

**Examples illustrating various forms of bank financing and support for the defense industry by the French banking sector**

**To finance French and European defense companies, banks mobilise their balance sheets, notably through deposits, funds raised on the markets and dedicated resources.**

For example, on August 28<sup>th</sup>, 2025, BPCE became the first European financial institution to issue a “European Defense Bond”. The proceeds of this issuance are intended to finance companies within the Defense Industrial and Technological Base (BITD). In addition, BPCE, in partnership with the European Investment Bank (EIB), has allocated €300 million to increase financing granted by Banques Populaires and Caisses d’Epargne to companies within the BITD. This transaction with the EIB is the second in Europe under its €3 billion envelope dedicated to European SMEs active in security and defense.

BNP Paribas also launched, in October 2025, the inaugural issuance of its EU Sovereignty Bond, designed to channel capital towards strategic sectors linked to European sovereignty (aeronautics and defense, infrastructure, critical industries and technologies), in line with the broad directions set out in the Draghi report.

For its part, Crédit Agricole Group has published its European Defense Financing Framework. This framework enables Crédit Agricole to issue bonds whose proceeds may be allocated to financing European defense sector players.

**In addition to traditional banking facilities — such as loans, off-balance-sheet commitments and export credits — French banks are also mobilising resources to strengthen the capital base of BITD companies.**

They contribute to reinforcing defense companies’ equity positions to consolidate their financial structure, which is essential to support growth.

- ***Direct Investments by Banks***

Banks invest in SMEs and mid-cap clients, although for smaller amounts than through traditional lending, as one euro invested in equity requires roughly five times more regulatory capital than one euro extended through a standard loan. As of June 30<sup>th</sup>, 2025, direct investments by banks in SMEs in the defense sector exceeded €500 million.

For example, Crédit Agricole Group supports SMEs and mid-caps through equity investments and participates in four pioneering defense-focused funds: Weinberg Eirené and three aeronautics and cybersecurity funds managed by Tikehau.

BNPP Développement, a subsidiary of BNP Paribas and an equity investor in numerous BITD companies, has recently invested in Bpifrance’s Fonds Innovation Défense, as well as in the Weinberg Eirené fund, the Ciclad SVP fund and France Nucléaire Fund II.

Société Générale Capital Partenaires, a subsidiary of Société Générale Group, as well as BPCE Group’s equity investment structures, have also strengthened their equity investments in DITB SMEs and mid-caps.

- ***Investments channeled by banking groups on behalf of third parties***

French banks also channel savings managed by their asset management and insurance subsidiaries towards the defense sector. Several dedicated investment vehicles have recently been launched.

For example, Société Générale Assurances, together with CNP Assurances and the CARAC Group, has partnered with Tikehau Capital to launch the Tikehau Défense et Sécurité fund. This private equity fund is dedicated to strategic sectors including defense, cybersecurity and European security. It is initially accessible within life insurance and retirement savings contracts distributed by the three insurers.

Crédit Mutuel Alliance Fédérale (Crédit Mutuel Group), through its asset management subsidiary CM-AM, launched on 12 December a listed equity “sovereignty” fund: CM-AM Souveraineté Européenne. This fund aims to invest in companies or sectors contributing to strengthening European sovereignty. At the same time, NEWALPHA ALLSTRAT DEFENSE I — a growth capital fund dedicated to innovative SMEs and mid-caps of the BITD — is currently being raised.

BNP Paribas has expanded its defense-themed offering to both institutional and retail clients through the launch of thematic funds such as the index fund “BNPP Easy Europe Defense”, the “BNPP Europe Strategic Autonomy” fund and the formula fund “Athena Prestige Europe Aerospace & Defense”. The offering is also available within insurance and private banking activities, which have introduced a “Offensive – European Sovereignty Option” mandate.

Amundi, a subsidiary of Crédit Agricole, has launched two ETFs linked to the defense sector. The first tracks the Stoxx Europe Total Market Defense Capped index, selecting European companies in the aerospace and defense sector. The second, the Amundi European Strategic Autonomy UCITS ETF, is currently under development.

BPCE Group, through its subsidiary VEGA Investment Solutions, manages a European sovereignty-themed fund, “VEGA Europe Autonomie”. In addition to the BITD and aeronautics, this fund targets six other themes contributing to European autonomy. BPCE Assurances is also actively supporting the defense sector.

Bpifrance has launched the “Bpifrance Défense” fund, aiming to raise approximately €450 million. Since mid-October, retail investors have been able to invest indirectly with minimum tickets of €500. The fund is intended to invest in more than 500 unlisted French and European companies whose activities are strategic for technological sovereignty, with a reinforced focus on the defense sector. Several French banks have invested in this fund either on their own account or through third-party asset management.

### **New products within banks’ own balance sheets**

For example, in the short-term financing of SMEs and mid-caps of the BITD, Crédit Mutuel Arkéa (Crédit Mutuel Group) and Bpifrance have launched “Avance Défense +”. With a €500 million envelope financed equally by both partners, this facility enables prime contractors to pay their suppliers in advance through a dedicated working capital loan. Subcontracting SMEs and mid-caps of the BITD can thus convert invoices into cash more rapidly to finance their working capital requirements.

### **Promoting defense financing beyond figures**

**French banks have updated their credit policies to enhance clarity and effectiveness.** While they have long financed the BITD, several institutions have revised their risk policies to better reflect this activity and remove any ambiguity regarding the equipment financed. All have removed the term “controversial weapons” to clarify that only “prohibited weapons”, as defined by treaties signed and ratified by the French Republic, are excluded from financing.

These developments form part of a broader European approach in which the FBF plays a leading role. French banks have contributed to [the official position of the European Banking Federation on financing the defense sector](#), which includes important advances. This position underscores the strategic role of the banking sector in supporting European autonomy, facilitating access to finance for defense SMEs and clarifying the applicable framework, particularly regarding prohibited weapons.

### **Supporting defense beyond financing**

The six leading French banks also support employees serving in the operational reserve and have signed the ProMilès Manifesto.

Most of the six major French banking groups have signed agreements with the Defense Ministry or incorporated provisions into their collective bargaining agreements to support the operational reserve. These arrangements enable reservist employees to benefit from 10 to 20 days of paid leave to carry out their duties within the operational reserve. Several banks have complemented this approach by adapting employee insurance coverage to include damages occurring during reserve activities.

Several French banks have also signed the ProMilès Manifesto, which aims to strengthen links between companies and local military communities, foster partnerships and contribute to national cohesion. For companies, this includes commitments to raise awareness of the Defense Ministry, encourage exchanges with local military units, and provide support to active and reserve personnel, wounded service members, veterans and their spouses.