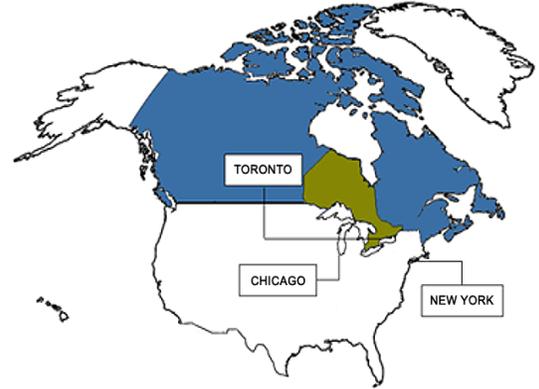


Ontario Overview

- The Province of Ontario is located in a prime area with close ties to the United States
- Ontario had a population of 13.8 million and nominal GDP of \$747 billion in 2015, representing roughly 40 per cent of Canada
- Ontario has a diverse economy, with extensive manufacturing, financial and business services and a smaller energy sector compared to the rest of Canada. It has direct taxation powers and stable growth
- Services account for 77 per cent of the overall economy
- The government is dedicated to a fiscally sound approach to managing the Province's finances, and is committed to balancing the budget by 2017–18
- Building on previous commitments, Ontario is investing about \$160 billion in public infrastructure over 12 years, starting in 2014–15



Borrowing Program

(\$ Billions)	Medium-Term Borrowing Outlook			
	2015–16	2016–17	2017–18	2018–19
Deficit/(Surplus)	5.7	4.3	0.0	0.0
Investment in Capital Assets	8.5	11.2	12.4	14.2
Debt Maturities	21.1	21.2	17.5	22.1
Amortization and Other Offsets	(3.3)	(6.8)	(6.5)	(7.3)
Total Funding Requirement	31.9	29.8	23.3	28.8
Other Adjustments	(1.8)	(3.4)	–	–
Preborrowing from 2015–16	2.0	(2.0)	–	–
Total Long-Term Public Borrowing	32.1	24.4	23.3	28.7

Note: Numbers may not add due to rounding.

Ontario Bonds

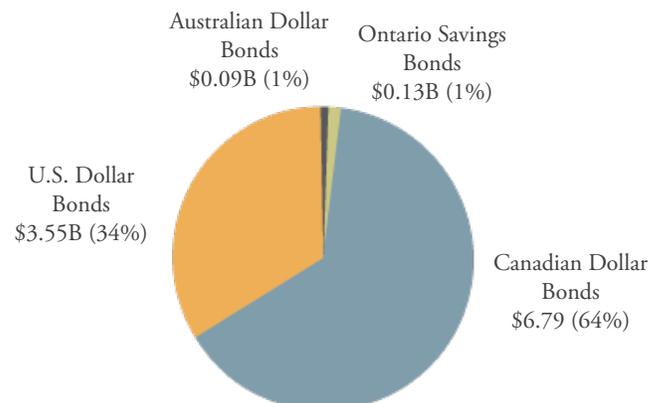
- Exceptional secondary market liquidity with a wide range of offerings provide extensive investment and trading opportunities across the yield curve
- Attractive spreads provide opportunities for investors to achieve higher returns
- Benchmark Canadian provincial borrower
- 75 per cent target for Canadian dollar borrowing with likely issuance in U.S. dollars and Euros
- Green Bond Program

Current Ratings (Long-Term/Short-Term)

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

Diverse Borrowing Program 2016–17

As of August 4, 2016, borrowing completed for 2016–17 totalled \$10.6 billion.



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

∴ Long-Term Borrowing

- Long-term borrowing for 2016–17 is forecast to be \$24.4 billion, this would be the Province's lowest borrowing program since 2007–08. As of August 4, 2016, borrowing completed for 2016–17 was \$10.6 billion
- Given the low interest rates experienced in recent years, Ontario has been proactive in extending the term of its borrowing program. It was 14.2 years for 2015–16, up from 8.1 years in 2009–10

Fiscal Year	Canadian Dollar (\$Billions)	Foreign Currencies (\$Billions)	Total Long-Term Borrowing (\$Billions)	Weighted-Average Term (years)
2009–10	21.4 (49%)	22.4 (51%)	43.8	8.1
2010–11	23.5 (59%)	16.4 (41%)	39.9	12.8
2011–12	28.4 (81%)	6.5 (19%)	34.9	13.0
2012–13	26.4 (72%)	10.2 (28%)	36.6	12.4
2013–14	29.4 (82%)	6.6 (18%)	36.0	13.6
2014–15	31.4 (79%)	8.4 (21%)	39.8	14.1
2015–16	25.8 (81%)	6.2 (19%)	32.1	14.2
2016–17	6.9 (66%)	3.6 (34%)	24.4	17.1
2017–18 Outlook	Target: at least 75%	Target: at most 25%	23.3	–
2018–19 Outlook			28.7	–

Note: Numbers may not add due to rounding. 2016-17 figures as of August 4, 2016.

∴ Canadian Dollar Issuance

- Ontario accounted for 59.4 per cent of Canadian provincial bond trading in 2015 and Ontario accounts for 14.5 per cent of the FTSE TMX Universe Bond Index, 20.1 per cent of the FTSE TMX Mid Bond Index, and 19.1 per cent of the FTSE TMX Long Bond Index
- Regular issuance of 5-year, 10-year and 30-year issues, which are re-opened to achieve benchmark size (28 syndicated issues in 2015–16)
- Large order procedure initiated in 2011 (47 issues totalling approximately \$25.9 billion)

Canadian Dollar Benchmark Bonds (as of August 4, 2016)

	Ontario		Canada	
5 year (old)	2.10% September 8, 2019	\$3.50B	0.75% September 1, 2020	\$13.00B
5 year (new)	4.20% June 2, 2020	\$10.80B	0.75% March 1, 2021	\$13.80B
10 year (old)	2.60% June 2, 2025	\$13.60B	2.25% June 1, 2025	\$13.10B
10 year (new)	2.40% June 2, 2026	\$4.35B	1.50% June 1, 2026	\$13.50B
Long (old)	2.90% December 2, 2046	\$14.70B	4.00% June 1, 2041	\$15.69B
Long (new)	2.80% June 2, 2048	\$2.55B	3.50% December 1, 2045	\$16.40B

∴ Foreign Issuance

- The Province regularly accesses foreign markets to diversify its borrowing program and expand its investor base

U.S. Dollar Borrowing

- The U.S. dollar market remains an important source of funding for Ontario with \$6.0 billion issued in 2015–16, and \$3.5 billion U.S. dollars issued so far in 2016–17

Euro Borrowing

- The Euro Market is also an important source of funding for Ontario, with \$4.5 billion issued in the last 2 years

∴ Green Bonds

- In 2014, Ontario successfully launched a Green Bond program, with an inaugural global 4-year Canadian dollar bond of \$500 million. Ontario launched a second global 7-year Canadian dollar bond of \$750 million in 2016
- The inaugural bond helped fund a clean transportation project, while the second green bond was expanded to include a basket of eight clean transportation, energy efficiency and conservation projects

Ontario's Green Bonds:

- Carry the full faith and credit of the Province of Ontario
- Rank pari passu with Ontario's other bonds and are payable without any preference or priority
- Are direct unsecured obligations of the Province of Ontario and investors do not assume any specific risk related to the funded projects
- Help finance transit and other environmentally friendly projects across the Province

Assurances and Features:

- Ontario's Green Bond Framework was developed in consultation with the Center for International Climate and Environmental Research –Oslo (CICERO)
- Ontario's Green Bond program aligns with the Green Bond Principles maintained by the International Capital Markets Association
- An assurance audit performed by the Auditor General of Ontario verifying amounts allocated to selected projects and tracking the amount of Green Bond proceeds

Risk Management and Short-Term Borrowing

	Exposure	Policy Limit
Foreign Exchange	0.32%	5.0%
Floating Rate	9.87%	35.0%

Of outstanding debt, as of June 30, 2016.

- Ontario's maximum floating rate exposure is 35 per cent and its maximum foreign exchange exposure is 5 per cent of debt issued for provincial purposes
- Liquid reserves as of July 29, 2016 were \$22.8 billion
- As of July 29, 2016, capacity for short-term borrowing: \$48.0 billion authorized and \$21.0 billion outstanding, leaving \$27.0 billion available

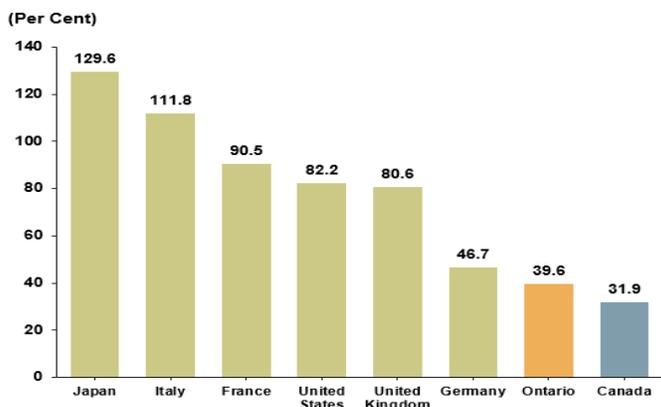
Fiscal Plan and Outlook

- The government is projecting deficits of \$5.7 billion in 2015–16, \$4.3 billion in 2016–17, and balanced budgets in 2017–18 and 2018–19. Average annual growth in revenue between 2014–15 and 2018–19 is projected to be 4.6 per cent and average annual growth in program spending between 2014–15 and 2018–19 is forecast to be 1.9 per cent
- The Province remains on track with its multi-year government asset sales initiative to generate \$5.7 billion
- The medium-term revenue outlook also includes projected cap-and-trade proceeds from the auctioning of carbon allowances beginning in 2017. The current estimate for 2017 is \$1.9 billion, with \$478 million occurring in 2016–17

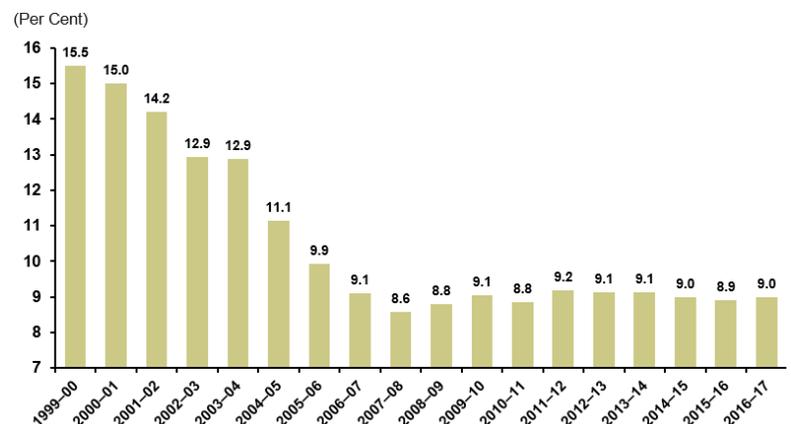
Medium-Term Fiscal Plan and Outlook (\$ Billions)	Actual						Current Outlook	Medium-Term Outlook		
	2009–10	2010–11	2011–12	2012–13	2013–14	2014–15		2015–16	2016–17	2017–18
Revenue	96.3	107.2	109.8	113.4	115.9	118.5	126.5	130.6	137.7	141.9
Expense										
Programs	106.9	111.7	112.7	112.2	115.8	118.2	120.9	122.1	124.2	127.6
Interest on Debt	8.7	9.5	10.1	10.3	10.6	10.6	11.2	11.8	12.5	13.1
Total Expense	115.6	121.2	122.7	122.6	126.4	128.9	132.1	133.9	136.6	140.7
Reserve	–	–	–	–	–	–	0.2	1.0	1.1	1.2
Surplus/(Deficit)	(19.3)	(14.0)	(13.0)	(9.2)	(10.5)	(10.3)	(5.7)	(4.3)	0.0	0.0

- Ontario's net debt-to-GDP ratio is forecast to peak in 2015–16, remain level in 2016–17 at 39.6 per cent and begin to decline in 2017–18. The government continues to maintain a target of reducing the net debt-to-GDP ratio to its pre-recession level of 27 per cent
- The IOD-to-revenue ratio is lower than it was in the 1990s and 2000s, and is forecast to remain lower through the outlook period in 2018–19

2016–17 Net Debt-to-GDP

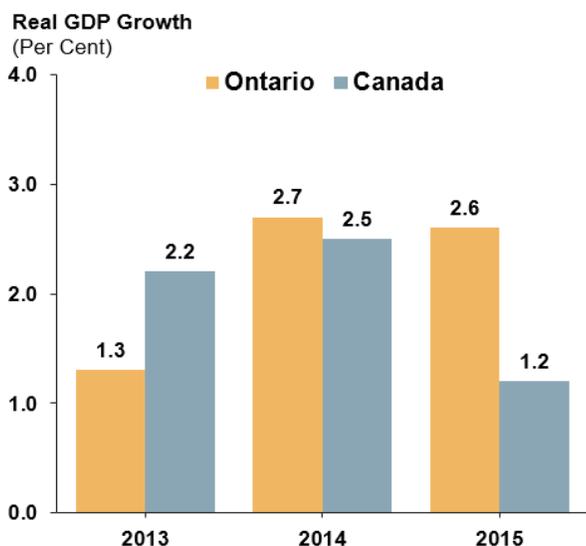


Interest on Debt (IOD)-to-Revenue

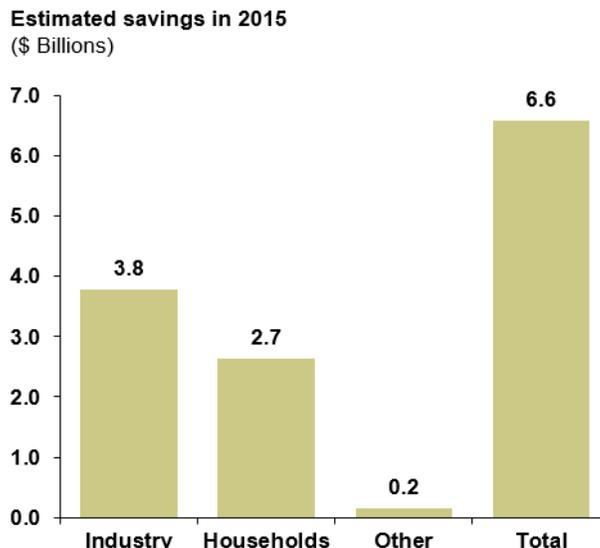


- Ontario's real GDP increased by 2.6 per cent in 2015, following up on 2.7 per cent growth in 2014
- Lower oil prices translated into lower retail prices for gasoline, diesel and other refined products in 2015, benefiting consumers and businesses in Ontario. Ontario consumers and businesses saved an estimated \$6.6 billion in 2015
- Lower oil prices, a more competitive Canadian dollar and a healthy U.S. economy are projected to lead to a broadening of economic growth in Ontario as exporters invest to meet ongoing demand
- The Province is forecasting continued growth in Ontario's economy, with real GDP projected to rise by 2.2 per cent annually, on average, over the 2016 to 2019 period
- Ontario's marginal effective tax rate on new business investment (a comprehensive measure of the tax burden on new business investment) has been cut in half since 2009, making the province a significantly more attractive location for business investment

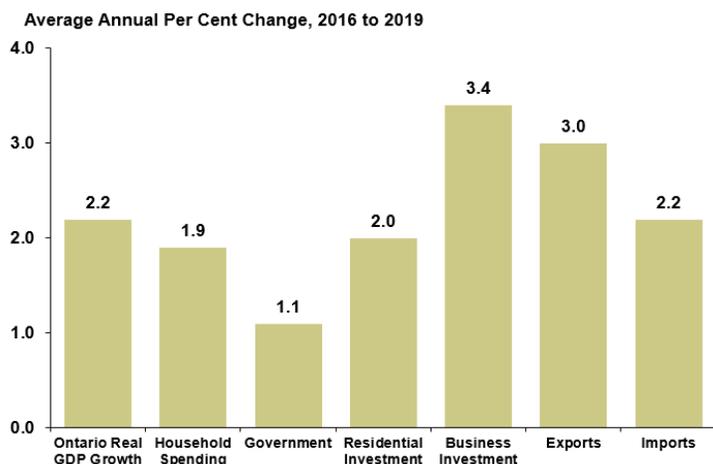
Ontario Real GDP Growth Outpacing Canada



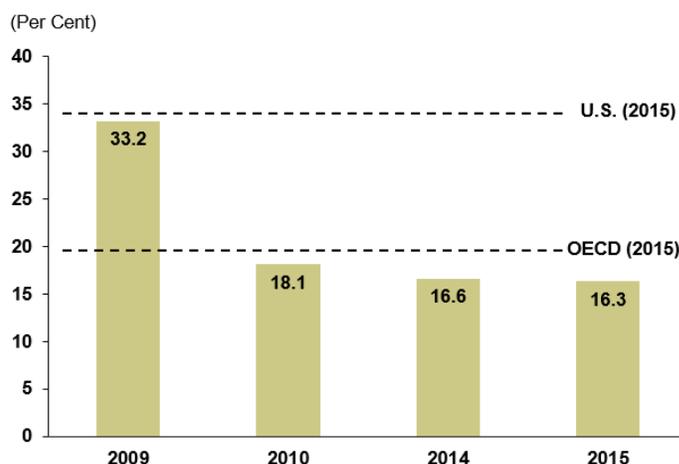
Lower Oil Prices Providing Savings to Consumers and Businesses



Ontario Economic Growth Expected to Broaden



Cutting Ontario's Marginal Effective Tax Rate



- In 2015, for the second year in row, Ontario was ranked first in North America for foreign direct capital investment by fDi Intelligence, the research division of the Financial Times Ltd.

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

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