

Ontario Overview

- The Province of Ontario is located in a prime area with close ties to the United States.
- Ontario had a population of 14.3 million in 2018 and nominal GDP of \$854 billion in 2018, representing almost 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.
- As of June 30, 2019, the government is projecting a deficit of \$10.3 billion in 2019–20, unchanged from the outlook presented in the *2019 Budget*.



Borrowing Program

(\$ Billions)	2019 Budget	Current Outlook	In-Year Change
Deficit/(Surplus)	10.3	10.3	–
Investment in Capital Assets	11.6	11.6	–
Non-Cash Adjustments	(7.7)	(7.7)	–
Loans to Infrastructure Ontario	0.2	0.2	–
Other Net Loans/Investments	0.7	0.7	–
Debt Maturities/Redemptions	27.5	27.5	–
Total Funding Requirement	42.5	42.5	–
Canada Pension Plan Borrowing	–	–	–
Decrease/(Increase) in Short-Term Borrowing	(1.2)	(1.2)	–
Increase/(Decrease) in Cash and Cash Equivalents	(5.3)	(5.3)	–
Total Long-Term Public Borrowing	36.0	36.0	–

Note: Numbers may not add due to rounding.

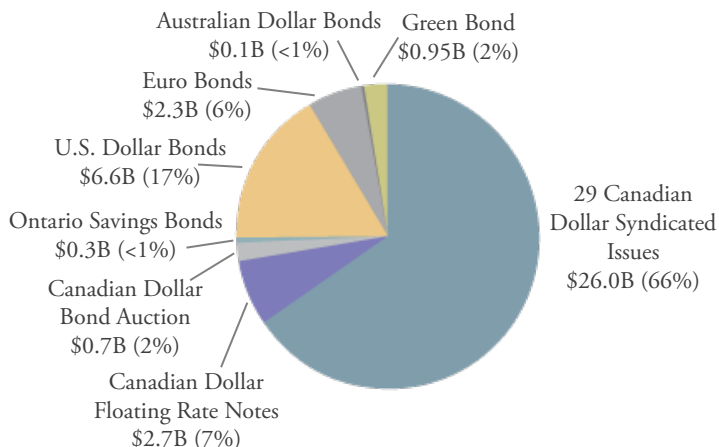
Current Ratings (Long-Term/Short-Term)	
Moody's	Aa3 / P-1
Fitch	AA- / F1+
DBRS	AA (low) / R-1 (mid)
S&P	A+ / A-1

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. Primary focus on Canadian dollar borrowing with likely issuance in U.S. dollars and Euros.

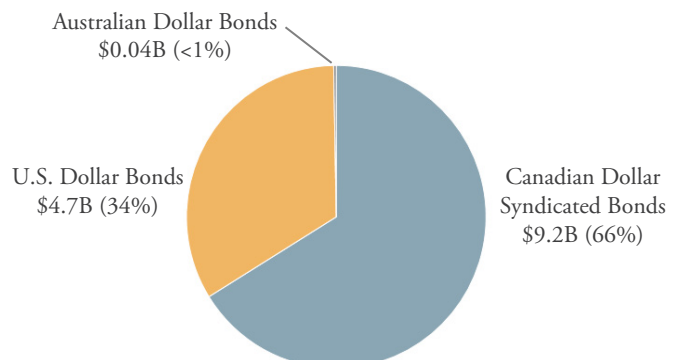
2018–19 Borrowing Program

Borrowing completed for 2018–19 totalled \$39.6 billion.



2019–20 Borrowing Program

As of August 15, 2019, borrowing completed for 2019–20 totalled \$14.0 billion.



Long-Term Borrowing

- For 2019–20, the Province is targeting Canadian dollar borrowing to be in the range of 70 to 80 percent of total borrowing.
- Since the beginning of fiscal 2010–11, the Province has issued \$84.3 billion of bonds longer than 30 years to lock in low rates, including \$9.6 billion in 2018–19. As a result, the average term of Ontario's debt portfolio has been extended, from 9.7 years in 2009–10 to 10.6 years.

Fiscal Year	Canadian Dollar (\$Billions)	Foreign Currencies (\$Billions)	Total Long-Term Borrowing (\$Billions)	Weighted-Average Term (years)	Debt Portfolio Average Term (years)
2009–10	21.4 (49%)	22.4 (51%)	43.8	8.1	9.7
2010–11	23.5 (59%)	16.4 (41%)	39.9	12.8	10.0
2011–12	28.4 (81%)	6.5 (19%)	34.9	13.0	10.1
2012–13	26.4 (72%)	10.2 (28%)	36.6	12.4	10.1
2013–14	29.4 (82%)	6.6 (18%)	36.0	13.6	10.4
2014–15	31.4 (79%)	8.4 (21%)	39.8	14.1	10.7
2015–16	25.8 (81%)	6.2 (19%)	32.1	14.2	10.9
2016–17	19.9 (74%)	7.1 (26%)	27.0	13.9	10.9
2017–18	21.1 (62%)	12.8 (38%)	33.9	12.1	10.7
2018–19	30.6 (77%)	9.0 (23%)	39.6	12.9	10.6
2019–20	9.2 (66%)	4.7 (34%)	36.0	14.2	–

Notes: Numbers may not add due to rounding. As of August 15, 2019.

Canadian Dollar Issuance

- Ontario accounted for 61.0 per cent of Canadian provincial bond trading in 2018. As of December 31, 2018, Ontario accounts for 14.0 per cent of the FTSE Russell Universe Bond Index, 16.7 per cent of the FTSE Russell Mid Bond Index, and 20.0 per cent of the FTSE Russell Long Bond Index.
- Regular issuance of 5-year, 10-year and 30-year issues, which are re-opened to achieve benchmark size (11 syndicated issues so far in 2019–20).

Canadian Dollar Benchmark Bonds (as of August 15, 2019)

Term	Ontario		Canada	
	Rate and Maturity	Amount	Rate and Maturity	Amount
5 year (old)	2.60% September 8, 2023	\$4.75B	2.25% March 1, 2024	\$12.00B
5 year (new)	2.30% September 8, 2024	\$2.75B	1.50% September 1, 2024	\$12.00B
10 year (old)	2.90% June 2, 2028	\$9.55B	2.00% June 1, 2028	\$13.50B
10 year (new)	2.70% June 2, 2029	\$5.90B	2.25% June 1, 2029	\$12.30B
Long (old)	2.90% June 2, 2049	\$13.25B	3.50% December 1, 2045	\$16.40B
Long (new)	2.65% December 2, 2050	\$2.95B	2.75% December 1, 2048	\$14.90B

Foreign Issuance

- The Province regularly accesses foreign markets to diversify its borrowing program and expand its investor base. Dependant on market conditions the Province borrows in U.S. dollars, euros, Japanese yen, pound sterling, Swiss francs and Australian dollars.

Recent EMTN Issues

Term	Issue Date and Coupon	Amount (Euros/Sterling)
7 year	0.625% April 10, 2018	€1.50B
7 year	0.375% June 7, 2017	€1.50B
3 year	FRN May 11, 2017	£0.50B
10 year	0.875% January 12, 2015	€1.25B

Recent U.S Dollar Issues

Term	Issue Date and Coupon	Amount (U.S.\$)
7 year	2.30% June 13, 2019	\$1.75B
3 year	2.55% April 17, 2019	\$1.75B
5 year	3.05% January 29, 2019	\$2.50B
5 year	3.40% October 10, 2018	\$2.50B

•• Risk Management and Short-Term Borrowing

	Exposure	Policy Limit
Foreign Exchange	0.2%	3.0%
Net Interest Rate Resetting	11.9%	35.0%

Of outstanding debt, as of July 31, 2019.

- The average level of daily unrestricted liquid reserves from April 1, 2018 to July 31, 2019 was \$36.6 billion.
- As of July 31, 2019, capacity for short-term borrowing: \$54.0 billion authorized and \$21.9 billion outstanding, leaving \$32.1 billion available.

•• Green Bonds

- Ontario is currently the largest issuer of Canadian dollar Green Bonds, with five green issues totaling \$4.0 billion with \$3.5 billion currently outstanding. The Province successfully priced its fifth Green Bond issue of \$950 million on January 31, 2019.
- Previous issues include a \$500 million issue in 2014, a \$750 million issue in 2016, an \$800 million issue in 2017 and a \$1.0 billion issue in 2018.
- The Province plans to issue its next Green Bond in 2019–20.

Features:

- 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
- Serve as an important tool to help finance public transit initiatives, extreme-weather resistant infrastructure, and energy efficiency and conservation projects

Assurances:

- 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 is performed by the Auditor General of Ontario verifying amounts allocated to selected projects and tracking the amount of Green Bond proceeds

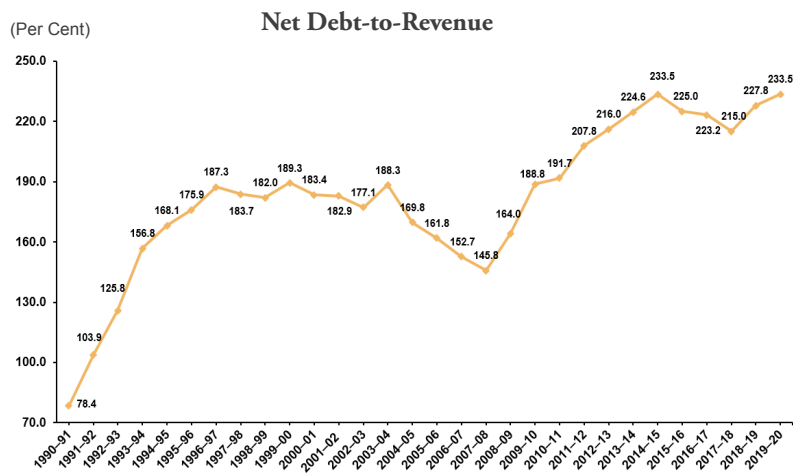
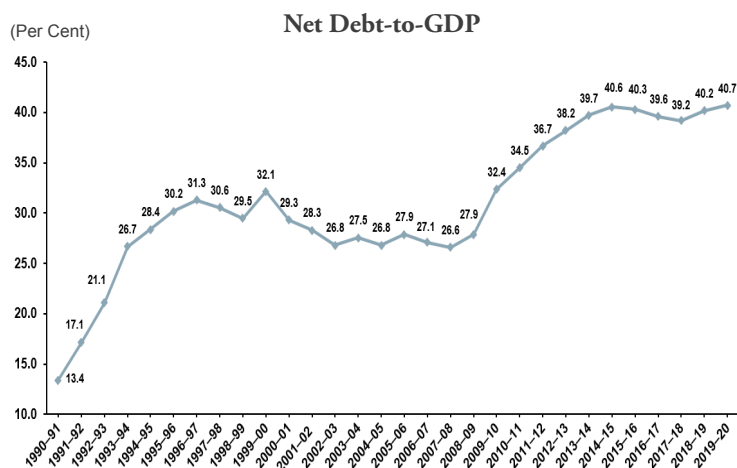
•• Fiscal Plan

- The government has taken important steps in providing relief for families and businesses while charting a path to a balanced budget. Over the last year, steady progress has been made to reduce the Provincial deficit from the inherited \$15.0 billion identified by the Independent Financial Commission of Inquiry in 2018–19.
- At the same time, the government continues to listen to the people of Ontario while ensuring that critical public services, including Ontario's world-class health care and education systems, are protected.

Fiscal Plan (\$ Billions)	Actuals								Interim ¹	Current Outlook
	2010–11	2011–12	2012–13	2013–14	2014–15	2015–16	2016–17	2017–18	2018–19	2019–20
Revenue	113.6	116.4	120.3	123.0	126.2	136.1	140.7	150.6	150.8	154.2
Expense										
Programs	120.8	121.2	120.1	123.3	126.2	129.9	131.5	142.4	150.0	150.3
Interest on Debt	10.0	10.6	10.9	11.2	11.2	11.6	11.7	11.9	12.5	13.1
Total Expense	130.8	131.8	131.0	134.5	137.4	141.5	143.2	154.3	162.5	163.4
Reserve	–	–	–	–	–	–	–	–	–	1.0
Surplus/(Deficit)	(17.3)	(15.4)	(10.7)	(11.5)	(11.3)	(5.3)	(2.4)	(3.7)	(11.7)	(10.3)

¹ Interim represents the 2019 Budget projection for the 2018–19 fiscal year.

Note: Numbers may not add due to rounding.



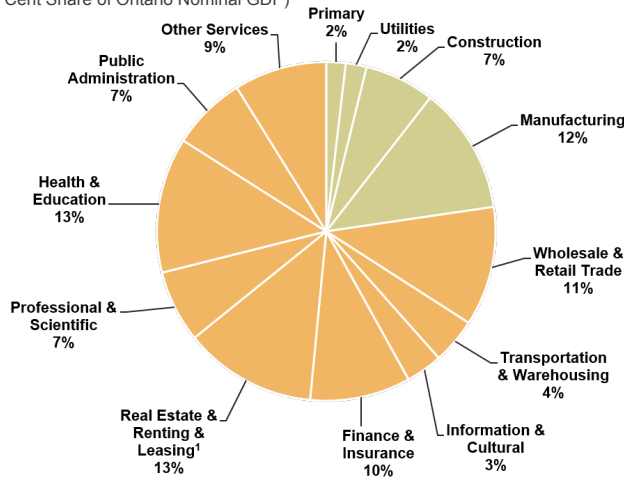
Notes: Net debt has been restated to include broader public-sector net debt, starting in 2005–06. Net debt has been restated from 2001–02 onward for the adjustments resulting from the revised accounting treatment of jointly sponsored pension plans.
Sources: Statistics Canada and Ontario Ministry of Finance.

●● Economic Update

- Ontario's real GDP increased by 2.3 per cent in 2018, following a gain of 2.8 per cent growth in 2017, and is expected to grow at an average annual rate of 1.7 per cent over the 2019–24 period.

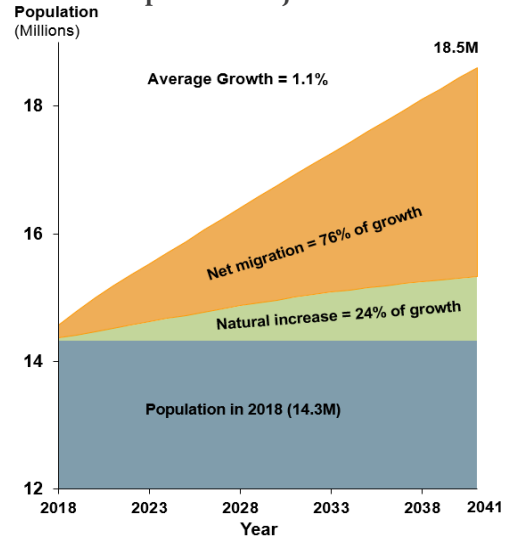
Ontario's Diverse Economy, 2018

(Per Cent Share of Ontario Nominal GDP)



¹ Includes estimate of imputed rental income on owner occupied dwellings.
Sources: Statistics Canada and Ontario Ministry of Finance.
Note: Numbers may not add due to rounding.

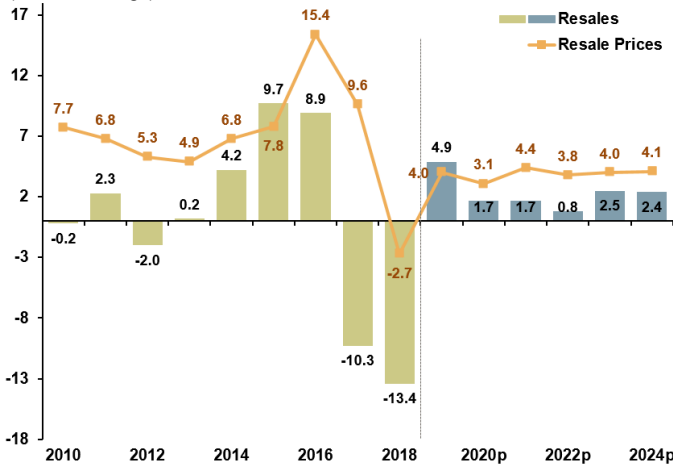
Ontario Population Projection 2018–2041



Sources: Statistics Canada for 2018 and Ontario Ministry of Finance projections.

Ontario Housing Market

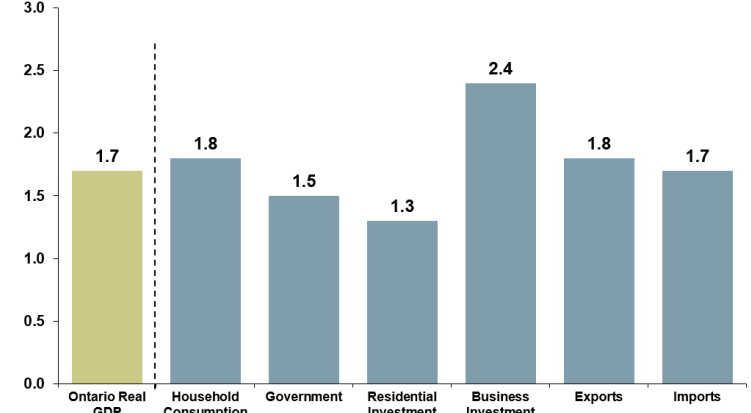
(Per Cent Change)



p = Ontario Ministry of Finance planning projection
Sources: Canadian Real Estate Association, Ontario Ministry of Finance Survey of Forecasters (July 2019) and Ontario Ministry of Finance.

Solid Business Investment Growth Projected

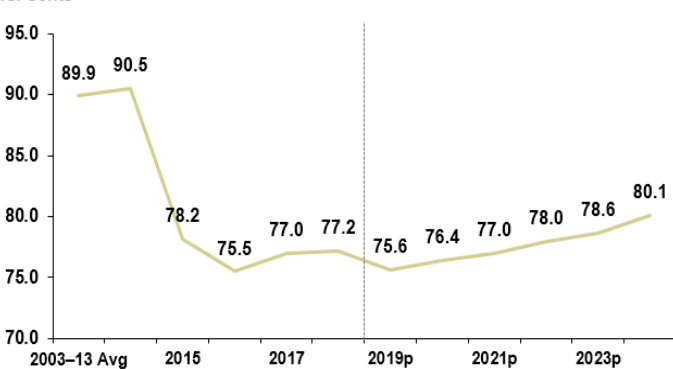
Average Annual Growth from 2019 to 2024
(Per Cent)



Note: Government includes consumption and investment expenditure. Business investment includes non-residential construction, machinery and equipment and intellectual property products.
Source: Ontario Ministry of Finance.

CAD/USD Exchange Rates

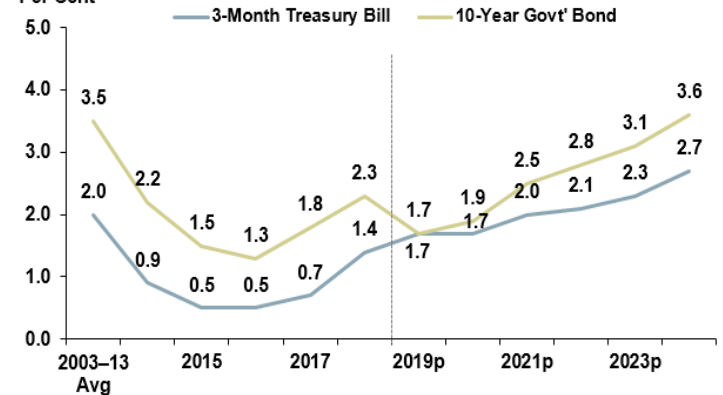
U.S. Cents



p = Ontario Ministry of Finance planning projection based on external sources.
Sources: Bank of Canada, Ontario Ministry of Finance Survey of Forecasters (July 2019) and Ontario Ministry of Finance.

Canadian Interest Rates

Per Cent



p = Ontario Ministry of Finance planning projection based on external sources.
Sources: Bank of Canada, Ontario Ministry of Finance Survey of Forecasters (July 2019) and Ontario Ministry of Finance.

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

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