

Financing the defence industry

French banks
by your side

Defence financing: French banks by your side

2

**BANKS FULLY MOBILISED
TO FINANCE THE DTIB**

4

**LEVERS TO INCREASE
BANKS' FINANCING CAPACITY**

8

**SUPPORT WELL BEYOND
CREDIT ALONE**

Foreword

Financing the defence industry is a major strategic issue for French and European sovereignty. As key players in financing the economy, French banks have long financed defence companies while supporting their export activities.

Against a backdrop of a worsening European geopolitical environment and the rapid expansion of the Defence Industrial and Technological Base (DTIB), French banks are fully mobilised to step up their support for companies in the sector. In 2025, financing provided to defence companies by the six leading French banking groups therefore increased by 25% year on year.

This document is intended to foster dialogue between financial players, manufacturers and public authorities, in particular on the regulatory conditions that will enable banks to maintain and step up this commitment in support of French and European sovereignty. In this respect, it presents concrete proposals from the banking sector.

This document also presents non-exhaustive examples of how French banks are supporting defence financing, extending well beyond traditional bank lending.

In 2026, the FBF is attending Eurosatory for the first time. Mobilised and committed, French banks are playing their full role alongside defence industry companies.

Maya Atig

Chief Executive Officer of the FBF

Banks fully mobilised to finance the DTIB



€46.6bn

Total financing provided by the six leading banking groups to French defence companies at the end of 2025 (credit and off-balance-sheet commitments), representing a 25% year-on-year increase.

€12.2bn

Outstanding credit provided by the leading French banks to French DTIB customers at the end of 2025.

+25% year on year in financing for the French DTIB

French banks support French DTIB companies through bank financing, guarantees and export support. More broadly, they support the development of the sector.

- At the end of 2025, financing provided by the six leading French banking groups to French defence companies **exceeded €46.6 billion (credit and off-balance-sheet commitments)**, up 25% compared with the end of 2024 and 75% compared with 2021¹.
- French banks continue to support DTIB exports, with **outstanding buyer credit of €12.2 billion** at the end of 2025. Note: exports account for 25% to 30% of the turnover of the nine largest DTIB groups. Banking support takes the form, for example, of contract guarantees and export credit for the foreign customers of French manufacturers.
- At the end of 2025, direct investments on their own account by the six leading French banking groups in the equity of French DTIB companies **exceeded €500 million**.
- French banking groups also provide **€16.3 billion in financing (credit and off-balance-sheet commitments) to other European DTIB companies**, and nearly €1.5 billion to their customers through export credit.

¹ The change compared with 2021 is measured using a sample of four of the six banks, as 2021 figures are unavailable for two banking networks.

Contribution to industry-wide dialogue

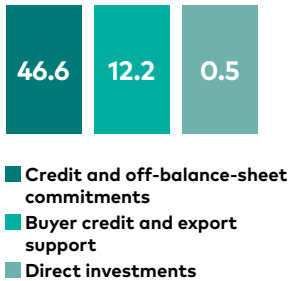
For several years, French banks have maintained a regular dialogue with representatives of the defence industry and the French Defence Procurement Agency (DGA).

- In each of the major banking institutions, **defence contacts are the points of contact for the DGA and professional associations**. With a deeper understanding of the sector’s specific characteristics and manufacturers’ expectations, these contacts mark a key step towards more operational dialogue.
- Banks have adapted their commercial structures by **appointing regional defence contacts and creating specialised business units**.

Financing of the European DTIB excluding France (in €bn)



Financing of the French DTIB (in €bn)



- In 2025, French banks are participating in the **industry-wide dialogue on defence financing**, launched on 20 March 2025 under the aegis of the Ministry for the Armed Forces and the Ministry of the Economy, in partnership with the DGA. They are fully contributing to the working groups in order to further increase the collective national effort and discuss ways of strengthening defence companies’ financial structures.
- On 9 April 2026, the conclusions of the industry-wide dialogue highlight **the strengthening of support from the financial sector**, with more than 30 investment vehicles either operational or in the process of being raised in 2026, targeting a total amount of more than €7 billion dedicated to defence, as well as increased financing volumes for security and defence.

Levers to increase banks' financing capacity



54%

Increase in the capital that a bank must set aside for a €5 million loan to an unrated defence company if the transitional provisions of the CRR expire in 2032.

Do not increase banks' capital requirements

Prudential rules require banks to set aside capital in proportion to the loans they grant. The higher these requirements, the more constrained banks' financing capacity. However, **several forthcoming changes to the prudential framework under the European CRR will increase these capital requirements** without any corresponding increase in risk, unnecessarily restricting the resources available to DTIB SMEs and mid-caps.

Each excessive or redundant regulatory constraint unnecessarily reduces the amount of credit available to finance the real economy and, therefore, the DTIB. There is a path between deregulation on the one hand and over-regulation on the other. This is the balanced approach for which the FBF is calling.

“To finance an increase in order books of around €17.5bn by 2030 as provided for by the Military Programming Act, it can be estimated that DTIB companies (including industrial prime contractors) will need to mobilise between €5bn and €7bn in new financing, including €1bn to €3bn in equity.”

Source: Financing of the DTIB, 20 March 2025, Ministry of the Economy and Ministry for the Armed Forces

- **Maintain transitional prudential rules for unrated companies**

Many DTIB companies are not rated by credit agencies. The expiry of the transitional provisions under the European CRR would, for a €5 million loan to an unrated defence company, increase the capital that banks must set aside by 54% (€600,000 instead of €390,000).

Maintaining the transitional provisions of the CRR beyond 2032, and therefore a reduced 65% risk weighting for unrated companies, would allow banks to continue financing these companies.

This is essential to preserve appropriate financing conditions for unrated DTIB companies. The FBF is advocating this recommendation at European level and is calling for collective mobilisation by industry, professional federations and public authorities to support the financing of Europe’s economy and security.



€170bn

Potential for additional bank financing freed up by maintaining a 65% weighting on unrated companies.



€1,300bn

Financing capacity that could be freed up for economic operators across the six leading French banks

under the FBF's proposals to revise the prudential framework, corresponding to €110 billion in capital redirected towards financing Europe.

- **Easing the prudential requirements applying to specialised finance and trade finance**

Other constraints restrict banks' ability to finance the DTIB. These constraints are not specific to the defence sector, but their effects are particularly significant for industrial SMEs and mid-caps, which form the heart of the defence subcontracting chain, because they are highly dependent on bank financing for their development.

Two measures would directly benefit certain types of financing:

Specialised finance (aircraft finance, project finance enabling new infrastructure to be created, etc.): this activity is affected by prudential rules that penalise banks' use of risk-sensitive internal models and the credit expertise of the banks structuring these transactions. The revision of these rules would make it possible to **free up €93 billion in financing**.

Trade finance: today, more than 80% of international trade relies on financing or guarantees. Revising the prudential rules would, for example, reduce the cost to an exporter of a €300 million bank guarantee from **€14 million to €6 million**. Overall, the FBF's proposals would free up **€140 billion in financing capacity at French banks for companies operating internationally**.

Without revision of prudential rules on foreign exchange and interest rate hedging solutions for companies, it will cost more for an exporter to protect itself against foreign exchange fluctuations in its contracts, or for a national champion to protect itself against changes in interest rates on its debts, because the bank will have to set aside 40% more capital for these transactions in 2032.

Support well beyond credit alone

Banks mobilise their balance sheets to finance companies

To finance French and European defence companies, banks mobilise their balance sheets, drawing in particular on deposits, funds raised on the markets and dedicated resources. They also create financial instruments specifically tailored to the constraints and cycles of the defence industry.

Use of capital markets

- **On 28 August 2025, BPCE became the first European financial institution to issue a *European Defence Bond***, exclusively intended to finance DTIB companies. This pioneering issue paves the way for the European financial market as a whole. In addition, in partnership with the European Investment Bank (EIB), BPCE has allocated €300 million to increase the financing provided by Banques Populaires and Caisses d'Épargne to DTIB companies. This is the second initiative in Europe under the EIB's €3 billion facility for SMEs active in security and defence.
- **In October 2025, BNP Paribas launched the inaugural issue of its *EU Sovereignty Bond***, an innovative debt instrument designed to channel capital towards sectors of strategic importance to European sovereignty: aeronautics and defence, infrastructure, critical industries and technologies. Its structure is aligned with the broad recommendations of the Draghi report on European competitiveness. This issue demonstrates BNP Paribas' ability to mobilise capital markets in support of industrial sovereignty, going beyond traditional bilateral financing.
- **In October 2025, the *Crédit Agricole Group* published its *European Defense Financing Framework***. This framework positions *Crédit Agricole* to issue bonds on the capital markets, with the proceeds channelled towards financing European defence-sector entities. It defines the eligibility criteria, the scope of the companies eligible for financing and the reporting procedures. This transparent, structured approach sends a strong signal to institutional investors that the Group intends to incorporate defence financing into a long-term strategy.

Creation of new balance-sheet products

- **Crédit Mutuel Arkéa (Crédit Mutuel Group)** and **Bpifrance** launched "**Avance Défense +**" to provide short-term financing to DTIB SMEs and mid-caps. With a €500 million facility funded equally by the two partners, this scheme enables prime contractors to pay their suppliers early using a dedicated working capital facility. DTIB subcontracting SMEs and mid-caps can therefore convert invoices into cash more quickly to finance their working capital requirements.

Banks strengthen companies' capital structures

French banks help strengthen defence companies' equity capital in order to consolidate their financial structures, which is essential to supporting their growth.

Direct investments by banks

Note: direct investment amounts are lower than conventional bank lending because one euro invested in shares requires around five times more regulatory capital than one euro lent through a conventional loan.

- **The Crédit Agricole Group** provides equity support to SMEs and mid-caps and participates in four pioneering defence-themed funds: Weinberg Eirené and three aeronautics and cybersecurity funds managed by Tikehau.
- **In autumn 2025, BNPP Développement**, a subsidiary of BNP Paribas and an equity investor in numerous DTIB companies, invested in Bpifrance's Fonds Innovation Défense, the Weinberg Eirené fund, the Ciclad SVP fund and France Nucléaire Fund No. 2.
- **Société Générale Capital Partenaires**, a subsidiary of the Société Générale Group, and the **BPCE Group's equity investment structures** have increased their equity investments in DTIB SMEs and mid-caps.

Defence-oriented savings

French banks channel savings managed by their subsidiaries on behalf of third parties into the defence sector through several investment vehicles.

- **La Banque Postale, via its subsidiary LFDE IM**, has established a fund dedicated to technological sovereignty, Tocqueville Europe Strategic Tech SRI, which incorporates a defence dimension. It covers military equipment, cybersecurity and space defence in particular. La Banque Postale is also committed through its subsidiary CNP Assurances, which invests in several companies and funds and participates in the Emergence initiative coordinated by the Caisse des Dépôts et Consignations.
- **Société Générale Assurances and CNP Assurances (La Banque Postale Group)**, together with the CARAC Group, have partnered with Tikehau Capital to launch the Tikehau Défense et Sécurité fund. This private equity fund is dedicated to the strategic sectors of defence, cybersecurity and European security. It is initially available as a unit-linked option within life assurance and pension savings policies distributed by the three insurer-distributors.
- The **Crédit Mutuel group** has developed its product range around the themes of sovereignty and security. The “CM-AM European Sovereignty” fund was launched on 12 December 2025 by **Crédit Mutuel Alliance Fédérale**, through its asset management subsidiary CM-AM. This listed equity fund aims to invest in companies or sectors that contribute to strengthening European sovereignty. A “NEWALPHADEFENSE” development capital fund is also currently being raised, specialising in the defence sector and dedicated to innovative SMEs and mid-cap companies in the DTIB. At the end of 2025, **Crédit Mutuel Arkea** launched the France Souveraineté PME private debt fund through its management company Arkea AM, with the support of its insurer Suravenir. Its objective is to invest in SMEs and mid-cap companies working to strengthen French sovereignty and support employment across the regions.
- **BNP Paribas expanded its defence-themed offering** to institutional and retail clients through the launch of thematic funds including the “BNPP Easy Europe Defense” index fund, the “BNPP Europe Strategic Autonomy” fund and the “Athena Prestige Europe Aerospace & Defense” structured fund. The offering has also been extended to insurance activities and private banking, which has created an “Offensive – European Sovereignty Option” mandate.

- **Amundi, a subsidiary of Crédit Agricole**, has launched two ETFs linked to the defence sector. The first replicates the Stoxx Europe Total Market Defense Capped index, which selects European companies in the “aerospace and defence” sector. The second, the Amundi European Strategic Autonomy Ucits ETF, is currently being developed.
- **BPCE Group, through its subsidiary VEGA Investment Solutions**, manages a European sovereignty-themed fund, “VEGA Europe Autonomie”. In addition to the DTIB and aeronautics, the fund also targets six other themes that contribute to European strategic autonomy. BPCE Assurances is also actively supporting the defence sector.

Banks are updating their policies

French banks have updated their risk policies to make their actions clearer and more effective.

- Although they have long financed the DTIB, **several institutions have revised their risk policies** to better recognise this activity and remove any ambiguity regarding the equipment eligible for financing. 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 contributed to the position of the European Banking Federation (EBF) on financing the defence sector.** This position includes welcome advances regarding the banking sector’s strategic role in supporting European autonomy, access to finance for defence SMEs and the importance of clarifying the applicable framework, particularly in relation to prohibited weapons.

Banks support the operational reserve

Beyond financing, the leading French banking groups support employees serving in the operational reserve and are signatories to the ProMilès Manifesto.

- **The six leading French banking groups have signed agreements with the Ministry for the Armed Forces** or incorporated provisions into their internal agreements enabling reservist employees to take 10 to 20 days of paid leave to perform their duties in the operational reserve. Several banks have also amended their employee protection insurance arrangements to cover loss or injury arising during reserve activities.
- **Several French banks are signatories to the ProMilès Manifesto**, which aims to bring local businesses and the local military community closer together, foster partnerships and contribute to national cohesion. For companies, this involves commitments such as raising awareness of the Ministry for the Armed Forces, encouraging exchanges with local military units and supporting serving and reservist personnel, injured service members, veterans and their spouses.

Points of contact to address challenges

In the event of difficulties, DTIB companies can contact the **Ministry of the Armed Forces' liaison officer within the Directorate General of Armaments (DGA)**, who will review the case and contact the dedicated point of contact at the relevant bank. Since 2023, every major French bank has had dedicated points of contact for the DGA and the DTIB who are particularly aware of the specificities of the sector.

Defense companies, like all economic sectors, can also turn to the **Business Credit Mediation Service**, a program open to all businesses, particularly micro-enterprises and SMEs.

Submit a case to the Business Credit Mediation Service:



18 Rue La Fayette — 75440 Paris Cedex 09
Tel.: +33 1 48 00 52 52 — fbf.fr



June 2026 — Publishing Director: Maya Atig

