

ACTIVITY REPORT 2023

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MESSAGE FROM THE CHAIRMAN



Gilles Roth,

Luxembourg Minister of Finance

01

Dear readers,

The annual activity report is traditionally an occasion for the Chairperson of LFF to reflect on the year that has passed, and on the opportunities and challenges it has brought.

As I was only appointed as Finance Minister on 17 November, following the national elections in October, I want to take the occasion of my first foreword in my new role as LFF Chairman to look ahead and outline my priorities for the coming months and years.

As set out in its coalition agreement, the new government has made the development of the Luxembourg financial centre a key priority.

Luxembourg for Finance, as a successful private public partnership that celebrated its 15th anniversary last year, is a key tool to help us meet this commitment.

Our financial centre has developed rapidly over the past decades and has managed to position itself in new areas such as alternative investment funds, financial technologies or sustainable finance.

However, this is no reason to rest on our laurels.

On the contrary, faced with increased competition both within and outside the EU, we need to ensure that Luxembourg remains an attractive and competitive jurisdiction and a leader in cross-border financial services.

Importantly, in all of these efforts, our overarching objective must be to create a conducive environment that allows our financial centre, across its different industry segments, to further climb the value chain.

I have met and listened to many representatives of the financial sector since I have taken up office to understand where they see key challenges and opportunities for future development.

And I will continue doing so in the coming weeks and months.

I am fully aware that this government will be judged on its deeds, not its words.

MESSAGE FROM THE CHAIRMAN

In the short to mid-term, I have thus given myself a number of priorities in my role as Finance Minister.

In the context of the new and evolving international tax environment, the government intends to bring the corporate and municipal tax rates in line with the OECD average.

We also want to improve and modernize the exchange and dialogue between our administrations, including our tax administration, and companies and citizens.

I will continue to modernize our financial sector legislation to allow our financial centre to seize new opportunities, including in emerging and high-growth areas such as alternative funds and digital assets.

In the short-term, I also intend to reduce the subscription tax for actively managed ETFs in view of the growing popularity of this emerging fund product.

On the regulatory front, Luxembourg will continue to defend cross-border financial services within an EU single market that remains open to the rest of the world.

When implementing EU legislation, we want to be first movers and avoid any form of gold plating to create the best possible environment for our financial sector to grow and innovate.

The growth of our financial centre, qualitatively and quantitatively, also means that access to the right skills and talent has become more crucial than ever.

Access, retention and the development of talent is part of an all-of-government effort that addresses housing, infrastructure, education, immigration and other relevant areas.

As Finance Minister, I am committed to further improving both the regime of profit-sharing bonuses as well as the expat tax regime to support companies in attracting and retaining the highly skilled talent they need.

I also want to explore tax incentives for companies that support their young employees in renting accommodation.

Finally, the sustainability of public finances will be a core focus of my mandate as Finance Minister.

Luxembourg's triple A rating is a guarantor of stability and predictability and a key selling proposition for our financial sector and its clients.

I intend to achieve the ambitious work programme I have given myself in dialogue with the financial sector.

Indeed, one of our strength as a country and as a financial centre has always been a constructive exchange and cooperation between the public and private sector.

No entity better embodies this cooperation than Luxembourg for Finance.

While I have been working with LFF only for a brief time in my new capacity, I am already very impressed by the efficiency and the dedication of the LFF team.

As we embark on a new year, I thus look forward to continue working together with LFF and financial sector stakeholders, in Luxembourg and abroad, to further develop our financial centre.

Gilles Roth
Minister of Finance

FOREWORD FROM THE CEO



Nicolas Mackel,
CEO,
Luxembourg for Finance

01

The past year has certainly not been an easy one for the global economy and thus for financial services. Rapidly rising inflation, interest rates, and macroeconomic volatility have brought about an extremely difficult operating environment. Geopolitical tensions also continue to simmer and are slowly reaching boiling point.

Russia's ongoing war of aggression against Ukraine, conflict in Gaza and the growing sense that this could be expanding to a regional conflict, as well as global trade tensions all cause uncertainty for financial firms: something they abhor. The new normal we've discussed since the Covid-19 pandemic has certainly challenged financial firms' operations.

2023 was undoubtedly a year that kept us busy. We took the opportunity to meet with contacts and prospects from over 170 institutions across the world, with particular focus on North and South America, Asia and Europe. We held networking events in Zurich and Singapore, as well as Shanghai and Beijing with then Finance Minister Yuriko Backes.

Digital remains the key distribution channel for our events, and over the course of the year we held 12 livestreams dedicated to a wide variety of topics, from crypto and tokenisation to cybersecurity, the Capital Markets Union to Insurance.

FOREWORD FROM THE CEO

Talent attraction has become a pressing topic for financial centres globally and the year saw us focus more attention in this area. Beyond the launch of the talent attraction campaign, we spent time visiting university campuses across Europe, and beyond, presenting Luxembourg's financial centre and the opportunities it can offer to students. This was bolstered by a new talent attraction campaign entitled "The wisest investment is in yourself".

Another major topic for financial services, and one that we continue to focus on in the course of our work, is sustainability. Our Sustainable Finance Forum, which entered its 6th edition, remains a key part of our agenda as we bring together leading international specialists to discuss the latest developments in this area. Alongside this, the second report in our series on benchmarking the progress of sustainable finance was published, detailing to what extent ESG has truly been embedded into financial services globally.

Our international advertising continued apace with the "Helping Finance Go Global" campaign appearing in several international media outlets and the publication of a new brochure in which we outline how Luxembourg has developed a unique environment to serve cross-border financial services.

I'd like to extend my gratitude to Yuriko Backes for her tireless work over the last two years as Minister of Finance and Chairwoman of LFF and wish her well in her new role in government. In the same vein, I welcome Gilles Roth, Luxembourg's new Finance Minister and new Chairman of LFF. We look forward to working with you in the coming years to develop Luxembourg's financial centre. Last but certainly not least, allow me to thank our partners for all the support that they provide to LFF in our mission as well as my colleagues for all the excellent work they do on a yearly basis.

I wish you all a pleasant year ahead.

Nicolas Mackel

2023 FINANCIAL CENTRE

02



FINANCIAL CENTRE TIMELINE 2023

JANUARY

- › Intesa SanPaolo Wealth Management created in Luxembourg
- › CSSF approves Swissquote as a depositary bank
- › LFF publication: The state of Luxembourg's financial centre

FEBRUARY

- › Israel issues inaugural green bond amounting to \$2bn on LGX
- › LFF celebrates its 15th anniversary

MARCH

- › Luxembourg Blockchain III Law comes into force
- › Gross earnings of Luxembourg's banking sector up 21.8% y-o-y for 2022
- › Launch of Luxembourg Future Fund 2

APRIL

- › Clearstream creates new bank based in Luxembourg
- › LFF and Hong Kong FSDC Sign MoU
- › LuxSE named Exchange of the Year 2023 by Environmental Finance

MAY

- › Bank of America opens Luxembourg branch
- › LuxSE joins forces with China Everbright Bank
- › University of Luxembourg: first complete master's in investment funds law in Europe

JUNE

- › Luxembourg Receives Clean Bill of Health From FATF
- › GGGI opens its European Liaison Office in Luxembourg
- › The European Investment Bank chose LuxSE to register its first ever digital Climate Awareness Bond
- › EFAMA report: 51% of Article 9 funds domiciled in Luxembourg

JULY / AUGUST

- › JP Morgan CEO's visit reinforces Luxembourg's position and role in EU banking
- › Porsche Investments set up in Luxembourg

SEPTEMBER

- › GFCI 34: Luxembourg ranked 3rd among EU financial centres
- › LGX DataHub dashboard open to the public
- › Minister of Finance launches Luxembourg Gender Finance Task Force

OCTOBER

- › Global Green Finance Index: Luxembourg 1st in EU
- › LuxSE welcomes first digitally native security admitted to trading in the EU
- › Catapult Future Foundation to provide mutualised services to Luxembourg financial firms launched
- › Eurostat: Luxembourg had the third highest share of highly-skilled employees in Europe

NOVEMBER

- › Gilles Roth takes the reins as Luxembourg's new Finance Minister
- › Private banking: profits up by 24% at Luxembourg banks
- › Luxembourg-domiciled private debt assets grow 51% y-o-y
- › New Luxembourg Bankruptcy Law Enhances Luxembourg's Restructuring Framework

DECEMBER

- › Luxembourg-domiciled ESG funds reach € 2.8trn in AUM
- › Apex Group acquires Edmond de Rothschild's third-party asset servicing activities based in Luxembourg

FINANCIAL CENTRE STATISTICS

(AS OF DECEMBER 31ST 2023)

EMPLOYMENT



67,422
people employed

BANKING



+119 banks form
24 countries



Balance sheet of banks in
Luxembourg: **€ 906 bn**



Private banking AuM:
€ 585 bn

ASSET MANAGEMENT



Second largest investment
fund centre in the world,
first in Europe



Global leader in cross-border investment fund domicile, 56% of cross-border funds are Luxembourg funds

18/20

18 out of the world's top 20 Private Equity firms have operations in Luxembourg



€ 5.3 trillion AuM



Close to **80% of asset management giants have chosen Luxembourg** as the first domicile to set up their funds



€ 135.9 bn AuM of Regulated **Real Estate Investment Funds (REIFs)**



AuM of private debt funds increased by 51% to a **total of € 404.4 bn**



Europe's leading hub for SFDR article 8 and 9 sustainable funds, with 34% and 51% of the market respectively



Home to 59 out of a total of 95 European Long-Term Investment Funds



61.8% of Europe-focused alternative fund assets

INSURANCE



15.5% YoY growth in the Premium income in **non-life insurance companies**



€ 56 bn in premium income in the insurance and reinsurance sector

CAPITAL MARKETS

1,850

Close to 1,850 **green, social, sustainability and sustainability-linked bonds** displayed on LGX

40,000

Over **40,000 listed securities**, from issuers of over 100 countries, and in 70+ currencies

9

More than **€ 9 trillion** of assets held in custody by major post-trade service providers

Sources: CSSF, CAA, BCL, LuxSE, ALFI, ABBL, STATEC, IGSS, CES, PwC

COMPETITIVE RANKINGS

1st in the EU for Green finance
(GGFI 12)

2nd in the world for digital readiness
(Cisco Digital Readiness Index)

3rd Luxembourg is ranked 3rd financial centre in the EU
(GFCI 34)

1st in the Regulation of emerging technologies category
(Network Readiness Index)

2nd best in regulatory policy worldwide
(GII Index)

1st for household income and financial wealth
(OECD Better Life Index)

1st in the world in talent attraction
(Global Talent Competitiveness Index)

1st best location worldwide for safety and security
(Legatum Prosperity Index)

1st highest employment rate of recent graduates in the EU
(Eurostat)

02

EVENTS

03

EVENTS

03

The organisation of tailored events for financial professionals remains a core activity for LFF.

Since 2020, most of our events are digital as this allows us access to a global audience. This year we held 12 livestreams sharing a wide range of topics including AI, RegTech, CMU and talent.

Our flagship events Sustainable Finance Forum and China Finance Forum were again streamed, each preceded by a networking dinner. Both events attracted high level expert speakers and audiences from around the globe. In cooperation with L'Opinion a top-notch livestream and networking reception were organised in Paris.

The total number of views / participants amounted to 14,500.



We also organised an increasing number of networking events during missions in Zürich, Singapore, Shanghai and Beijing, which complemented our digital efforts.


A special highlight was the celebration of LFF's 15th anniversary attended by the key stakeholders of Luxembourg's financial centre.



LFF further expanded its reach by joining numerous third-party events via speaking slots with notably the Financial Times, Bloomberg, the Economist, and others. At the Singapore FinTech Festival, LFF and the Luxembourg House of Financial Technology participated with an international pavilion and an excellent program with a high-level Luxembourg delegation.




EVENT CALENDAR




-  LFF EVENT
-  NETWORKING
-  BOOTH
-  SPEAKER
-  CONFERENCE
-  SPONSOR
-  DINNER

  15.03
FT CLIMATE CAPITAL LIVE

 13.06
RESPONSIBLE INVESTOR EUROPE

  03.10
SUSTAINABILITY WEEK: COUNTDOWN TO COP28

   08.11
FT GLOBAL BOARDROOM & DINNER

   14.11
FT ASSET MANAGEMENT EUROPE

UK

  20.02
15TH LFF ANNIVERSARY

  29.03
WALKING DINNER SUSTAINABLE FINANCE FORUM 2023

  20.11
WALKING DINNER CFF 2023


LUXEMBOURG

  01.03
ZURICH NETWORKING RECEPTION

 01.06
CRYPTO VALLEY CONFERENCE

 21.09
FT CYBER RESILIENCE SUMMIT

SWITZERLAND


 26.04
CONSENSUS

USA

  20.09
PARIS NETWORKING RECEPTION

  26.09
PATRIMONIA

FRANCE

 16.08
ANBIMA

BRAZIL

  09.02
SINGAPORE NETWORKING RECEPTION

  15.11
SINGAPORE FINTECH FESTIVAL

SINGAPORE

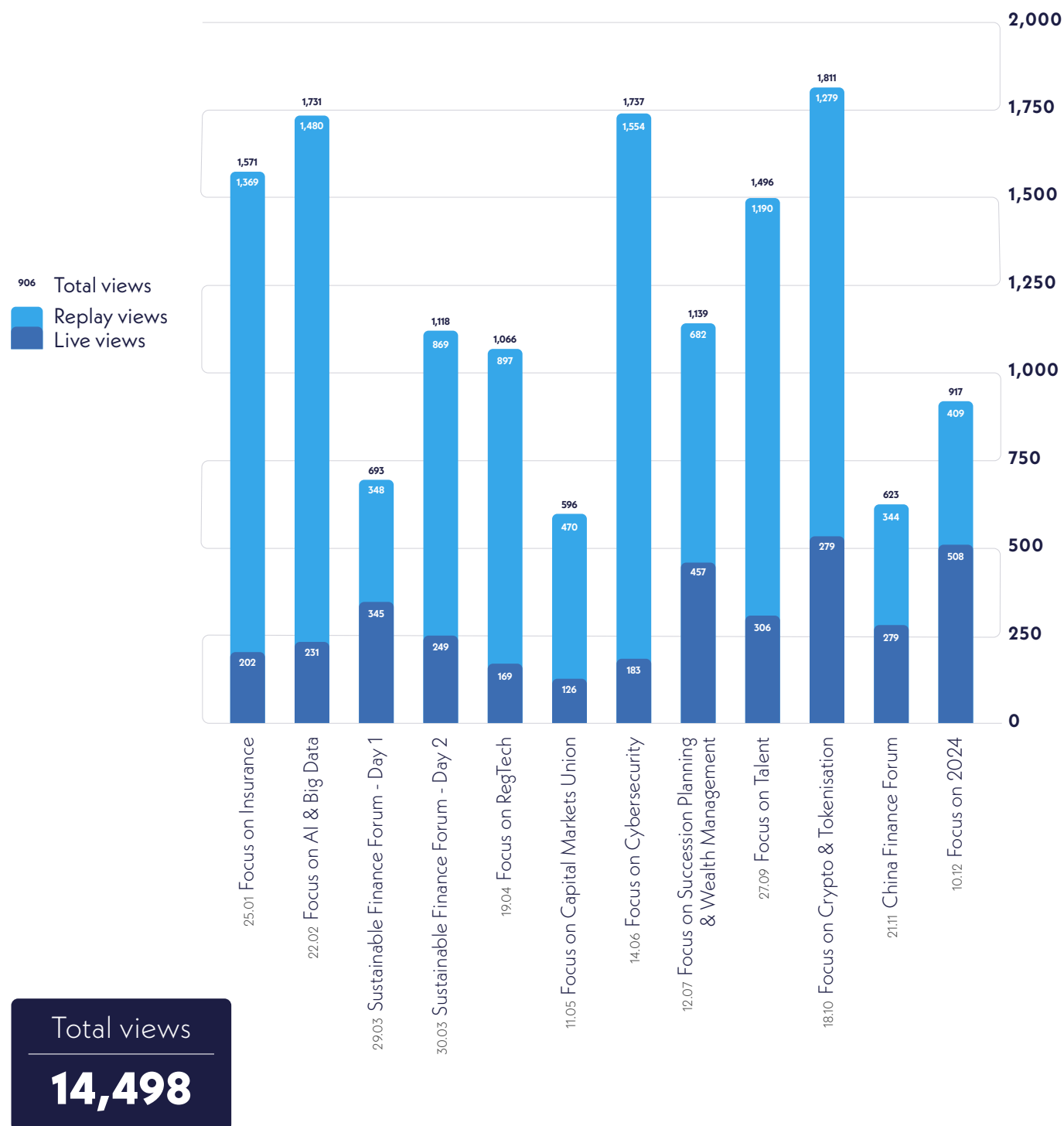
  23.05
BEIJING NETWORKING RECEPTION

  25.05
SHANGHAI NETWORKING RECEPTION

  05.06
LUIJIAZUI FORUM

CHINA

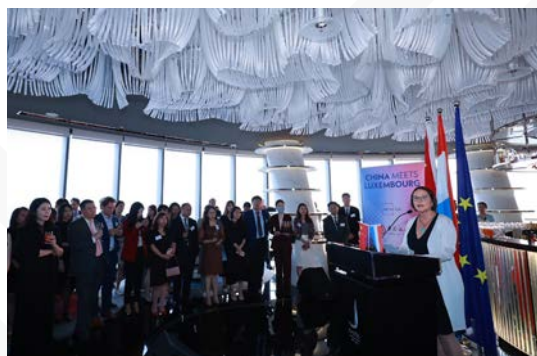
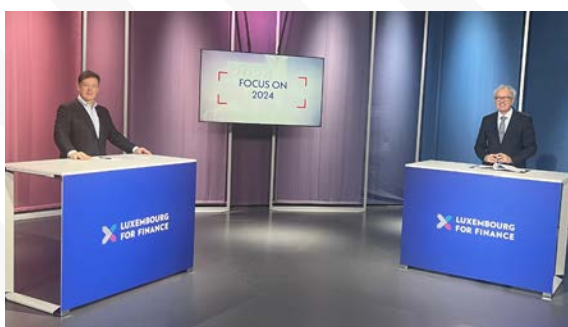
DIGITAL EVENTS



EVENTS IN PICTURES

03







BUSINESS DEVELOPMENT

04

BUSINESS DEVELOPMENT

04

The Business Development team's key role is to identify and build connections with global firms seeking to expand their European footprint via a Luxembourg base. With COVID firmly in the rearview mirror, the Business Development team chalked up over 170 meetings globally in 2023, with focus areas in North and South America, Asia and Europe.

The Business Development team's activity both supports inbound delegations into Luxembourg as well as overseas missions, working in both cases also alongside stakeholders including ABBL, ALFI, LHoFT, LPEA, LSFI, the Chamber of Commerce and others.

The team also continued to deepen its research and policy analysis function, which is used both to support discussions with firm counterparts and the wider LFF communication function.

MISSIONS

SOUTH KOREA AND SINGAPORE

In February 2023 Luxembourg for Finance together with the Luxembourg Ministry of Finance conducted missions to South Korea and Singapore to meet with political and regulatory counterparts, as well as to develop connections in the financial services sector.

As part of the mission a networking reception was held at the Luxembourg Honorary Consulate in Singapore.

CHINA

LFF and the Luxembourg Ministry of Finance visited China in May in a mission constituting the first visit of a European visit of a Minister of Finance to China since the outbreak of the COVID pandemic in 2020.

The mission itself was focused on meetings with political, regulatory, and financial sector counterparts in Beijing and Shanghai, and featured networking receptions in both cities.

VIETNAM

LFF contributed to the preparation of and accompanied the Prime ministerial visit to Vietnam between 1 and 5 May. LFF also contributed to the visit of the Vietnamese Finance Minister to Luxembourg in July.

NETWORKS

Similar to previous years, LFF also continued to maintain solid relationships with other major financial centres, around the globe.

World Alliance of International Financial Centres

LFF is a board member of the World Alliance of International Financial Centres (WAIFC), whose ultimate goal is to share knowledge and best practices, working for a more collaborative future in global finance. In 2023, LFF attended the WAIFC's Extraordinary General Meeting in London as well as the Annual General Meeting in NYC hosted by the Luxembourg House in NYC under the auspices of LFF.

WOMEN IN FINANCE PLEDGE

During the WAIFC's AGM in NYC, LFF as a founding member of the WAIFC signed along with other WAIFC members the "Women in Finance" Pledge, an important step towards reinforcing gender equality within the financial sector.

EU Financial Centres Roundtable

The EU Roundtable of Financial Centres met in Paris during 2023, where LFF joined along with other representatives from Europe's most prominent financial centres and IOSCO.

Hong Kong

The Hong Kong Financial Services Development Council and Luxembourg for Finance signed a Memorandum of Understanding on 17 April for enhancing collaboration. The MoU provides a framework to facilitate collaboration in various areas of mutual interest.

COMMUNICATION ACTIVITIES

05

COMMUNICATION ACTIVITIES

05

LFF's communications channels remain a key medium in positioning Luxembourg as a leading European financial centre and thought leader, particularly in light of the current backdrop of macroeconomic uncertainty and growing geopolitical tensions. These factors allow us to shine a light on the country's, and financial centre's, stability and international role; advocating for continued financial cross-border expertise.

PRESS

Press meetings remain critical to our work and we continue to regularly organise press trips to London, Paris, Brussels and Frankfurt. This year also saw us incorporate press meetings during our missions further afield, including in Australia and Brazil. Additionally, 2023 saw us bring key journalists to Luxembourg, organising meetings between said journalists and financial thought leaders in the country.

In 2023, we held discussions with around 70 journalists which continued to evolve around topics such as Brexit and financial services relations between the EU and UK, macroeconomic and geopolitical uncertainty and the effects on European financial services, and sustainable finance.

Articles authored by Nicolas Mackel were published in City AM, Financial News, Financial Times, L'Opinion, Les Echos, and Börsen Zeitung.

DIGITAL MARKETING


Linkedin:
49,730
followers
(+13%)

Digital marketing has significantly contributed to promoting LFF's key projects and reaching international finance professionals.

Emphasis was put on automating and re-engaging strategies to provide personalised content delivery, increasing engagement, and reaching out to new contacts.

The digital activities that were implemented throughout the year have facilitated LFF's continued growth across social media platforms.

PUBLICATIONS

The Portfolio

In 2023, topics of our Portfolio series included Payments, Private Assets in a time of Turmoil, and Legal Services.



Talent

Our talent series of articles continued in 2023, highlighting people who'd made the move to work and live in Luxembourg.

Helping Finance Go Global

Our world has fundamentally changed. There is a clear need for expertise in cross-border finance and a financial centre that is able help navigate the complexity of multi-jurisdictional business. This publication focuses on the unique offering of the Luxembourg financial centre, covering a wide range of services.



Report: The state of the financial sector in Luxembourg 2023



This report details the state of Luxembourg's financial centre. The sector's added value to the economy grew by **5.2% CAGR** between 2011 and 2021, tax revenues by a **5.1% CAGR** over the same period, and the trickle down effect includes over **70,000 jobs** created by indirect or induced effects in 2021.



Report: Benchmarking ESG in Banking and Finance



Our second report in this series measures the penetration of ESG in different sectors of banking and finance around the world and highlights the challenges ahead for the industry.

Commitment to ESG has grown significantly since our last report, however there are notable disparities between financial sectors. While this commitment is nonetheless a welcome development, it must be galvanised into action in order to truly embed sustainability within finance.



TALENT – THE WISEST INVESTMENT IS IN YOURSELF



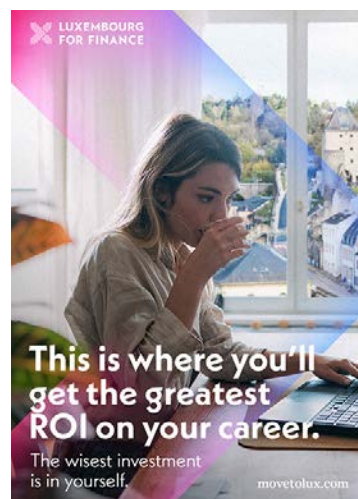
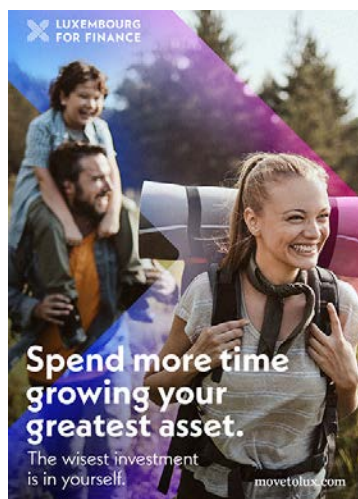
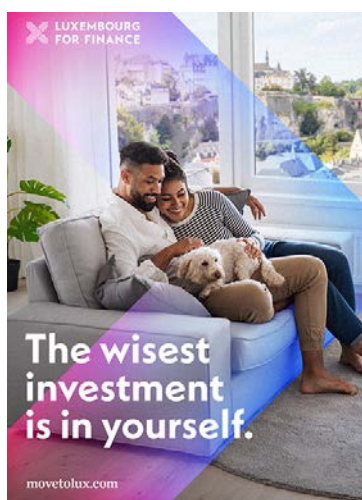
LFF continues to support the financial centre via its talent attraction activities. Notably, this year saw the launch of an international advertising campaign linked to talent attraction making use of the message “The Wisest Investment is in Yourself”. This campaign featured five visuals highlighting working and living in Luxembourg as well as a video emphasising the same.

Thus far, the full video has been viewed more than 613,000 times across various channels while the digital advertising campaign linked to the visuals has generated more than 1.5 million impressions from leading international financial news outlets. The talent assets

were also placed in London City Airport and have been exposed to more than 900,000 passengers during this time.

Further, LFF’s [movetolux.com](https://www.movetolux.com) website continues to attract visitors providing practical information on working and living in Luxembourg, including tips for settling in, developing your career, finding a job and more. Since its inception, the website has seen 87,000 visitors.

Finally, our university initiatives have been stepped up this year, with LFF visiting students at leading universities in France, Belgium, The Netherlands, Poland, and others, to present Luxembourg to the students. These visits include travelling with experts from the financial centre, alumni if possible, to these universities, presenting both financial trends and topics as well as living and working in Luxembourg.



VIDEOS

Luxembourg for Finance published 5 videos this year. The topics that we addressed vary from Luxembourg's leading role and international expertise in global finance, the importance of sustainable finance and female leadership.

1. HELPING FINANCE GO GLOBAL



LFF produced a new flagship video that was published during its 15-year anniversary. In this video we highlight Luxembourg's role and expertise in global finance, its innovative and solution driven approach and what a welcoming place it is to work and live.

2. FINANCE NEEDS MORE WOMEN



LFF launched a video on International Women's Day, addressing the importance of more women working in finance. In this video, the Luxembourg financial industry shows its female leadership and expertise.

3. INVEST IN THE FUTURE. INVEST IN SUSTAINABLE FINANCE.



LFF continues its messaging on the importance of sustainable finance. In this video we focus on the urgency to act and the crucial role of financial services in making the global economy more sustainable.

4. THE WISEST INVESTMENT IS IN YOURSELF.



In support of our talent campaign, we produced a video highlighting the unique offering of the country for an international career in finance and the benefits of working and living in Luxembourg.

5. LUXEMBOURG'S ROLE IN CAPITAL MARKETS



Luxembourg is the perfect springboard for global market activities. It is not only home to Europe's leading stock exchange for international debt listings, but it also offers international firms, supranational organisations, and governments the ideal platform to finance their products. In this video we highlight our expertise built over decades, from set-up to primary market activities all the way to post-trade.

CSR

06

CSR

UKRAINE: Through its newsletter, LFF helped UNICEF Luxembourg raise € 178,000.



Finance Minister Yuriko Backes and the LFF team showed their support for the fight against cancer by participating in the 2023 “Relay for Life”.

Relais Pour La Vie 2023

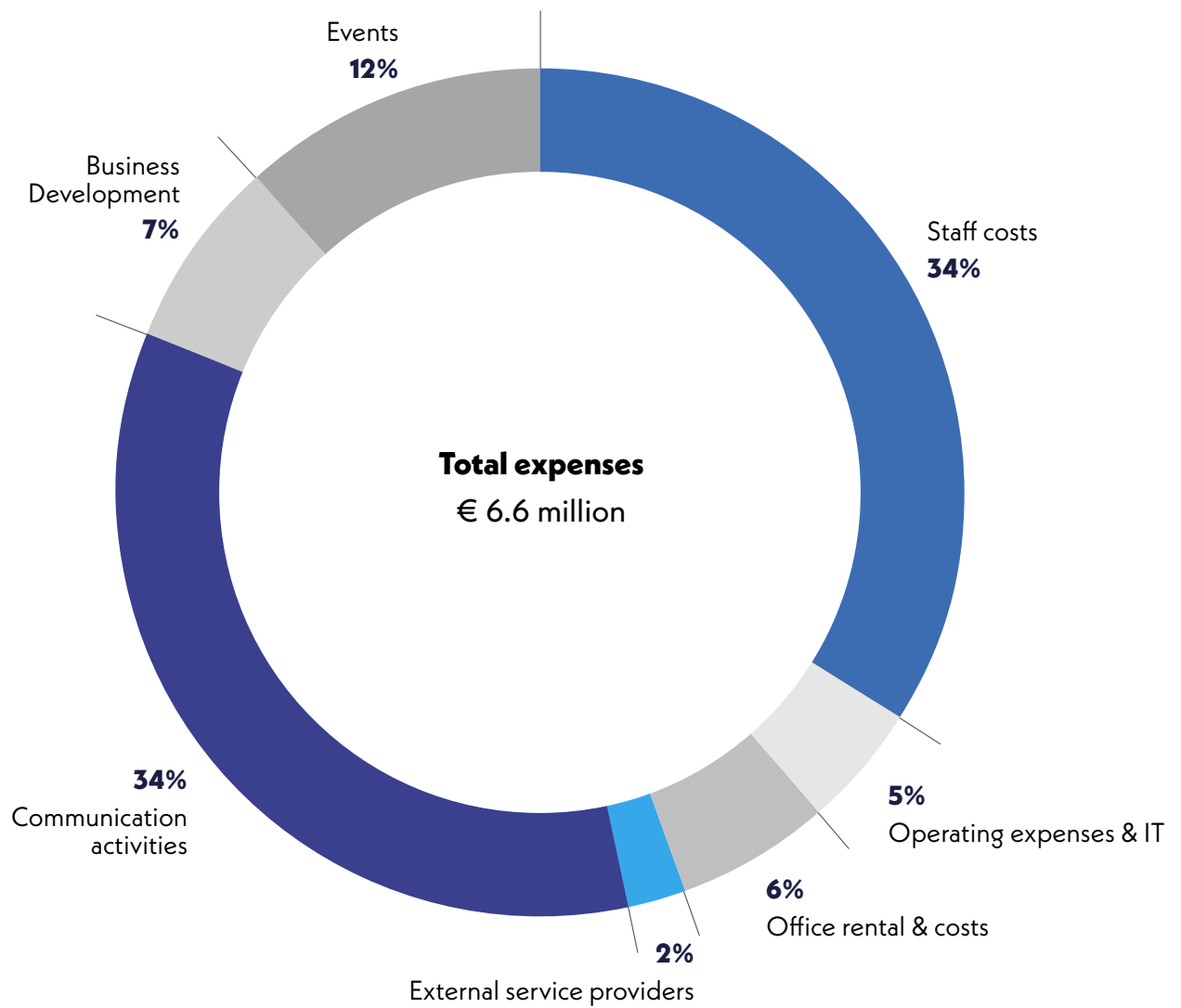


LFF further reduced its carbon footprint through digital and paperless communication, responsible catering and organisation of events, as well as carbon offsetting for all international travel through [MyClimate.org](https://myclimate.org).

ORGANISATION

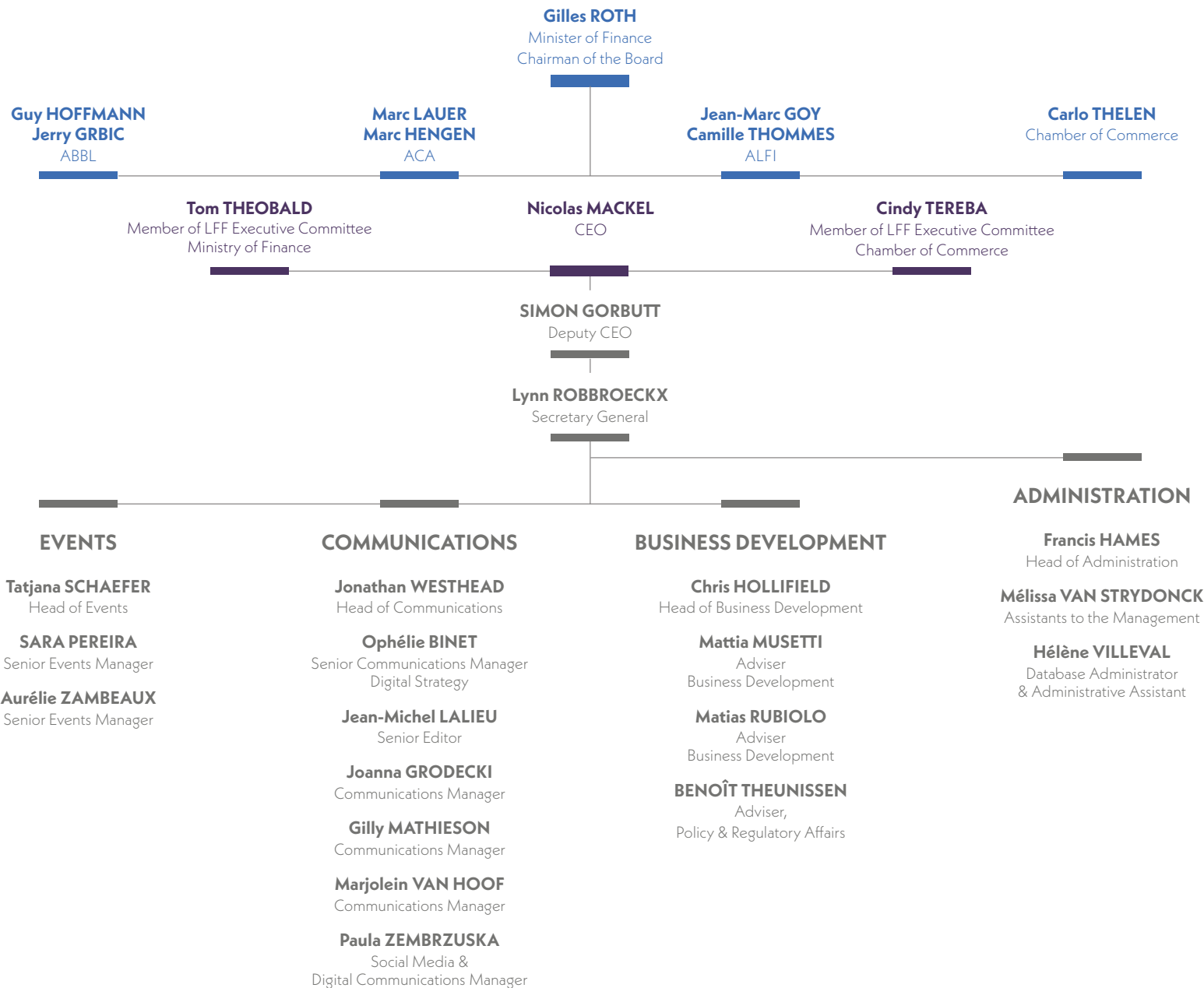
07

BUDGET BREAKDOWN



ORGANISATION CHART

(31.12.2023)



07

Luxembourg for Finance is a public-private partnership between the Luxembourg government and the Luxembourg Financial Industry Federation (PROFIL), under the Presidency of the Minister of Finance. The agency is jointly financed by these two bodies.

PROFIL's members are:

- › The Luxembourg Bankers' Association (ABBL)
- › Association of the Luxembourg Fund Industry (ALFI)
- › Luxembourg Association of Insurance and Reinsurance Companies (ACA)
- › Luxembourg Alternative Administrators Association (L3A)
- › Luxembourg Private Equity and Venture Capital Association (LPEA)
- › Chamber of Commerce Luxembourg
- › Institut des réviseurs d'entreprises (IRE)
- › Ordre des experts-comptables (OEC)
- › Ordre des avocats du Barreau de Luxembourg
- › Luxembourg Stock Exchange
- › Worldline Financial Services (Europe) S.A.
- › Clearstream International S.A.

