERICA, INC.

By: /s/ Pedro Toll

Name: Pedro Toll

Title: General Manager

BLADEX REPORTS THIRD QUARTER NET INCOME OF \$15.8 MILLION, OR \$0.43
PER SHARE

PANAMA CITY, October 29, 2009 – Banco Latinoamericano de Comercio Exterior, S.A. (NYSE: BLX, “Bladex”, or “the Bank”) announced today its results for the third quarter ended September 30, 2009.

Business Highlights

- Net income amounted to \$15.8 million in the third quarter 2009, compared to \$10.5 million in the second quarter 2009, and \$14.0 million in the third quarter 2008. Net interest margin increased to 1.76% in the third quarter 2009, from 1.62% in the previous quarter and 1.61% in the third quarter 2008.
 - The Commercial Division’s net income for the third quarter 2009 was \$11.8 million, compared to \$3.6 million in the second quarter 2009, and \$16.8 million in the third quarter 2008. The increase from the previous quarter was mainly driven by more stable margins, lower provisions for credit losses, and increased commission income from the letter of credit business. Credit disbursements in the third quarter reached \$1.1 billion, 3% higher than the second quarter 2009 and 30% below the third quarter 2008. The commercial portfolio rose 1% during the third quarter 2009 to \$2.9 billion, compared to \$4.2 billion at the end of the third quarter 2008.
 - Driven by lower non-interest operating income generated from the securities portfolios, the Treasury Division reported net income for the third quarter 2009 of \$1.2 million, compared to net income of \$4.4 million in the previous quarter and a net loss of \$0.7 million in the third quarter 2008.
 - The Asset Management Division’s net income for the third quarter 2009 was \$2.8 million, compared to \$2.5 million in the second quarter 2009, and a net loss of \$2.1 million in the third quarter 2008. The quarterly increase was due to higher trading gains in the Investment Fund, partially offset by a greater participation of minority interests.
 - During the third quarter 2009, the book value per common share increased 3% to \$18.23. The Bank’s Tier 1 capital ratio as of September 30, 2009 was 24.6%, compared to 21.1% as of June 30, 2009, and 18.3% as of September 30, 2008, while the leverage ratio as of these dates was 5.6x, 6.3x and 8.7x, respectively. The Other Comprehensive Income account (“OCI”) recorded an improvement of \$12 million (57%) versus the previous quarter and \$35 million (80%) versus the third quarter 2008. The Bank’s equity consists entirely of common shares.
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- The ratio of the allowance for credit losses to the commercial portfolio remained stable at 3.5%, the same level reported in the second quarter 2009, and 2.0% as of September 30, 2008. During the third quarter 2009, the Bank recorded \$2.0 million in specific loan loss reserves, compared to the \$12.0 million recorded in the second quarter 2009, and none in the third quarter 2008.

CEO's Comments

"Bladex is satisfied with its third quarter results and encouraged by the underlying trends in the markets. Financially, the quarter was well-balanced, with all business units performing well. In the Commercial Division, margins remained attractive, commission income increased, portfolio balances grew for the first time since the onset of the crisis, while credit provisions eased. In the Treasury Division, liquidity remained ample, as the Bank successfully tapped Asian interbank funding markets, while reaping the benefits of improving prices within the securities portfolios. Notably, results in the Asset Management Division were consistent with the solid track record realized since the Fund's inception.

Trade flows in Latin America, while still markedly below levels of a year ago, are beginning to show a gradual improvement, consistent with the situation internationally. With Bladex facing less competitive pressures and a growing client franchise, the Bank expects to benefit from these trends as they become more significant, particularly given that Bladex possesses the capital and funding needed to absorb additional credit demand. Furthermore, credit risk levels are showing signs of gradual improvement, as companies benefit from a generally less challenging economic climate, a trend that will afford Bladex greater flexibility in terms of credit decisions, thus gradually easing the pressure on provision levels. Trends in the Asset Management Division are also encouraging as the Fund steadily builds its assets under management.

As Latin American markets regain some stability Bladex is focused on identifying new opportunities and deploying the resources to exploit them. Companies throughout the Region have, as a result of the crisis, become more internationally oriented, demanding coordinated trade services throughout Latin America. This new reality represents a tremendous opportunity for Bladex, given the Bank's status as one of the very few regional wholesale banking franchises in Latin America. Bladex looks forward to continued progress in the coming quarters."

RESULTS BY BUSINESS SEGMENT

Commercial Division

The Commercial Division incorporates the Bank's core business from financial intermediation and fee generation activities. Net income includes net interest income from loans, fee income, net allocated operating expenses, the reversal (provision) for loan and off-balance sheet credit losses, and any impairment on assets.

(US\$ million)	9M09	9M08	3Q09	2Q09	3Q08
Commercial Division:					
Net interest income	\$ 50.7	\$ 59.4	\$ 16.7	\$ 17.0	\$ 20.7
Non-interest operating income					
(1)	4.8	6.4	1.6	0.8	2.7
Net operating revenues (2)	55.5	65.8	18.3	17.8	23.4
Operating expenses	(17.1)	(21.3)	(5.3)	(5.1)	(6.8)
Net operating income (3)	38.4	44.5	13.0	12.6	16.6
Reversal (provision) for loan and off-balance sheet credit losses, net	(15.4)	0.9	(1.2)	(9.1)	0.2
Impairment on assets	(0.1)	(0.3)	0.0	0.0	0.0
Net Income	\$ 22.9	\$ 45.1	\$ 11.8	\$ 3.6	\$ 16.8

Net income for the third quarter 2009 amounted to \$11.8 million, compared to \$3.6 million in the previous quarter and \$16.8 million in the third quarter 2008. The \$8.2 million increase in net income during the third quarter 2009 mostly reflects: (i) \$7.9 million in lower provisions for credit losses, (ii) a \$0.8 million increase in non-interest operating income as a result of increased commission income from the letter of credit business, (iii) a \$0.3 million decrease in net interest income, and (iv) a \$0.2 million increase in other operating expenses.

During the third quarter 2009, the Commercial Division's net interest income reached \$16.7 million, a \$0.3 million decrease from the second quarter 2009, resulting from lower average balances of the loan portfolio (-2%), partially offset by higher weighted average lending spreads(4) on the loan portfolio (+31 bps).

Credit disbursements in the third quarter 2009 totaled \$1,058 million, 3% higher than the second quarter 2009, and 30% below the level in the third quarter 2008, reflecting lower regional trade flows and the Bank's prudent credit risk approach. Refer to Exhibit XII for the Bank's distribution of credit disbursements by country.

The following graph illustrates the trend in quarterly weighted average lending spreads:

The commercial portfolio includes loans, letters of credit, country risk guarantees and loan commitments pertaining to the Bank's client-oriented intermediation activities. The Bank's commercial portfolio balance reached \$2.9 billion as of September 30, 2009, a 1% increase over the balance as of the quarter ended June 30, 2009, and 32% below the balance as of the end of the third quarter 2008. Similarly, on an average basis, the commercial portfolio increased 1% in the third quarter 2009 in comparison to the previous quarter with an average portfolio balance of \$2.7 billion, 39% below the average during the third quarter 2008. The decreased balances since the third quarter 2008 reflect the Bank's prudent management of credit risk to vulnerable industries in the wake of the financial crisis.

The commercial portfolio continues to be short-term and trade-related in nature. \$1.9 billion, or 67% of the commercial portfolio matures within one year. Trade financing operations represent 60% of the portfolio. Refer to Exhibit X for information relating to the Bank's commercial portfolio distribution by country.

Treasury Division

The Treasury Division incorporates the Bank's liquidity management and investment securities activities. Net income is presented net of allocated operating expenses, and includes net interest income on treasury activities and net other income (expense) relating to treasury activities (12).

(US\$ million)	9M09	9M08	3Q09	2Q09	3Q08
Treasury Division:					
Net interest income	\$ 1.6	\$ 6.0	\$ 1.3	\$ 0.8	\$ 1.7
Non-interest operating income (loss) (1)	11.2	2.0	1.6	5.8	(0.8)
Net operating revenues (2)	12.8	8.0	2.9	6.7	0.8
Operating expenses	(6.2)	(4.8)	(1.8)	(2.2)	(1.6)
Net operating income (loss) (3, 12)	6.6	3.3	1.2	4.4	(0.7)
Net Income (loss)	\$ 6.6	\$ 3.3	\$ 1.2	\$ 4.4	\$ (0.7)

The Treasury Division's net income for the third quarter 2009 was \$1.2 million, compared to net income of \$4.4 million in the second quarter 2009, and a net loss of \$0.7 million during the third quarter 2008. The \$3.2 million net income decrease in the third quarter 2009 versus the previous quarter was the result of: (i) a \$4.2 million decrease in non-interest operating income, mainly reflecting lower gains from trading securities, (ii) a \$0.5 million increase in net interest income, and (iii) a \$0.5 million decrease in operating expenses.

The Division's total non-interest operating income in the third quarter 2009 was \$2.5 million, partially offset by a \$0.9 million net loss on foreign currency exchange. The portfolio of trading assets decreased \$115 million, or 70%, versus the previous quarter to reach \$50 million as of September 30, 2009, compared to none recorded as of September 30, 2008. The sale of trading assets resulted in net gains of \$2.0 million in the third quarter 2009. The portfolio of securities available for sale as of September 30, 2009 totaled \$461 million, representing a decrease of 24% from June 30, 2009 and a decrease of 40% from September 30, 2008. The decrease corresponds to the sale of \$147 million in book value of the securities portfolio, which generated net gains of \$0.5 million in the third quarter 2009. The available for sale portfolio as of September 30, 2009 consisted entirely of readily quoted Latin American securities, 80% of which were sovereign and state-owned risk in nature (refer to Exhibit XI for a per country distribution of the treasury portfolio). The available for sale portfolio is marked to market, with the impact recorded in stockholders' equity through the Other Comprehensive Income Account ("OCI") which, for the third quarter 2009, recorded a \$12 million improvement in value, reflecting mostly the increased market valuation of the securities portfolio (refer to Exhibit I.)

Liquid assets (11) decreased to \$431 million as of September 30, 2009, compared to \$456 million as of June 30, 2009, and \$461 million as of September 30, 2008. The Bank is gradually reducing liquidity balances to historically prevalent levels as the funding markets improve.

The Bank is reducing its repurchase agreement obligations and selectively replacing bank borrowings. Weighted average funding costs for the third quarter 2009 amounted to 2.16%, a decrease of 35 bps, or 14%, compared to the second quarter 2009, and a decrease of 138 bps, or 39%, compared to the third quarter 2008.

Asset Management Division
The Asset Management Division