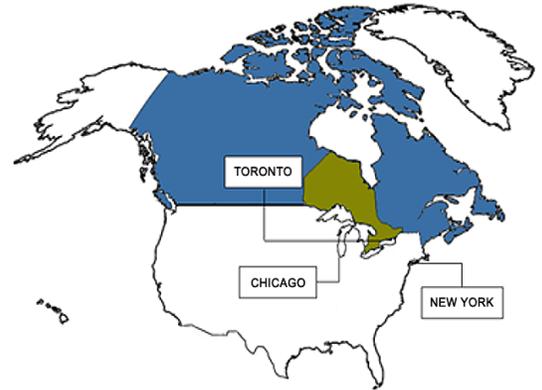


Ontario Overview

- 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 in 2017 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 projecting a balanced budget for 2017–18 in the *2017–18 Third Quarter Finances*, unchanged from the *2017 Budget* forecast.
- The Province is making public infrastructure investments of about \$190 billion over 13 years, beginning in 2014–15.



Borrowing Program

(\$ Billions)	2017–18		
	Budget Plan	Current Outlook	In-Year Change
Deficit/(Surplus)	0.0	0.0	–
Investment in Capital Assets	13.1	13.1	–
Loans/Investments	(0.3)	(0.3)	–
Debt Maturities	17.5	17.4	(0.1)
Amortization and Other Offsets	(6.6)	(6.7)	0.0
Total Funding Requirement	23.7	23.6	(0.1)
Other Adjustments	6.0	6.0	–
Preborrowing in 2016–17 for 2017–18	(3.2)	(3.8)	(0.5)
Preborrowing in 2017–18 for 2018–19	–	8.1	8.1
Total Long-Term Public Borrowing	26.4	33.9	7.4

Note: Numbers may not add due to rounding.

Ontario Bonds

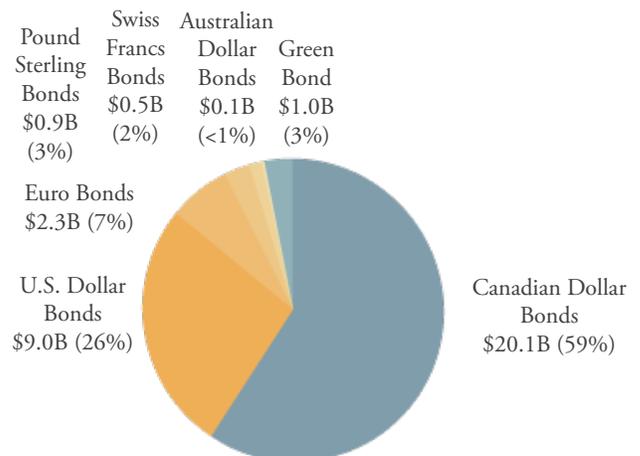
- Exceptional secondary market liquidity with a wide range of offerings provide extensive investment and trading opportunities across the yield curve
- Attractive spreads provide opportunities for investors to achieve higher returns
- Benchmark Canadian provincial borrower
- Primary focus on Canadian dollar borrowing with likely issuance in U.S. dollars and Euros
- In January 2018, Ontario issued its fourth Green Bond issue of \$1.0 billion

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 February 15, 2018, borrowing completed for 2017–18 totalled \$33.9 billion.



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

Long-Term Borrowing

- As of February 15, 2018, the Province has completed its borrowing program with \$33.9 billion issued, including \$8.1 billion in pre-borrowing for 2018–19.
- Given the low interest rates experienced in recent years, Ontario has been proactive in extending the term of its borrowing program. As of February 15, 2018, it is 12.1 years in 2017–18, 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	21.1 (62%)	12.8 (38%)	33.9	12.1

Note: Numbers may not add due to rounding. 2017–18 figures as of February 15, 2018.

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 February 15, 2018)

	Ontario		Canada	
5 year (old)	1.35% March 8, 2022	\$5.00B	0.50% March 1, 2022	\$15.00B
5 year (new)	2.60% September 8, 2023	\$1.50B	1.00% September 1, 2022	\$15.60B
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	\$7.65B	1.00% June 1, 2027	\$15.00B
Long (old)	2.80% June 2, 2048	\$12.70B	3.50% December 1, 2045	\$16.40B
Long (new)	2.90% June 2, 2049	\$1.95B	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.

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 \$9.0 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 four 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

- Ontario is currently the largest issuer of Canadian dollar Green Bonds, with four outstanding green issues totaling \$3.05 billion.
- On January 25, 2018 the Province successfully launched its fourth Green Bond issue of \$1.0 billion. This is not only the largest Green Bond offering from the Province of Ontario, but the largest issue to be priced in the Canadian dollar Green Bond market to date.
- In 2014, Ontario successfully launched a Green Bond program, with an inaugural 4-year Canadian dollar Global bond of \$500 million. This was followed by a 7-year Canadian dollar Global bond of \$750 million in 2016 and an \$800 million reopening of its January 2023 Global Green Bond in 2017.

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	12.6%	35.0%

Of outstanding debt, as of January 31, 2018.

- 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.
- Liquid reserves were \$22.9 billion as of January 31, 2018.
- As of January 31, 2018, capacity for short-term borrowing: \$48.0 billion authorized and \$20.5 billion outstanding, leaving \$27.5 billion available.

Fiscal Plan and Outlook

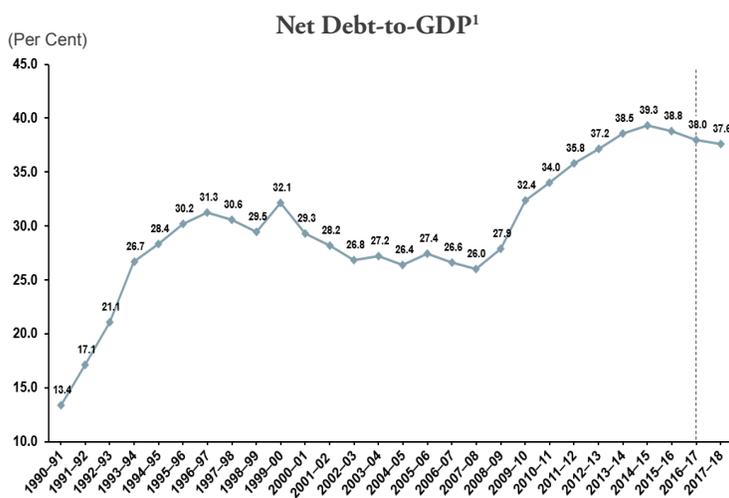
- As reported in the *2017–18 Third Quarter Finances*, the government is projecting a balanced budget in 2017–18, unchanged from the *2017 Budget forecast*.
- The revenue and expense outlook for 2017–18 is unchanged from the *2017 Ontario Economic Outlook and Fiscal Review*.

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

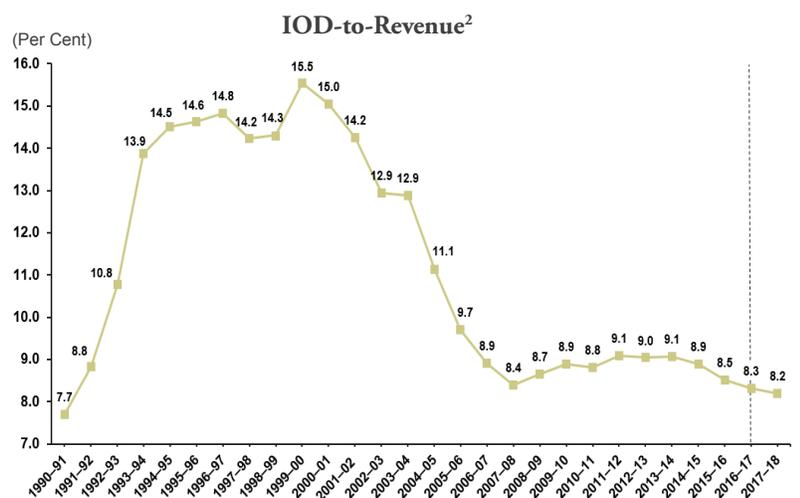
Note: Numbers may not add due to rounding.

¹Amounts reflect a presentation change for hospitals, school boards and colleges. This does not impact the Province's annual surplus/deficit results, net debt or accumulated deficit. Please see the *2017 Ontario Economic Outlook and Fiscal Review* for more information.

- 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 37.6 in 2017–18.
- 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.



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

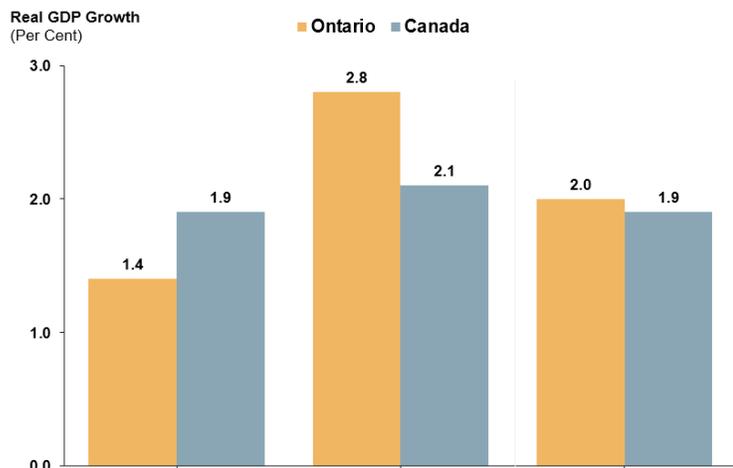


²2005–06 to 2017–18 have been restated for broader public sector line-by-line presentation.

•• Economic Update

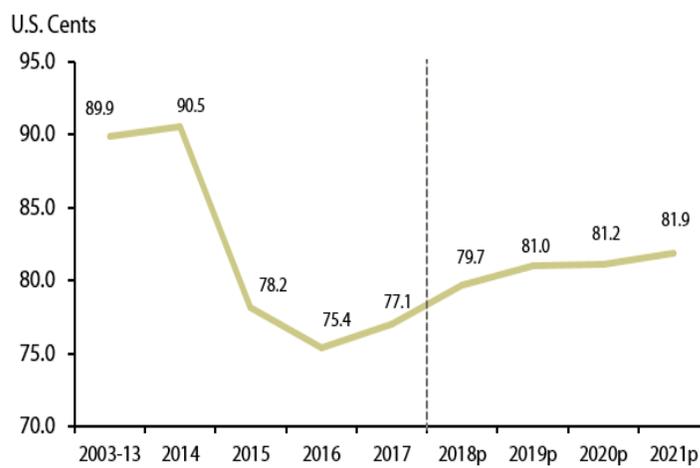
- Ontario's real GDP increased by 2.6 per cent in 2016, following up on 2.9 per cent growth in 2015. Private sector economists estimate that Ontario's real GDP advanced by 2.9 percent in 2017.
- There are a number of risks that could affect Ontario's economic outlook:
 - Rising interest rates and tighter mortgage borrowing requirements could cause a greater than expected slowdown in household spending and housing market activity.
 - Potential changes to the North American Free Trade Agreement (NAFTA) could disrupt trade patterns and affect Ontario exporters.
 - Recent tax reform in the U.S. may lessen Ontario's competitiveness and weaken business investment.
- Ontario's economy continues to grow in an uncertain global environment. Real GDP advanced by 0.3 per cent in the third quarter (July to September) of 2017, following solid gains in the first (+1.1 per cent) and second (+0.8 per cent) quarters of 2017.

Ontario's Economy Has Grown Faster Than Canada's



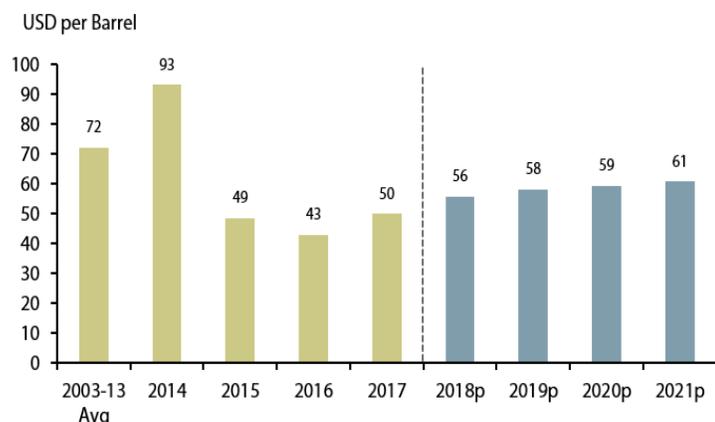
e = estimate (for 2017) *p* = private-sector forecast (for 2018 through 2021)
 Sources: Statistics Canada, Ontario Ministry of Finance and Ontario Ministry of Finance Survey of Private Sector Forecasts (February 2018).

CAD/USD Exchange Rate



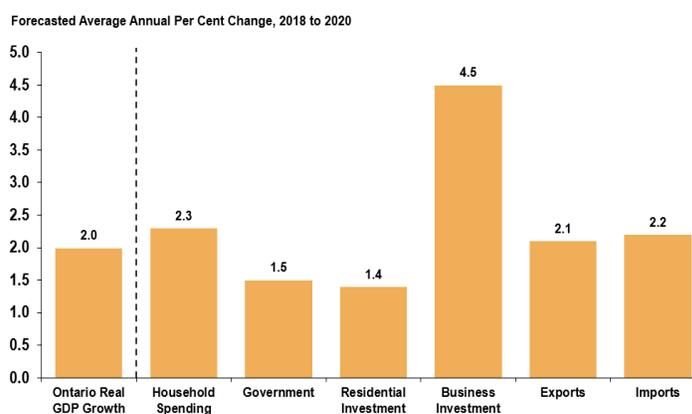
p = private-sector average
 Sources: Bank of Canada and Ontario Ministry of Finance and Ontario Ministry of Finance Survey of Forecasters (February 2018).

WTI Oil Prices



p = private-sector average
 Sources: U.S. Energy Information Administration and Private Sector Oil and Natural Gas Forecasts (February 2018).

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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