FOREIGN TRADE BANK OF LATIN AMERICA, INC.
Form 6-K
August 01, 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

For the month of August, 2017

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: August 1, 2017

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

By: /s/ Pierre Dulin

Name: Pierre Dulin
Title: General Manager

Banco Latinoamericano

de Comercio Exterior, S.A.

and Subsidiaries

Unaudited condensed consolidated interim statement of financial position as of June 30, 2017 and December 31, 2016, 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 equity and unaudited condensed consolidated interim statements of cash flows for the six months ended June 30, 2017, 2016 and 2015.

Banco Latinoamericano de Comercio Exterior, S.A.

and Subsidiaries

Unaudited condensed consolidated interim financial statements

Contents	**Pages**
Unaudited condensed consolidated interim statements of financial position	3
Unaudited condensed consolidated interim statements of profit or loss	4
Unaudited condensed consolidated interim statements of profit or loss and other comprehensive income	5
Unaudited condensed consolidated interim statements of changes in equity	6
Unaudited condensed consolidated interim statements of cash flows	7
Notes to the unaudited condensed consolidated interim financial statements	8-72

2

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

Unaudited condensed consolidated interim statement of financial position
June 30, 2017 and December 31, 2016
(In US$ thousand)

	Notes	June 30, 2017 (Unaudited)	December 31, 2016 (Audited)
Assets			
Cash and cash equivalents	3,14	819,390	1,069,538
Financial Instruments:	4,14		
At fair value through profit or loss	4.1,4.7,14	13	-
At fair value through OCI	4.2,14	16,435	30,607
Securities at amortized cost, net	4.3,14	62,791	77,214
Loans at amortized cost	4.5	5,570,315	6,020,731
Less:			
Allowance for expected credit losses	4.5	115,607	105,988
Unearned interest and deferred fees	4.5	6,723	7,249
Loans at amortized cost, net		5,447,985	5,907,494
At fair value - Derivative financial instruments used for hedging – receivable	4.6,4.7,14	6,497	9,352
Property and equipment, net		8,001	8,549
Intangibles, net		2,577	2,909
Other assets:			
Customers' liabilities under acceptances	14	5,194	19,387
Accrued interest receivable	14	33,466	44,187
Other assets	6	19,813	11,546
Total of other assets		58,473	75,120
Total assets		6,422,162	7,180,783
Liabilities and stockholders' equity			
Deposits:	7,14		
Noninterest-bearing - Demand		455	1,617
Interest-bearing - Demand		126,522	125,397
Time		3,226,578	2,675,838
Total deposits		3,353,555	2,802,852
At fair value – Derivative financial instruments used for hedging – payable	4.6,4.7,14	33,946	59,686
Financial liabilities at fair value through profit or loss	4.1,4.7,14	27	24
Short-term borrowings and debt	9.1,14	487,056	1,470,075
Long-term borrowings and debt, net	9.2,14	1,485,707	1,776,738

Other liabilities:			
Acceptances outstanding	14	5,194	19,387
Accrued interest payable	14	12,953	16,603
Allowance for expected credit losses on loan commitments and financial guarantees contracts	5	4,615	5,776
Other liabilities	10	14,969	18,328
Total other liabilities		37,731	60,094
Total liabilities		5,398,022	6,169,469
Stockholders' equity:	11,12,14		
Common stock		279,980	279,980
Treasury stock	12	(64,732)	(69,176)
Additional paid-in capital in excess of assigned value of common stock		118,898	120,594
Capital reserves		95,210	95,210
Retained earnings		598,217	587,507
Accumulated other comprehensive loss	4.2,4.6,15	(3,433)	(2,801)
Total stockholders' equity		1,024,140	1,011,314
Total liabilities and stockholders' equity		6,422,162	7,180,783

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

3

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

Unaudited condensed consolidated interim statements of profit or loss
For the six months ended June 30, 2017, 2016 and 2015
(In US$ thousand, except per share amounts)

	Notes	For the three months ended June 30, 2017	2016	2015	For the six months ended June 30, 2017	2016	2015
Interest income:							
Deposits		2,822	894	489	4,823	2,064	920
At fair value through OCI		126	548	1,728	296	1,499	3,589
At amortized cost		53,151	59,032	50,607	110,111	118,068	101,969
Total interest income		56,099	60,473	52,824	115,230	121,631	106,478
Interest expense:							
Deposits		11,593	5,089	2,738	17,800	9,641	5,191
Short-term borrowings and debt		2,487	3,735	5,837	6,055	8,590	12,480
Long-term borrowings and debt		12,674	13,463	9,442	27,598	25,696	18,175
Total interest expense		26,754	22,287	18,017	51,453	43,927	35,846
Net interest income		29,345	38,186	34,807	63,777	77,704	70,632
Other income:							
Fees and commissions, net		5,013	4,434	3,109	8,282	6,807	5,409
Derivate financial instruments and foreign currency exchange		473	500	(339)	604	(339)	505
(Loss) gain per financial instrument at fair value through profit or loss		(649)	416	(2,205)	(709)	(3,767)	300
Gain (loss) per financial instrument at fair value through OCI		(35)	(30)	133	79	(315)	429
Gain on sale of loans at amortized cost		12	303	305	98	403	512
Other income		255	556	284	609	907	532
Net other income		5,069	6,179	1,287	8,963	3,696	7,687
Total income		34,414	44,365	36,094	72,740	81,400	78,319
Expenses:							
Impairment loss (recovery) from expected credit losses on loans at amortized cost	4.5	5,666	9,966	11,649	9,619	12,109	6,619
(Recovery) impairment loss from expected credit losses on investment securities	4.2,4.3	(11)	479	1,659	(465)	486	829
Impairment loss (recovery) from expected credit losses on loans commitments and financial guarantees contracts	5	(1,324)	1,579	(3,434)	(1,161)	666	1,671
Salaries and other employee expenses		7,768	4,898	7,368	14,464	12,778	15,723

Depreciation of equipment and leasehold improvements		356	334	345	787	663	725
Amortization of intangible assets		178	91	173	379	203	322
Other expenses		4,300	4,746	4,816	8,178	8,785	9,044
Total expenses		16,933	22,093	22,576	31,801	35,690	34,933
Profit for the period		17,481	22,272	13,518	40,939	45,710	43,386
Earnings per share:							
Basic	11	0.44	0.57	0.35	1.04	1.17	1.12
Diluted	11	0.44	0.57	0.35	1.04	1.17	1.11
Weighted average basic shares	11	39,317	39,078	38,954	39,252	39,037	38,880
Weighted average diluted shares	11	39,347	39,198	39,073	39,280	39,120	39,015

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

4

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

Unaudited condensed consolidated interim statements of profit or loss and other comprehensive income
For the six months ended June 30, 2017, 2016 and 2015
(In US$ thousand)

	Notes	2017	2016	2015
Profit for the period		40,939	45,710	43,386
Other comprehensive income (loss):				
Items that are or may be reclassified to consolidated statement of profit or loss:				
Net change in unrealized losses on financial instruments at fair value through OCI	15	116	7,400	3,248
Net change in unrealized losses on derivative financial instruments	15	(748)	(4,498)	200
Other comprehensive income (loss)	15	(632)	2,902	3,448
Total comprehensive income for the period		40,307	48,612	46,834

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 equity
For the six months ended June 30, 2017, 2016 and 2015
(In US$ thousand)

	Common stock	Treasury stock	Additional paid-in capital in excess of assigned value of common stock	Capital reserves	Retained earnings	Accumulated other comprehensive income (loss)	Total
Balances at January 1, 2015	279,980	(77,627)	119,644	95,210	501,669	(7,837)	911,039
Profit for the period	-	-	-	-	43,386	-	43,386
Other comprehensive income	-	-	-	-	-	3,448	3,448
Issuance of restricted stock	-	(1,514)	(17)	-	-	-	(1,531)
Compensation cost - stock options and stock units plans	-	1,653	2,377	-	-	-	4,030
Exercised options and stock units vested	-	1,673	(2,746)	-	-	-	(1,073)
Repurchase of "Class B" and "Class E" common stock	-	-	-	-	-	-	-
Dividends declared	-	-	-	-	(15,000)	-	(15,000)
Balances at June 30, 2015	279,980	(75,815)	119,258	95,210	530,055	(4,389)	944,300
Balances at January 1, 2016	279,980	(73,397)	120,177	95,210	560,642	(10,681)	971,931
Profit for the period	-	-	-	-	45,710	-	45,710
Other comprehensive income	-	-	-	-	-	2,902	2,902
Issuance of restricted stock	-	1,259	(1,259)	-	-	-	-
Compensation cost - stock options and stock units plans	-	-	1,689	-	-	-	1,689
Exercised options and stock units vested	-	1,538	(1,449)	-	-	-	89

Repurchase of "Class B" and "Class E" common stock	-	-	-	-	-	-	-
Dividends declared	-	-	-	-	(30,052)	-	(30,052)
Balances at June 30, 2016	279,980	(70,600)	119,158	95,210	576,299	(7,779)	992,268
Balances at January 1, 2017	279,980	(69,176)	120,594	95,210	587,507	(2,801)	1,011,314
Profit for the period	-	-	-	-	40,939	-	40,939
Other comprehensive income	-	-	-	-	-	(632)	(632)
Issuance of restricted stock	-	1,259	(1,259)	-	-	-	-
Compensation cost - stock options and stock units plans	-	-	644	-	-	-	644
Exercised options and stock units vested	-	3,213	(1,081)	-	-	-	2,132
Repurchase of "Class B" and "Class E" common stock	-	(28)	-	-	-	-	(28)
Dividends declared	-	-	-	-	(30,229)	-	(30,229)
Balances at June 30, 2017	279,980	(64,732)	118,898	95,210	598,217	(3,433)	1,024,140

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

6

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

Unaudited condensed consolidated interim statements of cash flows
For the six months ended June 30, 2017, 2016 and 2015
(In US$ thousand)

	2017	2016	2015
Cash flows from operating activities			
Profit for the period	40,939	45,710	43,386
Adjustments to reconcile profit for the period to net cash provided by (used in) operating activities:			
Activities of derivative financial instruments used for hedging	(23,616)	(5,790)	(14,666)
Depreciation of equipment and leasehold improvements	787	663	725
Amortization of intangible assets	379	203	322
Impairment loss from expected credit losses	7,993	13,261	9,119
Net loss (gain) on sale of financial assets at fair value through OCI	(79)	(30)	(429)
Compensation cost - share-based payment	644	1,007	1,491
Interest income	(115,230)	(121,631)	(106,478)
Interest expense	51,453	43,927	35,846
Net decrease (increase) in operating assets:			
Net (increase) decrease in pledged deposits	13,615	(4,850)	6,649
Financial instruments at fair value through profit or loss	(13)	53,167	3,658
Net decrease (increase) in loans at amortized cost	449,890	170,666	(224,996)
Other assets	5,925	5,013	96,840
Net increase (decrease) in operating liabilities:			
Net increase due to depositors	550,703	410,831	730,251
Financial liabilities at fair value through profit or loss	3	(89)	7
Other liabilities	(17,486)	(18,809)	(61,042)
Cash provided by operating activities:			
Interest received	125,951	120,777	116,283
Interest paid	(55,103)	(46,217)	(35,689)
Net cash provided by operating activities	1,036,755	667,809	601,277
Cash flows from investing activities:			
Acquisition of equipment and leasehold improvements	(346)	(89)	(277)
Acquisition of intangible assets	(4)	(7)	-
Proceeds from disposal of equipment and leasehold improvements	64	-	-
Proceeds from the redemption of of financial instruments at fair value through OCI	-	70,341	94,557
Proceeds from the sale of financial instruments at fair value through OCI	14,488	78,450	47,035
Proceeds from maturities of financial instruments at amortized cost	14,879	29,075	13,335
Purchases of financial instruments at fair value through OCI	-	(83,627)	(88,224)
Purchases of financial instruments at amortized cost	-	(24,071)	(21,929)
Net cash provided by investing activities	29,081	70,072	44,497

Cash flows from financing activities:			
Net (decrease) increase in short-term borrowings and debt and securities sold under repurchase agreements	(983,019)	(1,234,527)	(583,565)
Proceeds from long-term borrowings and debt	219,587	464,969	405,513
Repayments of long-term borrowings and debt	(510,618)	(299,607)	(220,994)
Dividends paid	(30,294)	(29,722)	(29,863)
Exercised stock options	2,003	-	1,382
Net cash (used in) financing activities	(1,302,369)	(1,098,887)	(427,527)
Net (decrease) increase in cash and cash equivalents	(236,533)	(361,006)	218,247
Cash and cash equivalents at beginning of the period	1,007,726	1,267,302	741,305
Cash and cash equivalents at end of the period	771,193	906,296	959,552

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

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries
Notes to the unaudited condensed consolidated interim financial statements
(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)

1. Corporate information

Banco Latinoamericano de Comercio Exterior, S. A. (“Bladex Head Office” and together with its subsidiaries “Bladex” or the “Bank”), headquartered in Panama City, Republic of Panama, is a specialized multinational bank established to support the financing of trade and economic integration in Latin America and the Caribbean (the “Region”). The Bank was established pursuant to a May 1975 proposal presented to the Assembly of Governors of Central Banks in the Region, which recommended the creation of a multinational organization to increase the foreign trade financing capacity of the Region. The Bank was organized in 1977, incorporated in 1978 as a corporation pursuant to the laws of the Republic of Panama, and officially initiated operations on January 2, 1979. Under a contract law signed in 1978 between the Republic of Panama and Bladex, the Bank was granted certain privileges by the Republic of Panama, including an exemption from payment of income taxes in Panama.

The Bank operates under a general banking license issued by the National Banking Commission of Panama, predecessor of the Superintendency of Banks of Panama (the “SBP”).

In the Republic of Panama, banks are regulated by the SBP through Executive Decree No. 52 of April 30, 2008, which adopts the unique text of the Law Decree No. 9 of February 26, 1998, modified by the Law Decree No. 2 of February 22, 2008. Banks are also regulated by resolutions and agreements issued by this entity. The main aspects of this law and its regulations include: the authorization of banking licenses, minimum capital and liquidity requirements, consolidated supervision, procedures for management of credit and market risks, measures to prevent money laundering, the financing of terrorism and related illicit activities, and procedures for banking intervention and liquidation, among others.

Bladex Head Office’s subsidiaries are the following:

- Bladex Holdings Inc. a wholly owned subsidiary, incorporated under the laws of the State of Delaware, United States of America (USA), on May 30, 2000. Bladex Holdings Inc. has ownership in two subsidiaries: Bladex Representacao Ltda. and Bladex Investimentos Ltda.

- Bladex Representaçao Ltda., incorporated under the laws of Brazil on January 7, 2000, acts as the Bank’s representative office in Brazil. Bladex Representacao Ltda. is 99.999% owned by Bladex Head Office and the remaining 0.001% owned by Bladex Holdings Inc.

- Bladex Investimentos Ltda. was incorporated under the laws of Brazil on May 3, 2011. Bladex Head Office owned 99% of Bladex Investimentos Ltda., and Bladex Holdings Inc. owned the remaining 1%. This company had invested substantially all of its assets in an investment fund, Alpha 4x Latam Fundo de Investimento Multimercado, incorporated in Brazil ("the Brazilian Fund"), registered with the Brazilian Securities Commission ("CVM", for its acronym in Portuguese). Bladex Investimentos Ltda. merged with Bladex Representacao Ltda. on April 2016, being the latter the extinct company under Brazilian law and prevailing the acquiring company Bladex Representacao Ltda.

- Bladex Development Corp. was incorporated under the laws of Panama on June 5, 2014. Bladex Development Corp. is 100% owned by Bladex Head Office.

- BLX Soluciones, S.A. de C.V., SOFOM, E.N.R. was incorporated under the laws of Mexico on June 13, 2014. BLX Soluciones is 99.9% owned by Bladex Head Office, and Bladex Development Corp. owns the remaining 0.1%. The company specializes in offering financial leasing and other financial products such as loans and factoring.

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries
Notes to the unaudited condensed consolidated interim financial statements
(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)

1. Corporate information (continued)

Bladex Head Office has an agency in New York City, USA (the “New York Agency”), which began operations on March 27, 1989. The New York Agency is principally engaged in financing transactions related to international trade, mostly the confirmation and financing of letters of credit for customers in the Region. The New York Agency also has authorization to book transactions through an International Banking Facility (“IBF”).

The Bank has representative offices in Buenos Aires, Argentina; in Mexico City, and Monterrey, Mexico (until April 5, 2017); in Lima, Peru; and in Bogota, Colombia.

These unaudited condensed consolidated interim financial statements were authorized for issue by the Board of Directors on July 18, 2017.

2. Basis of preparation of the unaudited condensed consolidated interim financial statements

2.1 Statement of compliance

These unaudited consolidated condensed interim financial statements of Banco Latinoamericano de Comercio Exterior, S. A. and its subsidiaries have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* (IAS 34) issued by the International Accounting Standards Board ("IASB"). As all of the disclosures required by IFRS for annual period consolidated financial statements are not included herein, these unaudited condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements and the notes thereto as of and for the year ended December 31, 2016, contained in the Bank’s annual audited consolidated financial statements. The unaudited condensed consolidated interim statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the periods presented are not necessarily indicative of results expected for any future period.

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries
Notes to the unaudited condensed consolidated interim financial statements
(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)

3. Cash and cash equivalents

	June 30, 2017	December 31, 2016
Cash and due from banks	20,684	89,656
Interest-bearing deposits in banks	798,706	979,882
Total	819,390	1,069,538
Less:		
Pledged deposits	48,197	61,812
Total cash and cash equivalents	771,193	1,007,726

Interest-bearing deposits in banks

Demand deposits

As of June 30, 2017 and December 31, 2016, cash in banks balances correspond to bank deposits, bearing interest based on the daily rates determined by banks for between 0.25% to 1.30% and 0.01% to 0.77%, respectively.

Time deposits

As of June 30, 2017 and December 31, 2016, cash equivalents balances correspond to demand deposits (overnight), bearing an average interest rate of 1.30% and 0.83% to 0.88%, respectively.

Pledged deposits

	June 30, 2017	December 31, 2016
Pledged deposits:		
New York[1]	3,000	2,800
Panama[2]	45,197	59,012
Total	48,197	61,812

(1) The New York Agency had a pledged deposit with the New York State Banking Department, as required by law since March 1994.
(2) The Bank had pledged deposits to secure derivative financial instruments transactions.

4. Financial instruments

4.1 Financial instruments at FVTPL - Fair value through profit or loss

The fair value of financial liabilities at FVTPL is as follows:

	June 30, 2017	December 31, 2016
Assets		
Foreign exchange forward	13	-
Total	13	-
Liabilities		
Foreign exchange forward	27	24
Total	27	24

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries
Notes to the unaudited condensed consolidated interim financial statements
(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)

4. Financial instruments (continued)

4.1 Financial instruments at FVTPL - Fair value through profit or loss (continued)

The information on the nominal amounts of derivative financial instruments at FVTPL is as follows:

	June 30, 2017			December 31, 2016		
	Nominal	Fair Value		Nominal	Fair Value	
	Amount	Asset	Liability	Amount	Asset	Liability
Foreign exchange forward	3,095	13	27	1,274	-	24
Total	3,095	13	27	1,274	-	24

4.2 Securities at fair value through other comprehensive income

The amortized cost, related unrealized gross gain (loss) and fair value of securities at fair value through other comprehensive income by country risk and type of debt are as follows:

	June 30, 2017			
		Unrealized		
	Amortized Cost	Gain	Loss	Fair Value
Sovereign debt:				
Brazil	2,931	-	40	2,891
Chile	5,206	-	18	5,188
Trinidad and Tobago	9,063	-	707	8,356
	17,200	-	765	16,435

	December 31, 2016			
		Unrealized		
	Amortized Cost	Gain	Loss	Fair Value
Corporate debt:				
Brazil	3,144	-	62	3,082

Venezuela	10,810	20	3	10,827
	13,954	20	65	13,909
Sovereign debt:				
Brazil	2,926	-	140	2,786
Chile	5,229	-	59	5,170
Trinidad and Tobago	9,283	-	541	8,742
	17,438	-	740	16,698
	31,392	20	805	30,607

11

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries
Notes to the unaudited condensed consolidated interim financial statements
(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)

4. Financial instruments (continued)

4.2 Securities at fair value through other comprehensive income (continued)

As of June 30, 2017 and December 31, 2016, there were no securities at fair value through OCI guaranteeing repurchase transactions.

The following table discloses those securities that had unrealized losses for a period less than 12 months and for 12 months or longer:

	June 30, 2017					
	Less than 12 months		12 months or longer		Total	
	Fair Value	Unrealized Gross Losses	Fair Value	Unrealized Gross Losses	Fair Value	Unrealized Gross Losses
Sovereign debt	7,115	25	9,320	740	16,435	765
Total	7,115	25	9,320	740	16,435	765

	December 31, 2016					
	Less than 12 months		12 months or longer		Total	
	Fair Value	Unrealized Gross Losses	Fair Value	Unrealized Gross Losses	Fair Value	Unrealized Gross Losses
Corporate debt	1,805	3	3,082	62	4,887	65
Sovereign debt	5,170	59	11,528	681	16,698	740
Total	6,975	62	14,610	743	21,585	805

The following table presents the realized gains and losses on sale of securities at fair value through other comprehensive income:

	Three months ended June 30,		
	2017	2016	2015
Realized gain on sale of securities	130	7,432	140

Realized loss on sale of securities	(165)	(7,462)	(7)
Net (loss) gain on sale of securities at fair value through other comprehensive income	(35)	(30)	133

	Six months ended June 30,		
	2017	2016	2015
Realized gain on sale of securities	667	7,471	436
Realized loss on sale of securities	(588)	(7,786)	(7)
Net gain (loss) on sale of securities at fair value through other comprehensive income	79	(315)	429

12

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries
Notes to the unaudited condensed consolidated interim financial statements
(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)

4. Financial instruments (continued)

4.2 Securities at fair value through other comprehensive income (continued)

Securities at fair value through other comprehensive income classified by issuer's credit quality indicators are as follows:

Rating[1]	June 30, 2017	December 31, 2016
1-4	16,435	30,607
5-6	-	-
7	-	-
8	-	-
9	-	-
10	-	-
Total	16,435	30,607

[1] Current ratings as of June 30, 2017 and December 31, 2016, respectively.

The amortized cost and fair value of securities at fair value through other comprehensive income by contractual maturity are shown in the following tables:

	June 30, 2017		December 31, 2016	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due within 1 year	-	-	-	-
After 1 year but within 5 years	14,269	13,544	17,656	16,994
After 5 years but within 10 years	2,931	2,891	13,736	13,613
	17,200	16,435	31,392	30,607

13

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries
Notes to the unaudited condensed consolidated interim financial statements
(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)

4. Financial instruments (continued)

4.2 Securities at fair value through other comprehensive income (continued)

The allowance for expected credit losses relating to securities at fair value through other comprehensive income, which is recorded in equity under accumulated other comprehensive income (loss), is as follow:

	Stage 1 (1)	**Stage 2 (2)**	**Stage 3 (3)**	Total
Allowance for expected credit losses as of December 31, 2016	42	263	-	305
Transfer to lifetime expected credit losses	-	-	-	-
Transfer to credit-impaired financial assets	-	-	-	-
Transfer to 12-month expected credit losses	-	-	-	-
Net effect of changes in reserve for expected credit losses	(1)	3	-	2
Financial assets that have been derecognized during the period	(11)	-	-	(11)
Changes due to financial instruments recognized as of December 31, 2016:	(12)	3	-	(9)
New financial assets originated or purchased	-	-	-	-
Write-offs	-	-	-	-
Allowance for expected credit losses as of June 30, 2017	30	266	-	296

	Stage 1 (1)	**Stage 2 (2)**	**Stage 3 (3)**	Total
Allowance for expected credit losses as of December 31, 2015	234	178	6,737	7,149
Transfer to lifetime expected credit losses	(31)	456	-	425
Transfer to credit-impaired financial assets	-	-	-	-
Transfer to 12-month expected credit losses	-	-	-	-
Net effect of changes in reserve for expected credit losses	(15)	(168)	-	(183)
Financial assets that have been derecognized during the year	(174)	(203)	-	(377)
Changes due to financial instruments recognized as of December 31, 2015:	(220)	85	-	(135)
New financial assets originated or purchased	28	-	-	28
Write-offs	-	-	(6,737)	(6,737)
Allowance for expected credit losses as of December 31, 2016	42	263	-	305

(1) 12-month expected credit losses.
(2) Lifetime expected credit losses.
(3) Credit-impaired financial assets (lifetime expected credit losses).

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries
Notes to the unaudited condensed consolidated interim financial statements
(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)

4. Financial instruments (continued)

4.3 Securities at amortized cost

The amortized cost, related unrealized gross gain (loss) and fair value of these securities by country risk and type of debt are as follows:

	June 30, 2017			
		Unrealized		
	Amortized Cost (1)	Gross Gain	Gross Loss	Fair Value
Corporate debt:				
Brazil	4,597	34	61	4,570
	4,597	34	61	4,570
Sovereign debt:				
Colombia	29,408	213	-	29,621
Mexico	20,370	-	314	20,056
Panama	8,564	304	-	8,868
	58,342	517	314	58,545
	62,939	551	375	63,115

	December 31, 2016			
		Unrealized		
	Amortized Cost (2)	Gross Gain	Gross Loss	Fair Value
Corporate debt:				
Brazil	4,614	-	146	4,468
Panama	3,000	-	-	3,000
	7,614	-	146	7,468
Sovereign debt:				
Brazil	11,179	37	194	11,022
Colombia	29,812	34	280	29,566
Mexico	20,541	-	1,059	19,482
Panama	8,670	198	-	8,868
	70,202	269	1,533	68,938
	77,816	269	1,679	76,406

(1) Amounts do not include allowance for expected credit losses of US$148.
(2) Amounts do not include allowance for expected credit losses of US$602.

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries
Notes to the unaudited condensed consolidated interim financial statements
(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)

4. Financial instruments (continued)

4.3 Securities at amortized cost (continued)

The amortized cost and fair value of securities at amortized cost by contractual maturity are shown in the following tables:

	June 30, 2017		December 31, 2016	
	Amortized Cost	Fair Value	Amortized Cost	**Fair Value**
Due within 1 year	-	-	3,988	4,025
After 1 year but within 5 years	62,939	63,115	68,537	67,358
After 5 years but within 10 years	-	-	5,291	5,023
	62,939	63,115	77,816	76,406

As of June 30, 2017 and December 31, 2016, there were no securities at amortized cost, guaranteeing repurchase transactions.

Securities at amortized cost classified by issuer's credit quality indicators are as follows:

Rating[1]	June 30, 2017	December 31, 2016
1-4	61,455	76,333
5-6	1,484	1,483
7	-	-
8	-	-
9	-	-
10	-	-
Total	62,939	77,816

(1) Current ratings as of June 30, 2017 and December 31, 2016, respectively.

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries
Notes to the unaudited condensed consolidated interim financial statements
(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)

4. Financial instruments (continued)

4.3 Securities at amortized cost (continued)

The allowance for expected credit losses relating to securities at amortized cost is as follow:

	Stage 1 [(1)]	Stage 2 [(2)]	Stage 3 [(3)]	Total
Allowance for expected credit losses as of December 31, 2016	99	503	-	602
Transfer to lifetime expected credit losses	-	-	-	-
Transfer to credit-impaired financial assets	-	-	-	-
Transfer to 12-month expected credit losses	-	-	-	-
Net effect of changes in reserve for expected credit losses	1	(22)	-	(21)
Financial assets that have been derecognized during the period	(11)	(422)	-	(433)
Changes due to financial instruments recognized as of December 31, 2016:	(10)	(444)	-	(454)
New financial assets originated	-	-	-	-

or purchased				
Allowance for expected credit losses as of June 30, 2017	89	59	-	148

	Stage 1 [1]	**Stage 2 [2]**	**Stage 3 [3]**	Total
Allowance for expected credit losses as of December 31, 2015	348	178	-	526
Transfer to lifetime expected credit losses	(43)	444	-	401
Transfer to credit-impaired financial assets	-	-	-	-
Transfer to 12-month expected credit losses	-	-	-	-
Net effect of changes in reserve for expected credit losses	(5)	(91)	-	(96)
Financial assets that have been derecognized during the year	(317)	(28)	-	(345)
Changes due to financial instruments recognized as of December 31, 2015:	(365)	325	-	(40)
New financial assets originated or purchased	116	-	-	116
Allowance for expected credit losses as of December 31, 2016	99	503	-	602

(1) 12-month expected credit losses.
(2) Lifetime expected credit losses.
(3) Credit-impaired financial assets (lifetime expected credit losses).

17

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries
Notes to the unaudited condensed consolidated interim financial statements
(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)

4. Financial instruments (continued)

4.4 Recognition and derecognition of financial assets

During the periods ended June 30, 2017, 2016 and 2015, the Bank sold certain financial instruments in the secondary market measured at amortized cost. These sales were made on the basis of compliance with the Bank's strategy to optimize the loan portfolio.

The amounts and gains arising from the derecognition of these financial instruments are presented in the following table. These gains are presented within the line “gain on sale of loans at amortized cost” in the consolidated statement of profit or loss.

	Assignments and Participations	Gains
For the period ended June 30, 2017	70,400	98
For the period ended June 30, 2016	53,900	326
For the period ended June 30, 2015	41,020	227

4.5 Loans – at amortized cost

The following table set forth details of the Bank’s gross loan portfolio:

	June 30, 2017	December 31, 2016
Corporations:		
Private	2,369,870	2,655,910
State-owned	868,755	786,900
Banking and financial institutions:		
Private	1,629,497	1,738,999
State-owned	456,093	544,877
Middle-market companies:		
Private	246,100	294,045
Total	5,570,315	6,020,731

The composition of the gross loan portfolio by industry is as follows:

	June 30, 2017	December 31, 2016
Banking and financial institutions	2,085,590	2,283,876
Industrial	1,111,020	1,242,441
Oil and petroleum derived products	975,877	788,186
Agricultural	698,428	1,007,139
Services	341,187	419,440
Mining	195,000	54,000
Others	163,213	225,649
Total	5,570,315	6,020,731

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries
Notes to the unaudited condensed consolidated interim financial statements
(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)

4. Financial instruments (continued)

4.5 Loans – at amortized cost (continued)

Loans are reported at their amortized cost considering the principal outstanding amounts net of unearned interest, deferred fees and allowance for expected credit losses.

The amortization of net unearned interest and deferred fees are recognized as an adjustment to the related loan yield using the effective interest rate method.

The unearned discount interest and deferred commission amounted to $6,723 and $7,249 at June 30, 2017 and December 31, 2016, respectively.

Loans classified by borrower's credit quality indicators are as follows:

June 30, 2017

	Corporations		Banking and financial institutions		Middle-market companies	
Rating(1)	Private	State-owned	Private	State-owned	Private	Total
1-4	1,622,796	714,589	1,331,663	260,589	140,934	4,070,571
5-6	667,245	154,166	297,834	195,504	70,166	1,384,915
7	55,465	-	-	-	-	55,465
8	6,000	-	-	-	-	6,000
9	-	-	-	-	-	-
10	18,364	-	-	-	35,000	53,364
Total	2,369,870	868,755	1,629,497	456,093	246,100	5,570,315

December 31, 2016

	Corporations		Banking and financial institutions		Middle-market companies	
Rating(1)	Private	State-owned	Private	State-owned	Private	Total

1-4	1,714,936	646,797	1,457,984	259,981	174,107	4,253,805
5-6	863,937	140,103	281,015	284,896	84,938	1,654,889
7	58,673	-	-	-	-	58,673
8	4,000	-	-	-	-	4,000
9	-	-	-	-	35,000	35,000
10	14,364	-	-	-	-	14,364
Total	2,655,910	786,900	1,738,999	544,877	294,045	6,020,731

(1)Current ratings as of June 30, 2017 and December 31, 2016, respectively.

19

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries
Notes to the unaudited condensed consolidated interim financial statements
(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)

4. Financial instruments (continued)

4.5 Loans – at amortized cost (continued)

The following table provides a breakdown of gross loans by country risk:

	June 30, 2017	**December 31, 2016**
Country:		
Argentina	195,785	325,321
Belgium	13,055	4,180
Bolivia	-	18,318
Brazil	1,039,084	1,163,825
Chile	220,798	69,372
Colombia	585,193	653,012
Costa Rica	350,706	400,371
Dominican Republic	79,311	243,696
Ecuador	178,845	129,269
El Salvador	86,578	104,723
Germany	45,000	50,000
Guatemala	273,195	315,911
Honduras	50,497	72,319
Jamaica	60,177	7,399
Luxembourg	18,078	14,722
Mexico	1,034,610	927,041
Nicaragua	41,515	36,949
Panama	425,626	498,651
Paraguay	56,628	108,068
Peru	484,064	467,408
Singapore	33,293	70,204
Switzerland	-	46,000
Trinidad and Tobago	190,500	184,389
United States of America	73,277	73,083
Uruguay	36,500	36,500
Total	5,570,315	6,020,731

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries
Notes to the unaudited condensed consolidated interim financial statements
(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)

4. Financial instruments (continued)

4.5 Loans – at amortized cost (continued)

The remaining loan maturities are summarized as follows:

	June 30, 2017	**December 31, 2016**
Current:		
Up to 1 month	748,711	896,310
From 1 month to 3 months	1,351,784	1,300,675
From 3 months to 6 months	1,045,355	1,267,194
From 6 months to 1 year	648,984	551,794
From 1 year to 2 years	570,492	631,629
From 2 years to 5 years	1,068,104	1,211,847
More than 5 years	74,236	95,918
	5,507,666	5,955,367
Impaired:		
Delinquent with impairment	6,000	-
Past due with impairment	56,649	65,364
Total	5,570,315	6,020,731

As of June 30, 2017 and December 31, 2016, the range of interest rates on loans fluctuates from 1.29% and 13.86% (2016: 1.21% y 12.69%).

The fixed and floating interest rate distribution of the loan portfolio is as follows:

	June 30, 2017	**December 31, 2016**
Fixed interest rates	2,554,714	2,709,555
Floating interest rates	3,015,601	3,311,176

Total	5,570,315	6,020,731

As of June 30, 2017 and December 31, 2016, 93%, for both periods, of the loan portfolio at fixed interest rates has remaining maturities of less than 180 days.

An analysis of credit-impaired balances is detailed as follows:

	June 30, 2017			2017	
	Recorded investment	Past due principal balance	Related allowance Stage 3	Average principal loan balance	Interest income recognized
With an allowance recorded:					
Private corporations	27,649	24,364	25,654	15,223	90