

---

**Press release**

Date 23.02.2024

Contact Pauline André  
+(352) 621 333 582  
[pauline.andre@pwc.lu](mailto:pauline.andre@pwc.lu)

Mary Carey  
(+352) 621 332 863  
[mary.carey@pwc.lu](mailto:mary.carey@pwc.lu)

For more details, contact us at [lu-press@pwc.lu](mailto:lu-press@pwc.lu)

Follow us on Twitter: [@PwCLuxembourg](https://twitter.com/PwCLuxembourg)

Follow us on LinkedIn: [www.linkedin.com/company/pwc-luxembourg](https://www.linkedin.com/company/pwc-luxembourg)

Pages 4

---

***“A New Era of Corporate Lending: Corporate Banking Survey 2023”  
reveals:***

- **Corporate Banking is in an evolving landscape**
- **Banks are scanning the horizon, deciding how to react to this new world**
- **Key highlights in the survey clearly emerged:**
  - ***Revenues at record highs, nearly reaching EUR 5bn in 2022, or 35% of total banking revenues in Luxembourg;***
  - ***Economic headwinds affected profits;***
  - ***Funds' contribution to Corporate Banking revenues has grown;***
  - ***Sustainability and new technologies are expected to change the industry;***
  - ***Luxembourg's corporate lending landscape is predominantly geared towards the global arena, with an impressive 75% of respondents engaging in corporate lending activities beyond its borders;***  
***However,***
  - ***Despite an 11% rise in revenues in the Americas region compared to 2021, most respondents expect long-term revenue growth to come from Europe.***

**Press Release, Luxembourg, 23.02.2024**

**PwC Luxembourg and The Luxembourg Bankers' Association (ABBL) team up for the second edition of The Luxembourg Corporate Banking Survey 2023.**

## **Somewhat of a hidden jewel**

Corporate Banking is a crucial component of Luxembourg's banking sector, and is somewhat of a hidden jewel, providing vital services to a diversified client base spanning local small and medium-sized enterprises, multinational corporations, and investment funds (UCITS and AIFs), to name but a few. This was the emphasis of the inaugural edition of the Luxembourg Corporate Banking Survey in 2021. This year's report takes it a step further, attempting to gain even more visibility for this often under-estimated side of banking in Luxembourg. A second clear objective is to contribute to the effort to showcase the Luxembourg financial system as a global hub in the heart of Europe.

## **Corporate Banking is in an evolving landscape**

The Luxembourg banking industry faces significant challenges amid ongoing developments and the [2023 Corporate Banking survey](#) came at a good time to analyse and reflect on the state of the Corporate Banking sector. The world appears to be heading into a new economic era marked by greater government involvement in the economy, geopolitical challenges, and of course, technological transformation and climate change.

Corporate lending, highlighted as a key area for future growth, is undergoing scrutiny due to the evolving economic climate, with banks confronting heightened risks amidst global fragmentation. The European Central Bank's October 2023 Bank Lending Survey indicates a decrease in banks' risk appetite due to economic slowdown, exacerbated by high-interest rates impacting financing and liquidity conditions, further complicating the corporate lending landscape in Luxembourg.

Given the challenges of a new economic order, corporate lending is undergoing a major transformation. With the world now more fragmented than ever, banks find themselves navigating more severe risks than at any other point in recent decades.

The pressure and scrutiny being placed on the banking sector today are at heights that have not been seen since the global financial crisis (GFC). Given the central position Luxembourg holds in the global economy, Corporate Banks in the Grand Duchy are highly exposed to world-spanning trends and must position themselves accordingly to maintain their competitiveness.

## **Banks are scanning the horizon, deciding how to react to this new world**

Banks wield a profound influence in society, transcending mere financial transactions. They possess the potential to champion ethical and sustainable corporate behaviour, setting a precedent for good citizenship. Within the realm of corporate lending, these financial institutions hold sway over a significant portion of loans.

In this new context, banks recognise the advent of game-changing technologies such as artificial intelligence (AI) and the ever-greater importance of sustainable finance as tools that can help them navigate rising tides, and this survey has shown that the sector is pivoting in this direction.

In the dynamic landscape of Corporate Banking, the sector is gearing up for expansion, with a resounding 71% of respondents earmarking corporate lending as the cornerstone of their innovation strategy.

## Key highlights in the survey clearly emerged:

- **Revenues at record highs**  
Revenues were estimated to nearly reach EUR 5bn in 2022, signifying an increase of 24% from 2021 and mirroring the growth rate in the Private Banking segment. This Corporate Banking revenue figure also represents 35% of total banking revenues in Luxembourg.
- **Economic headwinds affected profits**  
Profits declined by 19% compared to 2021. Monetary tightening policies and uncertainty over economic growth apparently have left an impact.
- **Funds' contribution to Corporate Banking revenues has grown**  
The fund industry's contribution to corporate banking revenues rose by 14%, while revenues from corporates declined by 19%. The survey indicated significant growth in non-interest-based services, many of which are often provided to the AWM industry.
- **Sustainability and new technologies are expected to change the industry**  
Respondents believe ESG financing will be the main catalyst for change in the corporate lending sector in the coming years. AI is the second-most popular option.
- **The home front comes first**  
There was an 11% rise in revenues in the Americas region compared to 2021, but most respondents expect long-term revenue growth to come from Europe.
- **A global outlook**  
63% of corporate lending is focused on the international market, but it remains limited to fewer industries than domestic corporate lending.

[Julie Batsch, Banking and Capital Markets Leader & Assurance Partner, PwC Luxembourg](#), says: “Corporate Banking stands at the dawn of the new economic age and is still adapting to its realities. However, this report has found that corporate lending teams are quickly pivoting and making the best of a new situation. Rather than resisting it, the corporate lending sector is proving to be ready for change and is actively embracing the future.”

[Jörg Ackermann, Consulting Partner, PwC Luxembourg](#), says: “Corporate lending is one of the keys to turning the green transition up to eleven. Bankers appear to be aware of this and are hinging their adaptation to the new economic context on sustainability. At the same time, they recognise the tectonic shift that new technologies represent, and are actively leveraging them, to their advantage, all while preparing themselves and their workforce to be ready to face new realities as they manifest.”

[Frank Rückbrodt, Chair of ABBL's Corporate and Institutional Banking Cluster and CEO of Deutsche Bank Luxembourg S.A., emphasises:](#) “In Europe, a significant 70% of corporate financing needs are still covered by bank loans. While this share is likely to fall with the realization of a European Capital Market, loans will still be a key financing product. Given Luxembourg's pivotal position as an international financial center, we firmly believe that Luxembourg's Corporate and Investment banks will continue to play an indispensable role to tackle both immediate and long-term challenges our societies and economies are facing.”

This survey is the fruit of a collaboration between the ABBL, PwC, and the CSSF. It is based on the insight of top banking minds in Luxembourg, who generously provided us with the responses necessary to create the second edition of this survey.

## **Methodology**

The [2023 ABBL Corporate Banking Survey](#) was conducted in collaboration between the ABBL and PwC Luxembourg, together with the support of the CSSF. To generate meaningful insights, the ABBL circulated an invitation-only survey comprised of an online qualitative questionnaire for CEOs and a set of quantitative questions addressed to bank CFOs. PwC's ESG & AWM Market Research Centre, then analysed the results to obtain the qualitative and quantitative findings in this report. The survey is designed to focus on banks' corporate lending activities.

## **Notes to editors**

### **About the ABBL**

The ABBL's mission is to promote the sustainable development of regulated, innovative, and responsible banking services. The ABBL is the largest and oldest professional association in the financial sector. It represents the banking sector in the broadest sense, i.e. the majority of banks established in Luxembourg, as well as regulated financial intermediaries and others in the sector including law firms, consultancies, auditors, market infrastructures, e-money and payment institutions.

The ABBL provides its members with the information, resources, and services they need to operate in a dynamic financial market and an increasingly complex regulatory environment. It is an open platform for discussing key industry issues and developing common positions across the sector.

### **About PwC**

PwC Luxembourg ([www.pwc.lu](http://www.pwc.lu)) is the largest professional services firm in Luxembourg with over 3,700 people employed from 94 different countries. PwC Luxembourg provides audit, tax and advisory services including management consulting, transaction, financing and regulatory advice. The firm provides advice to a wide variety of clients from local and middle market entrepreneurs to large multinational companies operating from Luxembourg and the Greater Region. The firm helps its clients create the value they are looking for by contributing to the smooth operation of the capital markets and providing advice through an industry-focused approach.

At PwC, our purpose is to build trust in society and solve important problems. We're a network of firms in 151 countries with over 364,000 people who are committed to delivering quality in assurance, advisory and tax services. Find out more and tell us what matters to you by visiting us at [www.pwc.com](http://www.pwc.com) and [www.pwc.lu](http://www.pwc.lu).