

## •• Borrowing Program

### Ontario Bonds

- Exceptional secondary market liquidity with a wide range of offerings provide extensive investment and trading opportunities across the yield curve
- Attractive spreads provide opportunities for investors to achieve higher returns
- Diversified and broadly syndicated transactions
- Benchmark Canadian issuer
- Available in 9 currencies

### Stable, Liquid Government Credit

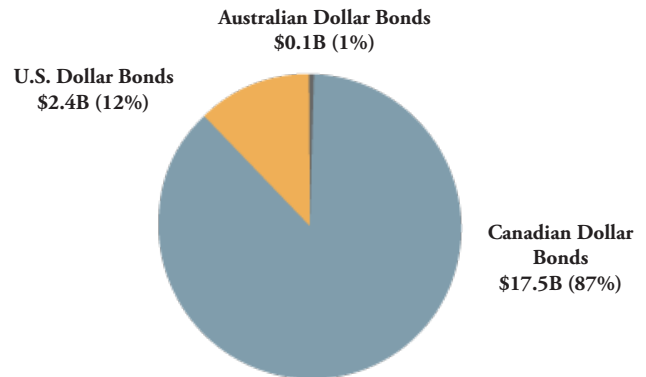
#### Current Ratings (Long-Term/Short-Term)

S&P	A+ / A-1+
Moody's	Aa2 (N) / P-1
Fitch	AA- / F1+
DBRS	AA (low) / R-1(mid)

### Diverse Borrowing Program

The public borrowing requirement for 2015–16 is \$30.1 billion. As of November 26, 2015 the total borrowing completed is approximately \$20.1 billion for 2015–16.

#### \$20.1 billion issued



Note: Numbers may not add due to rounding.  
Source: Ontario Financing Authority.

## •• Fiscal and Economic Update

- The government is currently projecting deficits of \$7.5 billion in 2015–16 and \$4.5 billion in 2016–17, and a return to balance in 2017–18. This reflects an improvement of \$1.0 billion in 2015–16 and \$0.3 billion in 2016–17 compared with the deficit targets laid out in the *2015 Budget*.
- Average annual growth in revenue between 2014–15 and 2017–18 is projected to be 4.5 per cent, slightly above the growth projected in the *2015 Budget*. Higher revenue in 2015–16 reflects, in part, the government's progress on its asset optimization strategy related to the recent Hydro One initial public offering, and revenues in 2016–17 and 2017–18 include projected proceeds from the auctioning of cap-and-trade allowances beginning in 2017.
- Average annual growth in program spending between 2014–15 and 2017–18 is forecast to be 0.9 percent, in line with the *2015 Budget*.
- The reserve is unchanged from the *2015 Budget*, set at \$1.0 billion in 2015–16 and \$1.2 billion in each of 2016–17 and 2017–18, remaining in place to protect against any adverse changes in the Province's revenue and expense.
- Real GDP growth is forecasted at 1.9 per cent in 2015 and 2.2 per cent annually on average over the 2016 to 2018 period. For prudent fiscal planning, real GDP growth projections are slightly below the average private-sector forecast. Lower oil prices, more favourable financial market conditions, including more competitive Canadian dollar, and a robust U.S. economy present opportunities for further growth in Ontario as exporters invest to meet demand.

Medium-Term Fiscal Plan and Outlook (\$ Billions)	2015–16			Outlook	
	Budget	Current Outlook	In-Year Change	2016–17	2017–18
<b>Total Revenue</b>	<b>124.4</b>	<b>125.6</b>	<b>1.2</b>	<b>129.5</b>	<b>135.3</b>
<b>Expense</b>					
Programs	120.5	120.9	0.4	120.6	121.3
Interest on Debt <sup>1</sup>	11.4	11.3	(0.1)	12.2	12.9
<b>Total Expense</b>	<b>131.9</b>	<b>132.2</b>	<b>0.3</b>	<b>132.8</b>	<b>134.1</b>
Reserve	1.0	1.0	–	1.2	1.2
<b>Surplus/(Deficit)</b>	<b>(8.5)</b>	<b>(7.5)</b>	<b>1.0</b>	<b>(4.5)</b>	<b>–</b>

<sup>1</sup> Interest on debt expense is net of interest capitalized during construction of tangible capital assets of \$0.2 billion in each of 2015–16, 2016–17 and 2017–18.

Note: Numbers may not add due to rounding

## •• Borrowing Approach

- The Province's total long-term borrowing in 2015–16 is forecast to be \$30.1 billion, \$9.7 billion lower than the amount borrowed in 2014–15, and \$1.0 billion less than forecast for 2015–16 in the *2015 Budget*.
- Given the strength of demand Ontario has experienced in the Canadian-dollar market, the Province's Canadian-dollar borrowing target of at least 75 per cent in 2015–16 will remain in place. This is an increase from the previous target of 70 per cent in the *2014 Budget*.
- The Province plans to issue its second Green Bond during fiscal 2015–16 and it will also be denominated in Canadian dollars.
- As of November 26, 2015, the weighted average term of borrowings for 2015–16 is currently 16.1 years. The average has been extended significantly from 8.6 years in 2008–09.
- As of September 30, 2015, the values for net interest rate resetting exposure and foreign exchange exposure were 10.6 per cent (limit of 35 per cent) and 0.3 per cent (limit of five per cent) respectively.

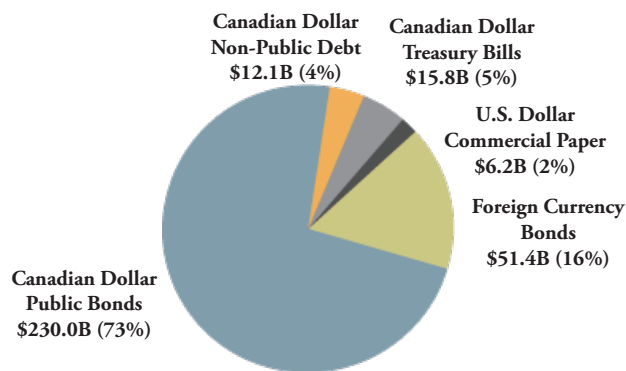
Borrowing Program and Medium Term Outlook: Province and Ontario Electricity Financial Corporation (OEFC) (\$ Billions)	Medium Term Borrowing Outlook				
	2015–16			2016–17	2017–18
	2015 Budget	Current Outlook	In-Year Change		
Deficit/(Surplus)	8.5	7.5	(1.0)	4.5	-
Investment in Capital Assets	9.1	9.1	-	11.3	11.8
Non-Cash Adjustments	(4.9)	(3.1)	1.8	(5.5)	(5.6)
Loans to Infrastructure Ontario	1.1	1.1	0.0	0.5	0.4
Other Net Loans/Investments	1.0	(0.3)	(1.3)	0.3	0.1
Debt Maturities	21.0	21.1	0.1	21.4	17.5
Debt Redemptions	0.2	0.1	(0.1)	0.1	0.1
Hydro One Special Dividends	-	(0.8)	(0.8)	-	-
<b>Total Funding Requirement</b>	<b>35.9</b>	<b>34.7</b>	<b>(1.3)</b>	<b>32.7</b>	<b>24.4</b>
Canada Pension Plan Borrowing	-	-	-	(0.1)	-
Decrease/(Increase) in Short-Term Borrowing	-	-	-	(1.7)	-
Increase/(Decrease) in Cash and Cash Equivalents	-	0.8	0.8	(0.8)	-
Preborrowing in 2014–15	(4.8)	(5.3)	(0.5)	-	-
<b>Total Long-Term Public Borrowing</b>	<b>31.1</b>	<b>30.1</b>	<b>(1.0)</b>	<b>30.1</b>	<b>24.4</b>

Note: Numbers may not add due to rounding

## •• Debt Portfolio

- As of September 30, 2015, Ontario had total debt of \$315.4 billion. Total debt is composed of bonds issued in both the short- and long-term public capital markets and non-public debt.
- Public debt totals \$303.3 billion, primarily consisting of bonds issued in the domestic and international public markets in 9 currencies.
- Ontario also has \$12.1 billion outstanding in non-public debt issued in Canadian dollars. Non-public debt primarily consists of debt instruments issued to the Canada Pension Plan Investment Board. This debt is not marketable and cannot be traded.

### Total Debt Composition: \$315.4 Billion Outstanding



Note: Numbers may not add due to rounding.  
Source: Ontario Financing Authority.

Selected Financial Indicators projected to March 31, 2016:

Net Debt	\$298.3 billion
Accumulated Deficit	\$195.0 billion
Net Debt/GDP	40.2 per cent
Accumulated Deficit/GDP	26.3 per cent

The Ontario Financing Authority is an agency of the Province of Ontario responsible for provincial borrowing and debt management activities.

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