



# Grand-Duchy of Luxembourg

Investor Presentation  
September 2025



THE GOVERNMENT  
OF THE GRAND DUCHY OF LUXEMBOURG  
Luxembourg State Treasury



# Executive Summary

## Key Facts

- **Support measures provided by the government** have contributed to **reducing inflation** in Luxembourg, which has remained **among the lowest in the EU**, and to **maintaining purchasing power of households** while **boosting companies' competitiveness**.
- **Real GDP growth** has contracted by 1.1% and 0.7% in 2022 and 2023 respectively, but recovered by 1.0% in 2024 and a growth of 1.0% is anticipated for 2025.
- **Public debt** has reached 26.3% of GDP in 2024 and is foreseen to decline to reach 26.0% of GDP in 2028.
- Despite the economic downturn, the **labour market** remained dynamic (+2.1%) in 2023. A temporary slow down in employment growth is anticipated for 2024 (+1.1%) and 2025 (+1.0%).

## Focus on Contemplated Transaction

- **Key Features of contemplated transaction:**

<b>Issuer</b>	Grand Duchy of Luxembourg
<b>Type</b>	Luxembourg Government Bond RegS Bearer, Senior, Unsecured
<b>Ratings</b>	Aaa/AAA/AAA (all stable) (Moody's/S&P/Fitch)
<b>Expected Size</b>	EUR Benchmark
<b>Maturity</b>	Medium to long term
<b>Documentation</b>	Standalone LGB



# Funding Plan Realized in 2025

In May 2025 Luxembourg State Treasury has issued two treasury notes for a total amount of EUR 500 million followed by the issuance of digital bonds for a total amount of EUR 50 million in June 2025 (6 months maturities).

Issuer	Grand Duchy of Luxembourg
Type	2 Treasury Certificates Senior, Unsecured
Issue Size	100+400 Mio Euro
Maturity	6 Months
Yield	2,00% and 2,03%
Form of the treasury certificate	Bearer form
Type	Digital Treasury Certificate Senior, Unsecured
Issue Size	50 Mio Euro
Maturity	6 Months
Form of the treasury certificate	Dematerialized form



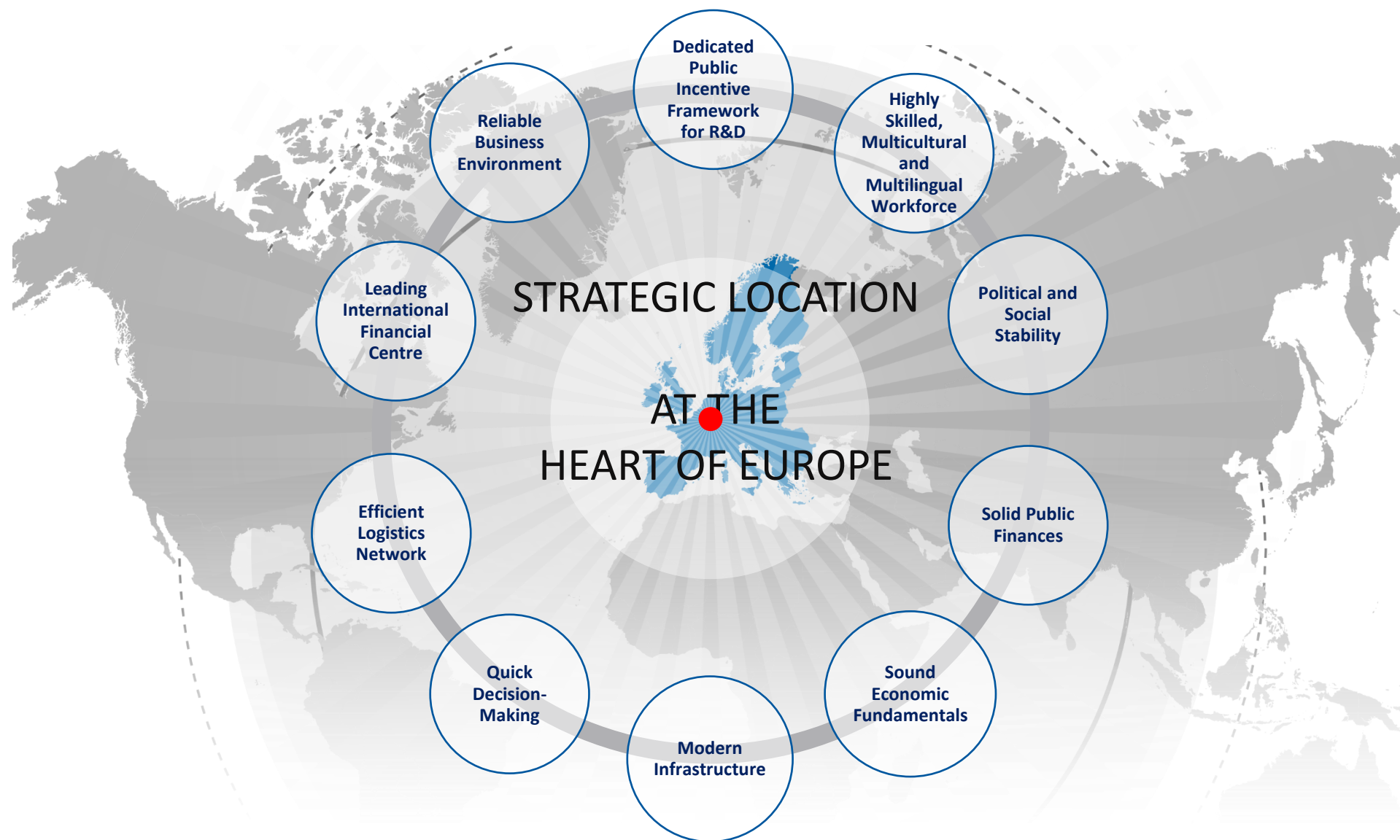
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1. Luxembourg at a Glance
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4. Luxembourg's Credit Rating and Debt Management

# **1. Luxembourg at a Glance**



# Luxembourg in a Nutshell





# Stable Political Environment

- Luxembourg benefits from a **high degree of political stability, which ensures consistency in policy-making.**
- The country's political institutions, including the monarchy, parliament, and government, provide a **consistent and reliable governance structure.**
- Following the October 2023 elections, the current government in Luxembourg is formed by a **centre-right coalition** between the Christian Social People's Party (CSV) and the Democratic Party (DP).
- Regular interactions with the social partners ensure a **high level of social cohesion.**
- As a **founding member of the European Union**, Luxembourg's political environment is closely aligned with the EU policies.



## **2. Luxembourg's Key Economic Figures**

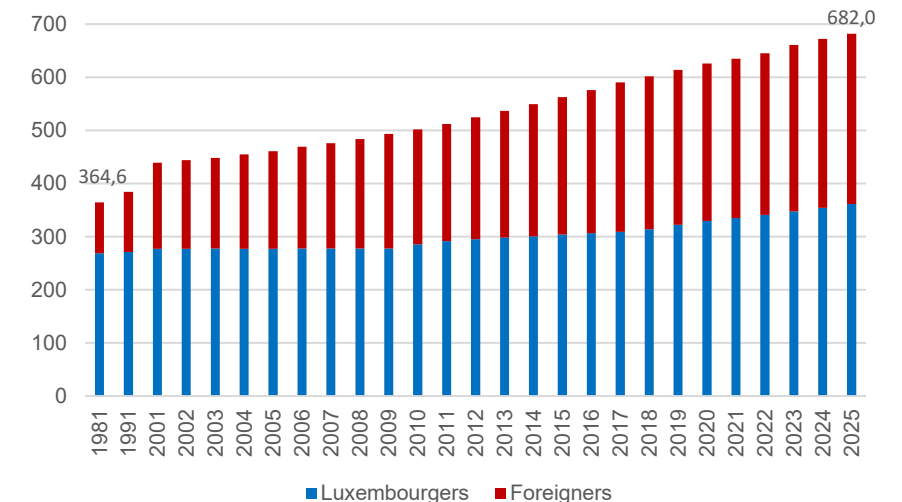




# Growing and Multicultural Population

- Luxembourg's **population has almost doubled** since the 1980s, driven by a strong immigration.
- **Foreign nationals represent 47% of the population**, which are mainly Portuguese (13.1% of the population), French (7.2%), Italian (3.7%), Belgian (2.7%) and German (1.8%).
- Over the last decade the population has grown by an average of 1.9% per year with a positive net migration of 10,400 people per year.
- 69.1% of the population is aged between 15 and 64.
- Luxembourg is a multilingual country with the majority of Luxembourgers speaking four languages (French, German, English and Luxembourgish).

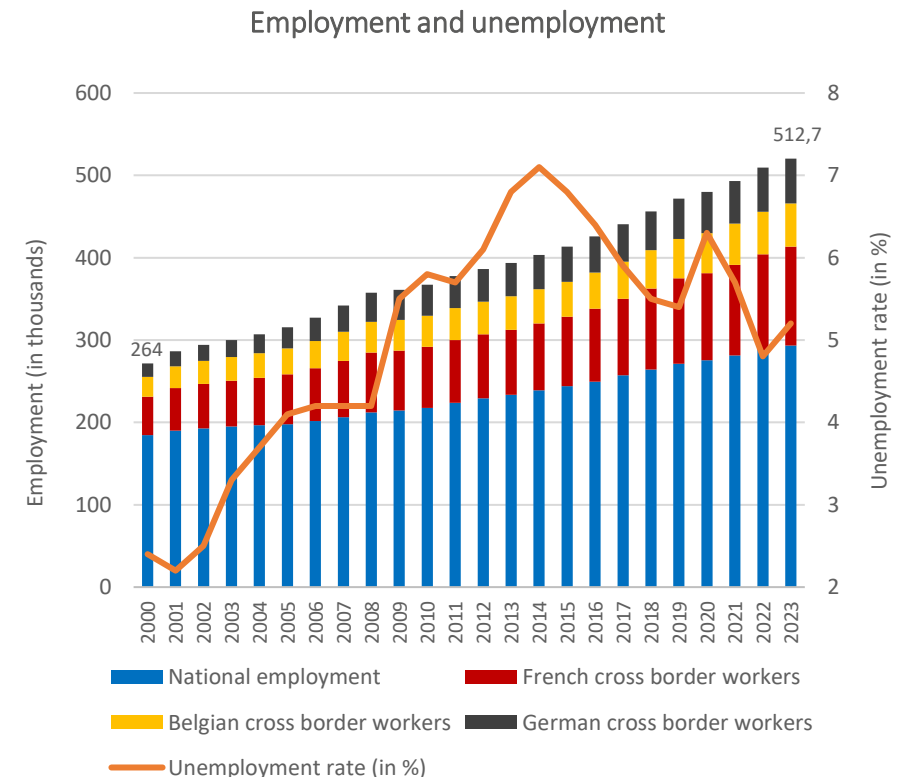
Evolution and composition of the population (in thousands)





# International & Highly Qualified Workforce

- The country attracts **an international workforce** thanks to its strong economy and favourable working conditions.
- **Cross-border workers** coming from France, Germany and Belgium **account for 45.5% of the workforce**.
- **Professional, scientific and technical activities** and the **financial sector** are among the highest employment sectors, accounting for 11.0% and 10.7% of domestic employment, respectively.

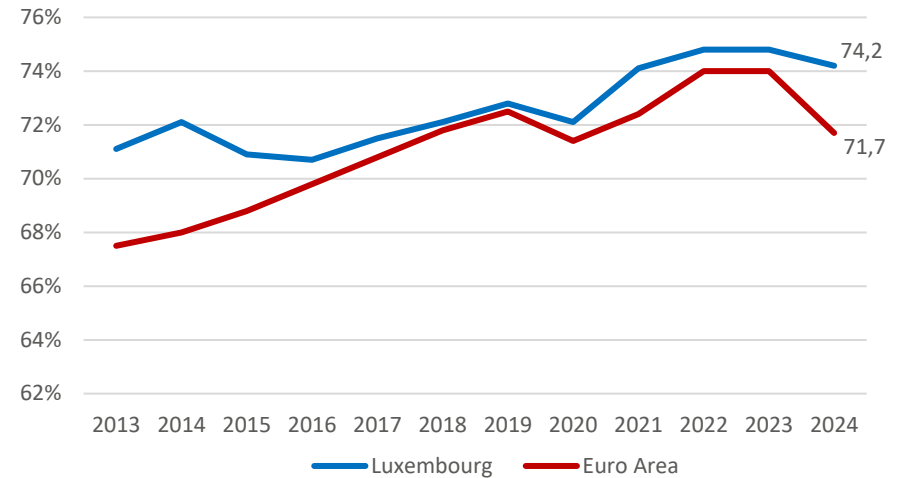




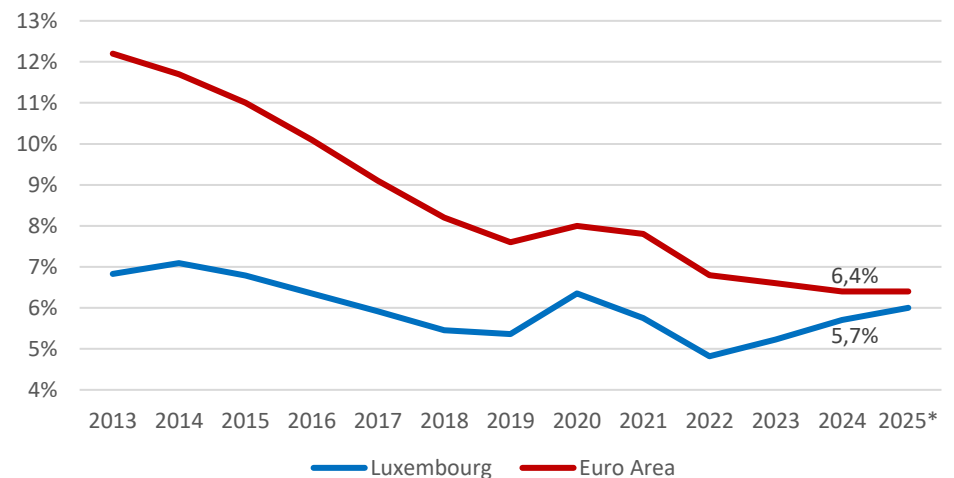
# Labour Market

- Luxembourg's **strong economic performance** and **robust labour market** are reflected in a **high employment rate** (74.2%).
- The **unemployment** rate in Luxembourg is relatively low compared to other European countries (5.2% in 2023 and 5.7% in 2024).
- Luxembourg has a **strong social safety net**, including unemployment benefits for those temporarily out of the labour market.

**Annual Employment Rate** - consistently above the euro area



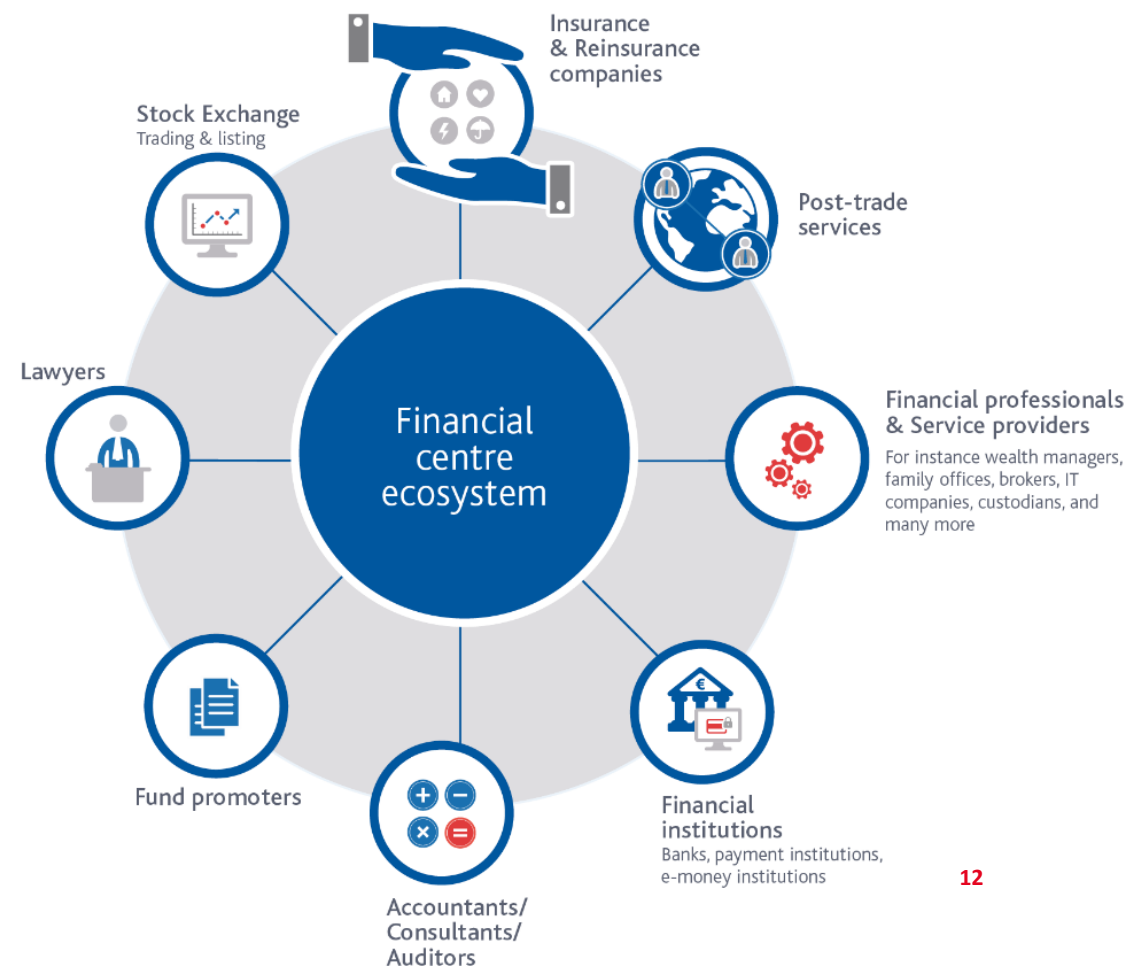
**Annual Unemployment Rate** - consistently below the euro area





# Luxembourg as an International Financial Centre

- Luxembourg is a **cross-border hub** and centre of excellence facilitating multi-jurisdictional and international financial services.
- Luxembourg is home to the **world's 2<sup>nd</sup> largest investment fund centre**.
- Total net fund assets under management **exceeded EUR 5,900 bn** in July 2025.
- The **Luxembourg UCI sector** has shown **robust growth and adaptability**, maintaining its position as a **key player** in the **global investment fund industry**.

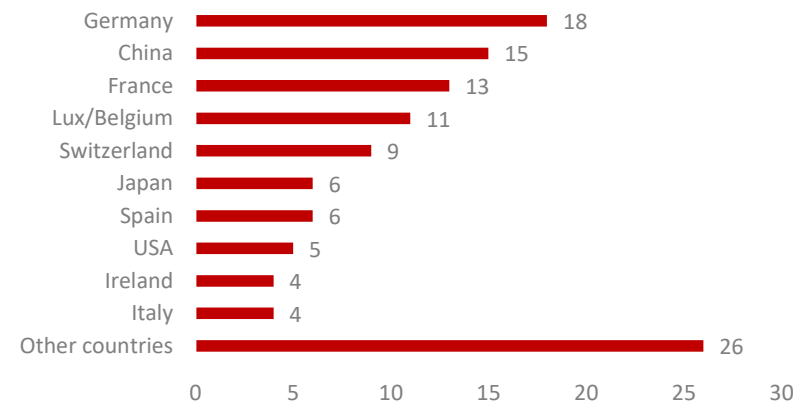




# Financial Services

- The banking sector in Luxembourg has shown **remarkable resilience** amidst global challenges.
- As at end of 2024, the **banking sectors' total balance sheet, profit before provisions and taxes as well as the number of employees have increased over the years**, reaching EUR 972.3 bn, EUR 9.8 bn and 26,148 employees respectively.
- Despite **challenges** such as compliance with new regulations and digital transformation, the **performance of the sector remains strong**. The **government** is supportive of a further strengthening of the sector and actively **fosters innovation**, as illustrated by recent tax breaks and the adoption of the 4<sup>th</sup> Blockchain Law.

Number and geographical origin of the  
117 banks present in Luxembourg





# Diversified Economy

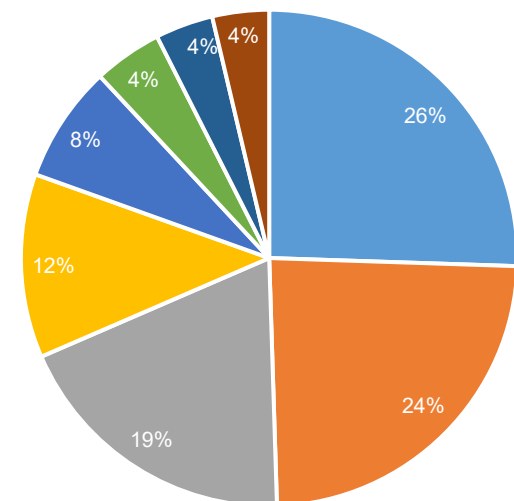
## *Luxembourg: a growth-oriented economy, beyond the financial sector...*

- **European headquarters** of global companies such as Amazon, Ferrero, Paypal, Skype, eBay, SES, ArcelorMittal and many others.
- **Logistics hub and home base of all-freight carrier Cargolux**, with Luxembourg Airport being the 6<sup>th</sup> largest freight airport in Europe.
- **Strong focus on innovation**, in sectors such as FinTech, Space Resources, CleanTech, Health- & BioTech and Cybersecurity. In 2024, Luxembourg Parliament adopted the Blockchain Law 4 which expands the legal framework to support the development of digital securities and tokenisation.

## *... with a business-friendly environment*

- In 2022, Luxembourg had around **45,000 active enterprises, employing around 375,000 people**.
- In 2024, the main sectors were **Trade** (around 54,600 employees) and **Financial and Insurance** activities (around 54,800 employees).
- Luxembourg's **economic policies** value the strength of private initiative and innovative spirit.
- Luxembourg is a small country, with a **globally connected economy**, where business can develop easily and directly.
- Its **stable legal, economic and political context** provides an optimal environment for doing business.

Sectoral Share of Gross Value Added (2024\*)



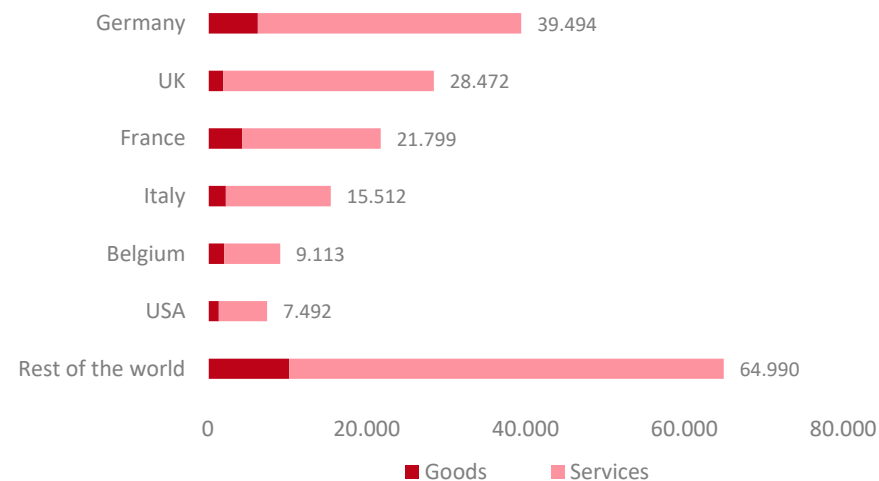
- Financial Services
- Real Estate and Administrative Services
- Trade, Transportation and Communication
- Health and Education
- Public administration
- Construction
- Manufacturing
- Other



# Dynamic and Open Economy

- Luxembourg is the **most open economy in the world**.
- **Total exports exceeded 200% of GDP in 2024**, of which EUR 28 bn in goods and EUR 158 bn in services.
- According to the latest estimates, its **trade balance increased by 30%** to a surplus of EUR 11.8 bn in 2024 (EUR +2.8 bn compared to 2023), with exports growing faster than imports.
- This result is mainly driven by the positive balance of international trade in services (EUR 37.5 bn).
- **Financial services** generated a surplus of EUR 25.2 bn, with exports growing by 5.6% and imports by 4.9%, mainly due to an increase in the average assets managed by investment funds.
- **Exports of non-financial services slowed down in 2024**, with further growth expected, driven by external demand and the recovery of the euro area.

Exports of goods and services by partner (in million EUR, 2024)

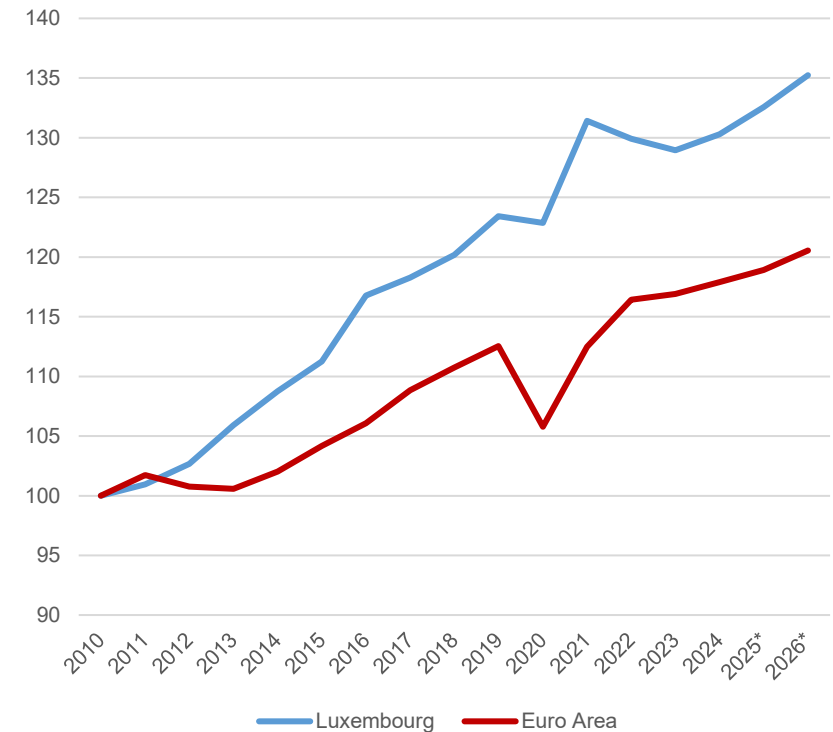




# Resilient and Thriving Economy

- Luxembourg consistently outpaces the euro area in terms of GDP growth, demonstrating its **strong and competitive economy**.
- After overcoming challenges in 2022 and 2023 (-1.1% and -0.7% respectively), Luxembourg recovered in 2024 (+1.0%), with **growth set to accelerate significantly in the coming years**.
- Declining interest rates and a rebound in household consumption position Luxembourg for **future growth, supported by its strategic integration into the euro area**.
- In 2025, GDP is projected to grow by 1.0% and maintain its strong momentum, highlighting Luxembourg's capacity for **sustained economic expansion**.
- Luxembourg's economic dynamism and favourable conditions make it an **ideal hub for investment and growth in Europe**.

**Real GDP** – Continued overperformance vs. the euro area



Index 100 = 2010

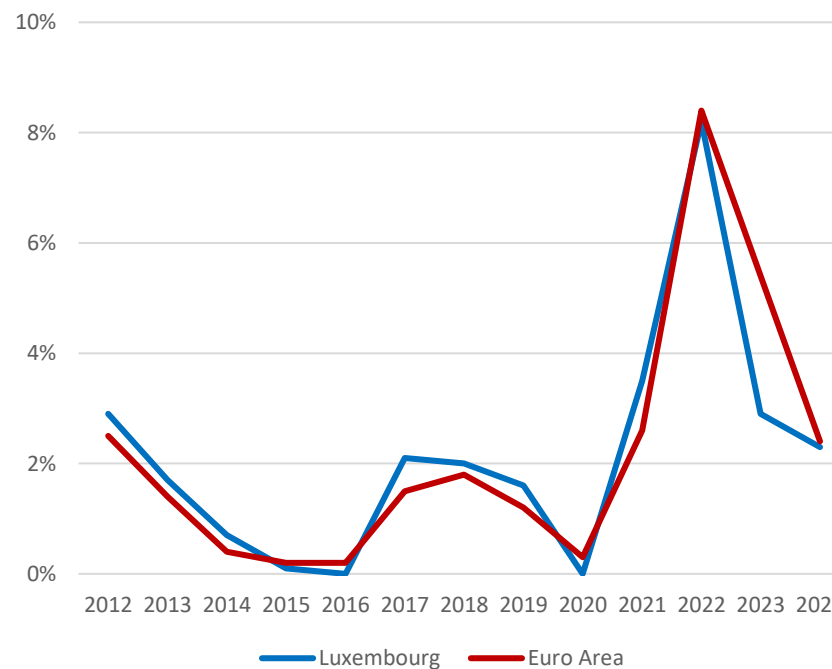




# Inflation

- **Luxembourg's CPI has remained the second lowest in the EU in 2023**, after reaching some of its highest levels in 2022.
- The **government's support measures** have contributed to **reducing inflation** and to **preserving households purchasing power**, while at the same time **boosting the competitiveness of companies**.
- For 2025, STATEC forecasts an inflation rate of 2.1%.
- Luxembourg's automatic wage indexation mechanism **compensates for inflation**, ensuring that wages are adjusted whenever the national consumer price index increases by 2.5% compared to the previous indexation.
- Luxembourg's automatic wage indexation system, a key feature of the local economic landscape, is a key factor in maintaining **social peace**.

**Consumer Price Index** (Annual average rate of change)



### **3. Luxembourg's Public Finances**



# Coalition Agreement 2023-2028

The government formed after the October 2023 elections aims to implement a **business-friendly and economic recovery policy** :

- by maintaining **public investment at a high level** in order to respond to current and future challenges related to demographic change and the double sustainable and digital transition.
- through measures aimed at **strengthening the competitiveness** of the economy in general and the financial centre in particular.
- by continuing to **support households** through additional measures in terms of **purchasing power**.

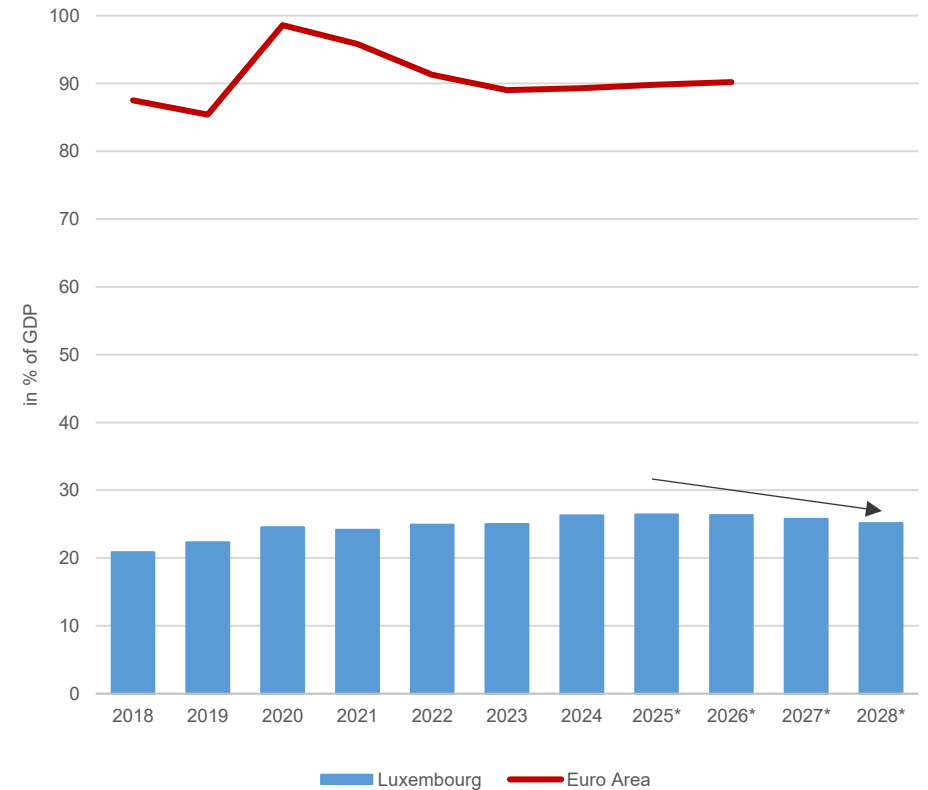
The government is also firmly committed to **pursuing a responsible and sustainable budgetary policy** and to **safeguarding Luxembourg's AAA credit rating**.



# Public Finances (1/2)

- The **support measures**, implemented as of 2022 to face the crises, **continued to affect the debt-to-GDP ratio in 2024**, which has reached **26.3% of GDP** (compared to 27.5% of GDP estimated in the 2025 Budget).
- **Public debt is expected to reach 26.4% of GDP in 2025**, as a result of the phasing out of most support measures, a slowdown in expenditure growth and in light of the revised GDP estimates. According to the 2025 Budget, **the debt-to-GDP ratio is projected to decrease to 26.0% of GDP in 2028**.
- The **level of public debt remains largely below the euro area average**, despite the uncertainties related to the geopolitical conflicts.
- The **government coalition agreement for 2023-2028** foresees an update of the national budgetary framework with the aim of **implementing a sustainable path for public debt**.
- Luxembourg has **significant financial assets** including pension fund reserves (equivalent to 35.6% of GDP), participations in listed companies (1.8% of GDP) and assets in the FSIL sovereign fund (0.8% of GDP).

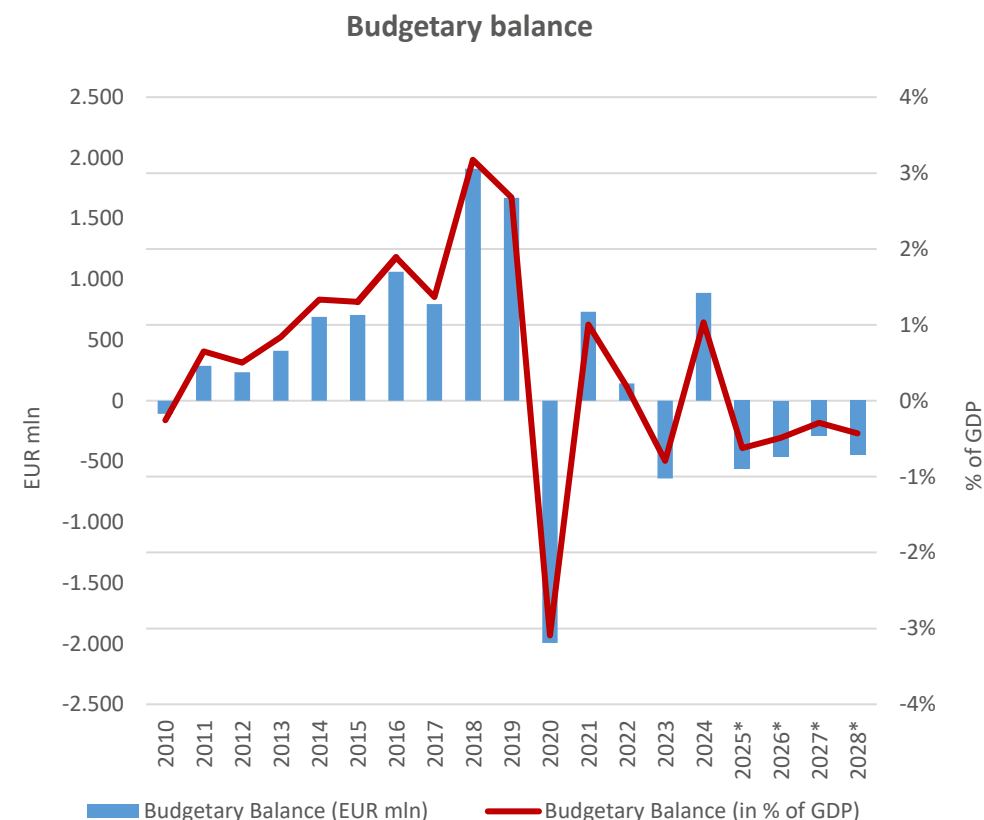
Public debt evolution





## Public Finances (2/2)

- The 2025 Budget projected the general government balance at -0.6% of GDP in 2024 and 2025, with the deficit gradually decreasing in the medium term.
- **Higher-than-expected revenues and a prudent approach to spending in 2024 reduced the central government deficit to EUR 99 million (previously estimated at EUR 1.4 bn), resulting in a general government surplus of EUR 888 million (1.0% of GDP).**
- From 2022 until mid-2025, the measures taken to curb energy prices have had a negative impact on the **general government balance** of 3.9% of GDP.
- In addition, the implementation of the **new measures aimed at boosting households' purchasing power and firms' competitiveness** is expected to entail a **fiscal cost of EUR 421 million for 2025**.



## **4. Luxembourg's Credit Rating and Debt Management**



# Credit Ratings

S&P	<b>AAA</b>	Stable
Moody's	<b>Aaa</b>	Stable
Fitch	<b>AAA</b>	Stable
DBRS	<b>AAA</b>	Stable
Scope	<b>AAA</b>	Stable

## Rationale behind the AAA rating :

- ✓ *“The measures taken by the government in the context of the pandemic have made it possible to support the Luxembourg economy without compromising the soundness of public finances”*
- ✓ *“Public finances are a key strength for Luxembourg’s rating”*
- ✓ *“Luxembourg’s strong fiscal position is a key rating strength”*
- ✓ *“Luxembourg’s ratings reflect an exceptionally high-income-per-capita economy, with governance indicators above the median of ‘AAA’ rated sovereigns”*
- ✓ *“Flexible economic policies, very high wealth levels provide shock absorption capacity”*



# Debt Management (1/2)

**Syndicated Luxembourg Government Bonds (LGB) are the cornerstone of the Treasury's long-term funding strategy.**

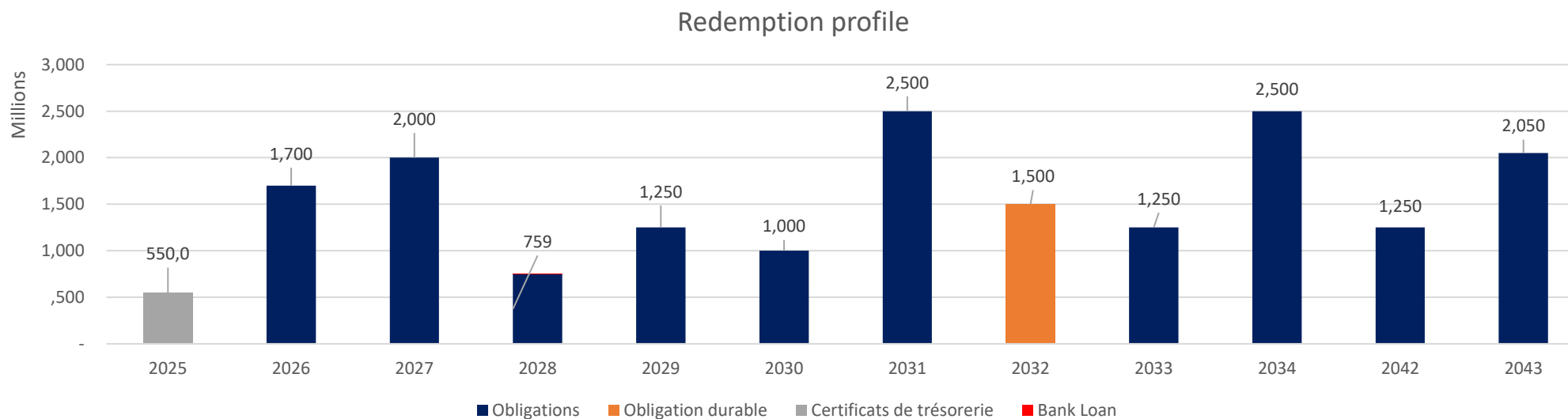
- Luxembourg has 13 LGBs outstanding for a total amount of EUR 17.75 bn\*.

**Optimizing refinancing and interest rate risk, zero FX exposure.**

- Outstanding LGBs (fixed-rate and issued in EUR only) have an average maturity of 7.61 years (as at Apr 30<sup>th</sup>, 2025).

**For short term financing needs < 1 year and cash management purposes, the State Treasury may issue Treasury Certificates.**

- Currently, EUR 500 millions are outstanding (maturity Nov 2025)





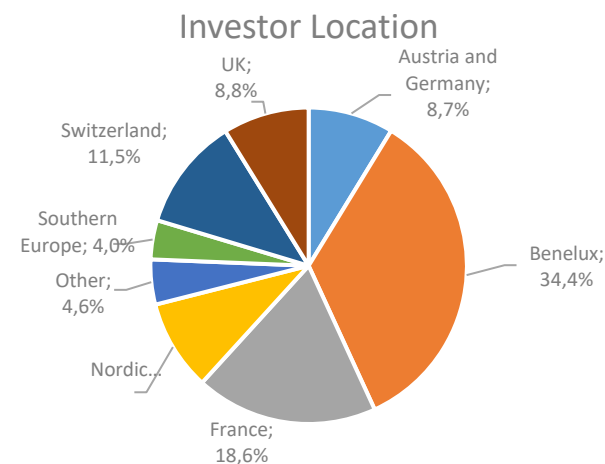
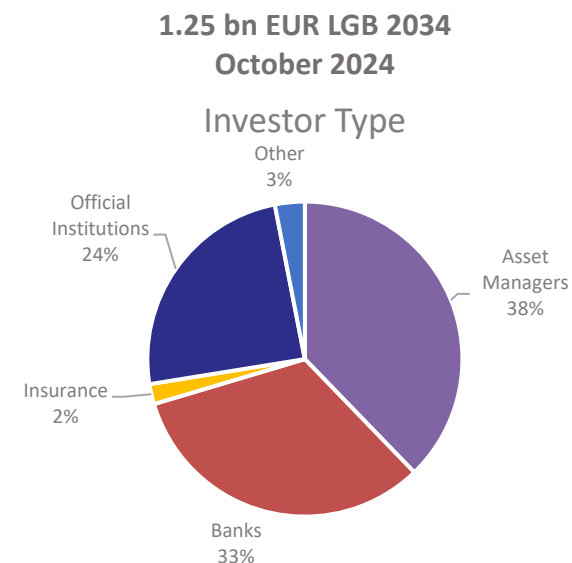
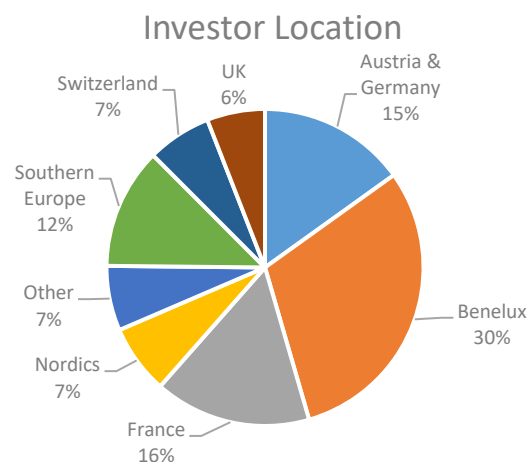
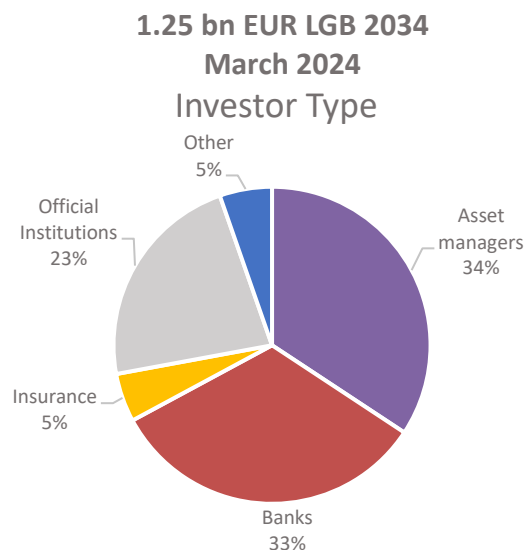
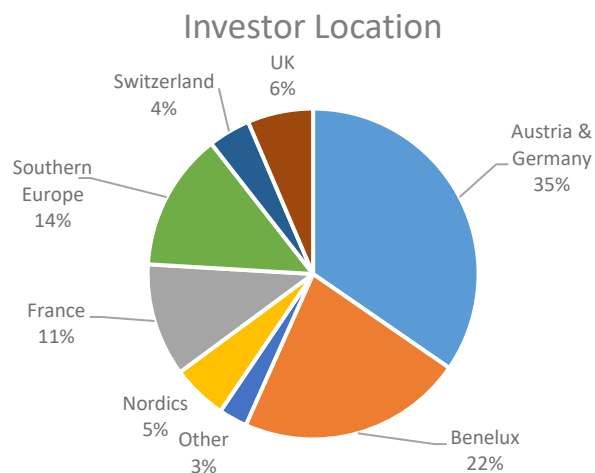
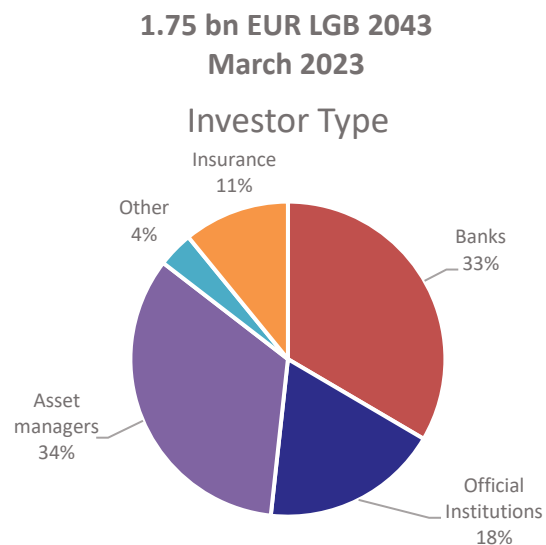


# Debt Management (2/2)

## Outstanding Luxembourg Government Bonds (LGB)

	Issue Date	Notional	Maturity	Maturity date	Coupon	Currency
LGB 0.00% 2026	13/11/2019	1,700,000,000	7y	13/11/2026	0.000%	EUR
LGB 0,625% 2027	01/02/2017	2,000,000,000	10y	01/02/2027	0.625%	EUR
LGB 2.25% 2028	19/03/2013	750,000,000	15y	19/03/2028	2.250%	EUR
LGB 1.375% 2029	25/05/2022	1,250,000,000	7y	25/05/2029	1.375%	EUR
LGB 0.00% 2030	28/04/2020	1,000,000,000	10y	28/04/2030	0.000%	EUR
LGB 0.00% 2031	24/03/2021	2,500,000,000	10y	24/03/2031	0.000%	EUR
LGB 0.00% 2032	14/09/2020	1,500,000,000	12y	14/09/2032	0.000%	EUR
LGB 3.00% 2033	02/03/2023	1,250,000,000	10y	02/03/2033	3.000%	EUR
LGB 2.875% 2034	01/03/2024	1,250,000,000	10y	01/03/2034	2.875%	EUR
LGB 2.625% 2034	23/10/2024	1,250,000,000	10y	23/10/2034	2.625%	EUR
LGB 1.75% 2042	25/05/2022	1,250,000,000	20y	25/05/2042	1.750%	EUR
LGB 3.25% 2043	02/03/2023	1,750,000,000	20y	02/03/2043	3.250%	EUR
LGB 2.75% 2043 (PP)	20/08/2013	300,000,000	30y	20/08/2043	2.750%	EUR

# Diversified Investor base for LGBs





# Contact details

Key contacts	Contact numbers	Email
<b>Bob KIEFFER</b> Director of the Treasury	+352 247-82619	<a href="mailto:bob.kieffer@fi.etat.lu">bob.kieffer@fi.etat.lu</a>
<b>Paul HILDGEN</b> Luxembourg State Treasury	+352 247-82728	<a href="mailto:paul.hildgen@tresorerie.etat.lu">paul.hildgen@tresorerie.etat.lu</a>
<b>Luc WITRY</b> Luxembourg State Treasury	+352 247-82749	<a href="mailto:luc.witry@tresorerie.etat.lu">luc.witry@tresorerie.etat.lu</a>
<b>Luca GRISOT</b> Luxembourg State Treasury	+352 247-72712	<a href="mailto:luca.grisot@tresorerie.etat.lu">luca.grisot@tresorerie.etat.lu</a>

Ministry of Finance  
3 rue de la Congrégation  
L-1352 Luxembourg  
Luxembourg  
[www.mf.public.lu](http://www.mf.public.lu)

Luxembourg State Treasury  
3 rue du Saint-Esprit  
L-1475 Luxembourg  
Luxembourg  
[www.tresorerie.public.lu](http://www.tresorerie.public.lu)



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