

FOREIGN TRADE BANK OF LATIN AMERICA, INC.

Form 20-F

June 26, 2009

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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FORM 20-F

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REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF  
THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2008

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report \_\_\_\_\_

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

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)

REPUBLIC OF PANAMA

(Jurisdiction of incorporation or organization)

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Calle 50 y Aquilino de la Guardia  
P.O. Box 0819-08730  
Panama City, Republic of Panama  
(Address of principal executive offices)

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Jaime Celorio  
Chief Financial Officer  
(507) 210-8500

Email address: jcelorio@bladex.com

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

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Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Name of each exchange on which registered
Class E Common Stock	New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act.

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None

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Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

6,342,189	Shares of Class A Common Stock
2,617,784	Shares of Class B Common Stock
27,453,115	Shares of Class E Common Stock
36,413,088	Total Shares of Common Stock

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes  No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes  No

Note – Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer  Accelerated Filer  Non-accelerated Filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP                       IFRS                       Other

Indicate by check mark which financial statement item the Registrant has elected to follow.

Item 17                       Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes                       No

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## BANCO LATINOAMERICANO DE COMERCIO EXTERIOR, S.A.

## TABLE OF CONTENTS

	Page
<b>PART I</b>	
Item 1. Identity of Directors, Senior Management and Advisers	5
Item 2. Offer Statistics and Expected Timetable	5
Item 3. Key Information	5
A. Selected Financial Data	5
B. Capitalization and Indebtedness	6
C. Reasons for the Offer and Use of Proceeds	6
D. Risk Factors	6
Item 4. Information on the Company	9
A. History and Development of the Company	9
B. Business Overview	10
C. Organizational Structure	23
D. Property, Plant and Equipment	23
Item 4A. Unresolved Staff Comments	24
Item 5. Operating and Financial Review and Prospects	24
A. Operating Results	24
B. Liquidity and Capital Resources	39
C. Research and Development, Patents and Licenses, etc.	44
D. Trend Information	44
E. Off-Balance Sheet Arrangements	45
F. Contractual Obligations and Commercial Commitments	45
Item 6. Directors, Executive Officers and Employees	46
A. Directors and Executive Officers	46
B. Compensation	50
C. Board Practices	54
D. Employees	58
E. Share Ownership	59
Item 7. Major Stockholders and Related Party Transactions	59
A. Major Stockholders	59
B. Related Party Transactions	60
C. Interests of Experts and Counsel	60
Item 8. Financial Information	60
A. Consolidated Statements and Other Financial Information	60
B. Significant Changes	61
Item 9. The Offer and Listing	61
A. Offer and Listing Details	61
B. Plan of Distribution	61
C. Markets	61
D. Selling Stockholders	62
E. Dilution	62



F.	Expenses of the Issue	62
Item 10.	Additional Information	62
A.	Share Capital	62
B.	Memorandum and Articles of Association	62
C.	Material Contracts	62
D.	Exchange Controls	62
E.	Taxation	62
F.	Dividends and Paying Agents	66
G.	Statement by Experts	66
H.	Documents on Display	66
I.	Subsidiary Information	66
Item 11.	Quantitative and Qualitative Disclosure About Market Risk	66
Item 12.	Description of Securities Other than Equity Securities	69

## PART II

Item 13.	Defaults, Dividend Arrearages and Delinquencies	69
Item 14.	Material Modifications to the Rights of Security Holders and Use of Proceeds	69
Item 15.	Controls and Procedures	69
Item 16.	[Reserved]	71
Item 16A.	Audit and Compliance Committee Financial Expert	71
Item 16B.	Code of Ethics	71
Item 16C.	Principal Accountant Fees and Services	71
Item 16D.	Exemptions from the Listing Standards for Audit Committees	72
Item 16E.	Purchases of Equity Securities by the Issuer and Affiliated Purchasers	72
Item 16C	Corporate Governance	72

## PART III

Item 17.	Financial Statements	73
Item 18.	Financial Statements	73
Item 19.	Exhibits	73

In this Annual Report on Form 20-F (this “Annual Report”), references to the “Bank” or “Bladex” are to Banco Latinoamericano de Comercio Exterior, S.A., a specialized supranational bank incorporated under the laws of the Republic of Panama (“Panama”) and its subsidiaries. References to “U.S. dollars” or “\$” are to United States dollars. The Bank accepts deposits and raises funds principally in United States dollars, grants loans mostly in United States dollars and publishes its consolidated financial statements in United States dollars. The numbers and percentages set out in this Annual Report have been rounded and, accordingly, may not total exactly.

Upon written or oral request, the Bank will provide without charge to each person to whom this Annual Report is delivered, a copy of any or all of the documents listed as exhibits to this Annual Report (other than exhibits to those documents, unless the exhibits are specifically incorporated by reference in the documents). Written requests for copies should be directed to the attention of Jaime Celorio, Chief Financial Officer, Bladex, as follows: (1) if by regular mail, to P.O. Box 0819-08730, Panama City, Republic of Panama, and (2) if by courier, to Calle 50 y Aquilino de la Guardia, Panama City, Republic of Panama. Telephone requests may be directed to Mr. Celorio at 011 + (507) 210-8630. Written requests may also be faxed to Mr. Celorio at 011 + (507) 269-6333 or sent via e-mail to [jcelorio@bladex.com](mailto:jcelorio@bladex.com). Information is also available on the Bank’s website at: <http://www.bladex.com>.

#### Forward-Looking Statements

This Annual Report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Forward-looking statements involve risks and uncertainties, and actual results may differ materially from those discussed in any such statement. Factors that could cause actual results to differ materially from these forward-looking statements include the risks described in the section titled “Risk Factors.” Forward-looking statements include statements regarding:

- the anticipated growth of the Bank’s credit portfolio, including its trade finance portfolio;
  - the Bank’s ability to increase the number of clients;
- the Bank’s ability to maintain its investment-grade credit ratings and preferred creditor status;
- the effects of changing interest rates and of an improving macroeconomic environment in Latin America (“the Region”) on the Bank’s financial condition;
  - the execution of the Bank’s strategies and initiatives, including its revenue diversification strategy;
    - the anticipated operating income and return on equity in future periods;
  - the implied volatility of the Bank’s Treasury and Asset Management trading revenues;
  - the adequacy of the Bank’s allowance for and provisions for credit losses;
- the availability and mix of future sources of funding for the Bank’s lending operations; and
  - the adequacy of the Bank’s sources of liquidity to replace deposit withdrawals.

In addition, the statements included under the headings “Strategy” and “Trends” are forward-looking statements. All forward-looking statements in this Annual Report are made as of the date hereof, based on information available to the Bank as of the date hereof, and the Bank assumes no obligation to update any forward-looking statement.

## PART I

## Item 1. Identity of Directors, Senior Management and Advisers

Not required in this Annual Report.

## Item 2. Offer Statistics and Expected Timetable

Not required in this Annual Report.

## Item 3. Key Information

## A. Selected Financial Data

The following table presents consolidated selected financial data for the Bank. The financial data presented below are at and for the years ended December 31, 2008, 2007, 2006, 2005, and 2004 and are derived from the Bank's consolidated financial statements for the years indicated, which were prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The consolidated financial statements for the years ended December 31, 2008 and 2007 were audited by the registered public accounting firm Deloitte, Inc., and the consolidated financial statements of the Bank for the years ended December 31, 2006, 2005, and 2004 were audited by the registered public accounting firm KPMG. The consolidated financial statements of the Bank for each of the three years in the period ended December 31, 2008 (the "Consolidated Financial Statements") are included in this Annual Report, together with the reports of the registered public accounting firms Deloitte, Inc. and KPMG. The information below is qualified in its entirety by the detailed information included elsewhere herein and should be read in conjunction with Item 4, "Information on the Company," Item 5, "Operating and Financial Review and Prospects," and the Consolidated Financial Statements and notes thereto included in this Annual Report.

## Consolidated Selected Financial Information

	At and for the Year Ended December 31,				
	2008	2007	2006	2005	2004
	(in \$ thousands, except per share amounts and ratios)				
<b>Income Statement Data:</b>					
Net interest income	\$ 77,847	\$ 70,570	\$ 58,837	\$ 45,253	\$ 42,025
Fees and commissions, net	7,252	5,555	6,393	5,826	5,928
Reversal of provision for credit losses 1	1,544	1,475	13,045	38,374	112,271
Derivative financial instruments and hedging	9,956	(989)	(225)	2,338	48
Recoveries on assets, net of impairments	(767)	(500)	5,551	10,206	0
Gain on early extinguishment of debt	0	0	0	0	6
Net gain from investment fund trading	21,357	23,878	1,091	0	0
Net loss from trading securities	(20,998)	(12)	(212)	0	0
Net gain on sale on securities available-for-sale	67	9,119	2,568	206	2,922
Gain (loss) on foreign currency exchange	(1,596)	115	(253)	3	(194)
Other income (expense), net	656	(6)	36	3	77
Total operating expenses	(39,990)	(37,027)	(28,929)	(24,691)	(21,352)
Income before cumulative effect of changes in accounting principles and minority interest in the investment fund	55,327	72,177	57,902	77,518	141,730



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Cumulative effect of accounting changes	0	0	0	2,583	0
Participation of the minority interest in gains of the investment fund	(208)	0	0	0	0
Net income	55,119	72,177	57,902	80,101	141,730
Balance Sheet Data:					
Trading assets	44,939	0	0	0	0
Investment securities	636,328	468,360	471,351	208,570	192,856
Investment fund	150,695	81,846	105,199	0	0
Loans	2,618,643	3,731,838	2,980,772	2,610,019	2,441,686
Allowance for loan losses	54,648	69,643	51,266	39,448	106,352
Total assets	4,362,678	4,698,571	3,922,373	3,159,231	2,732,940
Total deposits	1,169,048	1,462,371	1,056,278	1,046,618	864,160
Trading liabilities	14,157	13	0	0	0

	At and for the Year Ended December 31,				
	2008	2007	2006	2005	2004
	(in \$ thousands, except per share amounts and ratios)				
Securities sold under repurchase agreements and Short-term borrowings	1,212,921	1,504,710	1,595,604	760,699	704,718
Borrowings and long-term debt	1,204,952	1,010,316	558,860	533,860	403,621
Total liabilities	3,783,665	4,086,320	3,338,477	2,542,449	2,076,810
Total stockholders' equity	574,324	612,251	583,896	616,782	656,130
Average number of shares outstanding	36,388	36,349	37,065	38,550	39,232
Average number of diluted shares outstanding	36,440	36,414	37,572	38,860	39,372
<b>Per Common Share Data:</b>					
Basic earnings per share	1.51	1.99	1.56	2.01	3.61
Diluted earnings per share	1.51	1.98	1.54	1.99	3.60
Book value per share (period end)	15.77	16.83	16.07	16.19	16.87
Regular cash dividends per share	0.88	0.88	0.75	0.60	0.50
Special cash dividends per share	0.00	0.00	1.00	2.00	1.00
<b>Selected Financial Ratios:</b>					
<b>Performance Ratios:</b>					
Return on average assets	1.09%	1.76%	1.70%	3.00%	5.83%
Return on average stockholders' equity	8.99%	11.91%	9.96%	12.85%	22.75%
Net interest margin 2	1.55%	1.73%	1.78%	1.70%	1.65%
Net interest spread 2	0.98%	0.78%	0.69%	0.67%	0.98%
Total operating expenses to total average assets	0.79%	0.90%	0.85%	0.93%	0.88%
Regular cash dividend payout ratio	58.09%	44.32%	48.01%	29.84%	13.84%
Special cash dividend payout ratio	0.00%	0.00%	64.01%	99.46%	27.68%
<b>Asset Quality Ratios:</b>					
Impaired loans to total loans 3	0.00%	0.00%	0.00%	1.11%	10.50%
Charged-off loans to total loans	0.00%	0.00%	0.00%	0.36%	0.53%
Allowance for loan losses to total loans, net of unearned income and deferred commission	2.09%	1.87%	1.72%	1.51%	4.37%
Allowance for credit losses to non-accruing credits	0%	0%	0%	217%	48%
<b>Capital Ratios:</b>					
Stockholders' equity to total assets	13.16%	13.03%	14.89%	19.52%	24.01%
Tier 1 capital to risk-weighted assets 4	20.4%	21.2%	23.8%	33.7%	42.5%
Total capital to risk-weighted assets 5	21.6%	22.5%	25.1%	35.0%	43.8%

1 Includes reversal of (provision for) loan losses and for losses on off-balance sheet credit risks. For information regarding reversal of (provision for) credit losses, see Item 5, "Operating and Financial Review and Prospects/Operating Results."

2 For information regarding calculation of the net interest margin and the net interest spread, see Item 5A, "Operating and Financial Review and Prospects/Operating Results/Net Interest Income and Margins."

3 Repossessed assets or troubled debt restructurings as defined in Statement of Financial Accounting Standards No. 15 amounted to \$23 million in 2005, and \$202 million in 2004, and related mostly to Argentine credits.

4 Tier 1 capital is calculated according to the U.S. Federal Reserve Board and Basel I capital adequacy guidelines, and is equivalent to stockholders' equity, excluding the Other Comprehensive Income ("OCI") account effect of the available-for-sale portfolio. The Tier 1 capital ratio is calculated as a percentage of risk-weighted assets. Risk-weighted assets are, in turn, also calculated based on U.S. Federal Reserve Board and Basel I capital adequacy guidelines.