

# Notes to the financial statements

## for the financial year ended 31 March 2011

### continued

## Note 30

### Loan capital

#### Macquarie Convertible Preference Securities

In July 2008, Macquarie CPS Trust, a subsidiary of the Company issued six million Macquarie CPS at face value of \$100 each. These instruments are non-cumulative and unsecured and may be resold, mandatorily converted into Macquarie ordinary shares (subject to certain conditions being satisfied) or redeemed on 30 June 2013. The Macquarie CPS bears fixed-rate coupons at 11.095 per cent per annum, paid semi-annually until 30 June 2013, whereby a floating rate will apply.

#### Subordinated debt

On 2 December 2010, Macquarie PMI LLC, a subsidiary of the Company, issued \$US400 million of \$US denominated Preferred Membership Interests (Macquarie PMI). These instruments are non-cumulative and unsecured equity interests in the issuer. They are redeemable at the Company's option on any distribution date from 2 December 2015, and are non-dilutive, as they will only exchange to MGL preference shares in specified circumstances, and mandatorily on 26 November 2035. The Macquarie PMI bears fixed-rate coupons at 8.375 per cent per annum, paid semi-annually.

Agreements between the Consolidated Entity and the lenders provide that, in the event of liquidation, entitlement of such lenders to repayment of the principal sum and interest thereon is and shall at all times be and remain subordinated to the rights of all other present and future creditors of the Consolidated Entity.

The dates upon which the Consolidated Entity has committed to repay the principal sum to the lenders are as follows:

	Consolidated 2011 \$m	Consolidated 2010 \$m	Company 2011 \$m	Company 2010 \$m
Less than 12 months	37	–	–	–
30 June 2013	600	600	–	–
12 November 2014	10	11	–	–
18 September 2015	–	239	–	–
19 September 2016	306	330	–	–
6 December 2016	441	516	–	–
31 May 2017	308	319	–	–
21 September 2020	816	–	–	–
26 November 2035	386	–	–	–
<b>Total loan capital<sup>1</sup></b>	<b>2,904</b>	<b>2,015</b>	<b>–</b>	<b>–</b>

#### Reconciliation of subordinated debt by major currency:

(In Australian dollar equivalent)

Euro	1,294	527	–	–
Australian dollars	911	918	–	–
Great British pounds	308	331	–	–
United States dollars	391	239	–	–
<b>Total loan capital<sup>1</sup></b>	<b>2,904</b>	<b>2,015</b>	<b>–</b>	<b>–</b>

<sup>1</sup> Balance disclosed excludes \$10 million (2010: \$7 million) of directly attributable costs related to the issue of Macquarie CPS and Macquarie PMI.

The Consolidated Entity has not had any defaults of principal, interest or other breaches with respect to its loan capital during the years reported.

The carrying value of subordinated debt at fair value through profit or loss at 31 March 2011 is \$5 million higher (2010: \$14 million higher) than the contractual amount at maturity as credit risk and current market interest rates are factored into the determination of fair value.

In accordance with APRA guidelines, MBL, a subsidiary, includes the applicable portion of its loan capital principal as Tier 2 capital.