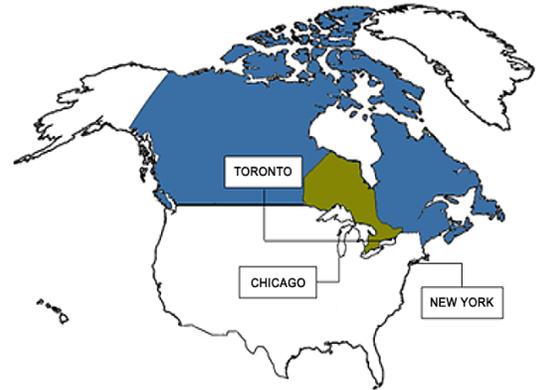


Ontario Overview

- The Province of Ontario is located in a prime area with close ties to the United States
- Ontario had a population of 14.2 million and nominal GDP of \$795 billion in 2016, 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 projecting a balanced budget in 2017–18 and to remain balanced in 2018–19 and 2019–20, unchanged from the 2017 Budget forecast
- The Province is making public infrastructure investments of more than \$190 billion over 13 years, beginning in 2014–15



Borrowing Program

(\$ Billions)	Current Outlook		
	2017–18	2018–19	2019–20
Deficit/(Surplus)	0.0	0.0	0.0
Investment in Capital Assets	13.1	15.4	17.1
Loans/Investments	(0.3)	1.9	1.2
Debt Maturities	17.4	21.8	27.4
Amortization and Other Offsets	(6.7)	(6.8)	(7.0)
Total Funding Requirement	23.6	32.3	38.7
Other Adjustments	6.0	–	(0.9)
Preborrowing in 2016–17 for 2017–18	(3.8)	–	–
Total Long-Term Public Borrowing	25.8	32.2	37.8

Note: Numbers may not add due to rounding.

Ontario Bonds

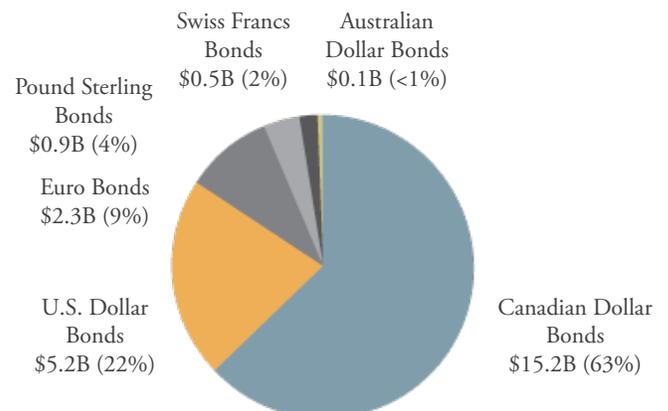
- Exceptional secondary market liquidity with a wide range of offerings provide extensive investment and trading opportunities across the yield curve
- Attractive spreads provide opportunities for investors to achieve higher returns
- Benchmark Canadian provincial borrower
- Primary focus on Canadian dollar borrowing with likely issuance in U.S. dollars and Euros
- In January 2017, Ontario issued its third Green Bond of \$800 million

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 2017–18

As of November 14, 2017, borrowing completed for 2017–18 totalled \$24.2 billion.



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

Long-Term Borrowing

- Long-term borrowing for 2017–18 is forecast to be \$25.8 billion, this would be the Province's lowest borrowing program since 2008–09. As of November 14, 2017, borrowing completed for 2017–18 was \$24.2 billion
- Given the low interest rates experienced in recent years, Ontario has been proactive in extending the term of its borrowing program. It's 12.8 years in 2017–18 as of November 14, 2017, up from 8.1 years in 2009–10. As interest rates begin to rise, the Province will assess whether it remains cost-effective over the long-term to continue to extend the term of its debt

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%)	6.3 (19%)	32.1	14.2
2016–17	19.9 (74%)	7.1 (26%)	27.0	13.9
2017–18 Outlook	15.2 (63%)	9.0 (37%)	25.8	12.8
2018–19 Outlook	–	–	32.2	–
2019–20 Outlook	–	–	37.8	–

Note: Numbers may not add due to rounding. 2017–18 figures as of November 14, 2017.

Canadian Dollar Issuance

- Ontario accounted for 58.3 per cent of Canadian provincial bond trading in 2016. As of September 30, 2017, Ontario accounts for 13.9 per cent of the FTSE TMX Universe Bond Index, 17.8 per cent of the FTSE TMX Mid Bond Index, and 19.8 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 (22 syndicated issues in 2016–17)
- Large order procedure initiated in 2011 (53 issues totalling approximately \$28.4 billion)

Canadian Dollar Benchmark Bonds (as of November 14, 2017)

	Ontario		Canada	
5 year (old)	4.20% June 2, 2020	\$10.80B	0.75% September 1, 2021	\$15.00B
5 year (new)	1.35% March 8, 2022	\$5.00B	0.50% March 1, 2022	\$15.00B
10 year (old)	2.40% June 2, 2026	\$7.50B	1.50% June 1, 2026	\$13.50B
10 year (new)	2.60% June 2, 2027	\$6.15B	1.00% June 1, 2027	\$15.00B
Long (old)	2.90% December 2, 2046	\$14.70B	3.50% December 1, 2045	\$16.40B
Long (new)	2.80% June 2, 2048	\$12.70B	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

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, \$6.8 billion issued in 2016–17, and \$5.2 billion issued so far in 2017–18

EMTN Borrowing

- The Euro Market is also an important source of funding for Ontario with \$6.8 billion issued in the last 3 years, \$2.3 billion of which was issued in 2017–18
- In May 2017, Ontario issued its first Pound Sterling bond since 2011 and in June 2017, Ontario issued its first Swiss Franc bond since 2010

Green Bonds

- In 2014, Ontario successfully launched a Green Bond program, with an inaugural global 4-year Canadian dollar bond of \$500 million and in 2016, Ontario launched a second global 7-year Canadian dollar bond of \$750 million. In January 2017, the Province successfully priced an \$800 million reopening of its January 2023 Global Green Bond. The transaction represents the third and largest ever Green Bond offering from the Province of Ontario. The Province plans to issue its fourth Green Bond later this fiscal year
- The inaugural bond helped fund a clean transportation project, while the second and third Green Bonds were expanded to include a basket of eight and twelve clean transportation, energy efficiency and conservation projects, respectively

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 is 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	0.2%	5.0%
Net Interest Rate Resetting	10.4%	35.0%

Of outstanding debt, as of October 31, 2017.

- Ontario's maximum net interest rate resetting exposure is 35 per cent and its maximum foreign exchange exposure is 5 per cent of debt issued for provincial purposes
- Average liquid reserves as of October 31, 2017 were \$31.7 billion
- As of October 31, 2017, capacity for short-term borrowing: \$48.0 billion authorized and \$19.4 billion outstanding, leaving \$28.6 billion available

Fiscal Plan and Outlook

- The government is projecting a balanced budget in 2017–18 and continued balance in 2018–19 and 2019–20, unchanged from the *2017 Budget* forecast
- Revenue is projected to grow from \$150.1 billion in 2017–18 to \$158.2 billion in 2019–20, and program expense is projected to grow from \$137.4 billion in 2017–18 to \$144.2 billion in 2019–20

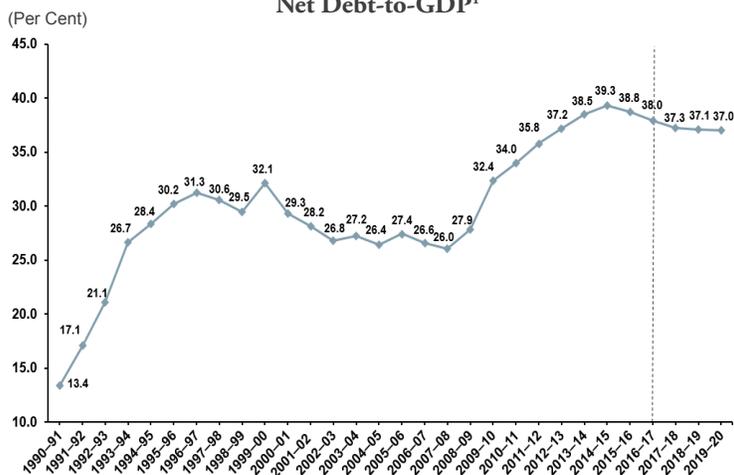
Medium-Term Fiscal Plan and Outlook ¹ (\$ Billions)	Actual								Plan	Medium-Term Outlook	
	2009–10	2010–11	2011–12	2012–13	2013–14	2014–15	2015–16	2016–17	2017–18	2018–19	2019–20
Revenue	102.6	113.6	116.4	120.3	123.0	126.2	136.1	140.7	150.1	153.6	158.2
Expense											
Programs	112.7	117.6	118.8	118.7	122.3	125.2	128.1	130.0	137.4	140.4	144.2
Interest on Debt	9.1	10.0	10.6	10.9	11.2	11.2	11.6	11.7	12.2	12.7	13.3
Total Expense	121.8	127.6	129.4	129.5	133.4	136.5	139.7	141.7	149.6	153.1	157.4
Reserve	–	–	–	–	–	–	–	–	0.5	0.5	0.8
Surplus/(Deficit)	(19.3)	(14.0)	(13.0)	(9.2)	(10.5)	(10.3)	(3.5)	(1.0)	0.0	0.0	0.0

¹Note: Numbers may not add due to rounding.

²Amounts reflect a presentation change for hospitals, school boards and colleges. Third-party revenue for these organizations, previously netted against sector expenses, is now classified as revenue. This does not impact the Province's annual surplus/deficit results, net debt or accumulated deficit.

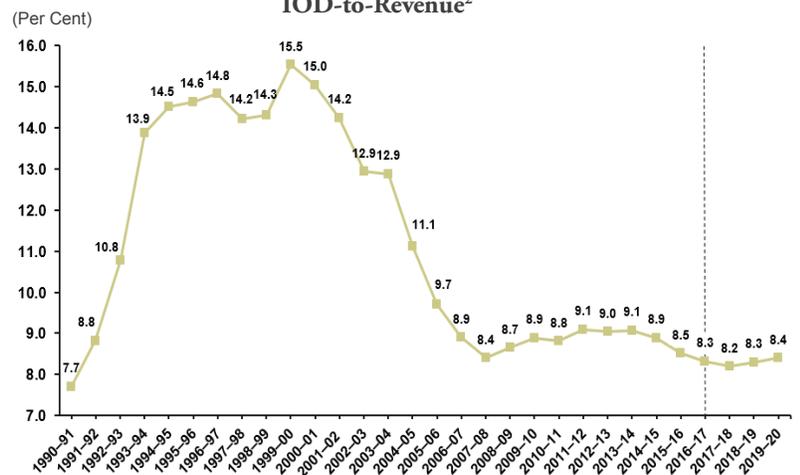
- Ontario's net debt-to-GDP ratio peaked in 2014–15 at 39.3 per cent and has trended downwards since then, at 38.0 per cent in 2016–17 and is forecast at 37.3 in 2017–18
- The government is setting an interim net debt-to-GDP ratio target of 35 per cent by 2023–24 and continues to maintain a target of reducing the net debt-to-GDP ratio to its pre-recession level of 27 per cent, currently projected to be achieved by 2029–30
- The Interest on Debt (IOD)-to-revenue ratio is lower than it was in the 1990s and 2000s, and is forecast to remain lower through the outlook period to 2019–20

Net Debt-to-GDP¹



¹Net Debt has been restated to include broader public sector net debt, starting in 2005–06.

IOD-to-Revenue²

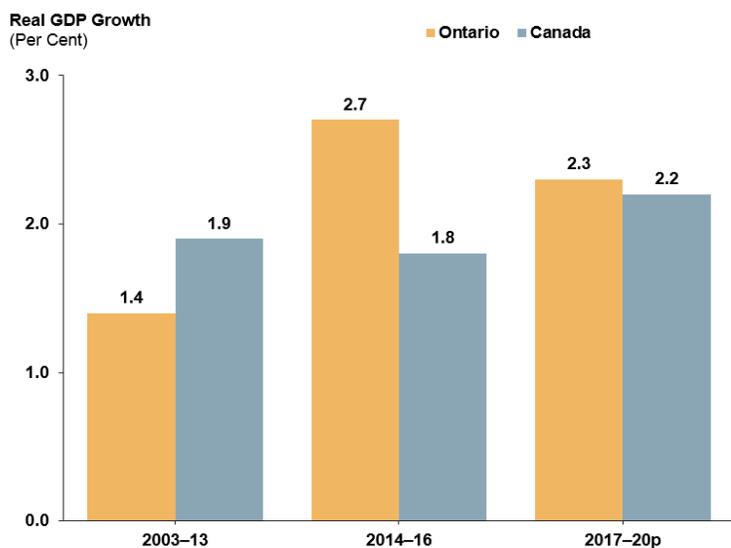


²2005–06 to 2019–20 have been restated for broader public sector line-by-line presentation.

•• Economic Update

- Ontario's real GDP increased by 2.6 per cent in 2016, following up on 2.9 per cent growth in 2015
- Over the past three years, Ontario's economy has grown faster than Canada's and that of all G7 countries
- Low oil prices, a competitive Canadian dollar and an advancing global and U.S. economy are projected to lead to a broadening of economic growth in Ontario
- Ontario's marginal effective tax rate on new business investment (a comprehensive measure of the tax burden on new business investment) has been cut substantially from 33.0 per cent in 2009 to 16.9 per cent in 2016, making the Province a significantly more attractive location for business investment
- Since 2014, Ontario has been twice named as the top destination in North America for foreign direct capital investment by fDi Intelligence, Ontario continues to remain among the top four destinations in the region for foreign direct capital investment

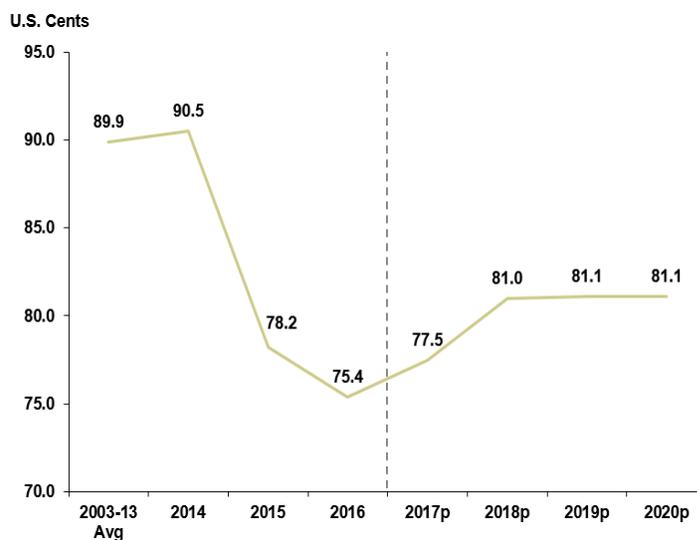
Ontario's Economy Has Grown Faster Than Canada's



p = private-sector average

Sources: Statistics Canada and Ontario Ministry of Finance Survey of Private Sector Forecasts (October 2017).

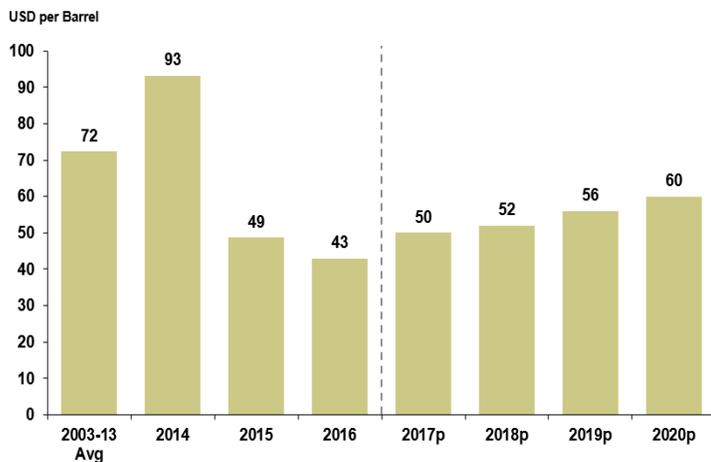
CAD/USD Exchange Rate



p = private-sector average

Sources: Bank of Canada and Ontario Ministry of Finance and Ontario Ministry of Finance Survey of Forecasters (October 2017).

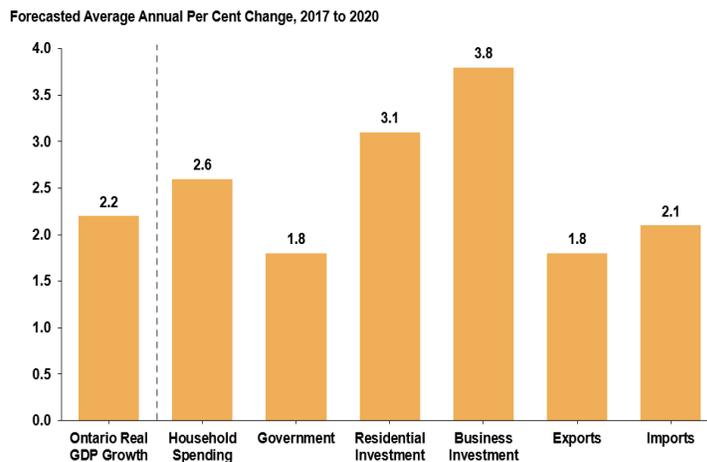
WTI Oil Prices



p = private-sector average

Sources: U.S. Energy Information Administration and Private Sector Oil and Natural Gas Forecasts (October 2017).

Ontario Economic Growth Expected to Broaden



Notes: Government includes investment and consumption expenditure. Business investment includes investment in plant, equipment and intellectual property products.

Source: Ontario Ministry of Finance (2017 Ontario Economic Outlook and Fiscal Review).

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

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