

# Asset Purchase Facility Quarterly Report – 2025 Q2

In the interests of openness and transparency, we publish a quarterly report on the transactions carried out as part of the Asset Purchase Facility. The reports are published shortly after the end of each quarter.

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## Overview

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This report contains information on the Bank of England's Asset Purchase Facility (APF) for 2025 Q2, describing operations from 1 April 2025 to 30 June 2025. It also contains information about how cash flows between the APF and HM Treasury (HMT) might evolve over time. More information on what the APF is and what it does is available in our [Market Operations Guide](#). A short timeline describing the history of the APF is provided as background at the end of the report.

## APF operations in the past quarter

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This section contains details of UK government bond (gilt) operations conducted for monetary policy purposes during 2025 Q2. It also includes information on gilts lent to the Debt Management Office (DMO).

At its September 2024 meeting, the Monetary Policy Committee (MPC) [voted](#) to reduce the stock of gilts held in the APF by £100 billion over the 12-month period from October 2024 to September 2025, comprising both maturing gilts and sales.

Over 2025 Q2, in line with the MPC's decision, the Bank continued with the sale of the APF's stock of gilts held for monetary policy purposes. A total of [three gilt sales operations](#) were run during April 2025.<sup>[1]</sup> These sales led to a reduction in the stock of gilts held for monetary policy purposes of £2.9 billion. Gilt maturities over the quarter led to a further reduction in the stock of gilts held for monetary policy purposes of £29.6 billion (measured in initial proceeds terms). As of 30 June 2025, the stock of gilts held for monetary policy purposes stood at £590 billion.

On 20 June 2025, the Bank [published](#) the schedule for gilt sales in 2025 Q3.

## Summary of holdings

**Table A: Summary of stocks in the APF in 2025 Q2 <sup>(a)</sup> (£ millions)**

Week ending	Gilts <sup>(b)</sup>
2025 Q1 <sup>(c)</sup>	622,521
2 April 2025	622,521
9 April 2025	621,470
16 April 2025	620,557
23 April 2025	620,557
30 April 2025 to 4 June 2025	619,661
11 June 2025 to end-2025 Q2	590,018

Source: Bank of England.

(a) The outstanding amount in each facility is reported on a settlement date basis.

(b) The overall stock of APF gilt purchases for monetary policy purposes, net of sales and redemptions, valued at initial purchase price.

(c) 2025 Q1 measured as the amount outstanding as of 26 March 2025.

Chart 1 shows the cumulative net value of APF transactions between the establishment of the APF in 2009 and the end of 2025 Q2.

Chart 1 is separated into two panels with different scales. Gilt purchases and the Term Funding Scheme (TFS) – which from 2016 to 2019 was on the APF balance sheet before its transfer to the Bank’s balance sheet – are on the left panel.<sup>[2]</sup> The legacy corporate bond and commercial paper schemes that have been operated via the APF balance sheet are shown on the right panel.

Chart 1: Cumulative APF purchases by type: amounts outstanding (a) (b)



Source: Bank of England.

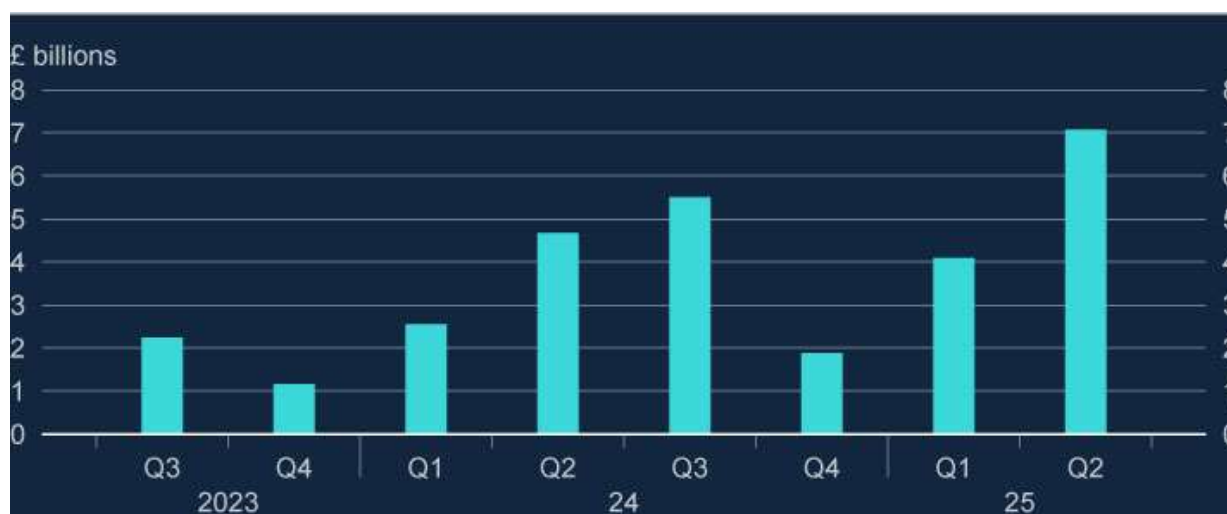
(a) Data based on settled transactions.

(b) On 21 January 2019 the TFS drawings were moved to the Bank’s balance sheet and therefore are not reported after this date.

## Gilt lending arrangement with the DMO

Gilts purchased for monetary policy purposes via the APF continue to be made available for on-lending to the market through a [gilt lending arrangement](#) with the DMO. The average daily aggregate value of gilts lent by the APF to the DMO during the three months to 30 June 2025 was £7.1 billion. Chart 2 sets out the average daily value of APF gilts lent to the DMO via the gilt lending agreement over the past two years.

Chart 2: Average daily aggregate value of lending of APF gilts to the DMO



## Cash-flow arrangements between the APF and HM Treasury

In line with the indemnification of the APF by HMT, the assets held in the APF generate a range of cash flows which – alongside interest costs and the gains or losses made at maturity or sale – drive consequent cash transfers between HMT and the APF.<sup>[3]</sup>

Between 2009 and 2022, the APF's activities generated positive net cash flows from the APF to HMT, peaking at a cumulative £123.8 billion at end-September 2022.

In 2012, it was agreed to transfer the APF's net income to HMT on a regular basis, as well as the net income that had accumulated since the facility's inception in 2009. When this arrangement was put in place, it was recognised that reverse payments from HMT to the APF were likely to be needed in the future as Bank Rate increased and as the APF's gilt holdings were eventually unwound by the MPC.<sup>[4]</sup> The first such quarterly transfer from HMT to the APF occurred in October 2022 and payments have been made on a quarterly basis thereafter.



A [Quarterly Bulletin article](#) in May 2022 explained the mechanics of cash flows and provided an illustrative projection into the future based on prevailing market conditions and the MPC's policy at the time.

Future APF cash flows are highly uncertain and are sensitive to a number of factors, including changes in Bank Rate. First, Bank Rate affects the interest payment the APF must make on its loan from the Bank – a rising Bank Rate means there is a smaller or negative surplus of income once interest on the Bank of England loan is paid. Second, Bank Rate affects the level of the yield curve which will have an impact on the price received when gilts are sold from the APF to the private sector.<sup>[5]</sup>

In line with previous APF Quarterly Reports, Chart 3 below provides an updated summary of actual cash flows to date and illustrative projections into the future. Reflecting the considerable uncertainty around future cash flows, the projections are based on a set of scenarios for the MPC's approach to unwind, reflecting the MPC's annual review process, and the path for Bank Rate. These illustrative projections are highly sensitive to the assumptions used.

Since the current value of cash flows further into the future is generally lower than the value of cash flows in the nearer term, the net present value (NPV) for past and future projected cash flows are calculated for each of the scenarios to facilitate a comparison between them. Depending on the assumed path for Bank Rate, the illustrative cumulative lifetime NPVs of cash flows in the scenarios considered fall in the range between -£55 billion and -£115 billion.

In all scenarios, the stock of gilts is assumed to reduce by a total of £100 billion in the year to September 2025, through a combination of maturities and sales, in line with the MPC's preferred approach to unwind over this period. In the first scenario ('Scenario 1A'), APF unwind is assumed to continue at this pace in future years until the portfolio is fully unwound. In the second scenario ('Scenario 2A'), the annual pace of unwind is assumed to return to a total of £80 billion after September 2025, in line with the MPC's approach in the year to September 2023. For both Scenarios 1A and 2A, it is assumed that Bank Rate follows the market path, as of 30 June 2025.

In line with the approach of previous Quarterly Reports, Chart 3 also includes scenarios in which Bank Rate falls gradually over the coming three years back to a level equal to an estimate of the equilibrium interest rate, produced by staff in 2018 and as described in Box 6 of the [August 2018 Inflation Report](#), and then remains at that level for the remaining life of the APF. These two illustrative scenarios – one for each of the two assumptions of the pace of APF unwind – are shown as Scenario 1B and Scenario 2B, and are designed to demonstrate the sensitivity of cashflows to different interest rate environments.<sup>[6]</sup>

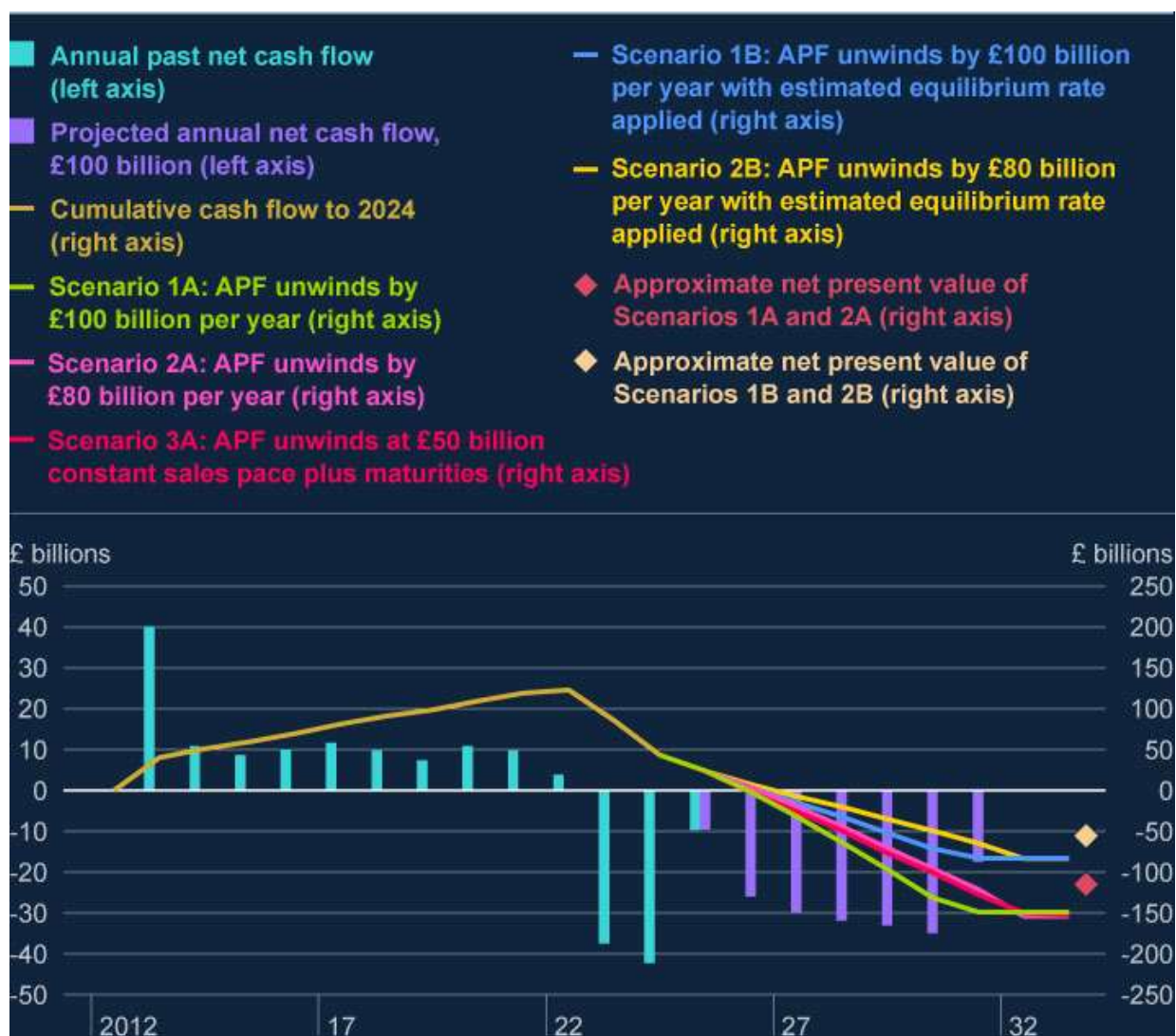


Projected annual net cash flows are indicated by the purple bars in Chart 3 for Scenario 1A, while the green and pink lines show the cumulative cash flows in Scenarios 1A and 2A respectively. The difference in the pace of unwind across the scenarios has a minimal impact on the respective net cumulative lifetime NPV. In both scenarios, with annual unwind of £100 billion and £80 billion respectively, the NPV is approximately -£115 billion, as indicated by the red diamond in Chart 3.

Cumulative cash flows for Scenarios 1B and 2B are indicated by the blue and yellow lines respectively. While the NPV of these scenarios is only marginally affected by the differing pace of unwind, it remains sensitive to the assumed path for Bank Rate, albeit to a lesser extent than the simple cumulative cash flows. In both Scenarios 1B and 2B, in which Bank Rate gradually returns to an estimate of the equilibrium rate, the NPV is approximately -£55 billion, as indicated by the yellow diamond in Chart 3.

Scenario 3A provides an illustrative projection based on the assumption that the pace of unwind is determined by a fixed rate of £50 billion annual sales in addition to any maturities.

Chart 3: APF cash flows (actual and projected) (a) (b) (c)



Sources: Bloomberg LLP for market rates as 30 June 2025. Bank of England calculations for data in relation to APF cash flows. NPV calculations based on end-June 2025 data.

(a) The stock of assets used for the projection of cumulative cash flows is based on holdings as at 30 June 2025, consistent with the holdings reported in Table A.

(b) In all scenarios, the stock of gilts is assumed to reduce by a total of £100 billion in the year to September 2025 in line with the MPC's September 2024 [decision](#). Therefore, Scenarios 2A and 2B assume £80 billion unwind from October 2025 onwards.

(c) The methodology supporting these quarterly projections is subject to regular review.

## APF history and background

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Below is a summary of some of the key milestones in the history of the APF since its establishment in 2009. The APF sits in a wholly-owned Bank of England subsidiary company – The Bank of England Asset Purchase Facility Fund Limited (BEAPFF).

- **19 January 2009** [Chancellor's Statement](#) announcing the intention to set up an asset purchase programme.
- **29 January 2009** Establishment of the APF Fund ([exchange of letters](#) between the Bank and HMT).
- **9 November 2012** HMT announces the transfer of gilt coupon payments to the Exchequer ([exchange of letters](#) between the Bank and HMT).
- **3 August 2016** [MPC](#) agrees to expand the APF by launching a Term Funding Scheme (TFS) and a Corporate Bond Purchase Scheme (CBPS) ([exchange of letters](#) between the Bank and HMT).
- **21 June 2018** Bank and HMT agree new capital and income framework codified by a new [Memorandum of Understanding](#).
- **21 January 2019** TFS drawings (and collateral) transferred from the APF to the Bank of England's [balance sheet](#).
- **19 March 2020** [MPC](#) agrees to expand the APF with a £200 billion increase to the stock of UK gilts and sterling non-financial investment-grade corporate bonds to reach £645 billion. This was followed by the MPC deciding to expand the APF with a £100 billion increase in [June 2020](#), and then a further £150 billion in [November 2020](#), bringing the total stock of asset purchases to £895 billion.
- **2 February 2022** [MPC](#) votes to begin to reduce the stock of UK gilt purchases by ceasing to reinvest maturing assets, and the stock of sterling non-financial investment-grade corporate bond purchases by ceasing to reinvest maturing assets and by a programme of corporate bond sales.
- **21 September 2022** [MPC](#) votes to begin sales of the stock of gilts held in the APF. Gilt sales subsequently began on [1 November 2022](#) with an unwind pace of £80 billion by September 2023.
- **28 September 2022** The Bank [announced](#) it would undertake purchases of UK government bonds under its financial stability mandate. Purchases [concluded](#) as planned on 14 October. Sales of this portfolio [began](#) on 29 November 2022 and were [concluded](#) on 12 January 2023.
- **6 June 2023** the Bank [announced](#) that it had completed its sales of sterling non-financial investment-grade corporate bonds.

- **20 September 2023** [MPC](#) votes to unwind the APF by £100 billion over the period from October 2023 to September 2024.
- **April 2024** APF corporate bond portfolio reached full maturity. From this point onwards, the stock of corporate bonds held in the APF was zero.
- **19 September 2024** [MPC](#) votes to unwind the APF unwind by £100 billion over the period from October 2024 to September 2025.

## Links to additional information related to the APF

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- Exchange of letters between the [Bank](#) and [HMT](#) 17 February and 3 March 2009.
- [Asset Purchase Facility Annual Report 2024/25](#).
- [Asset Purchase Facility Quarterly Report – 2024 Q4](#).
- [Asset Purchase Facility Quarterly Report – 2025 Q1](#).

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1. In light of market volatility at the time, on 10 April 2025 the Bank [amended its gilt sales schedule](#) to carry out an extra auction of short maturity bonds in place of an auction of long maturity bonds, which was rescheduled to take place in 2025 Q3.
2. The Bank launched the Term Funding scheme with additional incentives for Small and Medium-sized Enterprises (TFSME) during April 2020. The TFSME does not appear in this report because it is operated from the Bank's balance sheet, rather than the APF.
3. The Bank has previously noted that an assessment of lifetime cash flows associated with quantitative easing (QE) and quantitative tightening (QT) does not amount to an assessment of the overall fiscal, let alone economic, impacts of QE. The Bank is exploring how to quantify the effects of QE on government debt servicing costs.
4. The details were set out in an [exchange of letters in November 2012](#) between the Governor and the Chancellor. This was also explained in a [May 2022 Quarterly Bulletin article](#) and reconfirmed in an [exchange of letters](#) between the Governor and the Chancellor in September 2022.
5. Further information regarding how changes in Bank Rate impact the cash flows of the APF can be found in the Bank's May 2022 Quarterly Bulletin article: [QE at the Bank of England: a perspective on its functioning and effectiveness](#).
6. Box A of the [February 2025 Monetary Policy Report](#) noted that the estimated equilibrium rate was likely to have increased modestly since 2018, but that there was significant uncertainty around the range of estimates at any point and the extent of any increase.