

## 2024 Ontario Economic Outlook and Fiscal Review

- The government is currently projecting a deficit of \$6.6 billion in 2024–25. Over the medium term, the government projects a deficit of \$1.5 billion in 2025–26 followed by a surplus of \$0.9 billion in 2026–27. This is a significant improvement compared to the 2024 Budget and reflects the government's commitment to balancing the budget, reducing the deficit and putting Ontario's finances on a sustainable path.
- Ontario's real GDP rose by 1.4 per cent in 2023, and is projected to rise 0.9 per cent in 2024, 1.7 per cent in 2025 and 2.3 per cent in both 2026 and 2027. Ontario's nominal GDP rose by 4.3 per cent in 2023, and is projected to rise 3.8 per cent in 2024, 3.9 per cent in 2025, and 4.4 per cent in both 2026 and 2027.
- All three debt sustainability ratios are now forecast to be significantly better than the projections at the time of the 2024 Budget. Ontario's 2024–25 net debt-to-GDP ratio is now forecast to be 37.8 per cent, a decrease of 1.4 percentage points from the forecasted 39.2 per cent in the 2024 Budget. The net debt to-revenue ratio is projected to be 202 per cent in 2024–25, 12 percentage points below the 214 per cent forecast in the 2024 Budget. The Interest on debt (or IOD)-to-revenue ratio is forecast to be 6 per cent in 2024–25, 0.8 percentage points lower than the 6.8 per cent forecast in the 2024 Budget.
- Ontario has completed \$31.4 billion of its \$37.5 billion long-term borrowing program. On October 2, Ontario issued a \$1 billion Green Bond. This was the second Green Bond issued this fiscal year and seventeenth overall. This bond was the first 30-year Green Bond by a Canadian province.

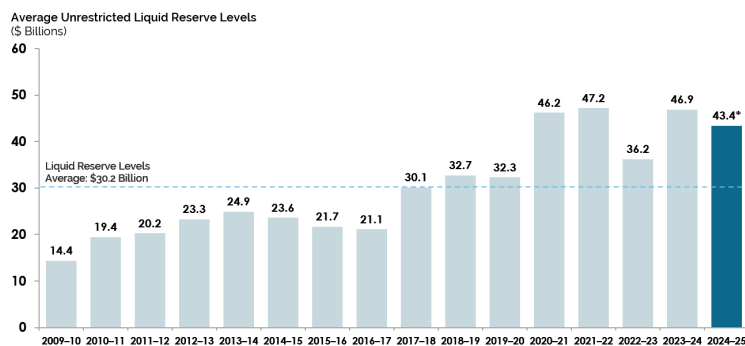
## 2024–25 Borrowing Program

(\$ Billions)			Current Outlook	Medium-Term Outlook	
	2024 Budget	In-Year Change	2024–25	2025–26	2026–27
Deficit/(Surplus)	9.8	(3.2)	6.6	1.5	(0.9)
Investment in Capital Assets	17.7	–	17.7	20.9	20.6
Non-Cash and Cash Timing Adjustments	(11.0)	–	(11.0)	(12.0)	(13.9)
Net Loans and Investments	(0.3)	1.1	0.8	(0.2)	–
Debt Maturities and Redemptions	28.0	–	28.0	33.1	26.9
<b>Total Funding Requirement</b>	<b>44.2</b>	<b>(2.1)</b>	<b>42.2</b>	<b>43.3</b>	<b>32.6</b>
Decrease/(Increase) in Short-Term Borrowing	(5.0)	–	(5.0)	–	–
Increase/(Decrease) in Year-End Cash and Cash Equivalents <sup>1</sup>	(1.0)	1.3	0.3	(8.3)	–
<b>Total Long-Term Public Borrowing</b>	<b>38.2</b>	<b>(0.7)</b>	<b>37.5</b>	<b>35.0</b>	<b>32.6</b>

<sup>1</sup> Starting in 2024–25, pre-borrowing will be reflected as part of the increase in year-end cash and cash equivalents.  
 Note: Numbers may not add due to rounding.  
 Source: Ontario Financing Authority.

## Liquidity

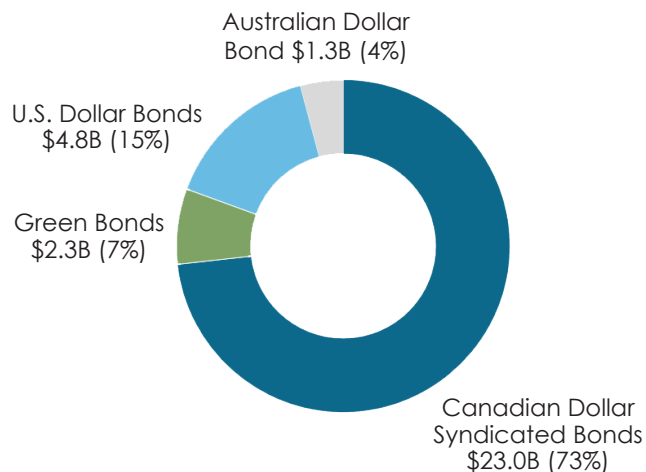
- Ontario balances the objective of minimizing the cost of holding liquid reserves against the need to always have enough cash on hand to pay its bills, invest in capital assets, refinance maturing debt and pay interest.
- As of October 24, 2024, liquid reserve levels were \$41.6 billion.



\*As of September 30, 2024.  
 Source: Ontario Financing Authority.

## 2024–25 Borrowing Program

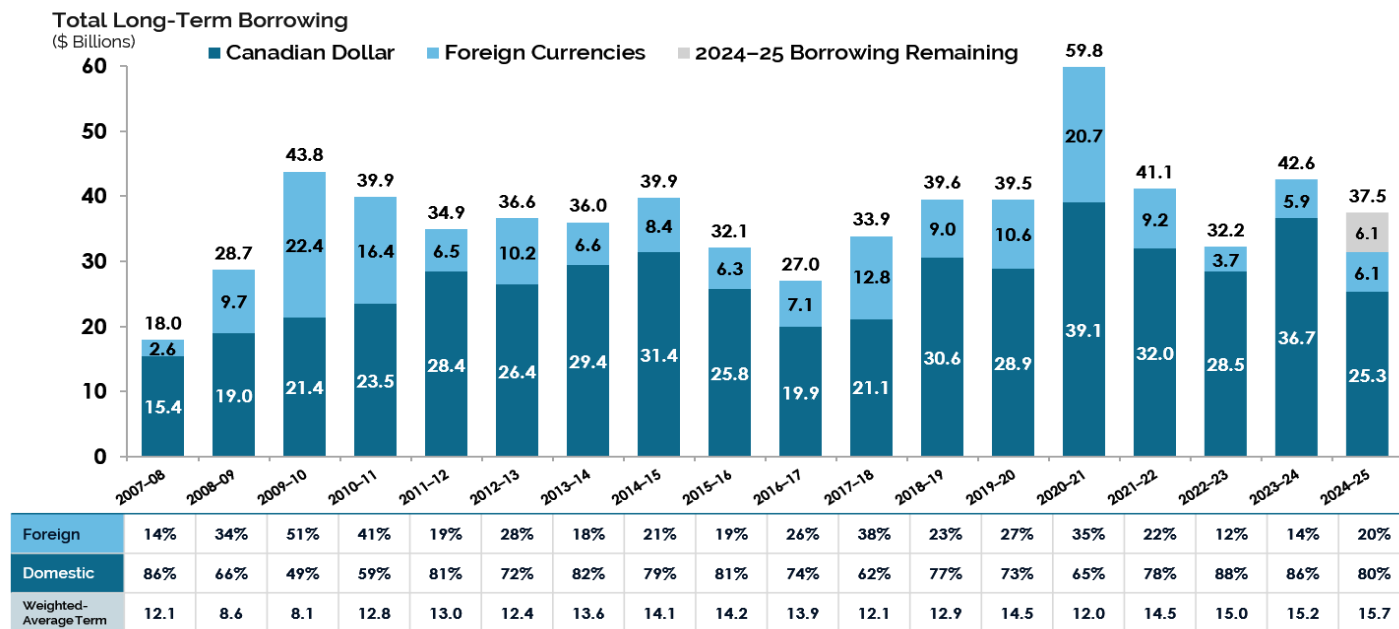
As of October 15, 2024, borrowing completed totalled \$31.4 billion.



Note: Numbers may not add due to rounding.

## Long-Term Borrowing

- As of October 15, \$31.4 billion has been borrowed to date for fiscal 2024–25. Approximately 80 per cent of 2024–25 long-term borrowing was completed in Canadian dollars, through 24 syndicated issues and two green bonds. The remaining 20 per cent was completed in foreign currencies, in U.S. dollars and Australian dollars.
- Due to the extension of the term of debt in recent years, the impact on interest on debt in the short term and medium term has been lessened. Ontario has issued \$147 billion of bonds, or almost one third of total debt, with maturities of 30 years or longer since 2010–11. This includes \$9.8 billion so far in 2024–25.



Note: Numbers may not add due to rounding.  
As of October 15, 2024.

## Canadian Dollar Issuance

- Ontario accounted for 69.4 per cent of Canadian provincial bond trading in 2023. As of December 31, 2023, Ontario accounted for 13.6 per cent of the FTSE Universe Bond Index, 13.5 per cent of the FTSE Mid Bond Index, and 21.9 per cent of the FTSE Long Bond Index.
- Regular issuance of 5-year, 7-year, 10-year and 30-year issues, which are re-opened to achieve benchmark size (24 syndicated issues so far in 2024–25).

### Canadian Dollar Benchmark Bonds (As of October 29, 2024)

Term	Ontario		Canada	
	Coupon and Issue Date	Amount	Coupon and Issue Date	Amount
5 yr (old)	3.40% September 8, 2028	\$2.00B	4.00% March 1, 2029	\$27.00B
5 yr (new)	4.00% March 8, 2029	\$2.75B	3.50% September 1, 2029	\$30.00B
7 yr	2.15% June 2, 2031	\$8.85B	1.50% June 1, 2031	\$42.00B
10 yr (old)	4.15% June 2, 2034	\$12.25B	3.25% December 1, 2033	\$21.00B
10 yr (new)	3.80% December 2, 2034	\$3.25B	3.00% June 1, 2034	\$34.00B
Long (old)	4.15% December 2, 2054	\$12.00B	1.75% December 1, 2053	\$32.00B
Long (new)	4.60% December 2, 2055	\$7.20B	2.75% December 1, 2055	\$26.75B

## Foreign Issuance

- Foreign currency borrowing helps diversify Ontario's investor base. Dependent on market conditions the Province borrows in U.S. dollars, euros and other currencies. The province borrows in U.S. dollars, Euros, British Pound Sterling, Australian dollars, Swiss francs, and other currencies.

### USD Issues

Term	Coupon and Issue Date	Amount
5 year	3.70% September 10, 2024	US\$ 2.00B
10 year	5.05% April 16, 2024	US\$ 1.50B
5 year	4.20% January 10, 2024	US\$ 3.00B

### Other Currencies

Term	Coupon and Issue Date	Amount
10 year	5.35% April 29, 2024	AUD\$ 1.50B
10 year	3.10% January 24, 2024	€ 1.25B
4 year	2.25% May 17, 2022	£ 0.50B

## Green Bonds

- On October 2, 2024, Ontario issued a \$1 billion Green Bond. This was the second Green Bond issued in 2024–25, seventeenth Green Bond overall, and Ontario's third Green Bond issued under the *Ontario Sustainable Bond Framework*.
- Ontario remains the largest issuer of Canadian dollar Green Bonds, totalling \$20.25 billion with \$18.2 billion outstanding. A total of 29 projects have received or will receive funding from Ontario's seventeen Green Bond issues.
- Ontario plans to continue its leadership in the Canadian dollar Green Bond market and, subject to market conditions, will issue multiple Green Bonds each fiscal year.

### Features:

- Carry the full faith and credit of the Province of Ontario.
- Rank pari passu with Ontario's other bonds, 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.
- Since 2015, Ontario has published an annual Green Bond Newsletter with its ninth newsletter released in December 2023.

### Assurances:

- The *Ontario Sustainable Bond Framework* was developed in consultation with Sustainalytics and adheres to the International Capital Market Association (ICMA) Green Bond Principles, the ICMA Social Bond Principles and the ICMA Sustainability Bond Guidelines.
- An assurance audit is performed by the Office of the Auditor General of Ontario verifying amounts allocated to selected projects and tracking the amount of Green Bond proceeds.

## Fiscal Outlook

- Ontario's 2024–25 deficit is projected to be \$6.6 billion — an improvement of \$3.2 billion from the outlook published in the *2024 Budget*. This reflects updated economic and revenue information and higher contingencies to mitigate near-term risks. Over the medium-term, the government is projecting a deficit of \$1.5 billion in 2025–26 followed by a surplus of \$0.9 billion in 2026–27.
- Total revenue is projected to increase from \$212.6 billion in 2024–25 to \$230.7 billion in 2026–27 while total program expense is projected to increase from \$205.5 billion to \$213.3 billion over the same period.
- Ontario incorporates prudence in the form of a reserve to protect the fiscal outlook against unforeseen adverse changes in the province's revenue and expense, including those resulting from changes in Ontario's economic performance. The reserve has been set at \$1.0 billion in 2024–25, \$1.5 billion in 2025–26 and \$2.0 billion 2026–27, unchanged from the levels in the *2024 Budget*.

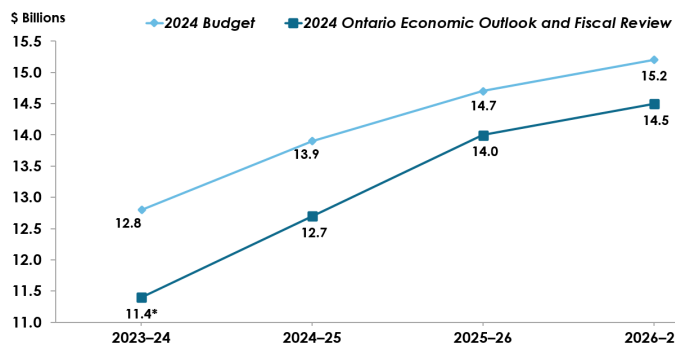
Fiscal Plan (\$ Billions)	Actuals									Current Outlook	Medium-Term Outlook	
	2015–16	2016–17	2017–18	2018–19	2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27
<b>Revenue</b>	136.1	140.7	150.7	153.8	156.2	165.0	185.1	192.9	205.9	212.6	220.8	230.7
<b>Expense</b>												
Programs	129.9	131.4	142.5	148.7	152.3	169.0	170.5	186.4	195.2	205.5	206.8	213.3
Interest on Debt	11.6	11.7	11.9	12.4	12.5	12.3	12.6	12.4	11.4	12.7	14.0	14.5
<b>Total Expense</b>	<b>141.5</b>	<b>143.2</b>	<b>154.4</b>	<b>161.1</b>	<b>164.8</b>	<b>181.3</b>	<b>183.1</b>	<b>198.8</b>	<b>206.6</b>	<b>218.3</b>	<b>220.8</b>	<b>227.8</b>
Reserve	–	–	–	–	–	–	–	–	–	1.0	1.5	2.0
<b>Surplus/(Deficit)</b>	<b>(5.3)</b>	<b>(2.4)</b>	<b>(3.7)</b>	<b>(7.3)</b>	<b>(8.6)</b>	<b>(16.3)</b>	<b>2.0</b>	<b>(5.9)</b>	<b>(0.6)</b>	<b>(6.6)</b>	<b>(1.5)</b>	<b>0.9</b>

Notes: Numbers may not add due to rounding. Current and medium-term outlook primarily reflect information available as of September 30, 2024.  
Sources: Ontario Treasury Board Secretariat and Ontario Ministry of Finance.

### Interest on Debt (IOD) Expense

- Ontario is forecast to pay \$12.7 billion in interest costs in 2024–25, \$14.0 billion in 2025–26 and \$14.5 billion in 2026–27. Over the four-year period from 2023–24 through 2026–27, the cumulative interest on debt expense is estimated to be \$4.1 billion below the *2024 Budget* forecast.
- The Province will continue to monitor interest rate movements and provide regular updates on IOD costs in future fiscal updates.

### Interest on Debt Expense Lower than 2024 Budget Forecast



\*Public Accounts of Ontario 2023–2024.  
Source: Ontario Financing Authority.

### Risk Management

	Exposure <sup>1</sup>	Policy Limit
Foreign Exchange	0.14%	3.0%
Net Interest Rate Resetting	7.4%	35.0%

<sup>1</sup> Of outstanding debt, as of September 27, 2024.

### Debt Burden Reduction Strategy

(Per Cent)	2024 Budget Targets	2024 Budget 2024–25	2024 FES <sup>1</sup> 2024–25
Net-Debt-to-GDP	<40.0	39.2	37.8
Net-Debt-to-Revenue	<200	214	202
Interest on Debt-to-Revenue	<7.5	6.8	6.0

<sup>1</sup> 2024 FES is defined as the *2024 Ontario Economic Outlook and Fiscal Review*.

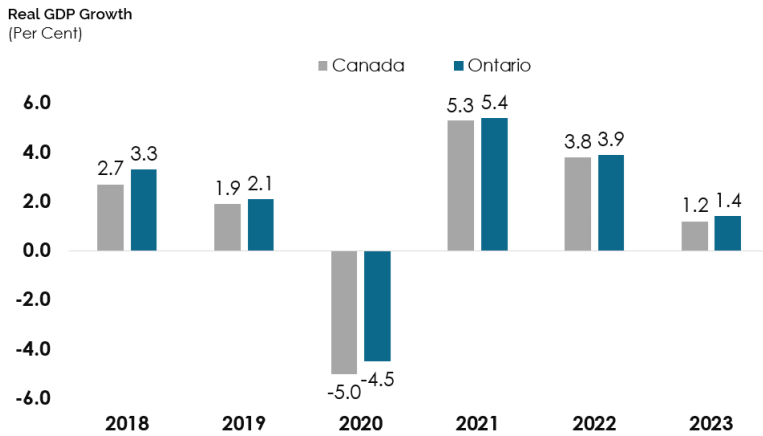
### Credit Ratings (Long-Term/Short-Term)

Moody's	Aa3 (P) / P-1
Fitch	AA- / F1+
Morningstar DBRS	AA / R-1 (high)
S&P	A+ (P) / A-1

# Ontario's Economic Update

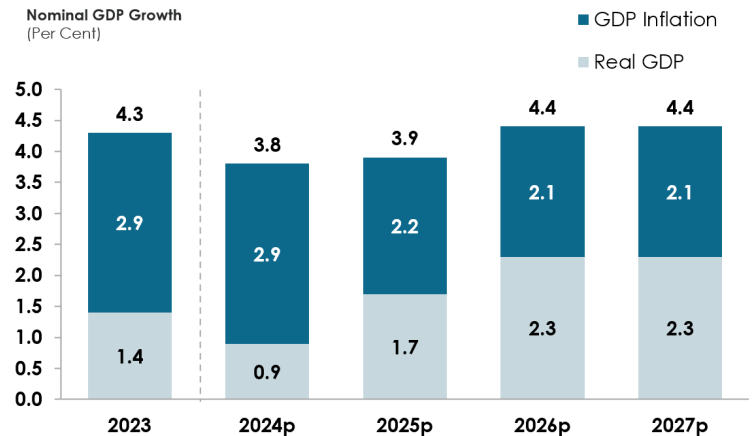
- Ontario's economy has remained resilient despite still-elevated interest rates and ongoing geopolitical uncertainties weighing on growth. Employment in Ontario has continued to grow, increasing by almost 200,000 since the end of last year.
- In the *2024 Ontario Economic Outlook and Fiscal Review*, Ontario's real GDP rose by 1.4 per cent in 2023 and is projected to rise 0.9 per cent in 2024, 1.7 per cent in 2025 and 2.3 per cent in both 2026 and 2027. Ontario's nominal GDP rose by 4.3 per cent in 2023 and is projected to rise 3.8 per cent in 2024, 3.9 per cent in 2025, and 4.4 per cent in both 2026 and 2027. For the purposes of prudent fiscal planning, these projections were set slightly below the average of private-sector forecasts.
- To provide more transparency about the Ontario's economic outlook amid the elevated degree of economic uncertainty, the Ontario Ministry of Finance has developed Faster Growth and Slower Growth scenarios. These alternative scenarios should not be considered the best case or the worst case, but reasonable possible outcomes in this period of uncertainty.

## Ontario real GDP growth outpaces Canada



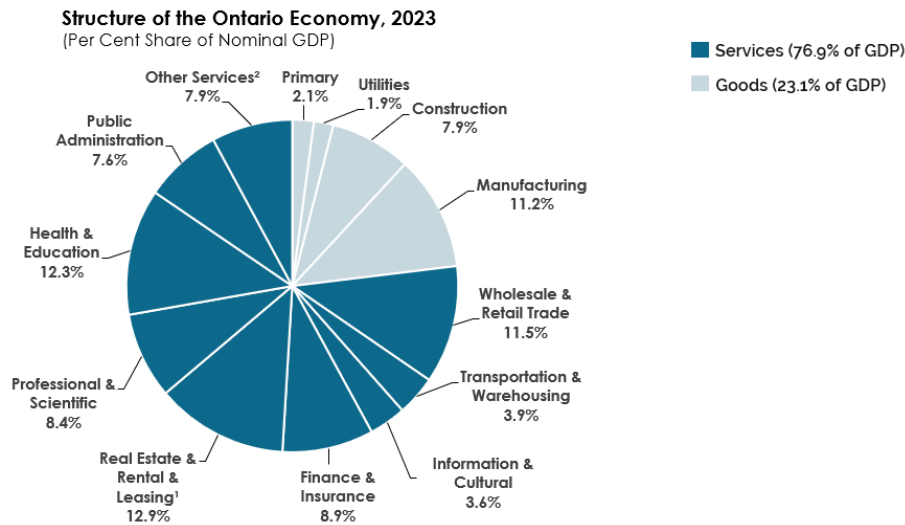
Sources: Statistics Canada and Ontario Ministry of Finance.

## Ontario GDP Growth Projected to rise



p: Ontario Ministry of Finance planning projection based on external sources as of September 19, 2024.  
Sources: Statistics Canada and Ontario Ministry of Finance.

## Ontario's Diverse Economy



<sup>1</sup> Includes estimate of imputed rental income from owner occupied dwellings.  
<sup>2</sup> Other services include: management of companies and enterprises; administrative and support waste management and remediation services; arts, entertainment and recreation; accommodation and food services; and other services.  
Note: Numbers may not add due to rounding.  
Source: Statistics Canada.

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

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