



Business Development Bank of Canada
Banque de développement du Canada

(An agent for and on behalf of Her Majesty in right of Canada)

U.S.\$1,500,000,000

EURO-COMMERCIAL PAPER PROGRAMME

Arranger

Citibank International plc

Deutsche Mark Arranger

Citibank AG

Dealers

**Citibank International plc
Lehman Brothers
Swiss Bank Corporation
UBS Limited**

DM Dealers

**Citibank AG
Lehman Brothers Bankhaus AG
Schweizerische Bankgesellschaft (Deutschland) AG
Schweizerischer Bankverein (Deutschland) AG**

Business Development Bank of Canada (the "Issuer") accepts responsibility for the information contained in this Information Memorandum. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this Information Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

The information contained in this Information Memorandum has been obtained from the Issuer which has approved this Information Memorandum and requested and authorized the delivery of this Information Memorandum on its behalf in connection with the Euro-Commercial Paper Programme (the "Programme") described herein. The Issuer has appointed Citibank International plc, Lehman Brothers International (Europe), Swiss Bank Corporation and UBS Limited (the "Dealers") and Citibank AG, Lehman Brothers Bankhaus Aktiengesellschaft, Schweizerische Bankgesellschaft (Deutschland) AG and Schweizerischer Bankverein (Deutschland) AG (the "DM Dealers") as dealers for the Notes to be issued under the Programme (the "Notes"). The Dealers have not separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Dealers as to the accuracy or completeness of the information supplied in connection with the Programme or the Notes. The Dealers accept no liability in relation to the information contained in this Information Memorandum or any other information supplied in connection with the Programme or the Notes or their distribution. The statements made in this paragraph are without prejudice to the responsibility of the Issuer under the Programme.

No person is or has been authorized to give any information or to make any representation not contained in or not consistent with this Information Memorandum or any other further information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorized by either the Issuer or any of the Dealers. Neither the Issuer nor the Dealers nor any of them accepts any responsibility, express or implied, for updating this Information Memorandum and, therefore, it should not be assumed that the information contained herein is necessarily accurate or complete.

Neither this Information Memorandum nor any other information supplied in connection with the Programme or the Notes is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by either the Issuer or any of the Dealers that any recipient of this Information Memorandum or any other information supplied in connection with the Programme or the Notes should purchase any of the Notes. Each investor contemplating purchasing Notes should make its own independent investigation of the financial condition and affairs and its own appraisal of the creditworthiness of the Issuer. Neither this Information Memorandum, nor any other information supplied in connection with the Programme or the Notes constitutes an offer or invitation by or on behalf of the Issuer or the Dealers or any of them to any person to subscribe for or purchase any of the Notes.

The distribution of this Information Memorandum and the offering of Notes in certain jurisdictions may be restricted by law; persons into whose possession this Information Memorandum may come are required by the Issuer and the Dealers to inform themselves about and to observe any such restrictions. There are restrictions on the offering of Notes in the United States, the United Kingdom, Japan and the Federal Republic of Germany. In particular, the Notes have not and will not be registered under the United States Securities Act of 1933, as amended, and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons. See "Selling Restrictions" on page 6.

Neither the Issuer nor the Dealers make any comments about the treatment for taxation purposes of payments or receipts in respect of the Notes to or by a holder of Notes and each investor contemplating acquiring Notes under the Programme described herein is advised to consult a professional adviser.

The Notes will not be listed on any stock exchange.

In this Information Memorandum, unless otherwise specified or as the content requires, references to "Canadian Dollars" or "C\$" are to the lawful currency of Canada; references to "Deutsche Marks" or "DM" are to the lawful currency of the Federal Republic of Germany; references to "ECU" are to units which are equal in value to the units of account of the European Community countries; references to "Sterling" or "£" are to the lawful currency of the United Kingdom; references to "Swiss Francs" or "SF" are to the lawful currency of the Swiss Confederation; references to "U.S. Dollars" and "U.S.\$" are to the lawful currency of the United States of America; and references to "Yen" and "¥" are to the lawful currency of Japan.

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SUMMARY OF THE TERMS OF THE PROGRAMME

Issuer:	Business Development Bank of Canada, an agent for and on behalf of Her Majesty in right of Canada. As such, the Notes will constitute direct, unsubordinated and unsecured obligations of Her Majesty in right of Canada. See "Status" below.
Arranger:	Citibank International plc
Dealers:	Citibank International plc, Lehman Brothers International (Europe), Swiss Bank Corporation, UBS Limited
DM Arranger:	Citibank AG
DM Dealers:	Citibank AG, Lehman Brothers Bankhaus Aktiengesellschaft, Schweizerischer Bankverein (Deutschland) AG, Schweizerische Bankgesellschaft (Deutschland) AG
Issue Agent and Principal Paying Agent:	Citibank, N.A., London
Paying Agents:	Citibank, N.A., London, Citibank (Luxembourg) S.A.
Forms of Notes:	<p>Global Notes which will be exchangeable for Definitive Notes upon request all as set out in the Global Notes. Notes may be issued on a discounted basis, a fixed or floating rate interest bearing basis or an index-linked basis subject to compliance with applicable legal and regulatory requirements.</p> <p>DM Notes to be settled through the Deutscher Kassenverein AG will only be available in global form and accordingly such Global Notes will not be exchangeable for Notes in definitive form.</p> <p>Any Index-Linked DM Notes must be issued in compliance with the policy of the German Central Bank regarding the indexation of Deutsche Mark denominated debt obligations of non-German issuers.</p> <p><i>(If any interest payable on a Note, or any portion of the principal amount of a Note in excess of its issue price, is to be calculated by reference to an index or formula, additional opinions from Canadian tax counsel will be required by the Dealer(s) to the effect that such interest or principal, as the case may be, would not be subject to Canadian non-resident withholding tax.)</i></p>
Maturity:	From 1 day up to 365 days (from 7 to 364 days for Notes denominated in Sterling) (subject to compliance with applicable laws and regulations).

- Currencies:** In addition to U.S. Dollars, the Notes may also be issued in any other currency, including, without limitation, Deutsche Marks, ECU, Swiss Francs, Sterling and Yen, as permitted by applicable legal and regulatory authorities (each an "**Alternative Currency**"), as may be agreed between the Issuer and the relevant Dealer.
- Amount:** Up to U.S.\$1,500,000,000, or the equivalent in Alternative Currencies (including Deutsche Marks, ECU, Swiss Francs, Yen and Sterling, subject to applicable legal or regulatory requirements).
- Denominations:** U.S.\$1,000,000 and/or ECU 1,000,000 and/or DM100,000 and/or ¥100,000,000 and/or £100,000 (and/or such other conventionally accepted denominations in other Alternative Currencies, as may be agreed from time to time by the Issuer and the relevant Dealer, subject to compliance with applicable legal and regulatory requirements) or, in the case of the Global Notes, integral multiples thereof.
- Taxation:** All payments on the Notes will be made free from (or effectively net after) any set-off, counter-claim or deduction or withholding on account of any tax imposed or levied by or within Canada, other than any tax imposed or levied by reason of the holder having some connection with Canada other than the mere holding of the relevant Note.
- Status:** The Notes will constitute direct, unsubordinated and unsecured obligations of Her Majesty in right of Canada. Payment of the principal and interest (if any) on the Notes is a charge on and payable out of the Consolidated Revenue Fund of Canada. As among themselves, the Notes will rank *pari passu* and will be payable rateably without any preference or priority.
- Governing Law:** The Notes will be governed by and construed in accordance with the laws of the Province of Ontario and of the laws of Canada applicable therein.
- Selling Restrictions:** The offering and sale of the Notes is subject to selling restrictions including, in particular, restrictions in the United States, the United Kingdom, Japan and the Federal Republic of Germany. See "Selling Restrictions" on page 6.
- Delivery:** The Notes will be available for delivery through Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euroclear System, Cedel Bank, société anonyme or (in the case of Notes denominated in Deutsche Marks, the Deutscher Kassenverein AG). Notes may also be delivered outside the aforementioned clearing systems. Sterling Notes will also be available for collection.

SELLING RESTRICTIONS

1. General

Each Dealer has represented, warranted and agreed that it will observe all applicable laws and regulations in any jurisdiction in which it may offer, sell, or deliver Notes and it will not directly or indirectly offer, sell, resell, reoffer or deliver Notes or distribute any disclosure documents, circular, advertisement or other offering material in any country or jurisdiction except under circumstances that will result, to the best of its knowledge and belief, in compliance with all applicable laws and regulations and will not impose any obligations on the Issuer or the other Dealers, and all offers, sales and deliveries of Notes and distributions of disclosure documents, circulars, advertisements or other offering material by it will be made on the same terms as above.

2. The United States of America

The Notes have not been and will not be registered under the *United States Securities Act of 1933*, as amended (the "**Securities Act**"), and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has represented and agreed that it has offered, sold and delivered, and will offer, sell and deliver Notes only outside the United States to non-U.S. persons in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, each Dealer has represented and agreed that neither it, nor any of its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Notes, and that it and they have complied and will comply with the offering restrictions requirements of Regulation S under the Securities Act. Each Dealer also has agreed that it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it a confirmation or other notice setting forth the restrictions on offers, sales and deliveries of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

3. The United Kingdom

Each Dealer has represented, warranted and agreed that it has complied with and will comply with all applicable provisions of the *Financial Services Act 1986* of the United Kingdom with respect to anything done by it or to be done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

4. Japan

Each Dealer has agreed in respect of Yen Notes that:

- (a) unless permitted to do so by change in applicable Japanese laws, regulations and guidelines, it will not offer, sell, resell, deliver, transfer or assign any Yen Note directly or indirectly in Japan or to, or for the benefit of, any Japanese Person ("**Japanese Person**" is defined to mean any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to others for re-offering, resale or transfer directly or indirectly in Japan or to any Japanese Person during the period of 14 days following the date of issuance of such Note, and, thereafter, will do so only:

- (i) if such Yen Note has a maturity date of 270 days or less from such date of issuance and has a face value of ¥100,000,000 or higher;
 - (ii) through an authorized foreign exchange bank licensed to enter into correspondent arrangements or a designated securities company;
 - (iii) to, or for the benefit of, a sophisticated institutional investor that has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its purchase of Yen Notes, and not to, or for the benefit of, any natural person; and
 - (iv) under circumstances which will result in compliance with all applicable Japanese laws and applicable regulations and guidelines promulgated by Japanese governmental or regulatory authorities; and
- (b) it shall submit such reports or information as may be required from time to time under applicable laws, regulations and guidelines of Japanese governmental and regulatory authorities in the context of the issue and purchase of Yen Notes.

5. Federal Republic of Germany

Each Dealer has confirmed that it is aware of the fact that no selling prospectus ("**Verkaufsprospekt**") has been and will be published in respect of the Programme and has represented and agreed that it will comply with the *Selling Prospectus Act* of the Federal Republic of Germany ("*Wertpapier - Verkaufprospektgesetz*") of 13th December 1990, as amended, and any other laws and regulations applicable in Germany governing the issue, offering and sale of securities, including the policy of statements issued by the German Federal Bank ("**Deutsche Bundesbank**").

BUSINESS DEVELOPMENT BANK OF CANADA

History and Purpose

The Federal Business Development Bank was established by the Federal Business Development Bank Act, an Act of the Parliament of Canada, which came into force on 2nd October, 1975 and succeeded the Industrial Development Bank ("IDB"), which was formed in 1944. The Federal Business Development Bank was continued under the name Business Development Bank of Canada (the "Issuer") by the Business Development Bank Act of Canada, the ("BDBC Act") an Act of Parliament of Canada, which came into force on 13th July, 1995.

The Issuer was established to support Canadian entrepreneurship by providing financial and management services to small and medium-sized enterprises. Its predecessor, IDB, pursued similar objectives but was limited to provision of financial assistance. The various management services were added to provide the small business enterprise with a single source from which to obtain both financing and advice suited to its particular needs.

To the greatest extent consistent with its corporate purpose, the Issuer has endeavoured to conduct its operations on a financially self-sustaining basis in accordance with commercial principles.

The Head Office of the Issuer is located at 5, Place Ville Marie, Montreal, Canada, H3B 5E7 (telephone: (514) 283 5904).

Agency and Crown Corporation Status

The Issuer is an agent of Her Majesty in right of Canada and is a federal Crown corporation wholly owned by Canada. Crown corporations are established by the Parliament of Canada for many purposes, including administering and managing public services in which business enterprise and public accountability must be combined. As a Crown corporation, the Issuer is ultimately accountable to Parliament for the conduct of its affairs through the Minister of Industry. It is governed with respect to financial controls by the *Financial Administration Act*, which establishes auditing and reporting requirements and specific procedures for financing the capital and operating requirements of Federal Government departments and Crown corporations. As an agent of Her Majesty, the payment of principal of and any interest or premium on the Notes, carries the full faith and credit of Canada and all such securities constitute direct unconditional obligations of and by Canada. Payment of the principal of and any interest on all securities issued by the Issuer, including the Notes, is a charge on and payable out of the Consolidated Revenue Fund. The Consolidated Revenue Fund is the aggregate of all public moneys, such as tax revenues, which are on deposit at the credit of the Receiver General for Canada, the public officer who receives or collects public moneys for and on behalf of Canada.

Financing Authority and Controls

The Issuer may, with the approval of the Minister of Finance of Canada, issue and sell debt obligations. In addition, the Minister of Finance may, at the request of the Issuer, lend money to the Issuer out of the Consolidated Revenue Fund on such terms and conditions as are fixed by the Minister.

The Issuer's policies and practices are formulated by its Board of Directors, whose members are appointed by the Minister of Industry with the approval of the Governor in Council (which consists of the Governor General of Canada acting on the advice of the Committee of the Privy Council, whose membership is identical to that of the Cabinet) except for the President and the Chairperson of the Issuer, who are appointed by the Governor in Council. The BDBC Act provides for a Board comprising the Chairperson and the President of the Issuer and not fewer than three but no more than thirteen other directors. No more than two of the directors, excluding the Chairperson and the President may be appointed from the public service of Canada. The Board has established an Audit Committee, currently composed of five Directors, which deals with matters of financial reporting and management controls.

An annual capital budget is approved by the Issuer's Board and a summary thereof is placed before Parliament by the Minister of Industry, following approval by the Governor in Council upon the recommendation of the Minister, the Treasury Board and the Minister of Finance.

The financial statements of the Issuer are audited by auditors appointed by the Governor in Council. The statements are submitted annually to Parliament through the Minister of Industry.

Financial Services

Financial Services of the Issuer are provided by its Loans Division and its Venture Capital Division.

The Loans Division acts as a complementary lender providing funds, mainly by way of term loans, to small and medium-sized enterprises. It works in conjunction with provincial business development agencies, commercial banks and other financial institutions. The Issuer lends money for specific purposes at commercial rates of interest; it does not provide grants to businesses.

It may, however, accept a higher risk than commercial banks and other sources of term loans by lending to entities which may be too small or too far from commercial centers or too specialized to be able to attract the attention of conventional lenders. The Issuer can accept as collateral a wide variety of assets such as real property, new or used machinery and equipment and inventories, some of which other financial institutions may not accept for legal or policy reasons.

The Venture Capital Division was formed on 1st April 1983 to assume the venture capital investment portfolio. The role of this Division is to act as a catalyst in stimulating the creation of risk capital for small and medium-sized businesses by using its own capital as leverage to encourage private sector participation. The services offered by this Division to small and medium-sized businesses with high growth potential include the direct purchase of a minority ownership interest, underwriting of private placements, joint ventures, the syndication of proposals to other venture capitalists and financial institutions as well as assistance in mergers and acquisitions.

Management Services

The Issuer also provides services such as management counseling and management training. While the Issuer charges fees for management services, these fees are not expected fully to cover their costs. The net expenditures for these services are funded in full by Parliamentary appropriation and separate accounts are maintained. Annually, the Issuer prepares a corporate plan which includes its activities and expenditures for Management Services over the following five years. This plan is approved by the Governor in Council and a summary thereof tabled in Parliament. The plan forms the basis of an annual budget for Management Services, which, after approval by the Issuer's Board of Directors, is reviewed by the Minister of Industry and the Treasury Board, who recommend it for inclusion in the estimates of expenditure which, in turn, are presented to Parliament for approval.

Note: Before September, 1996, the net expenditures for these services were funded by Parliamentary appropriation. Since then, the appropriations have ceased and the net expenditures are now met from general revenues of the Issuer.

Debt Record

The Issuer and its predecessor, IDB, have always paid promptly when due the full amount of principal and interest on every obligation issued by them.

FORM OF NOTES

FORM OF MULTICURRENCY GLOBAL NOTE (INTEREST BEARING/DISCOUNTED/INDEX-LINKED)

This Global Note constitutes Interest Bearing/Discounted/Index-Linked¹ Sterling Commercial Paper issued in accordance with Regulations made under section 4 of the *Banking Act 1987*²

**BUSINESS DEVELOPMENT BANK OF CANADA,
(formerly known as *Federal Business Development Bank*)
AN AGENT FOR AND ON BEHALF OF
HER MAJESTY IN RIGHT OF CANADA (THE "ISSUER")**

No:.....	Series No.:.....
Issued in London on:.....	Maturity Date:.....
Specified Currency:.....	Denomination:.....
Principal Amount: ³ <i>(words and figures if a Sterling Note)</i>	Nominal Amount: ⁴ <i>(words and figures if a Sterling Note)</i>
Calculation Agent: ⁴ <i>(Principal)</i>	Minimum Redemption Amount: £100,000 ⁵ <i>(one hundred thousand pounds)</i>
Fixed Interest Rate: ⁶% per annum	Margin: ⁷%
Calculation Agent: ⁷ <i>(Interest)</i>	Reference Banks: ⁷
Interest Commencement Date: ⁸	Interest Payment Dates: ⁹

1. For value received, **BUSINESS DEVELOPMENT BANK OF CANADA** (*formerly known as **Federal Business Development Bank***), **AN AGENT FOR AND ON BEHALF OF HER MAJESTY IN RIGHT OF CANADA (THE "ISSUER")** promises to pay to the bearer of this Global Note on the above-mentioned Maturity Date:

- (a) the above Principal Amount; or
- (b) if this Global Note is index-linked, an amount to be calculated by the Calculation Agent named above, in accordance with the redemption calculation, a copy of which is attached to this Global Note and/or is available for inspection at the offices of the Principal Paying Agent referred to below

together (in any case) with interest thereon at the rate and at the times (if any) specified herein.

All such payments shall be made in accordance with the provisions of an amended and restated Note Agency Agreement dated 9 May 1995 between the Issuer, the Issue Agent, the Principal Paying Agent and the other Paying Agent, a copy of which will be made available for inspection during normal office hours at the office of the Principal Paying Agent at Citibank House, 336 Strand, London, WC2R IHB, and subject to and in accordance with the terms and conditions set forth below. All such payments shall be made upon presentation and surrender of this Global Note at the office of the Principal Paying Agent or the other Paying Agent by transfer to an account denominated in the currency specified above maintained by the bearer in the principal financial centre in the country of that currency (or, in the case of a Global Note denominated in ECUs, in London).

2. This Global Note is issued in representation of an issue of Notes in the aggregate Principal Amount or Nominal Amount specified above.

3. All sums payable by the Issuer under this Note shall be paid free and clear of and without any deduction or withholding for or on account of any set-off, counterclaim or, except to the extent (if any) required by law or by the interpretation or administration thereof, any tax imposed by the Government of Canada or any province or territory thereof or any taxing authority thereof or therein, the United Kingdom or any jurisdiction from or through which any payment in respect of the Notes shall be made. If the Issuer or any other person is required by law or by the interpretation or administration thereof to make any deduction or withholding on account of such tax, then (except to the extent that the requirement to make such deduction or withholding arises by reason only of some connection which the bearer has with such jurisdiction other than the mere holding of this Note) the sum payable by the Issuer in respect of which such deduction or withholding is required to be made shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the bearer receives and retains (free from any liability in respect of such deduction or withholding) a net sum in the Specified Currency equal to the sum it would have received and so retained had such deduction or withholding not been required or made. For the purposes of the *Interest Act* (Canada), the equivalent yearly rate of interest (expressed as a percentage) of any interest payable on the Notes which is computed on the assumption of a 360 day year shall be the amount of interest so computed multiplied by the actual number of days in the year divided by the actual number of days in the period for which the amount of interest was calculated, divided by the principal amount on which the amount was calculated multiplied by 100.

4. This Global Note is a direct, unsubordinated and unsecured obligation of Her Majesty in right of Canada. Payment of the principal of and interest (if any) on this Global Note is a charge on and payable out of the Consolidated Revenue Fund of Canada. The Consolidated Revenue Fund of Canada is the aggregate of all public monies such as tax revenues which are on deposit at the credit of the Receiver General of Canada, the public officer who receives or collects public monies for and on behalf of Canada. As among themselves, the payment obligations represented by this Global Note rank *pari passu* and will be payable rateably without any preference or priority.

5. If the Maturity Date or, if applicable, the relevant Interest Payment Date is not a Payment Business Day (as defined herein) payment in respect hereof will not be made and credit or transfer instructions shall not be given until the next following Payment Business Day and the bearer of this Global Note or the holder or beneficial owner of any interest herein or rights in respect hereof shall not be entitled to any interest or other sums in respect of such postponed payment. "**Payment Business Day**", as used herein, shall mean any day, other than a Saturday or Sunday, on which (i) deposits in the relevant currency may be dealt in on the London interbank market and (ii) commercial banks are open for business in London and in the place of payment.

6. This Global Note is negotiable and, accordingly, title hereto shall pass by delivery and the bearer shall be treated as being absolutely entitled to receive payment upon due presentation hereof (notwithstanding any notation of ownership or other writing thereon or notice of any previous loss or theft thereof) free and clear of any equity, set-off or counter-claim on the part of the Issuer against any previous bearer hereof.

7. This Global Note is issued in respect of an issue of Notes of the Issuer and is exchangeable in whole but not in part for duly executed and authenticated bearer Notes in definitive form (whether before, on or, subject as provided below, after the Maturity Date) on the tenth business day following presentation hereof during normal business hours to the Issuer at the above office of Citibank N.A. acting as Issue Agent (or to any other person or at any other office outside the United States as may be designated in writing by the Issuer to the bearer). Upon such surrender, the Issue Agent shall authenticate and deliver, in full exchange for this Global Note, bearer definitive notes denominated in the relevant currency in aggregate Principal Amount or Nominal Amount (as applicable) equal to the Principal Amount or Nominal Amount (as applicable) of this Global Note.

If (i) the Euroclear System or Cedel Bank, société anonyme are closed for a continuous period of 14 days (other than by reason of public holidays) and/or (ii) default is made in the payment referred to above, the Issuer hereby undertakes that, upon presentation and surrender of this Global Note during normal business hours on or after the Maturity Date to the Issuer at the above offices of Citibank N.A. acting as Issue Agent it will issue to the bearer duly executed and authenticated bearer Notes in the form referred to in the preceding paragraph in an aggregate Principal Amount or Nominal Amount (as applicable) equal to the Principal Amount or Nominal Amount (as applicable) of this Global Note.

8. If, upon any such default and following such surrender, definitive notes are not issued in full exchange for this Global Note before 5:00 p.m. (London time) on the thirtieth day after surrender, this Global Note (including the obligation hereunder to issue definitive notes) will become void and the bearer will have no further rights under this Global Note (but without prejudice to the rights which the bearer or any other person may have under an amended and restated Deed of Covenant dated 9th May 1995 entered into by the Issuer).

9. If this is an interest bearing Global Note, then:

- (a) notwithstanding the provisions of paragraph 1 above, if any payment of interest in respect of this Global Note falling due for payment prior to the above-mentioned Maturity Date remains unpaid on the fifteenth day after falling so due, the amount referred to in part (a) or (b) (as the case may be) of paragraph 1 shall be payable on such fifteenth day; and
- (b) upon each payment of interest (if any) prior to the Maturity Date in respect of this Global Note, the Annex hereto shall be duly completed by the Paying Agent to reflect such payment.

10. If this is a fixed rate interest bearing Global Note, interest shall be calculated on the Principal Amount or Nominal Amount (as applicable) as follows:

- (a) interest shall be payable on the Principal Amount or Nominal Amount (as applicable) in respect of each successive Interest Period (as defined below) from the Issue Date to the Maturity Date only, in arrear on the relevant Interest Payment Date, on the basis of the actual number of days in such Interest Period and a year of 360 days or, if this Global Note is denominated in Sterling, 365 days at the Interest Rate specified above; and

- (b) the period beginning on the Issue Date and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date is an "**Interest Period**" for the purposes of this paragraph.

11. If this is a floating rate interest bearing Global Note, interest shall be calculated on the Principal Amount or Nominal Amount (as applicable) as follows:

- (a) interest shall be payable on the Principal Amount or Nominal Amount (as applicable) in respect of each successive Interest Period (as defined below) from the Issue Date to the Maturity Date only, in arrear on the relevant Interest Payment Date, on the basis of the actual number of days in such Interest Period and a year of 360 days or, if this Global Note is denominated in Sterling, 365 days at a rate (the "**Rate of Interest**") determined on the following basis:
 - (i) on the second business day before the beginning of each Interest Period (each the "**Interest Determination Date**") the relevant Calculation Agent named above will determine the offered rate for deposits in the relevant currency in the London interbank market for the Interest Period concerned as at 11:00 a.m. (London time) on the Interest Determination Date in question. Such offered rate will be that which appears on the display designated as page 3750 on the Telerate Monitor (or such other page or service as may replace it for the purpose of displaying London interbank offered rates of major banks for deposits in the relevant currency for a duration equal to the Interest Period). The Rate of Interest for such Interest Period shall be the Margin (expressed as a percentage rate per annum) above (if a positive number) or below (if a negative number) the rate which so appears, as determined by the Calculation Agent;
 - (ii) if on any Interest Determination Date for any reason such offered rate is unavailable the Calculation Agent will request each of the Reference Banks to provide its offered quotation to leading banks in the London interbank market for deposits in the relevant currency for a duration equal to the Interest Period concerned as at 11:00 a.m. (London time) on the Interest Determination Date in question. The Rate of Interest for such Interest Period shall be the Margin (expressed as a percentage rate per annum) above (if a positive number) or below (if a negative number) such quotation (if only one is provided) or the arithmetic mean (rounded, if necessary, up to the nearest 1/16 per cent.) of such quotations (if two are so provided), as determined by the Calculation Agent; and
 - (iii) if the Calculation Agent is unable to determine the Rate of Interest for an Interest Period in accordance with (a) or (b) above, the Rate of Interest for such Interest Period shall be the Rate of Interest in effect for the last preceding Interest Period to which (a) or (b) above shall have applied;
- (b) the Calculation Agent will, as soon as practicable after 11:00 a.m. (London time) on each Interest Determination Date, determine the Rate of Interest and calculate the amount of interest payable (the "**Amount of Interest**") for the relevant Interest Period. The Amount of Interest shall be calculated by applying the Rate of Interest to the Principal Amount or Nominal Amount (as applicable) of one Note of each denomination, multiplying such product by the actual number of days in the Interest Period concerned divided by 360, or, if this Global Note is denominated in Sterling, by 365, and rounding the resulting figure to the nearest amount of the relevant currency which is available as legal tender in the country of the relevant currency (with halves being rounded upwards). The determination of the Rate of Interest and the Amount of Interest by the Calculation Agent named above shall (in the absence of manifest error) be final and binding upon all parties;

- (c) a certificate of the Calculation Agent as to the Rate of Interest payable hereon for any Interest Period shall be conclusive and binding as between the Issuer and the bearer hereof;
- (d) the period beginning on the Issue Date and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date is called an "**Interest Period**" for the purposes of this paragraph; and
- (e) the Issuer will procure that a notice specifying the Rate of Interest payable in respect of each Interest Period be published as soon as practicable after the determination of the Rate of Interest. Such notice will be delivered to the bearer of this Note or, if that is not possible, it will be published in the *Financial Times* or in another leading London daily newspaper.

12. If this Global Note is denominated in Sterling:

- (a) the Principal Amount or Minimum Redemption Amount (as applicable) shall be not less than £100,000;
- (b) the Issuer confirms that it is not an institution authorized under the *Banking Act 1987*.
- (c) notwithstanding the provisions of paragraph 7 above, this Global Note is exchangeable in accordance therewith immediately upon presentation of this Global Note as provided therein.

13. If this Global Note is denominated in ECU:

- (a) instructions for payment must be received at the office of the Principal Paying Agent together with this Global Note at least one business day (which shall be a day which is recognized by those banks in London and the place of payment which operate a clearing system in ECUs as a day on which payments in ECUs can be made) prior to the relevant payment date; and
- (b) if, prior to the Maturity Date, the ECU has ceased to be used in the European Monetary System or has ceased to be utilized as the basic accounting unit of the European Community, payments on this Global Note shall instead be made in United States Dollars ("**dollars**"), in same day funds, in an equivalent amount and for this purpose the equivalent of one ECU in dollars shall be determined in the manner set out below. Any such payment in dollars shall be made by transfer to a dollar account maintained by the bearer. If payment under this Global Note is to be made in dollars then, for the purpose of calculating the amount of dollars to be paid, the equivalent of an ECU in dollars shall be determined by aggregating the equivalents in dollars of the currency amounts which were the components of the ECU:
 - (i) if the ECU is still being used in the European Monetary System, on the fourth ECU Business Day prior to the Maturity Date; or
 - (ii) otherwise, when the ECU was most recently used in the European Monetary System.

For this purpose the equivalent in dollars of each of the components shall be conclusively determined by the Principal Paying Agent on the basis of the middle spot delivery quotations prevailing at or about 11:00 a.m. (London time) on the fourth ECU Business Day prior to the Maturity Date, as obtained by the Principal Paying Agent from one or more major banks as selected by it in the country of the component currency in question.

Unless otherwise specified by the Principal Paying Agent, if there is more than one market for dealing in any component currency by reason of foreign exchange regulations or for any other reason, the market to be referred to in respect of such currency shall be that upon which a non-resident issuer of securities denominated in such currency would purchase such currency in order to make payments in respect of such securities.

For the purposes of the above, "**ECU Business Day**" means a day on which banks are open for domestic and foreign exchange business in London and in the principal financial centre of each currency which is a component currency of the ECU.

14. If this Global Note is denominated in Australian Dollars, New Zealand Dollars, Hong Kong Dollars or Japanese Yen:

- (a) instructions for payment must be received at the office of the Principal Paying Agent referred to above together with this Global Note at least two business days (which shall be days on which commercial banks are open for business in London and in the principal financial centre in the country of the relevant currency) prior to the relevant payment date; and
- (b) notwithstanding the provisions of paragraphs 10 and 11 above, interest (if any) will accrue from the Interest Commencement Date specified above.

15. If this Global Note is denominated in any currency other than United States Dollars or any other currency specified in paragraph 12, 13 or 14 above, instructions for payment must be received at the office of the Principal Paying Agent together with this Global Note at least one business day (which shall be a day on which commercial banks are open for business in London and in the principal financial centre in the country of the relevant currency) prior to the relevant payment date.

16. This Global Note shall not be validly issued unless manually authenticated by Citibank N.A. as Issue Agent.

17. This Note is governed by, and shall be construed in accordance with, the laws of the Province of Ontario and the laws of Canada applicable therein. If an event of default should occur, the holders of the Notes may enforce payment against Her Majesty in right of Canada by suit in the Federal Court of Canada and no governmental or other consent is required. Although a judgment obtained in an action brought in the Federal Court of Canada against Her Majesty in right of Canada is not capable of being enforced by execution, such judgment is payable out of the Consolidated Revenue Fund of Canada.

AUTHENTICATED BY CITIBANK, N.A.

By:.....
Authorised Signatory
 without recourse, warranty or liability and for authentication purposes only.¹⁰

Signed in facsimile for and on behalf of

BUSINESS DEVELOPMENT BANK OF CANADA (formerly known as Federal Business Development Bank), **AN AGENT FOR AND ON BEHALF OF HER MAJESTY IN RIGHT OF CANADA**

By:.....
Vice-President and Treasurer

By:.....
Director, Money Markets

Paying Agent

Citibank (Luxembourg) S.A.
16 Avenue Marie-Thérèse
Luxembourg
L-2132

-
- 1 Delete or amend as appropriate. The title must accurately reflect the type of Note to comply with paragraph 7(b) of the Bank of England Notice dated 11 January 1990
 - 2 Applicable only if a Sterling Global Note
 - 3 Complete for Notes other than Index-Linked Notes
 - 4 Complete for Index-Linked Notes only
 - 5 Delete if not a Sterling Indexed-Linked Note
 - 6 Complete for fixed rate interest bearing Notes only
 - 7 Complete for floating rate interest bearing Notes only
 - 8 Complete for interest bearing Notes denominated in Australian Dollars, New Zealand Dollars or Japanese Yen only
 - 9 Complete for interest bearing Notes if interest is payable before Maturity Date
 - 10 Second authentication signature is required for Sterling Notes

**Pro-forma Redemption Calculation
(Index Linked Global Note)**

This is the Redemption Calculation relating to the attached index-linked Global Note:

Calculation Date:

Calculation Agent:

Minimum Redemption Amount
(per Note): £100,000 (for Sterling Notes only)

Redemption Amount: to be calculated by the Calculation Agent as follows:
[Insert particulars of index and redemption
Calculation]

Confirmed:

For **BUSINESS DEVELOPMENT BANK OF CANADA, AN AGENT FOR AND
ON BEHALF OF HER MAJESTY IN RIGHT OF CANADA**

Note: The Calculation Agent is required to notify the Principal Paying Agent for the Notes of the Redemption Amount immediately upon completing its calculation of the same.

FORM OF NOTES

**FORM OF MULTICURRENCY DEFINITIVE NOTE (NON STERLING)
(INTEREST BEARING/DISCOUNTED/INDEX-LINKED)**

**BUSINESS DEVELOPMENT BANK OF CANADA,
(formerly known as *Federal Business Development Bank*)
AN AGENT FOR AND ON BEHALF OF
HER MAJESTY IN RIGHT OF CANADA (THE "ISSUER")**

No:.....	Series No:.....
Issued in London on:.....	Maturity Date:.....
Specified Currency:.....	Principal Amount: ¹
Nominal Amount: ²	Calculation Agent: ² (Principal)
Fixed Interest Rate: ³ % per annum	Margin: ⁴%
Calculation Agent: ⁴ (Interest)	Reference Banks: ⁴
Interest Commencement Date: ⁵	Interest Payment Dates: ⁶

1. For value received, **BUSINESS DEVELOPMENT BANK OF CANADA** (*formerly known as Federal Business Development Bank*), **AN AGENT FOR AND ON BEHALF OF HER MAJESTY IN RIGHT OF CANADA (THE "ISSUER")** promises to pay to the bearer of this Note on the above-mentioned Maturity Date:

- (a) the above Principal Amount; or
- (b) if this Note is index-linked, an amount to be calculated by the Calculation Agent named above, in accordance with the redemption calculation, a copy of which is attached to this Note and/or is available for inspection at the offices of the Principal Paying Agent referred to below,

together (in any case) with interest thereon at the rate and at the times (if any) specified herein.

All such payments shall be made in accordance with the provisions of an amended and restated Note Agency Agreement dated 9th May 1995 between the Issuer, the Issue Agent, the Principal Paying Agent and the other Paying Agent, a copy of which is available for inspection during normal office hours at the office of the Principal Paying Agent at 336 Strand, London, WC2R 1HB, and subject to and in accordance with the terms and conditions set forth below. All such payments shall be made upon presentation and surrender of this Note at the office of the Principal Paying Agent or the other Paying Agent by transfer to an account denominated in the currency specified above maintained by the bearer in the principal financial centre in the country of that currency (or, in the case of a Note denominated in ECUs, in London).

2. All sums payable by the Issuer under this Note shall be paid free and clear of and without any deduction or withholding for or on account of any set-off, counterclaim or, except to the extent (if any) required by law or by the interpretation or administration thereof, any tax imposed by the Government of Canada or any province or territory thereof or any taxing authority thereof or therein, the United Kingdom or any jurisdiction from or through which any payment in respect of the Notes shall be made. If the Issuer or any other person is required by law or by the interpretation or administration thereof to make any deduction or withholding on account of such tax, then (except to the extent that the requirement to make such deduction or withholding arises by reason only of some connection which the bearer has with such jurisdiction other than the mere holding of this Note) the sum payable by the Issuer in respect of which such deduction or withholding is required to be made shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the bearer receives and retains (free from any liability in respect of such deduction or withholding) a net sum in the Specified Currency equal to the sum it would have received and so retained had such deduction or withholding not been required or made. For the purposes of the *Interest Act* (Canada), the equivalent yearly rate of interest (expressed as a percentage) of any interest payable on the Notes which is computed on the assumption of a 360 day year shall be the amount of interest so computed multiplied by the actual number of days in the year divided by the actual number of days in the period for which the amount of interest was calculated, divided by the principal amount on which the amount was calculated multiplied by 100.

3. This Note is a direct, unsubordinated and unsecured obligation of Her Majesty in right of Canada. Payment of the principal of and interest (if any) on this Note is a charge on and payable out of the Consolidated Revenue Fund of Canada. The Consolidated Revenue Fund of Canada is the aggregate of all public monies such as tax revenues which are on deposit at the credit of the Receiver General of Canada, the public officer who receives or collects public monies for and on behalf of Canada. As among themselves, the payment obligations represented by the Notes rank *pari passu* and will be payable rateably without any preference or priority.

4. If the Maturity Date or, if applicable, the relevant Interest Payment Date is not a Payment Business Day (as defined herein) payment in respect hereof will not be made and credit or transfer instructions shall not be given until the next following Payment Business Day and the bearer of this Note shall not be entitled to any interest or other sums in respect of such postponed payment. "**Payment Business Day**", as used herein, shall mean any day, other than a Saturday or a Sunday, on which (i) deposits in the relevant currency may be dealt in on the London interbank market and (ii) commercial banks are open for business in London and in the place of payment.

5. This Note is negotiable and, accordingly, title hereto shall pass by delivery and the bearer shall be treated as being absolutely entitled to receive payment upon due presentation hereof (notwithstanding any notation of ownership or other writing thereon or notice of any previous loss or theft thereof) free and clear of any equity, set-off or counter-claim on the part of the Issuer against any previous bearer hereof.

6. If this is an interest bearing Note, then:

(a) notwithstanding the provisions of paragraph 1 above, if any payment of interest in respect of this Note falling due for payment prior to the above-mentioned Maturity Date remains unpaid on the fifteenth day after falling so due, the amount referred to in part (a) or (b) (as the case may be) of paragraph 1 shall be payable on such fifteenth day; and

(b) upon each payment of interest (if any) prior to the Maturity Date in respect of this Note, the Annex hereto shall be duly completed by the Paying Agent to reflect such payment.

7. If this is a fixed rate interest bearing Note, interest shall be calculated on the Principal Amount or Nominal Amount (as applicable) as follows:

- (a) interest shall be payable on the Principal Amount or Nominal Amount (as applicable) in respect of each successive Interest Period (as defined below) from the Issue Date to the Maturity Date only, in arrear on the relevant Interest Payment Date, on the basis of the actual number of days in such Interest Period and a year of 360 days at the Interest Rate specified above; and
- (b) the period beginning on the Issue Date and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date is an "**Interest Period**") for the purposes of this paragraph.

8. If this is a floating rate interest bearing Note, interest shall be calculated on the Principal Amount or Nominal Amount (as applicable) as follows:

- (a) interest shall be payable on the Principal Amount or Nominal Amount (as applicable) in respect of each successive Interest Period (as defined below) from the Issue Date to the Maturity Date only, in arrear on the relevant Interest Payment Date, on the basis of the actual number of days in such Interest Period and a year of 360 days at a rate (the "**Rate of Interest**") determined on the following basis:
 - (i) on the second business day before the beginning of each Interest Period (each the "**Interest Determination Date**") the relevant Calculation Agent named above will determine the offered rate for deposits in the relevant currency in the London interbank market for the Interest Period concerned as at 11.00 a.m. (London time) on the Interest Determination Date in question. Such offered rate will be that which appears on the display designated as page 3750 on the Telerate Monitor (or such other page or service as may replace it for the purpose of displaying London interbank offered rates of major banks for deposits in the relevant currency for a duration equal to the Interest Period). The Rate of Interest for such Interest Period shall be the Margin (expressed as a percentage rate per annum) above (if a positive number) or below (if a negative number) the rate which so appears, as determined by the Calculation Agent;
 - (ii) if on any Interest Determination Date for any reason such offered rate is unavailable the Calculation Agent will request each of the Reference Banks to provide its offered quotation to leading banks in the London interbank market for deposits in the relevant currency for a duration equal to the Interest Period concerned as at 11.00 a.m. (London time) on the Interest Determination Date in question. The Rate of Interest for such Interest Period shall be the Margin (expressed as a percentage rate per annum) above (if a positive number) or below (if a negative number) such quotation (if only one is provided) or the arithmetic mean (rounded, if necessary, up to the nearest 1/16 per cent.) of such quotations (if two are so provided), as determined by the Calculation Agent; and
 - (iii) if the Calculation Agent is unable to determine the Rate of Interest for an Interest Period in accordance with (a) or (b) above, the Rate of Interest for such Interest Period shall be the Rate of Interest in effect for the last preceding Interest Period to which (a) or (b) above shall have applied;

- (b) the Calculation Agent will, as soon as practicable after 11.00 a.m. (London time) on each Interest Determination Date, determine the Rate of Interest and calculate the amount of interest payable (the "**Amount of Interest**") for the relevant Interest Period. The Amount of Interest shall be calculated by applying the Rate of Interest to the Principal Amount or Nominal Amount (as applicable) of one Note of each denomination, multiplying such product by the actual number of days in the Interest Period concerned divided by 360 and rounding the resulting figure to the nearest amount of the relevant currency which is available as legal tender in the country of the relevant currency (with halves being rounded upwards). The determination of the Rate of Interest and the Amount of Interest by the Calculation Agent named above shall (in the absence of manifest error) be final and binding upon all parties;
- (c) a certificate of the Calculation Agent as to the Rate of Interest payable hereon for any Interest Period shall be conclusive and binding as between the Issuer and the bearer hereof;
- (d) the period beginning on the Issue Date and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date is called an "**Interest Period**" for the purposes of this paragraph; and
- (e) the Issuer will procure that a notice specifying the Rate of Interest payable in respect of each Interest Period be published as soon as practicable after the determination of the Rate of Interest. Such notice will be delivered to the bearer of this Note or, if that is not possible, it will be published in the *Financial Times* or in another leading London daily newspaper.

9. If this Note is denominated in ECU:

- (a) instructions for payment must be received at the office of the Principal Paying Agent referred to above together with this Note at least one business day (which shall be a day which is recognized by those banks in London and the place of payment which operate a clearing system in ECUs as a day on which payments in ECUs can be made) prior to the relevant payment date; and
- (b) if, prior to the Maturity Date, the ECU has ceased to be used in the European Monetary System or has ceased to be utilized as the basic accounting unit of the European Community, payments on this Note shall instead be made in United States Dollars ("**dollars**"), in same day funds, in an equivalent amount and for this purpose the equivalent of one ECU in dollars shall be determined in the manner set out below. Any such payment in dollars shall be made by transfer to a dollar account maintained by the bearer. If payment under this Note is to be made in dollars then, for the purpose of calculating the amount of dollars to be paid, the equivalent of an ECU in dollars shall be determined by aggregating the equivalents in dollars of the currency amounts which were the components of the ECU:
 - (i) if the ECU is still being used in the European Monetary System, on the fourth ECU Business Day prior to the Maturity Date; or
 - (ii) otherwise, when the ECU was most recently used in the European Monetary System.

For this purpose the equivalent in dollars of each of the components shall be conclusively determined by the Principal Paying Agent on the basis of the middle spot delivery quotations prevailing at or about 11.00 a.m. (London time) on the fourth ECU Business Day prior to the Maturity Date, as obtained by the Principal Paying Agent from one or more major banks as selected by it in the country of the component currency in question.

Unless otherwise specified by the Principal Paying Agent, if there is more than one market for dealing in any component currency by reason of foreign exchange regulations or for any other reason, the market to be referred to in respect of such currency shall be that upon which a non-resident issuer of securities denominated in such currency would purchase such currency in order to make payments in respect of such securities.

For the purposes of the above, "**ECU Business Day**" means a day on which banks are open for domestic and foreign exchange business in London and in the principal financial centre of each currency which is a component currency of the ECU.

10. If this Note is denominated in Australian Dollars, New Zealand Dollars, Hong Kong Dollars or Japanese Yen:

- (a) instructions for payment must be received at the office of the Principal Paying Agent referred to above together with this Note at least two business day (which shall be days on which commercial banks are open for business in London and in the principal financial centre in the country of the relevant currency) prior to the relevant payment date; and
- (b) notwithstanding the provisions of paragraphs 7 and 8 above, interest (if any) will accrue from the Interest Commencement Date specified above.

11. If this Note is denominated in any currency other than United States Dollars or any other currency specified in paragraph 9 or 10 above, instructions for payment must be received at the office of the Paying Agent together with this Note at least one business day (which shall be a day on which commercial banks are open for business in London and in the principal financial centre in the country of the relevant currency) prior to the relevant payment date.

12. This Note shall not be validly issued unless manually authenticated by Citibank N.A. as Issue Agent.

13. This Note is governed by, and shall be construed in accordance with, the laws of the Province of Ontario and the laws of Canada applicable therein. If an event of default should occur, the holders of the Notes may enforce payment against Her Majesty in right of Canada by suit in the Federal Court of Canada and no governmental or other consent is required. Although a judgment obtained in an action brought in the Federal Court of Canada against Her Majesty in right of Canada is not capable of being enforced by execution, such judgment is payable out of the Consolidated Revenue Fund of Canada.

AUTHENTICATED BY CITIBANK, N.A.

By:.....
Authorised Signatory
 without recourse, warranty or liability and for
 authentication purposes only.

Signed in facsimile for and on behalf of

**BUSINESS DEVELOPMENT BANK OF
 CANADA** (*formerly known as Federal
 Business Development Bank*), **AN AGENT
 FOR AND ON BEHALF OF HER
 MAJESTY IN RIGHT OF CANADA**

By:.....
Vice-President and Treasurer

By:.....
Director, Money Markets

Paying Agent

Citibank (Luxembourg) S.A.
 16 Avenue Marie-Thérèse
 Luxembourg
 L-2132

-
- 1 Complete for Notes other than index-linked Notes
 - 2 Complete for index-linked Notes only
 - 3 Complete for fixed rate interest bearing Notes only
 - 4 Complete for floating rate interest bearing Notes only
 - 5 Complete for interest bearing Notes denominated in Australian Dollars, New Zealand Dollars, Hong Kong Dollars or Japanese Yen only
 - 6 Complete for interest bearing Notes if interest is payable before Maturity Date

**Pro-forma Redemption Calculation
(Index Linked Note)**

This is the Redemption Calculation relating to the attached index-linked Note:

Calculation Date:

Calculation Date:

Redemption Amount: to be calculated by the Calculation

Agent as follows:

[Insert particulars of index and redemption calculation]

Confirmed:

For **BUSINESS DEVELOPMENT BANK OF CANADA, AN AGENT FOR AND ON BEHALF OF HER MAJESTY IN RIGHT OF CANADA**

Note: The Calculation Agent is required to notify the Principal Paying Agent for the Notes of the Redemption Amount immediately upon completing its calculation of the same.

FORM OF NOTES

FORM OF STERLING DEFINITIVE NOTE (INTEREST BEARING/DISCOUNTED/INDEX-LINKED)

This Note constitutes Interest Bearing/Discounted/Index-Linked¹ Sterling Commercial Paper issued in accordance with Regulations made under section 4 of the *Banking Act 1987*.

BUSINESS DEVELOPMENT BANK OF CANADA, (formerly known as *Federal Business Development Bank*) AN AGENT FOR AND ON BEHALF OF HER MAJESTY IN RIGHT OF CANADA (THE "ISSUER")

No:.....	Series No:.....
Issued in London on:.....	Maturity Date:.....
Principal Amount: [£500,000]..... <i>(Five hundred thousand pounds)</i>	Nominal Amount: ² <i>(words and figures)</i>
Calculation Agent: ² <i>(Principal)</i>	Minimum Redemption Amount: £100,000 <i>(one hundred thousand pounds)</i>
Fixed Interest Rate: ³ % per annum	Margin: ⁴%
Calculation Agent: ⁴ <i>(Interest)</i>	Reference Banks:.....
Interest Payment Dates: ⁵	

1. For value received, **BUSINESS DEVELOPMENT BANK OF CANADA** (*formerly known as *Federal Business Development Bank**), **AN AGENT FOR AND ON BEHALF OF HER MAJESTY IN RIGHT OF CANADA (THE "ISSUER")** promises to pay to the bearer of this Note on the above-mentioned Maturity Date:

- (a) the above Principal Amount; or
- (b) if this Note is index-linked, an amount to be calculated by the Calculation Agent named above, in accordance with the redemption calculation, a copy of which is attached to this Note and/or is available for inspection at the offices of the Principal Paying Agent referred to below,

together (in any case) with interest thereon at the rate and at the times (if any) specified herein.

All such payments shall be made in accordance with the provisions of an amended and restated Note Agency Agreement dated 9th May 1995 between the Issuer, the Issue Agent, the Principal Paying Agent and the other Paying Agent, a copy of which is available for inspection during normal office hours at the office of the Principal Paying Agent at 336 Strand, London, WC2R 1HB, and subject to and in accordance with the terms and conditions set forth below. All such payments shall be made upon presentation and surrender of this Note at the office of the Principal Paying Agent or the other Paying Agent by transfer to an account denominated in the currency specified above maintained by the bearer in the principal financial centre in the country of that currency.

2. All sums payable by the Issuer under this Note shall be paid free and clear of and without any deduction or withholding for or on account of any set-off, counterclaim or, except to the extent (if any) required by law or by the interpretation or administration thereof, any tax imposed by the Government of Canada or any province or territory thereof or any taxing authority thereof or therein, the United Kingdom or any jurisdiction from or through which any payment in respect of the Notes shall be made. If the Issuer or any other person is required by law or by the interpretation or administration thereof to make any deduction or withholding on account of such tax, then (except to the extent that the requirement to make such deduction or withholding arises by reason only of some connection which the bearer has with such jurisdiction other than the mere holding of this Note) the sum payable by the Issuer in respect of which such deduction or withholding is required to be made shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the bearer receives and retains (free from any liability in respect of such deduction or withholding) a net sum in the Specified Currency equal to the sum it would have received and so retained had such deduction or withholding not been required or made. For the purposes of the *Interest Act* (Canada), the equivalent yearly rate of interest (expressed as a percentage) of any interest payable on the Notes which is computed on the assumption of a 365 day year shall be the amount of interest so computed multiplied by the actual number of days in the year divided by the actual number of days in the period for which the amount of interest was calculated, divided by the principal amount on which the amount was calculated multiplied by 100.

3. This Note is a direct, unsubordinated and unsecured obligation of Her Majesty in right of Canada. Payment of the principal of and interest (if any) on this Note is a charge on and payable out of the Consolidated Revenue Fund of Canada. The Consolidated Revenue Fund of Canada is the aggregate of all public monies such as tax revenues which are on deposit at the credit of the Receiver General of Canada, the public officer who receives or collects public monies for and on behalf of Canada. As among themselves, the payment obligations represented by the Notes rank *pari passu* and will be payable rateably without any preference or priority.

4. If the Maturity Date or, if applicable, the relevant Interest Payment Date is not a Payment Business Day (as defined herein), payment in respect hereof will not be made and credit or transfer instructions shall not be given until the next following Payment Business Day and the bearer of this Note or the holder or beneficial owner of any interest herein or rights in respect hereof shall not be entitled to any interest or other sums in respect of such postponed payment. "**Payment Business Day**", as used herein, shall mean any day, other than a Saturday or a Sunday, on which (i) deposits in the relevant currency may be dealt in on the London interbank market and (ii) commercial banks are open for business in London and in the place of payment.

5. This Note is negotiable and, according, title shall pass by delivery and the bearer shall be treated as being absolutely entitled to receive payment upon due presentation hereof (notwithstanding any notation of ownership or other writing thereof or notice of any previous loss or theft thereof) free and clear of any equity, set-off or counter-claim on the part of the Issuer against any previous bearer hereof.

6. The Issuer confirms (i) that it is not an institution authorized under the *Banking Act 1987*, and (ii) that repayment of the principal in connection with this Note has not been guaranteed.

7. This Note shall not be validly issued unless manually authenticated by Citibank N.A. as Issue Agent.

8. This Note is governed by, and shall be construed in accordance with, the laws of the Province of Ontario and the laws of Canada applicable therein. If an event of default should occur, the holders of the Notes may enforce payment against Her Majesty in right of Canada by suit in the Federal Court of Canada and no governmental or other consent is required. Although a judgment obtained in an action brought in the Federal Court of Canada against Her Majesty in right of Canada is not capable of being enforced by execution, such judgment is payable out of the Consolidated Revenue Fund of Canada.

AUTHENTICATED BY **CITIBANK, N.A.**

By:.....
Authorized Signatory

By:.....
Authorized Signatory
without recourse, warranty or liability and for authentication purposes only.

Signed in facsimile for and on behalf of

BUSINESS DEVELOPMENT BANK OF CANADA (*formerly known as Federal Business Development Bank*), **AN AGENT FOR AND ON BEHALF OF HER MAJESTY IN RIGHT OF CANADA**

By
Vice-President and Treasurer

By:.....
Director, Money Markets

Paying Agent

Citibank (Luxembourg) S.A.
16 Avenue Marie-Thérèse
Luxembourg
L-2132

-
- 1 Delete or amend as appropriate. The title must accurately reflect the type of the Note to comply with paragraph 7(b) of the Bank of England Notice dated 11th January 1990
 - 2 Applicable for index-linked Notes only
 - 3 Complete for fixed rate interest bearing Notes only
 - 4 Complete for floating rate interest bearing Notes only
 - 5 Complete for interest bearing Notes if interest is payable before Maturity Date

[On the Reverse]

(A) If this is an interest bearing Note, then:

- (a) notwithstanding the provisions of paragraph 1 above, if any payment of interest in respect of this Note falling due for payment prior to the above-mentioned Maturity Date remains unpaid on the fifteenth day after falling so due, the amount referred to in part (a) or (b) (as the case may be) of paragraph 1 shall be payable on such fifteenth day after falling so due; and
- (b) upon each payment of interest (if any) prior to the Maturity Date in respect of this Note, the Annex hereto shall be duly completed by the Paying Agent to reflect such payment.

(B) If this is a fixed rate interest bearing Note, interest shall be calculated on the Principal Amount or Nominal Amount (as applicable) as follows:

- (a) interest shall be payable on the Principal Amount or Nominal Amount (as applicable) in respect of each successive Interest Period (as defined below) from the Issue Date to the Maturity Date only, in arrear on the relevant Interest Payment Date, on the basis of the actual number of days in such Interest Period and a year of 365 days at the Interest Rate specified above; and
- (b) the period beginning on the Issue Date and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date is an "**Interest Period**" for the purposes of this paragraph.

(C) If this is a floating rate interest bearing Note, interest shall be calculated on the Principal Amount or Nominal Amount (as applicable) as follows:

- (a) interest shall be payable on the Principal Amount or Nominal Amount (as applicable) in respect of each successive Interest Period (as defined below) from the Issue Date to the Maturity Date only, in arrear on the relevant Interest Payment Date, on the basis of the actual number of days in such Interest Period and a year of 365 days at a rate (the "**Rate of Interest**") determined on the following basis:
 - (i) on the second business day before the beginning of each Interest Period (each the "**Interest Determination Date**") the relevant Calculation Agent named above will determine the offered rate for sterling deposits in the London interbank market for the Interest Period concerned as at 11:00 a.m. (London time) on the Interest Determination Date in question. Such offered rate will be that which appears on the display designated as page 3750 on the Telerate Monitor (or such other page or service as may replace it for the purpose of displaying London interbank offered rates of major banks for deposits in the relevant currency for a duration equal to the Interest Period). The Rate of Interest for such Interest Period shall be the Margin (expressed as a percentage rate per annum) above (if a positive number) or below (if a negative number) the rate which so appears, as determined by the Calculation Agent;

- (ii) if on any Interest Determination Date for any reason such offered rate is unavailable the Calculation Agent will request each of the Reference Banks to provide its offered quotation to leading banks in the London interbank market for sterling deposits for a duration equal to the Interest Period concerned as at 11:00 a.m. (London time) on the Interest Determination Date in question. The Rate of Interest for such Interest Period shall be the Margin (expressed as a percentage rate per annum) above (if a positive number) or below (if a negative number) such quotation (if only one is provided) or the arithmetic mean (rounded, if necessary, up to the nearest 1/16 per cent.) of such quotations (if two are so provided), as determined by the Calculation Agent; and
 - (iii) if the Calculation Agent is unable to determine the Rate of Interest for an Interest Period in accordance with (a) or (b) above, the Rate of Interest for such Interest Period shall be the Rate of Interest in effect for the last preceding Interest Period to which (a) or (b) above shall have applied;
- (b) the Calculation Agent will, as soon as practicable after 11:00 a.m. (London time) on each Interest Determination Date, determine the Rate of Interest and calculate the amount of interest payable (the "**Amount of Interest**") for the relevant Interest Period. The Amount of Interest shall be calculated by applying the Rate of Interest to the Principal Amount or Nominal Amount (as applicable) of one Note of each denomination, multiplying such product by the actual number of days in the Interest Period concerned divided by 365 and rounding the resulting figure to the nearest penny (with halves being rounded upwards). The determination of the Rate of Interest and the Amount of Interest by the Calculation Agent named above shall (in the absence of manifest error) be final and binding upon all parties;
- (c) a certificate of the Calculation Agent as to the Rate of Interest payable hereon for any Interest Period shall be conclusive and binding as between the Issuer and the bearer hereof;
- (d) the period beginning on the Issue Date and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date is called an "**Interest Period**" for the purposes of this paragraph; and
- (e) the Issuer will procure that a notice specifying the Rate of Interest payable in respect of each Interest Period be published as soon as practicable after the determination of the Rate of Interest. Such notice will be delivered to the bearer of this Note or, if that is not possible, it will be published in the *Financial Times* or in another leading London daily newspaper.

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SUPPLEMENTAL INFORMATION MEMORANDUM

**Business Development Bank of Canada (“BDC”)
(as agent for and on behalf of Her Majesty
in right of Canada)**

US\$1,500,000,000 Euro-Commercial Paper Programme

This Supplemental Information Memorandum has been prepared in accordance with The Banking Act 1987 (Exempt Transactions) Regulations 1997 in connection with the issue from time to time of commercial paper in respect of which the issue proceeds are accepted by Business Development Bank of Canada (“BDC”) (as agent for and on behalf of Her Majesty in right of Canada) in the United Kingdom.

Such commercial paper will be commercial paper issued in accordance with regulations made under section 4 of the Banking Act 1987. The issuer of such commercial paper will be Business Development Bank (“BDC”) (as agent for and on behalf of Her Majesty in right of Canada), which is not an authorized institution or a European authorized institution. The repayment of the principal and payment of any interest or premium in connection with the relevant debt security representing such commercial paper have not been guaranteed. Definitive notes representing such commercial paper will be available in exchange for global notes at any time upon presentation and surrender of such global notes and in circumstances more fully described in the Notes.

This Supplemental Information Memorandum is to be read in connection with, and shall be deemed for all purposes to form part of, the Information Memorandum dated January 1996 prepared by Business Development Bank of Canada (“BDC”) (as agent for and on behalf of Her Majesty in right of Canada) in connection with the Euro-Commercial Paper Programme referred to above. Terms referred to in this Supplemental Information Memorandum shall have the meanings ascribed to them in The Banking Act 1987 (Exempt Transactions) Regulations 1997.

This Supplemental Information Memorandum has been prepared only to comply with the requirements of The Banking Act 1987 (Exempt Transactions) Regulations 1997 and is not intended to update or amend the Information Memorandum in any other way. Neither the delivery of this Supplemental Information Memorandum nor any offer or sale made on the basis hereof shall under any circumstances create any implication that the Information Memorandum is accurate at the date hereof or at any time subsequent with respect to the Issuer or that there has been no change in the affairs of the Issuer since the original issue date of the Information Memorandum.

The date of this Supplemental Information Memorandum is September 1997.