

# Banking Department statement of income for the year to 28 February 2017

	Note	2017 £m	2016 £m
Net interest income		15	15
Fee income	4	169	182
Other income from financial instruments	4	210	214
Management fees	4	214	191
Other income	4	26	24
<b>Net operating income</b>		<b>634</b>	<b>626</b>
Staff costs	4	(357)	(354)
Infrastructure costs	4	(84)	(84)
Administration and general costs	4	(122)	(111)
Less: Costs recharged to the PRA		151	156
<b>Operating expenses</b>		<b>(412)</b>	<b>(393)</b>
<b>Profit before tax</b>		<b>222</b>	<b>233</b>
Taxation	7	(20)	(24)
<b>Profit after tax</b>		<b>202</b>	<b>209</b>

The notes on pages 87 to 135 are an integral part of these financial statements.

The income statement has been represented to show gross costs incurred by the Bank less costs recharged to the PRA.

# Banking Department statement of comprehensive income for the year to 28 February 2017

	2017 £m	2016 £m
Profit for the year attributable to shareholder	202	209
Other comprehensive income/(loss) that may be recycled to profit or loss:		
Available for sale reserve		
Net gains from changes in fair value	154	920
Current and Deferred tax	(9)	(162)
Property revaluation reserve		
Net (losses)/gains from changes in fair value	(9)	34
Deferred tax	3	(5)
Total other comprehensive income that may be recycled to profit or loss	139	787
Other comprehensive income/(loss) not recycled to profit or loss:		
Retirement benefit remeasurements	(100)	358
Deferred tax	24	(58)
Total other comprehensive income/(loss) not recycled to profit or loss	(76)	300
Total comprehensive income for the year	265	1,296

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# Banking Department statement of financial position

## as at 28 February 2017

	Note	2017 £m	2016 £m
<b>Assets</b>			
Cash and balances with other central banks	9	1,641	637
Loans and advances to banks and other financial institutions	10	9,843	12,706
Other loans and advances	11	485,154	375,198
Securities held at fair value through profit or loss	12	9,157	7,190
Derivative financial instruments	13	308	488
Available for sale securities	14	8,402	7,944
Investments in subsidiaries	15	–	–
Inventories	16	4	2
Property, plant and equipment	17	400	392
Intangible assets	18	21	18
Current tax assets		34	–
Retirement benefit assets	19	917	932
Other assets	20	1,798	251
<b>Total assets</b>		<b>517,679</b>	<b>405,758</b>
<b>Liabilities</b>			
Deposits from central banks	21	15,094	15,355
Deposits from banks and other financial institutions	22	415,488	324,546
Other deposits	23	73,313	55,583
Foreign currency bonds in issue	24	6,450	4,333
Derivative financial instruments	13	108	476
Current tax liabilities		–	34
Deferred tax liabilities	25	377	341
Retirement benefit liabilities	19	229	194
Other liabilities	26	1,866	306
<b>Total liabilities</b>		<b>512,925</b>	<b>401,168</b>
<b>Equity</b>			
Capital	27	15	15
Retained earnings		3,036	3,011
Other reserves		1,703	1,564
<b>Total equity attributable to shareholder</b>		<b>4,754</b>	<b>4,590</b>
<b>Total liabilities and equity attributable to shareholder</b>		<b>517,679</b>	<b>405,758</b>

On behalf of the Governor and Company of the Bank of England:

**Mr M Carney** Governor  
**Mr B Broadbent** Deputy Governor  
**Mr A Habgood** Chair of Court  
**Mr R Pereira** Finance Director

# Banking Department statement of changes in equity for the year to 28 February 2017

	Note	Attributable to equity shareholder				Total £m
		Share capital £m	Available for sale reserve £m	Property revaluation reserve £m	Retained earnings £m	
Balance at 28 February 2015		15	577	200	2,607	3,399
Post-tax comprehensive income/(loss) for the period		–	758	29	209	996
Retirement benefits remeasurements		–	–	–	300	300
Payable to HM Treasury in lieu of dividend	8	–	–	–	(105)	(105)
Balance at 29 February 2016		15	1,335	229	3,011	4,590
Post-tax comprehensive income/(loss) for the period		–	145	(6)	202	341
Retirement benefits remeasurements		–	–	–	(76)	(76)
Payable to HM Treasury in lieu of dividend	8	–	–	–	(101)	(101)
Balance at 28 February 2017		15	1,480	223	3,036	4,754

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# Banking Department statement of cash flows for the year to 28 February 2017

	Note	2017 £m	2016 £m
<b>Cash flows from operating activities</b>			
Profit before taxation		222	233
Adjustments for:			
Amortisation of intangibles	18	5	3
Depreciation of property, plant and equipment	17	22	19
Dividends received	4	(11)	(10)
Net movement in accrued interest and provisions, including pensions		100	182
Changes in operating assets and liabilities:			
Increase in loan advanced to the Bank of England Asset Purchase Facility Fund Ltd	11	(109,956)	–
Net (increase)/decrease in other advances		3,662	556
Net increase/(decrease) in securities held at fair value through profit and loss		228	(2,046)
Net increase in deposits		108,123	836
Net increase/(decrease) in foreign currency bonds in issue		518	465
Net (increase)/decrease in financial derivatives	13	(188)	1,193
Net decrease in other accounts		23	14
Net increase in inventories		(2)	(2)
Corporation tax (paid)/received		(34)	(11)
<b>Net cash inflow from operating activities</b>		<b>2,712</b>	<b>1,432</b>
<b>Cash flows from investing activities</b>			
Purchase of available for sale securities	14	(870)	(532)
Proceeds from redemption of available for sale securities	14	483	427
Dividends received	4	11	10
Purchase of intangible assets	18	(11)	(6)
Purchase of property, plant and equipment	17	(46)	(30)
<b>Net cash outflow from investing activities</b>		<b>(433)</b>	<b>(131)</b>
<b>Cash flows from financing activities</b>			
Net increase/(decrease) in Cash Ratio Deposits		288	38
Payment to HM Treasury under Section 1 (4) of the Bank of England Act 1946		(105)	(93)
<b>Net cash outflow from financing activities</b>		<b>183</b>	<b>(55)</b>
<b>Net increase in cash and cash equivalents</b>		<b>2,462</b>	<b>1,246</b>
Cash and cash equivalents at 1 March	28	6,674	5,428
<b>Cash and cash equivalents at 28 February</b>	<b>28</b>	<b>9,136</b>	<b>6,674</b>