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Company no. 14259

HSBC Bank plc

Abridged unconsolidated interim financial statements

For the 6 months to 30 June 2007

Financial Statements (unaudited)

Income statement for the half-year to 30 June 2007

		Half-year to		
		30 June 2007	30 June 2006 *(restated)*	31 December 2006
	Notes	£m	£m	£m
Interest income		4,566	4,018	4,209
Interest expense		(3,583)	(2,697)	(2,926)
Net interest income		983	1,321	1,283
Fee income		1,263	1,157	1,197
Fee expense		(267)	(242)	(258)
Net fee income		996	915	939
Trading income excluding net interest income		493	461	425
Net interest income on trading activities		693	309	462
Net trading income		1,186	770	887
Net income from financial instruments designated at fair value		9	33	(33)
Gains less losses from financial investments		9	35	13
Dividend income		685	183	592
Net earned insurance premiums		–	-	-
Other operating income		51	38	73
Total operating income		3,919	3,295	3,754
Net insurance claims incurred and movement in policyholders' liabilities		–	-	-
Net operating income before loan impairment charges		3,919	3,295	3,754
Loan impairment charges		(415)	(352)	(451)
Net operating income		3,504	2,943	3,303
Employee compensation and benefits		(1,282)	(1,188)	(1,169)
General and administrative expenses		(718)	(585)	(621)
Depreciation of property, plant and equipment		(116)	(116)	(119)
Amortisation and impairment of intangible assets and impairment of goodwill		(71)	(73)	(42)
Total operating expenses		(2,187)	(1,962)	(1,951)
Operating profit		1,317	982	1,352
Share of (loss)/profit in associates and joint ventures		–	-	-
Profit before tax		1,317	982	1,352
Tax expense		(272)	(249)	(190)
Profit for the year		1,045	734	1,162
Profit attributable to shareholders of the parent company		1,045	734	1,162
Profit attributable to minority interests		–	-	-

Notes on the Financial Statements (unaudited)

Balance sheet at 30 June 2007

	Notes	At 30 June 2007 £m	At 30 June 2006 (restated) £m	At 31 December 2006 £m
ASSETS				
Cash and balances at central banks		**4,997**	3,069	2,496
Items in the course of collection from other banks		**1,292**	1,815	1,367
Trading assets		**87,175**	45,674	53,918
Trading assets which may be repledged or resold by counterparties		**20,302**	7,849	8,811
Financial assets designated at fair value		**1,528**	16	-
Financial assets designated at fair value which may be repledged or resold by counterparties		**–**	-	-
Derivatives		**38,782**	22,754	24,361
Loans and advances to banks		**24,630**	24,346	25,121
Loans and advances to customers		**151,273**	143,931	143,964
Financial investments		**8,204**	12,598	10,964
Financial investments which may be repledged or resold by counterparties		**1,665**	154	1,171
Interests in associates and joint ventures		**41**	255	255
Investment in Subsidiaries		**15,543**	14,530	14,546
Goodwill and intangible assets		**533**	538	557
Property, plant and equipment		**1,120**	1,439	1,521
Other assets		**2,804**	1,329	2,014
Deferred taxation		**658**	748	873
Prepayments and accrued income		**2,723**	1,822	2,147
Total assets		**363,270**	282,867	294,086
LIABILITIES AND EQUITY				
Liabilities				
Deposits by banks		**31,737**	26,549	29,182
Customer accounts		**173,767**	156,742	164,054
Items in the course of transmission to other banks		**970**	991	1,019
Trading liabilities		**75,398**	33,981	35,215
Financial liabilities designated at fair value		**6,187**	3,844	4,736
Derivatives		**38,764**	23,619	24,967
Debt securities in issue		**5,790**	8,190	5,408
Retirement benefit liabilities		**970**	1,315	2,069
Other liabilities		**2,685**	2,909	2,414
Current taxation		**159**	210	106
Liabilities under insurance contracts issued		**–**	–	-
Accruals and deferred income		**2,940**	1,840	2,572
Provisions				
– deferred taxation		**22**	7	33
– other provisions		**143**	126	105
Subordinated liabilities		**5,008**	5 164	4,999
Total liabilities		**344,540**	265,487	276,879
Equity				
Called up share capital		**797**	797	797
Share premium account		**15,068**	14,558	14,558
Other reserves		**416**	109	202
Retained earnings		**2,449**	1,916	1,650
Total equity attributable to shareholders of the parent company		**18,730**	17,380	17,207
Total equity and liabilities		**363,270**	282,867	294,086

D D J John, *Chief Executive and Director*

D C Budd, *Director, International*

S O'Sullivan, *Chief Operating Officer and Director*

R H Musgrove, *Deputy Secretary*

Notes on the Financial Statements (unaudited)

1 Basis of preparation

HSBC Bank plc ('the bank') has prepared these abridged unconsolidated financial statements for the purpose of allowing the Directors of the bank to determine whether there are sufficient distributable reserves for the payment of an interim dividend These financial statements have been properly prepared to present a true and fair view in accordance with the requirements of section 272 of the Companies Act 1985

2 Principal accounting policies

The accounting policies adopted by the bank for these interim abridged unconsolidated interim financial statements are consistent with those described in the *Annual Report and Accounts 2006*

Notes on the Financial Statements (unaudited)

3 Equity

	30 June 2007									
				Other reserves						
	Called up share capital £m	Share premium £m	Retained earnings £m	Available-for-sale fair value reserve £m	Cash flow hedging reserve £m	Foreign exchange reserve £m	Share-based payment reserve £m	Associates and joint ventures £m	Other £m	Total share-holders' equity £m
At 1 January as reported	797	14,558	1,650	91	(8)	(2)	121	–	–	17,207
New share capital subscribed, net of costs	–	510	–	–	–	–	–	–	–	510
Profit for the year attributable to shareholders	–	–	1,045	–	–	–	–	–	–	1,045
Dividends to shareholders of the parent company	–	–	(840)	–	–	–	–	–	–	(840)
Actuarial gains/(losses) on defined benefit plans	–	–	805	–	–	–	–	–	–	805
Fair value gains/(losses) taken to equity	–	–	–	173	57	–	–	–	–	230
Amounts transferred to the income statement	–	–	–	(15)	12	–	–	–	–	(3)
Charge to the income statement in respect of equity settled share-based payment transactions	–	–	–	–	–	–	15	–	–	15
Tax on items taken directly to or transferred from equity	–	–	(242)	1	(20)	–	–	–	–	(261)
Transfer to minority interest	–	–	–	–	–	–	–	–	–	–
Profit attributable to minority interests	–	–	–	–	–	–	–	–	–	–
Dividends to minority interests	–	–	–	–	–	–	–	–	–	–
Exchange differences	–	–	–	–	–	(9)	–	–	–	(9)
Transfers from associates	–	–	–	–	–	–	–	–	–	–
Increase in minority interest stake and other	–	–	31	–	–	–	–	–	–	31
At 30 June	797	15,068	2,449	250	41	(11)	136	–	–	18,730

Notes on the Financial Statements (unaudited)

30 June 2006

	Called up share capital £m	Share premium £m	Retained earnings £m	Available-for-sale fair value reserve £m	Other reserves: Cash flow hedging reserve £m	Other reserves: Foreign exchange reserve £m	Other reserves: Share-based payment reserve £m	Other reserves: Associates and joint ventures £m	Other reserves: Other £m	Total share-holders' equity £m
At 1 January as reported	797	13,883	1,384	36	(22)	(1)	69	–	–	16,146
New share capital subscribed, net of costs	–	675	–	–	–	–	–	–	–	675
Profit for the year attributable to shareholders *(restated)*	–	–	734	–	–	–	–	–	–	734
Dividends to shareholders of the parent company	–	–	(700)	–	–	–	–	–	–	(700)
Actuarial gains/(losses) on defined benefit plans	–	–	694	–	–	–	–	–	–	694
Fair value gains/(losses) taken to equity	–	–	–	9	(17)	–	–	–	–	(8)
Amounts transferred to the income statement	–	–	–	–	–	–	–	–	–	–
Charge to the income statement in respect of equity settled share-based payment transactions	–	–	–	–	–	–	42	–	–	42
Tax on items taken directly to or transferred from equity	–	–	(190)	9	5	–	(23)	–	–	(199)
Transfer to minority interest	–	–	–	–	–	–	–	–	–	–
Profit attributable to minority interests	–	–	–	–	–	–	–	–	–	–
Dividends to minority interests	–	–	–	–	–	–	–	–	–	–
Exchange differences	–	–	–	–	–	(4)	–	–	–	(4)
Increase in minority interest stake and other	–	–	–	–	–	–	–	–	–	–
At 30 June	797	14,558	1,922	54	(34)	(5)	88	–	–	17,380

31 December 2006

Called up	Share	Retained	Available-	Other reserves: Cash flow	Other reserves: Foreign	Other reserves: Share-	Other reserves: Associates	Other reserves: Other	Total

Notes on the Financial Statements (unaudited)

	share capital	premium	earnings	for-sale fair value reserve	hedging reserve	exchange reserve	based payment reserve	and joint ventures		share-holders' equity
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
At 1 July as reported	797	14,558	1,922	54	(34)	(5)	88	–	–	17,380
New share capital subscribed, net of costs	–	–	–	–	–	–	–	–	–	–
Profit for the year attributable to shareholders	–	–	1,162	–	–	–	–	–	–	1,162
Dividends to shareholders of the parent company	–	–	(891)	–	–	–	–	–	–	(891)
Actuarial gains/(losses) on defined benefit plans	–	–	(704)	–	–	–	–	–	–	(704)
Fair value gains/(losses) taken to equity	–	–	–	54	73	–	–	–	–	127
Amounts transferred to the income statement	–	–	–	2	(35)	–	–	–	–	(33)
Charge to the income statement in respect of equity settled share-based payment transactions	–	–	–	–	–	–	10	–	–	10
Tax on items taken directly to or transferred from equity	–	–	165	(19)	(12)	–	23	–	–	157
Transfer to minority interest	–	–	–	–	–	–	–	–	–	–
Profit attributable to minority interests	–	–	–	–	–	–	–	–	–	–
Dividends to minority interests	–	–	–	–	–	–	–	–	–	–
Exchange differences	–	–	–	–	–	3	–	–	–	3
Increase in minority interest stake and other	–	–	(4)	–	–	–	–	–	–	(4)
At 31 December	797	14,558	1,650	91	(8)	(2)	121	–	–	17,207