

## Notes on the IFRS basis results continued

**R: Debt securities of US insurance operations: valuation basis, accounting presentation of gains and losses and securities in an unrealised loss position** continued

The following table shows the age analysis as at 30 June 2013, of the securities whose fair value were below 80 per cent of the book value:

Age analysis	30 Jun 2013 £m		30 Jun 2012 £m		31 Dec 2012 £m	
	Fair value	Unrealised loss	Fair value	Unrealised loss	Fair value	Unrealised loss
Less than 3 months	79	(25)	32	(10)	7	(2)
3 months to 6 months	2	(1)	–	–	–	–
More than 6 months	43	(35)	131	(89)	67	(51)
	124	(61)	163	(99)	74	(53)

**S: Net core structural borrowings of shareholder-financed operations**

	2013 £m	2012 £m	
	30 Jun	30 Jun	31 Dec
Core structural borrowings of shareholder-financed operations: <sup>note(i)</sup>			
Perpetual subordinated capital securities (Innovative Tier 1) <sup>notes(ii),(vi)</sup>	2,327	1,808	1,746
Subordinated notes (Lower Tier 2) <sup>note(ii)</sup>	834	830	831
Subordinated debt total	3,161	2,638	2,577
Senior debt: <sup>note(iii)</sup>			
2023	300	300	300
2029	249	249	249
Holding company total	3,710	3,187	3,126
PruCap bank loan <sup>note(iv)</sup>	275	250	275
Jackson surplus notes (Lower Tier 2) <sup>note(ii)</sup>	164	159	153
Total (per condensed consolidated statement of financial position)	4,149	3,596	3,554
Less: Holding company cash and short-term investments (recorded within the condensed consolidated statement of financial position) <sup>note(v)</sup>	(1,490)	(1,222)	(1,380)
Net core structural borrowings of shareholder-financed operations	2,659	2,374	2,174

**Notes**

- (i) The maturity profile, currency and interest rates applicable to the core structural borrowings of shareholder-financed operations of the Group are as detailed in note H13 of the Group's consolidated financial statements for the year ended 31 December 2012. Other than the changes described in notes (iv) and (vi) below, there are no further changes affecting these core structural borrowings in half year 2013.
- (ii) These debt classifications are consistent with the treatment of capital for regulatory purposes, as defined in the Prudential Regulation Authority handbook. The Group has designated US\$3.55 billion (30 June 2012 and 31 December 2012: US\$2.85 billion) of its Tier 1 subordinated debt as a net investment hedge under IAS 39 to hedge the currency risks related to the net investment in Jackson.
- (iii) The senior debt ranks above subordinated debt in the event of liquidation.
- (iv) The PruCap bank loan of £275 million has been made in two tranches: a £160 million loan maturing in June 2014, currently drawn at a cost of 12 month £LIBOR plus 0.6 per cent and a £115 million loan maturing on 20 December 2017 and currently drawn at a cost of 12 month £LIBOR plus 0.79 per cent.
- (v) Including central finance subsidiaries.
- (vi) In January 2013, the Company issued core structural borrowings of US\$700 million 5.25 per cent Tier 1 perpetual subordinated capital securities primarily to Asian retail investors. The proceeds, net of costs, were US\$689 million.