Ontario Overview

- The Province of Ontario is located in a prime area with close ties to the United States.
- Ontario currently has a population of 14.6 million with nominal GDP estimated at $890 billion in 2019, both representing almost 40 per cent of Canada.
- Ontario has a diverse economy, with extensive manufacturing, financial and business services and a relatively 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 *March 2020 Economic and Fiscal Update* incorporates immediate measures taken by the government in order to respond to the novel coronavirus (COVID-19) outbreak, including additional health care resources and contingencies, and direct support for people and jobs.
- The government's plan also includes higher-than-usual reserve and contingency funds as a measure of prudence to protect against additional unforeseen adverse changes to revenue and expense.
- The Province is actively monitoring risks — working with its partners and other levels of government in a coordinated fashion to mitigate impacts — and through its prudent planning, there exists fiscal flexibility to respond as conditions evolve.
- The government will release a multi-year budget no later than November 15, 2020. In the interim, the government will provide regular financial updates as the situation evolves.

Borrowing Program

($ Billions)	*2019 Budget* 2019–20	In-Year Change 2019–20	Interim Adjusted to March 31, 2020[1] 2019–20	Plan 2020–21
Deficit/(Surplus)	10.3	(1.1)	9.2	20.5
Investment in Capital Assets	11.6	0.0	11.6	10.4
Non-Cash Adjustments	(7.7)	0.7	(7.0)	(9.2)
Loans to Infrastructure Ontario	0.2	(0.0)	0.2	0.3
Other Net Loans/Investments	0.7	(0.3)	0.3	1.2
Debt Maturities/Redemptions	27.5	(0.1)	27.4	26.6
Total Funding Requirement	**42.5**	**(0.8)**	**41.7**	**49.7**
Decrease/(Increase) in Short-Term Borrowing	(1.2)	(1.8)	(3.0)	(2.0)
Increase/(Decrease) in Cash and Cash Equivalents[2]	(5.3)	(1.5)	(6.8)	–
Pre-Borrowing in 2019–20	–	7.6	7.6	(7.6)
Total Long-Term Public Borrowing	**36.0**	**3.5**	**39.5**	**40.1**

[1] Pre-borrowing in 2019–20 was projected at $4.1 billion, and the total long-term public borrowing was $36.0 billion in 2019–20 and $43.6 billion in 2020–21 at the time of the *March 2020 Economic and Fiscal Update*. These amounts have been updated to reflect long-term borrowing completed to March 31, 2020.
[2] Excludes 2019–20 pre-borrowing.
Note: Numbers may not add due to rounding.

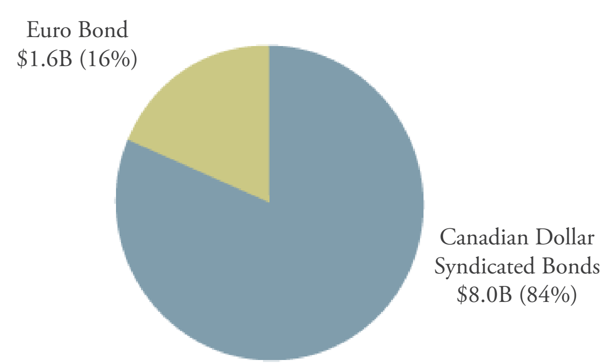
Ontario Bonds

- 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

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

2020–21 Borrowing Program

As of April 23, 2020, borrowing completed for 2020–21 totalled $9.6 billion.



Note: Numbers may not add due to rounding.

Long-Term Borrowing

- The Province's target range for Canadian dollar borrowing remains at 70 to 80 per cent of total borrowing for the fiscal year.
- Since the beginning of fiscal 2010–11, the Province has issued $92.6 billion of bonds longer than 30 years to lock in low rates, including $12.5 billion in 2019–20. As a result, the average term of Ontario's debt portfolio has been extended, from 9.7 years in 2009–10 to 10.8 years in 2019–20.

Fiscal Year	Canadian Dollar ($Billions)	Foreign Currencies ($Billions)	Total Long-Term Borrowing ($Billions)	Weighted-Average Term (years)	Debt Portfolio Average Term (years)
2007–08	15.4 (86%)	2.6 (14%)	**18.0**	**12.1**	**10.7**
2008–09	19.0 (66%)	9.7 (34%)	**28.7**	**8.6**	**10.4**
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%)	**39.9**	**14.1**	**10.7**
2015–16	25.8 (81%)	6.3 (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**	**10.7**
2019–20	28.9 (73%)	10.6 (27%)	**39.5**	**14.5**	**10.8**
2020–21	8.0 (84%)	1.6 (16%)	**40.1**	**7.9**	**–**

Note: Numbers may not add due to rounding. As of April 23, 2020.

Canadian Dollar Issuance

- Ontario accounted for 67.2 per cent of Canadian provincial bond trading in 2019. As of December 31, 2019, Ontario accounted for 14.6 per cent of the FTSE TMX Universe Bond Index, 16.5 per cent of the FTSE TMX Mid Bond Index, and 20.6 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 (5 syndicated issues so far in 2020–21).

Canadian Dollar Benchmark Bonds (as of April 23, 2020)

Term	Ontario		Canada	
5 year (old)	2.30% September 8, 2024	$2.75B	1.50% September 1, 2024	$16.20B
5 year (new)	1.75% September 8, 2025	$6.30B	1.25% March 1, 2025	$17.30B
10 year (old)	2.70% June 2, 2029	$9.325B	2.25% June 1, 2029	$12.30B
10 year (new)	2.05% June 2, 2030	$7.15B	1.75% June 1, 2030	$14.70B
Long (old)	2.90% June 2, 2049	$13.25B	3.50% December 1, 2045	$16.40B
Long (new)	2.65% December 2, 2050	$10.80B	2.00% December 1, 2051	$13.30B

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	0.375% April 1, 2020	€1.00B
7 year	0.625% April 10, 2018	€1.50B

Recent U.S Dollar Issues

Term	Issue Date and Coupon	Amount (U.S.$)
3 year	1.75% January 16, 2020	$3.00B
10 year	2.00% September 25, 2019	$1.25B
7 year	2.30% June 13, 2019	$1.75B
3 year	2.55% April 17, 2019	$1.75B

Risk Management and Short-Term Borrowing

	Exposure	Policy Limit
Foreign Exchange	0.2%	3.0%
Net Interest Rate Resetting	10.0%	35.0%

Of outstanding debt, as of March 31, 2020.

- The average level of daily unrestricted liquid reserves from April 1, 2019 to March 31, 2020 was $32.3 billion. As of April 22, 2020, liquid reserve levels were $50.4 billion.
- As of April 22, 2020, capacity for short-term borrowing: $54.0 billion authorized and $27.2 billion outstanding, leaving $26.8 billion available.

Green Bonds

- Ontario is currently the largest issuer of Canadian dollar Green Bonds, with seven green issues totaling $5.25 billion and $4.75 billion outstanding.
- For the first time, the Province issued two Green Bonds in the same fiscal year. On February 12, 2020, the Province priced a $500 million Green Bond, following its $750 million Green Bond issue in November 2019.
- Previous issues include a $500 million issue in 2014, a $750 million issue in 2016, an $800 million issue in 2017, a $1.0 billion issue in 2018 and a $950 million issue in January 2019.

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 Market 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

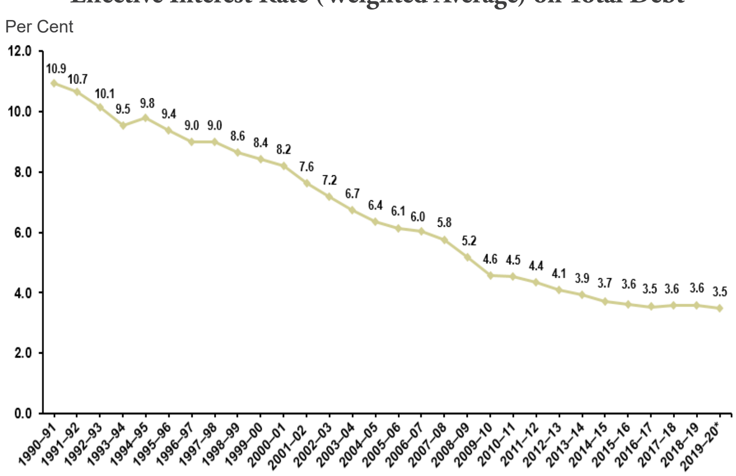
Fiscal Plan

- The Province is projecting a deficit of $9.2 billion in 2019–20 which represents an improvement of $1.1 billion relative to the *2019 Budget* forecast of $10.3 billion.
- As a result of the response to the COVID-19 outbreak, the government is planning for a deficit of $20.5 billion in 2020–21.
- Total revenue in 2019–20 is estimated to be about $2.6 billion higher than projected in the *2019 Budget*. The estimates are based on revenue information available to March 18, 2020. Information arriving subsequent to this date will be reflected in future updates, including the *Public Accounts of Ontario 2019–2020*. The revenue forecast for 2020–21 is projected to be $156.3 billion, representing a decrease of $0.5 billion relative to the 2019–20 interim estimate.
- Compared to the outlook presented in the *2019 Budget*, program expense is projected to be higher by $3.0 billion in 2019–20 and $9.1 billion in 2020–21.
- The fiscal plan also includes higher than usual reserve and contingency funds as a measure of prudence to protect against additional unforeseen adverse changes to revenue and expense.

Fiscal Plan ($ Billions)	Actuals								Interim	Plan
	2011–12	2012–13	2013–14	2014–15	2015–16	2016–17	2017–18	2018–19	2019–20	2020–21
Revenue	**116.4**	**120.3**	**123.0**	**126.2**	**136.1**	**140.7**	**150.6**	**153.7**	**156.7**	**156.3**
Expense										
Programs	121.2	120.1	123.3	126.2	129.9	131.5	142.4	148.8	153.1	161.1
Interest on Debt	10.6	10.9	11.2	11.2	11.6	11.7	11.9	12.4	12.6	13.2
Total Expense	**131.8**	**131.0**	**134.5**	**137.4**	**141.5**	**143.2**	**154.3**	**161.1**	**165.7**	**174.3**
Reserve	–	–	–	–	–	–	–	–	0.2	2.5
Surplus/(Deficit)	**(15.4)**	**(10.7)**	**(11.5)**	**(11.3)**	**(5.3)**	**(2.4)**	**(3.7)**	**(7.4)**	**(9.2)**	**(20.5)**

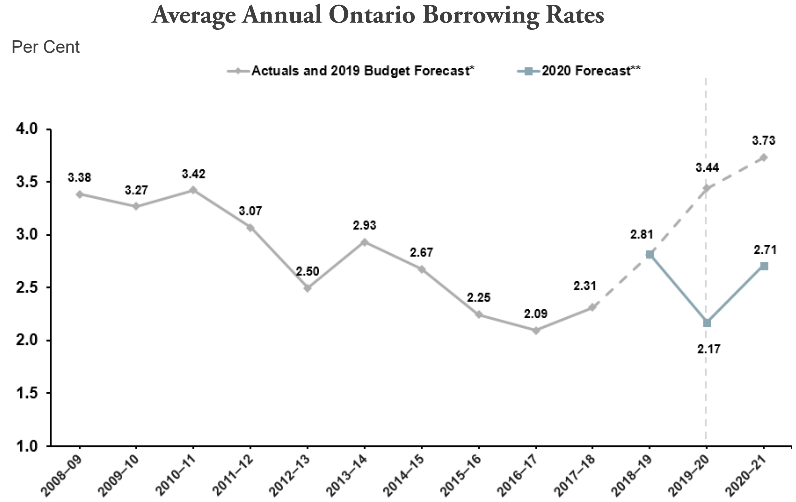
Note: Numbers may not add due to rounding.

Effective Interest Rate (Weighted Average) on Total Debt



* As of February 28, 2020.
Sources: Public Accounts of Ontario (1990–1991 to 2018–2019), and Ontario Financing Authority.

Average Annual Ontario Borrowing Rates



*2019–20 and 2020–21 are *2019 Budget* forecasts.
**2019–20 actual cost of borrowing is as of February 28, 2020.
Sources: Public Accounts of Ontario and Ontario Financing Authority.

Ontario's Economic Update and Action Plan to Respond to COVID-19

- Before the outbreak of COVID-19, Ontario's economy was growing at a moderate pace, supported by the province's strong economic fundamentals and government policies.
- Ontario's real GDP increased by 1.6 per cent in 2019, following a 2.2 per cent rise in 2018. Job creation was robust in 2019, with Ontario adding 210,200 (+2.9 per cent) net new jobs.
- The COVID-19 outbreak has significantly impacted the near-term economic growth outlook. The extent of the full impact on the province remains uncertain.
- For planning purposes, in the *March 2020 Economic and Fiscal Update*, the Ministry of Finance assumed Ontario's real GDP would be unchanged on an annual basis in 2020 and advance by 2.0 per cent in 2021.

Ontario's Economic Planning Projection

Summary of Ontario's Economic Outlook (Per Cent)	2018	2019	2020p	2021p
Real GDP Growth	2.2	1.6	0.0	2.0
Nominal GDP Growth	3.7	3.9	2.0	4.0
Employment Growth	1.6	2.9	0.5	1.0
Unemployment Rate	5.6	5.6	6.6	6.6

Sources: Statistics Canada and Ontario Ministry of Finance.
p = Ontario Ministry of Finance planning projection.

Ontario's Action Plan: Responding to COVID–19

$17 Billion in New Support in 2020–21

Support for Health Care
$3.3 Billion

$2.1 Billion in New COVID-19 Response Measures

$1.2 Billion to Improve the Health Care System

Support for People and Jobs
$3.7 Billion

$2.0 Billion for Targeted Supports

$290 Million in New Tax Measures

$1.5 Billion for Electricity Cost Relief

Total New Direct Support
$7.0 Billion

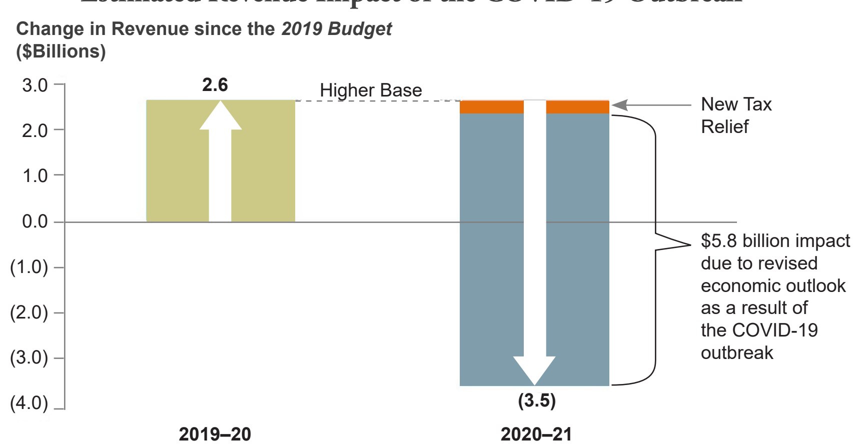
Support for People and Businesses to Improve Cash Flow
$10.0 Billion

$6.0 Billion in Deferred Taxes for 100,000 Businesses

$1.9 Billion in WSIB Expense Deferrals for Employers

$1.8 Billion by Deferring Municipal Education Property Tax Payments

Estimated Revenue Impact of the COVID-19 Outbreak



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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