

•• 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
- Benchmark Canadian provincial borrower
- 75 per cent target for Canadian dollar borrowing with likely issuance in U.S. dollars and Euros
- Green Bond Program

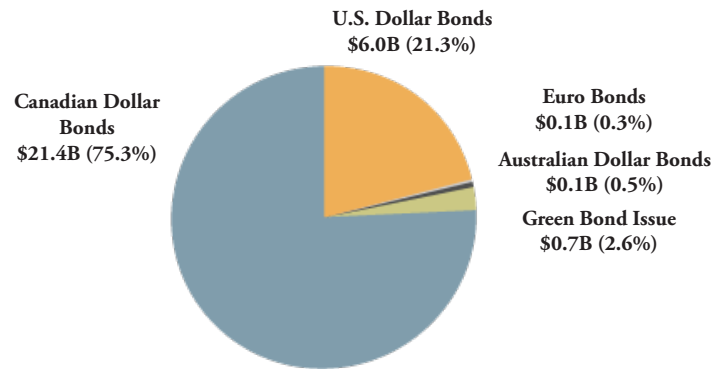
Stable, Liquid Government Credit

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 borrowing requirement for 2015–16 is \$30.1 billion. The total borrowing completed is approximately \$28.4 billion year-to-date.

\$28.4 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 \$5.7 billion in 2015–16, \$4.3 billion in 2016–17, and balanced budgets in 2017–18 and 2018–19. This reflects an improvement of \$2.8 billion in 2015–16 and \$0.5 billion in 2016–17 compared with the deficit targets laid out in the *2015 Budget*.
- Average annual growth in revenue between 2014–15 and 2018–19 is projected to be 4.6 per cent. Higher revenue in 2015–16 reflects higher revenue from asset optimization, higher taxation revenues and stronger performance from Government Business Enterprises, which also accounts for Hydro One Ltd. net income changes unrelated to the asset optimization strategy.
- Revenues in 2016–17 and 2017–18 include prudent assumptions related to the current federal government's commitments for additional funding for infrastructure, home care and jobs and training. It also includes projected proceeds from the Province's Cap-and-Trade Program and projected net revenues from the Province's asset optimization strategy.
- Average annual growth in program spending between 2014–15 and 2018–19 is forecast to be 1.9 per cent.
- The reserve is set at \$1.0 billion in 2016–17, \$1.1 billion in 2017–18 and \$1.2 billion in 2018–19. It remains in place to protect against any adverse changes in the Province's revenue and expense.
- Real GDP is forecasted to grow 2.2 per cent annually on average over the 2016 to 2019 period. For prudent fiscal planning, real GDP growth projections are slightly below the average private-sector forecast. Ontario's economy is benefiting from solid economic growth in the United States and significant shifts in key external factors, such as reduced oil prices, a more competitive Canadian dollar and low interest rates.

Medium-Term Fiscal Plan and Outlook (\$ Billions)	2015–16			Outlook		
	Budget	Current Outlook	In-Year Change	2016–17	2017–18	2018–19
Total Revenue	124.4	126.5	2.2	130.6	137.7	141.9
Expense						
Programs	120.5	120.9	0.4	122.1	124.2	127.6
Interest on Debt ¹	11.4	11.2	(0.2)	11.8	12.5	13.1
Total Expense	131.9	132.1	0.2	133.9	136.6	140.7
Reserve	1.0	0.2	(0.9)	1.0	1.1	1.2
Surplus/(Deficit)	(8.5)	(5.7)	2.8	(4.3)	0.0	0.0

¹ Interest on debt expense is net of interest capitalized during construction of tangible capital assets of \$0.2 billion in 2014–15, \$0.1 billion in 2015–16, \$0.2 billion in 2016–17, \$0.4 billion in 2017–18 and \$0.6 billion in 2018–19.

Note: Numbers may not add due to rounding

•• Borrowing Approach

- The Province's total long-term borrowing in 2016–17 is forecast to be \$26.4 billion, \$3.7 billion lower than the amount borrowed in 2015–16, and \$4.0 billion less than forecast for 2016–17 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. The target for 2016–17 remains at 75 per cent.
- On January 22, 2016, the Province successfully launched its second Canadian-dollar Green Bond of \$750 million.
- As of February 25, 2016, the weighted average term of borrowings for 2015–16 is 14.0 years. The average has been extended significantly from 8.1 years in 2009–10.
- As of December 31, 2015, the values for net interest rate resetting exposure and foreign exchange exposure were 10.1 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 (OEFEC) (\$ Billions)	Medium Term Borrowing Outlook					
	2015–16			2016–17	2017–18	2018–19
	2015 Budget	Current Outlook	In-Year Change			
Deficit/(Surplus)	8.5	5.7	(2.8)	4.3	0.0	0.0
Investment in Capital Assets	9.1	8.5	(0.6)	11.2	12.4	14.2
Non-Cash Adjustments	(4.9)	(3.1)	1.8	(5.8)	(6.1)	(6.3)
Loans to Infrastructure Ontario	1.1	0.8	(0.2)	-	0.3	0.1
Other Net Loans/Investments	1.0	(0.2)	(1.2)	(0.9)	(0.8)	(1.2)
Debt Maturities	21.0	21.1	0.1	21.5	17.5	22.1
Debt Redemptions	0.2	-	(0.2)	0.1	0.1	0.1
Hydro One Special Dividend	-	(0.8)	(0.8)	-	-	-
Total Funding Requirement	35.9	31.9	(4.0)	30.3	23.3	28.8
Canada Pension Plan Borrowing	-	-	-	(0.1)	-	-
Decrease/(Increase) in Short-Term Borrowing	-	-	-	(1.0)	-	-
Increase/(Decrease) in Cash and Cash Equivalents	-	3.5	3.5	(2.7)	-	-
Preborrowing from 2014–15	(4.8)	(5.3)	(0.5)	-	-	-
Total Long-Term Public Borrowing	31.1	30.1	(1.0)	26.4	23.3	28.7

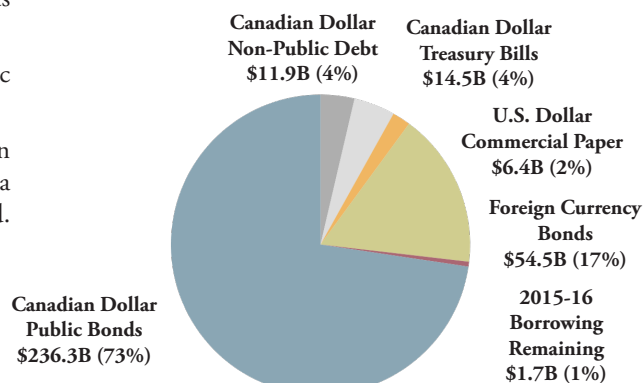
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•• Debt Portfolio

- Total debt is projected to be \$325.3 billion as of March 31, 2016. Total debt is composed of bonds issued in both the short- and long-term public capital markets and non-public debt.
- Public debt totals \$313.4 billion, primarily consisting of bonds issued in the domestic and international public markets in 7 currencies.
- Ontario also has \$11.9 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.

Selected Financial Indicators projected to March 31, 2016:	
Net Debt	\$296.1 billion
Accumulated Deficit	\$193.4 billion
Net Debt/GDP	39.6 per cent
Accumulated Deficit/GDP	25.9 per cent

Total Debt Composition: \$325.3 Billion Outstanding



Projected to March 31, 2016.

Note: Numbers may not add due to rounding.

Source: Ontario Financing Authority.

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

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