



Province of Ontario Presentation

November 2023

Ontario Financing Authority
www.ofina.on.ca

Ontario Overview

- The Province of Ontario is located in a prime economic area with excellent international connectivity and close ties to the United States.
- In 2022, Ontario had a population of 15.1 million with nominal GDP estimated at over \$1 trillion, both representing almost 40 per cent of Canada.
- Ontario has a diverse advanced economy, with technology-led manufacturing, extensive financial and business services, and globally recognised higher education and scientific research. It has a relatively smaller primary resource sector compared to the rest of Canada.
- The province has direct taxation powers and stable growth, and is a major beneficiary in Canada of international investment and worker migration. Services account for about 77 per cent of the overall economy.



2023 Ontario Economic Outlook and Fiscal Review

- The government is projecting deficits of \$5.6 billion in 2023–24 and \$5.3 billion in 2024–25 followed by a surplus of \$0.5 billion in 2025–26.
- The *2023 Ontario Economic Outlook and Fiscal Review* planning assumption is for real GDP to rise 1.1 per cent in 2023, 0.5 per cent in 2024, 2.0 per cent in 2025 and 2.9 per cent in 2026. The planning assumption is for nominal GDP to rise by 3.6 per cent in 2023, 2.9 per cent in 2024, 4.2 per cent in 2025 and 4.8 per cent in 2026.
- Ontario's 2023–24 net debt-to-GDP ratio is now forecast to be 38.4 per cent, an increase of 0.6 percentage points from the forecasted 37.8 per cent in the *2023 Budget*, mainly due to higher than previously projected deficits. Ontario's net debt-to-GDP is now forecast to be 39.1 per cent in 2024–25 and 38.7 per cent in 2025–26.
- As of the release of the *2023 Ontario Economic Outlook and Fiscal Review*, Ontario has completed \$15 billion of its \$34.7 billion long-term borrowing program. Ontario's long-term borrowing requirement for 2023–24 increased by \$7.2 billion from the *2023 Budget* forecast, primarily due to higher than previously forecasted deficits in 2022–23 and 2023–24.

Ontario's Economic Outlook

- The Ministry of Finance's GDP planning projections are set slightly below the average of private-sector forecasts for the purposes of prudent fiscal planning.

Economic Summary (Per Cent)	2022	2023p	2024p	2025p	2026p
Real GDP Growth	3.7	1.1	0.5	2.0	2.8
Nominal GDP Growth	9.2	3.6	2.9	4.2	4.8
Employment Growth	4.6	2.3	0.8	1.5	1.9
CPI Inflation	6.8	3.7	2.5	2.1	2.0

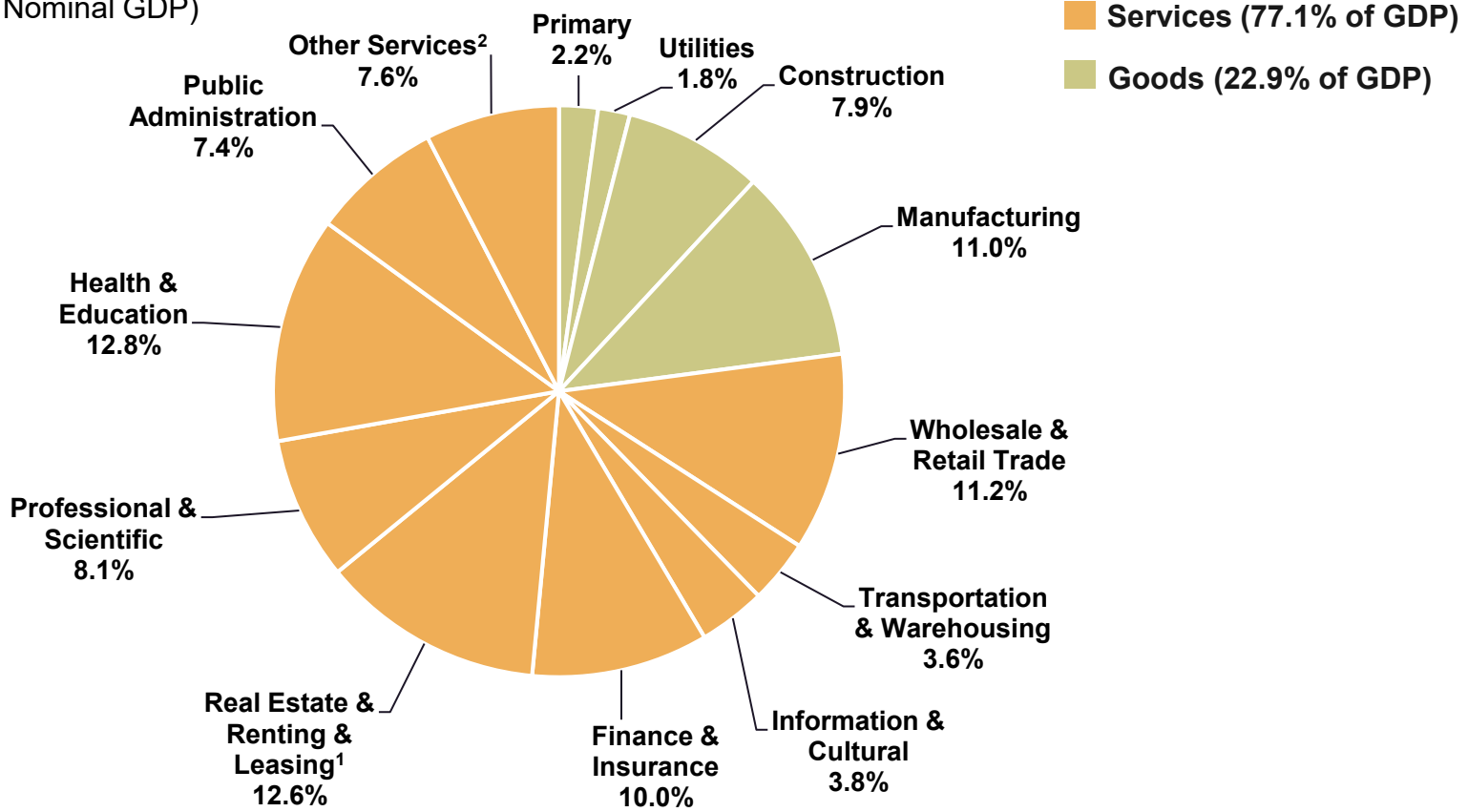
p = Ontario Ministry of Finance planning projection based on external sources as of September 29, 2023.
Sources: Statistics Canada and Ontario Ministry of Finance.

Ontario's Diverse Economy

- Ontario has a diverse economy, with extensive financial and business services, manufacturing and a smaller primary sector compared to the rest of Canada.

Structure of the Ontario Economy, 2022

(Per Cent Share of Nominal GDP)

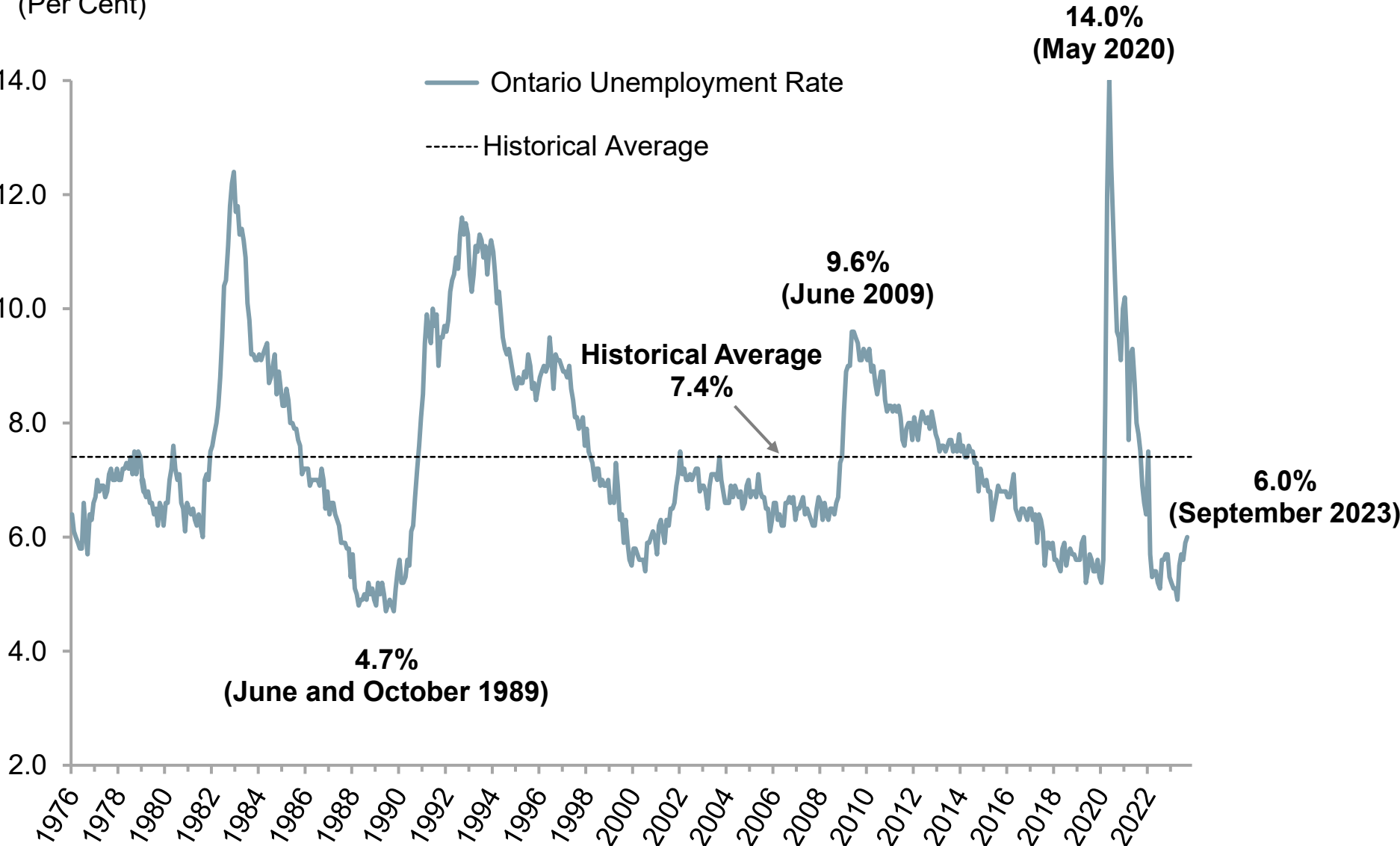


¹ Includes estimate of imputed rental income from owner occupied dwellings.
² Other services include: management of companies and enterprises; administrative and support, waste management and remediation services; arts, entertainment and recreation; accommodation and food services; and other services.

Source: Statistics Canada.
 Note: Numbers may not add due to rounding.

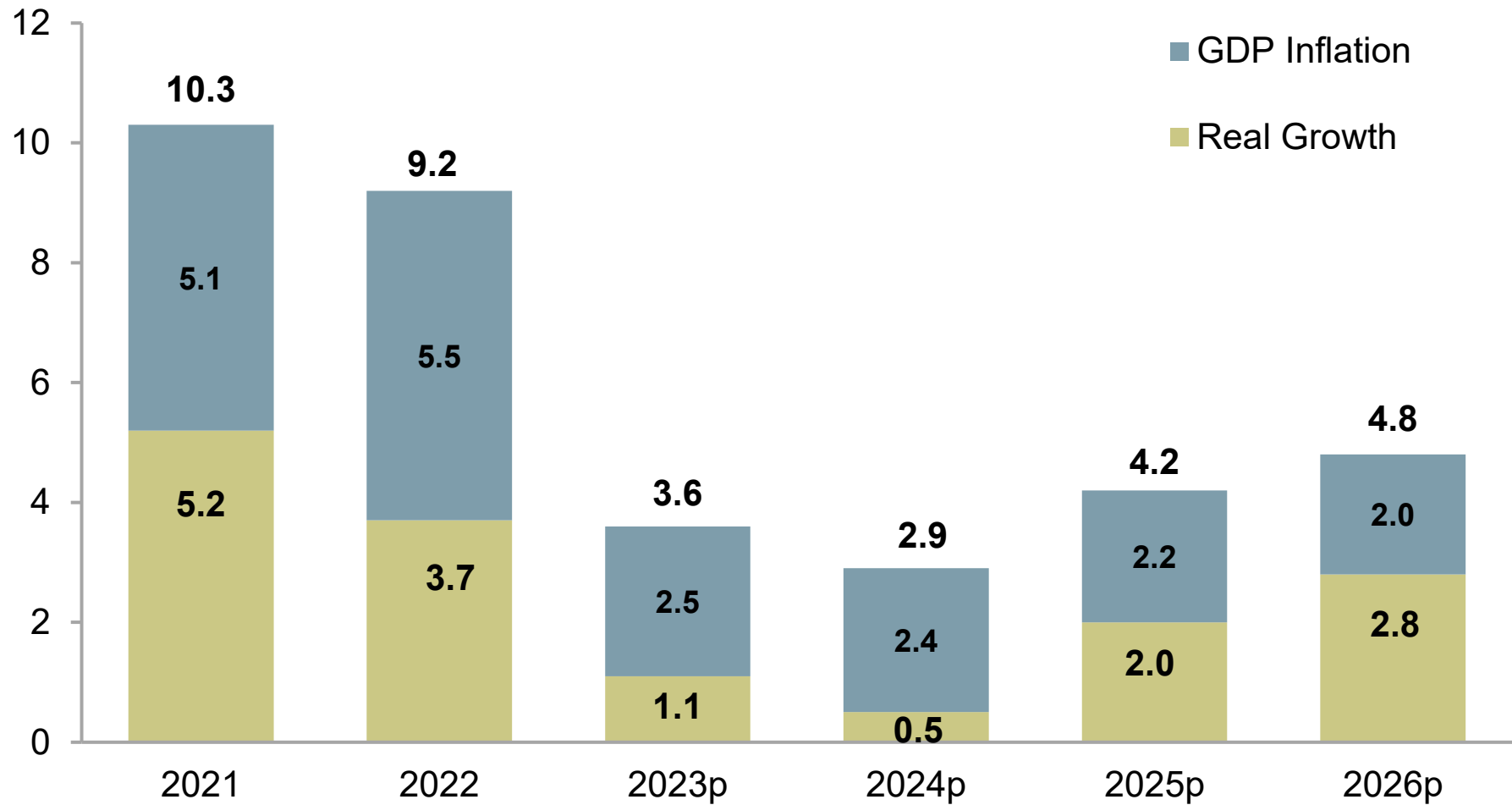
Ontario Unemployment Rate Remains Low

Unemployment Rate
(Per Cent)



Ontario GDP Growth Projected to Normalize

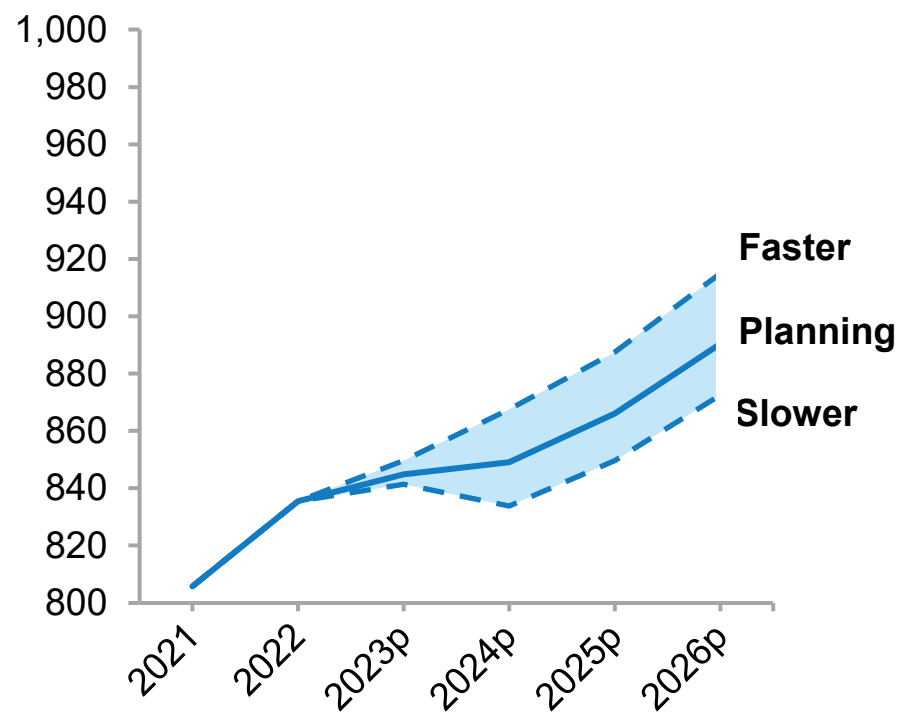
Nominal GDP Growth
(Per Cent)



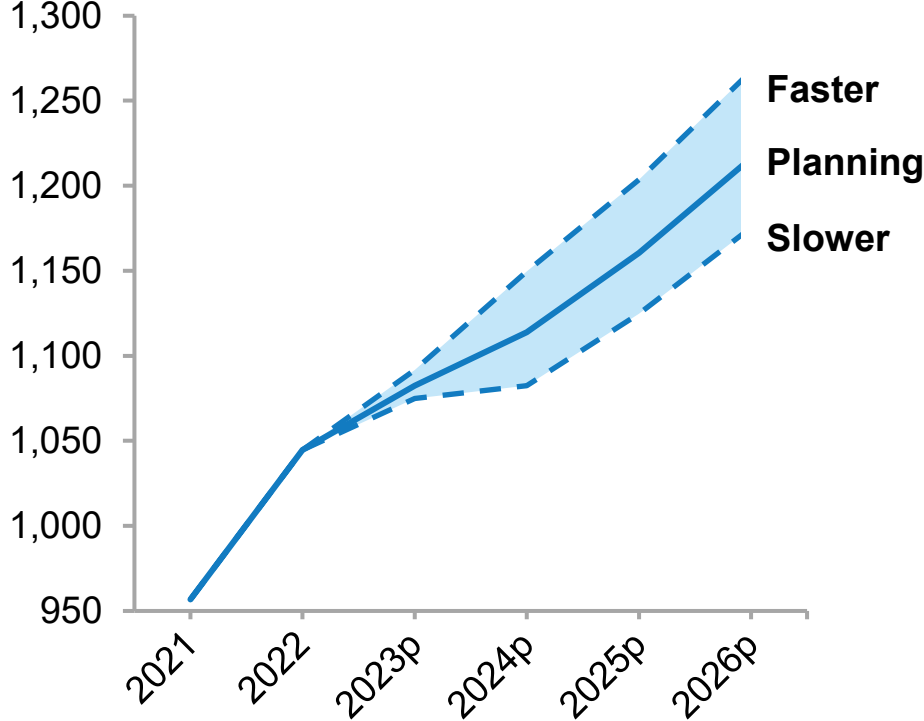
p = Ontario Ministry of Finance planning projection based on external sources as of September 29, 2023.
Sources: Statistics Canada and Ontario Ministry of Finance.

Ontario GDP Scenario Forecasts

Real GDP
(\$2012 Billions)



Nominal GDP
(\$ Billions)



Real GDP Growth Scenarios (Per Cent)	2023p	2024p	2025p	2026p
Faster Growth Scenario	1.7	2.1	2.3	3.1
Planning Projection	1.1	0.5	2.0	2.8
Slower Growth Scenario	0.7	(0.9)	1.9	2.7

Nominal GDP Growth Scenarios (Per Cent)	2023p	2024p	2025p	2026p
Faster Growth Scenario	4.5	5.3	4.7	5.3
Planning Projection	3.6	2.9	4.2	4.8
Slower Growth Scenario	2.9	0.7	3.9	4.5

Fiscal Outlook

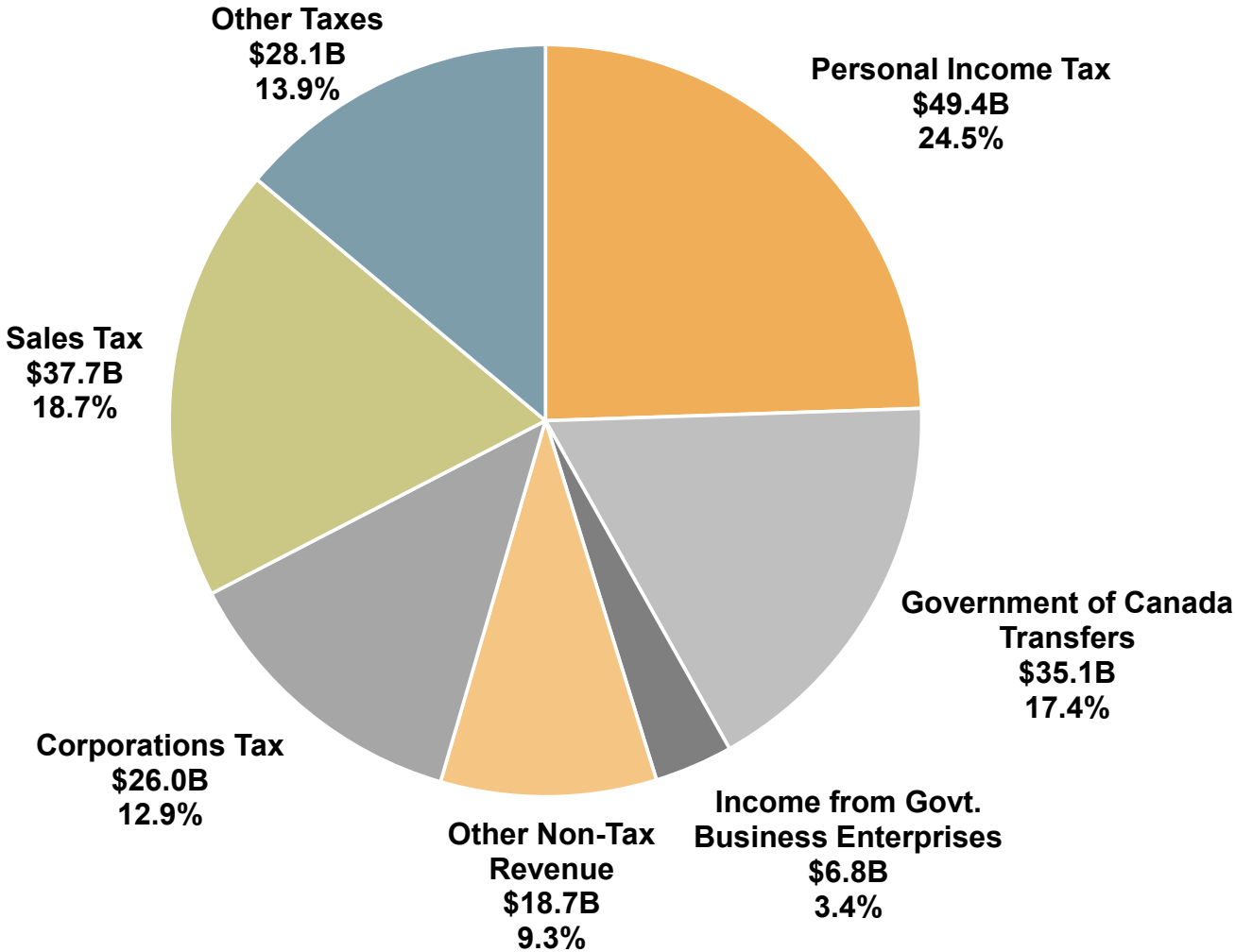
Fiscal Summary (\$ Billions)	Actual	Medium-Term Outlook		
	2022–23	2023–24	2024–25	2025–26
Revenue	192.9	201.8	206.7	220.0
Expense				
Programs	186.4	193.0	196.2	202.3
Interest on Debt	12.4	13.4	14.3	15.2
Total Expense	198.8	206.4	210.5	217.5
Surplus/(Deficit) Before Reserve	(5.9)	(4.6)	(3.8)	2.5
Reserve	–	1.0	1.5	2.0
Surplus/(Deficit)	(5.9)	(5.6)	(5.3)	0.5

Note: Numbers may not add due to rounding.

Sources: Ontario Treasury Board Secretariat and Ontario Ministry of Finance.

Composition of Total Revenue 2023–24

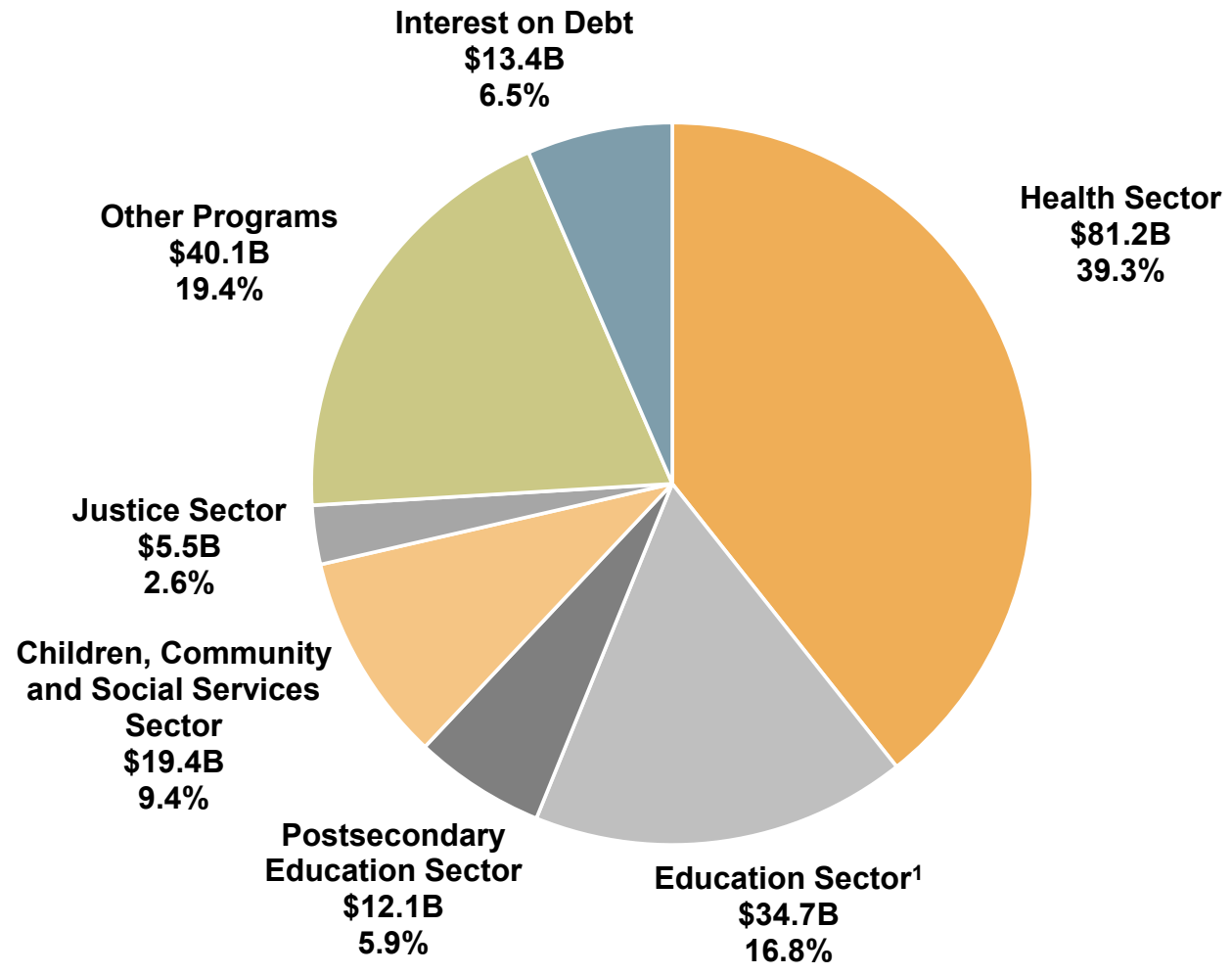
Revenue \$201.8 Billion



Note: Numbers may not add due to rounding.
Source: Ontario Ministry of Finance.

Composition of Total Expense 2023–24

Total Expense \$206.4 Billion



¹ Education excludes Teachers' Pension Plan. Teachers' Pension Plan expense is included in Other Programs.

Note: Numbers may not add due to rounding.

Sources: Ontario Treasury Board Secretariat and Ontario Ministry of Finance.

Ontario's Borrowing Outlook

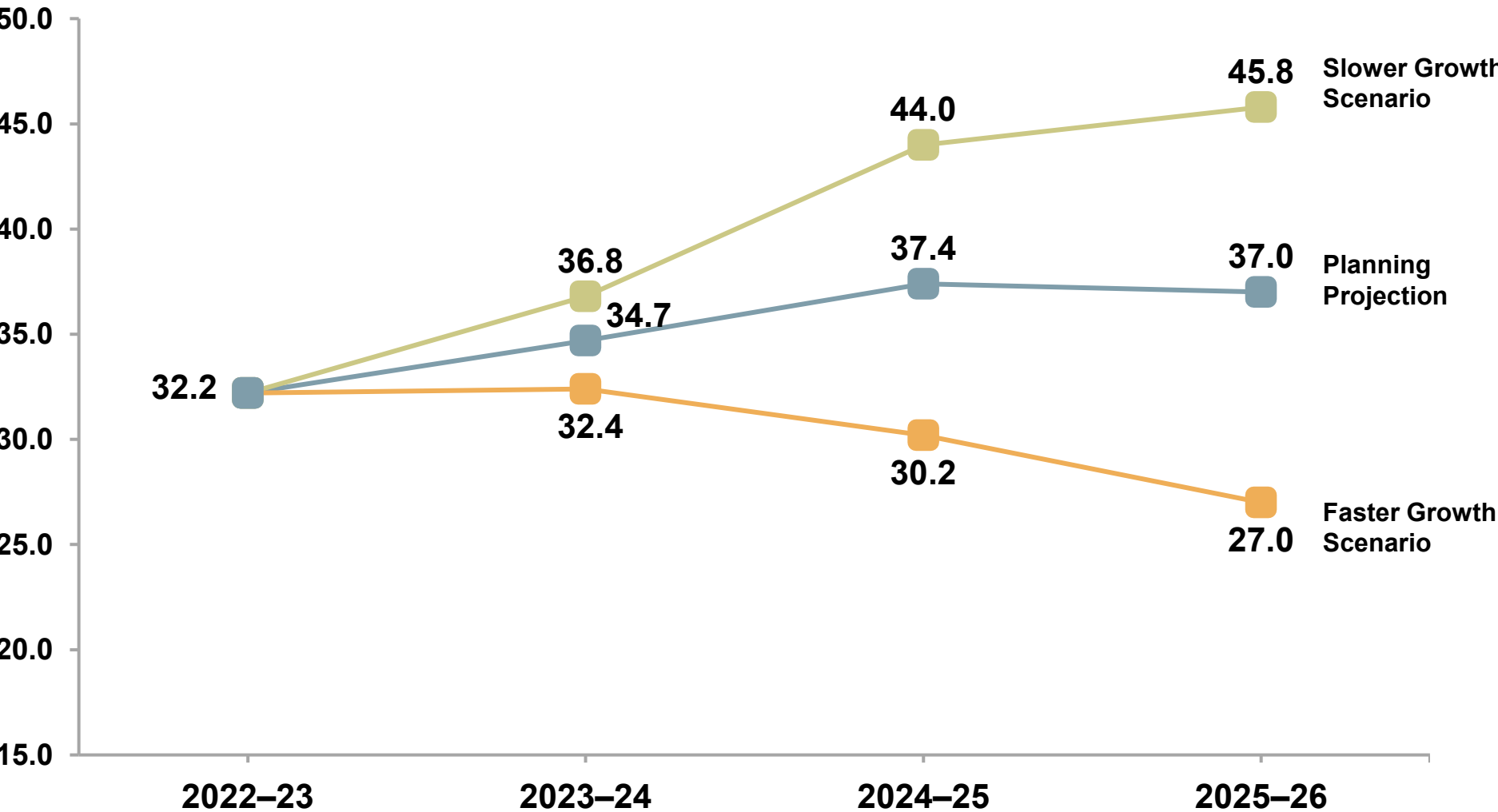
(\$ Billions)			Current Outlook	Medium-Term Outlook	
	2023 Budget	In-Year Change	2023–24	2024–25	2025–26
Deficit/(Surplus)	1.3	4.3	5.6	5.3	(0.5)
Investment in Capital Assets	13.6	0.0	13.6	18.7	19.0
Non-Cash and Cash Timing Adjustments	(9.2)	7.9	(1.3)	(11.2)	(12.0)
Loans to Infrastructure Ontario	0.1	–	0.1	0.1	0.2
Other Net Loans/Investments	0.1	(0.0)	0.1	(1.0)	(0.2)
Debt Maturities/Redemptions	31.2	(0.0)	31.2	28.0	33.1
Total Funding Requirement	37.0	12.2	49.2	39.9	39.5
Decrease/(Increase) in Short-Term Borrowing	–	–	–	(2.5)	(2.5)
Increase/(Decrease) in Cash and Cash Equivalents	5.0	(5.0)	–	–	–
Pre-borrowing in 2022–23 for 2023–24	(14.5)	–	(14.5)	–	–
Total Long-Term Public Borrowing	27.5	7.2	34.7	37.4	37.0

Note: Numbers may not add due to rounding.

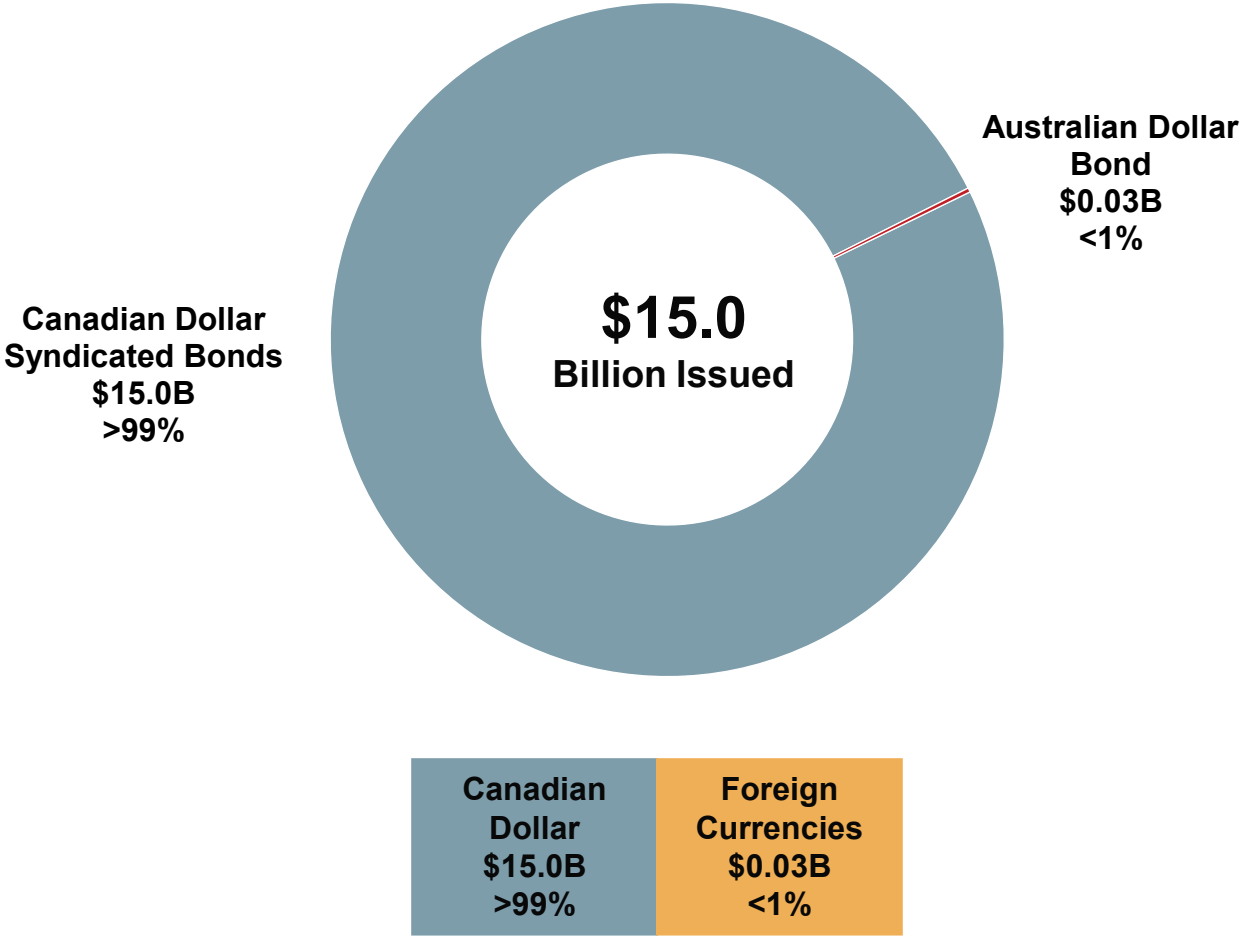
Source: Ontario Financing Authority.

Borrowing Outlook Scenarios for Long-Term Borrowing

Total Long-Term Borrowing
(\$ Billions)



2023–24 Borrowing Program

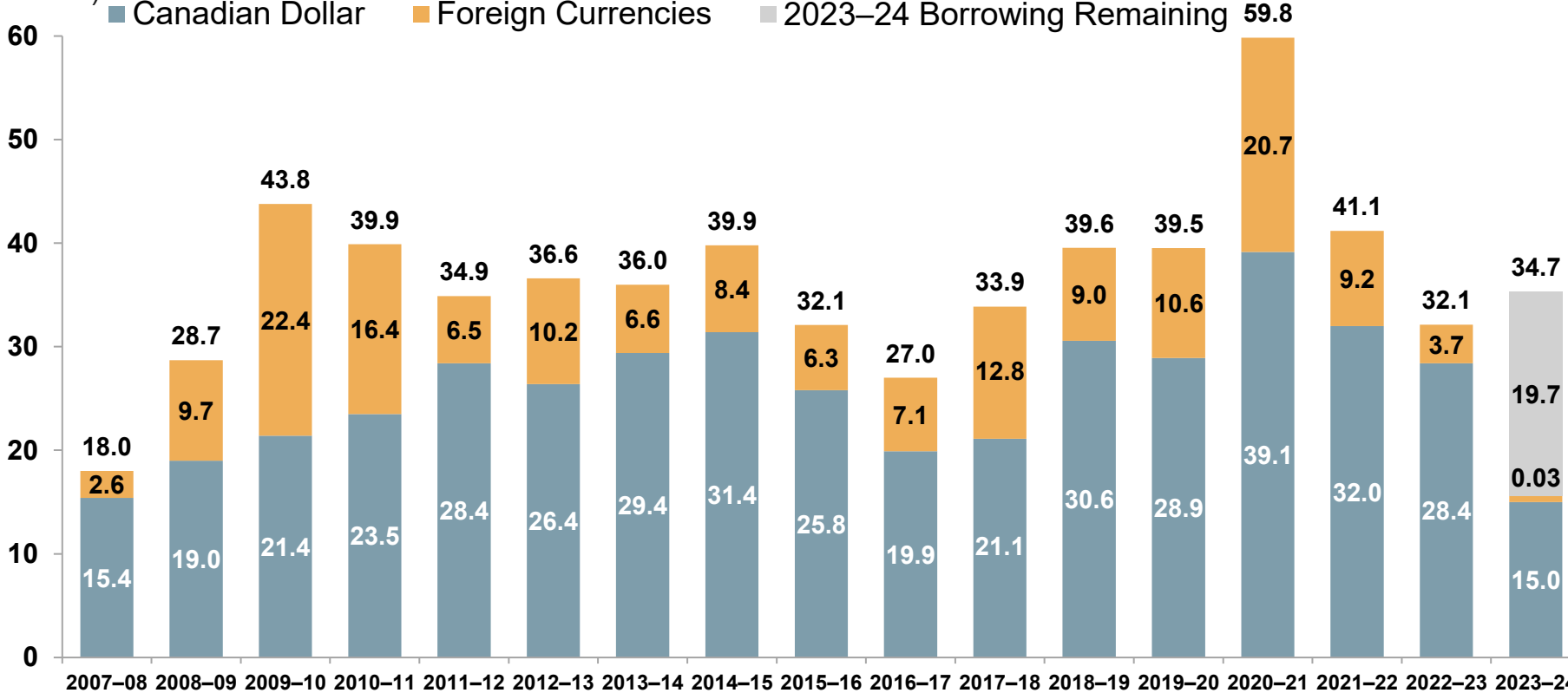


Domestic and International Borrowing

As of November 2, 2023

Total Long-Term Borrowing

(\$ Billions)



	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Foreign	14%	34%	51%	41%	19%	28%	18%	21%	19%	26%	38%	23%	27%	35%	22%	12%	<1%
Domestic	86%	66%	49%	59%	81%	72%	82%	79%	81%	74%	62%	77%	73%	65%	78%	88%	>99%
Weighted-Average Term	12.1	8.6	8.1	12.8	13.0	12.4	13.6	14.1	14.2	13.9	12.1	12.9	14.5	12.0	14.5	15.0	17.2

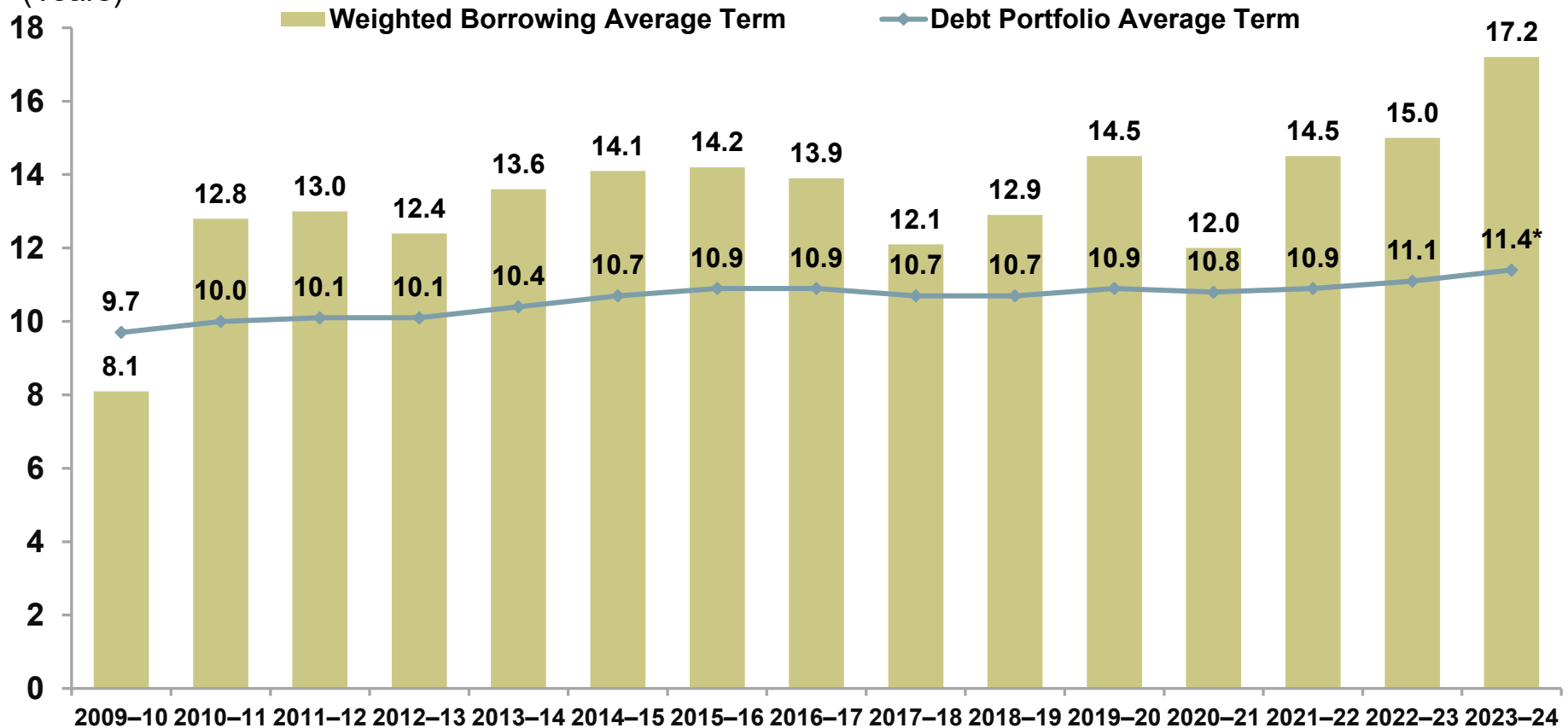
Note: Numbers may not add due to rounding.
Source: Ontario Financing Authority.

Weighted-Average Term of Borrowings

- Going back to the beginning of fiscal 2010–11, Ontario has issued \$129.8 billion of bonds 30 years or longer to lock in low interest rates.

As of November 2, 2023

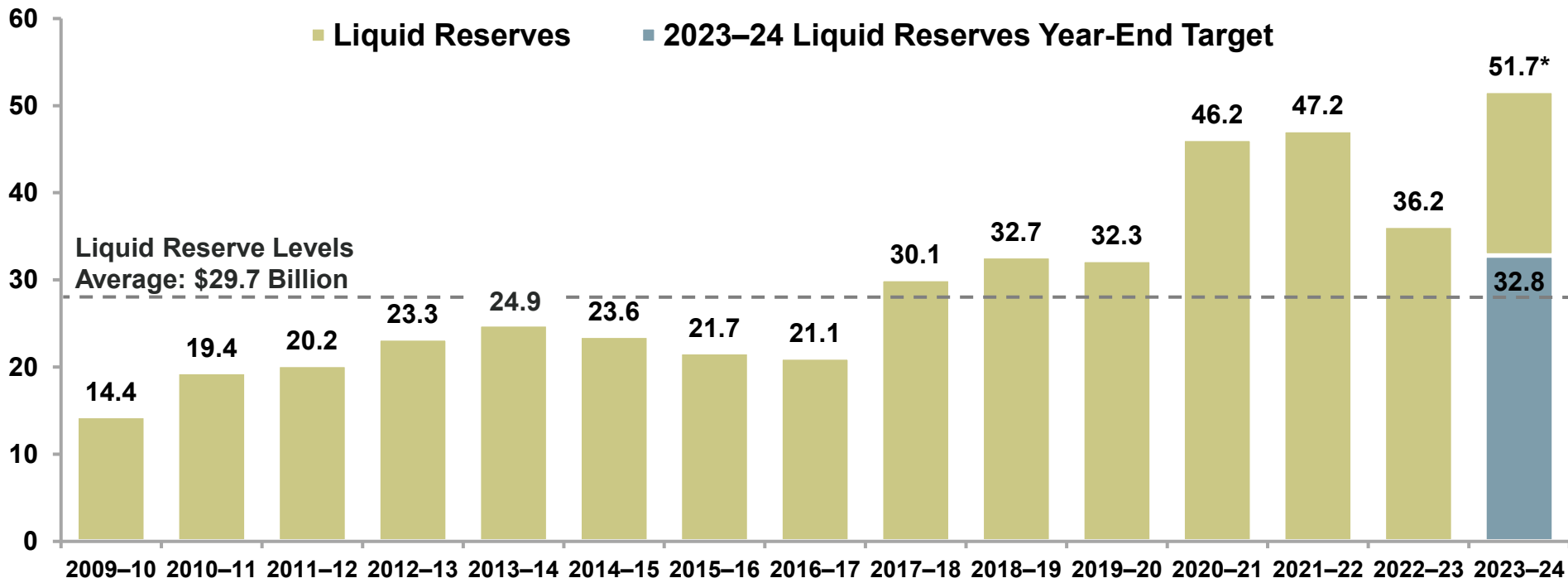
Average Term
(Years)



*As of September 30, 2023.
Source: Ontario Financing Authority.

Liquidity and Short-Term Borrowing Capacity

Average Unrestricted Liquid Reserve Levels (\$ Billions)



*As of September 30, 2023.

(\$ Billions)	C\$ T-Bill Program	U.S.\$ Commercial Paper Program	Total
Currency	Canadian Dollars	U.S. Dollars	–
Maturity	1 day-3 years*	1-270 day(s)	–
Authorized	C\$46.0	C \$15.0	C\$61.0
Outstanding	C\$23.2	C\$1.9	C\$25.1
Available	C\$22.8	C\$13.1	C\$35.9

*Regular issuance of 3M, 6M and 1Y T-Bills

Note: As of October 31, 2023. Numbers may not add due to rounding.

Domestic Borrowing Program

- Ontario bonds accounted for 67.7 per cent of Canadian provincial bond trading in 2022.¹
- Ontario accounted for 14.0 per cent of the FTSE Universe Bond Index, 13.6 per cent of the FTSE TMX Mid Bond Index and 22.2 per cent of the FTSE TMX Long Bond Index.²
- Large and diverse domestic underwriting syndicate of 12 dealers make active markets in Ontario bonds.
- Regular issuance of 5-year, 7-year, 10-year and 30-year issues, which are re-opened to achieve benchmark size.
- Large Order Procedure (carve-outs) to accommodate large investors (4 issues totalling \$1.8 billion so far in 2023–24).

Canadian dollar Benchmark Bonds

(As of November 1, 2023)

Term	Ontario		Canada	
5 yr (old)	3.60% March 8, 2028	\$5.50B	3.50% March 1, 2028	\$15.00B
5 yr (new)	3.40% September 8, 2028	\$2.00B	3.75% September 1, 2028	\$20.00B
7 yr	2.70% June 2, 2029	\$9.33B	2.25% June 1, 2029	\$12.30B
10 yr (old)	3.75% June 2, 2032	\$9.65B	2.25% December 1, 2032	\$21.00B
10 yr (new)	3.65% June 2, 2033	\$7.75B	2.75% June 1, 2033	\$19.00B
Long (old)	3.75% December 2, 2053	\$12.40B	2.00% December 1, 2051	\$51.80B
Long (new)	4.15% December 2, 2054	\$3.15B	2.00% December 1, 2053	\$32.00B

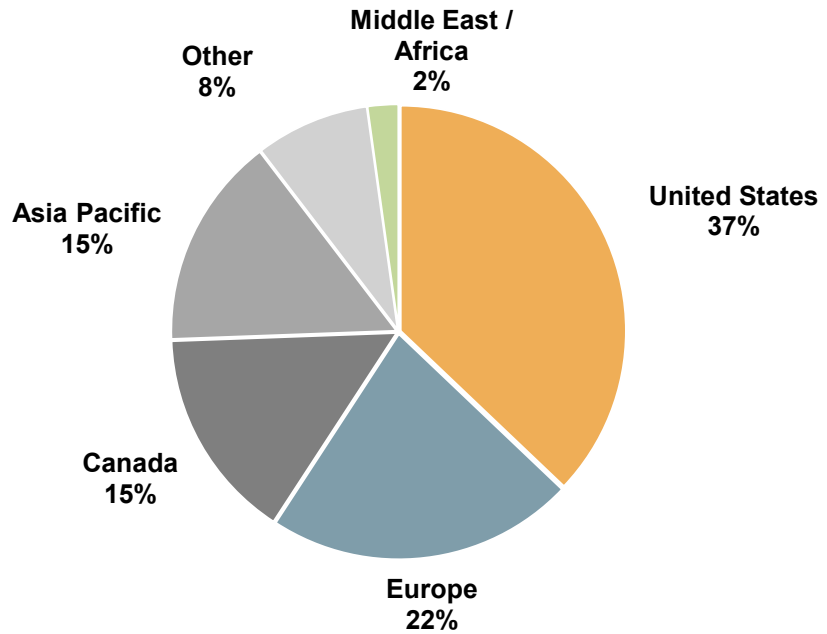
¹ Investment Industry Regulatory Organization of Canada (IIROC) Market Trade Reporting System - Provincial Bond Total Trading.

² PC Bond, as of December 31, 2022.

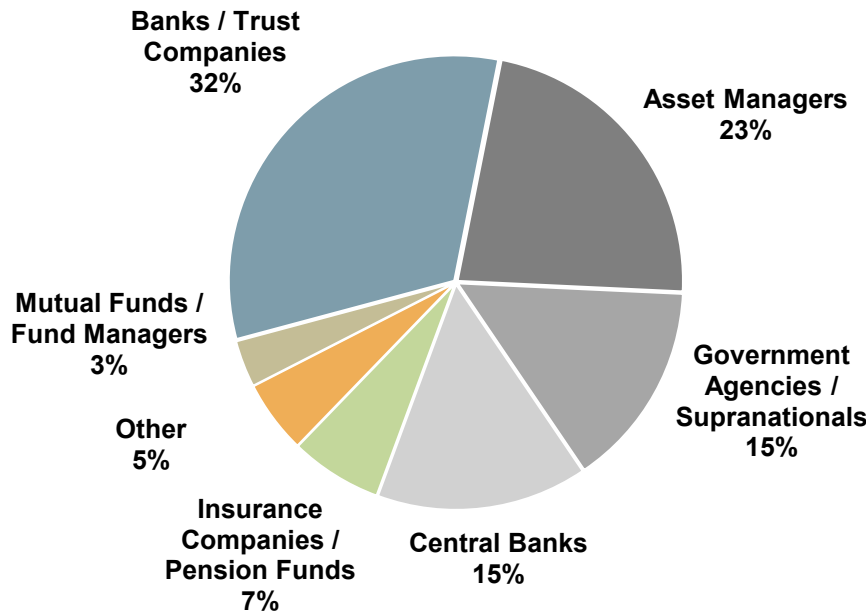
Foreign Issuance – U.S. Dollar

- The Province regularly accesses foreign markets to diversify its borrowing program and expand its investor base. The U.S. dollar is a core market for Ontario.

USD by Geography



USD by Investor Type



U.S. Dollar Issues

Term	Issue Date and Coupon	Amount (U.S.\$)
5 year	3.10% May 12, 2022	\$2.25B
10 year	2.125% January 13, 2022	\$1.50B
10 year	1.80% October 6, 2021	\$1.00B
5 year	1.05% April 7, 2021	\$3.00B
10 year	1.60% February 18, 2021	\$1.50B

Note: Data for USD by Geography and Investor Type since 2010.
Source: Ontario Financing Authority.

Foreign Issuance

- Dependent on market conditions the Province borrows in euros, Japanese yen, pound sterling, Swiss francs and Australian dollars.
- Ontario is moving towards the pound sterling becoming a core foreign market for Ontario joining the regular large-sized bond issuance in euros.

Euros

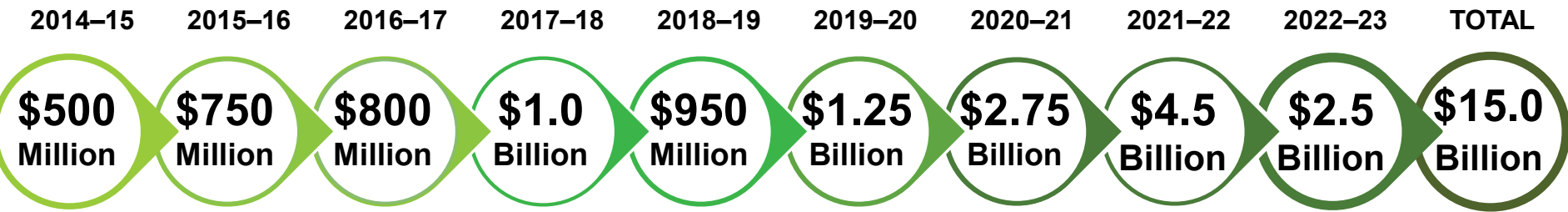
Term	Issue Date and Coupon	Amount (Euros)
10 year	0.25% June 1, 2021	€1.00B
10 year	0.01% November 17, 2020	€2.50B
7 year	0.38% April 1, 2020	€1.00B

Pound Sterling & Swiss Franc

Term	Issue Date and Coupon	Amount (Sterling/Swiss Franc)
4 year	2.25% May 17, 2022	£0.50B
12 year	0.05% April 21, 2021	CHF 0.25B
5 year	0.25% January 6, 2021	£1.75B

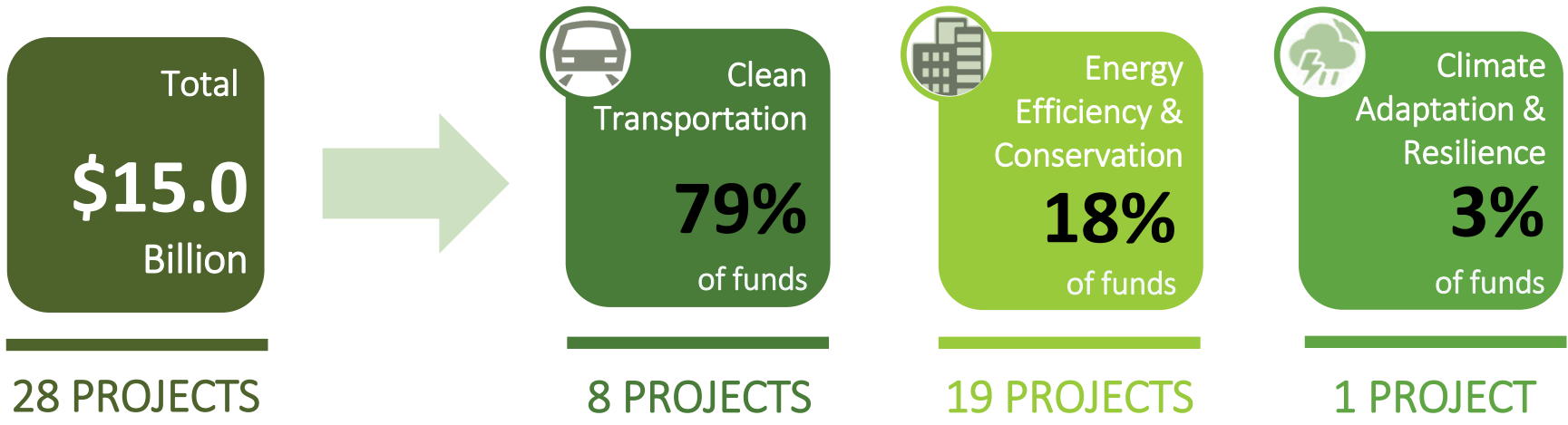
Ontario's Green Bonds

- Ontario is currently the largest issuer of Canadian dollar Green Bonds:



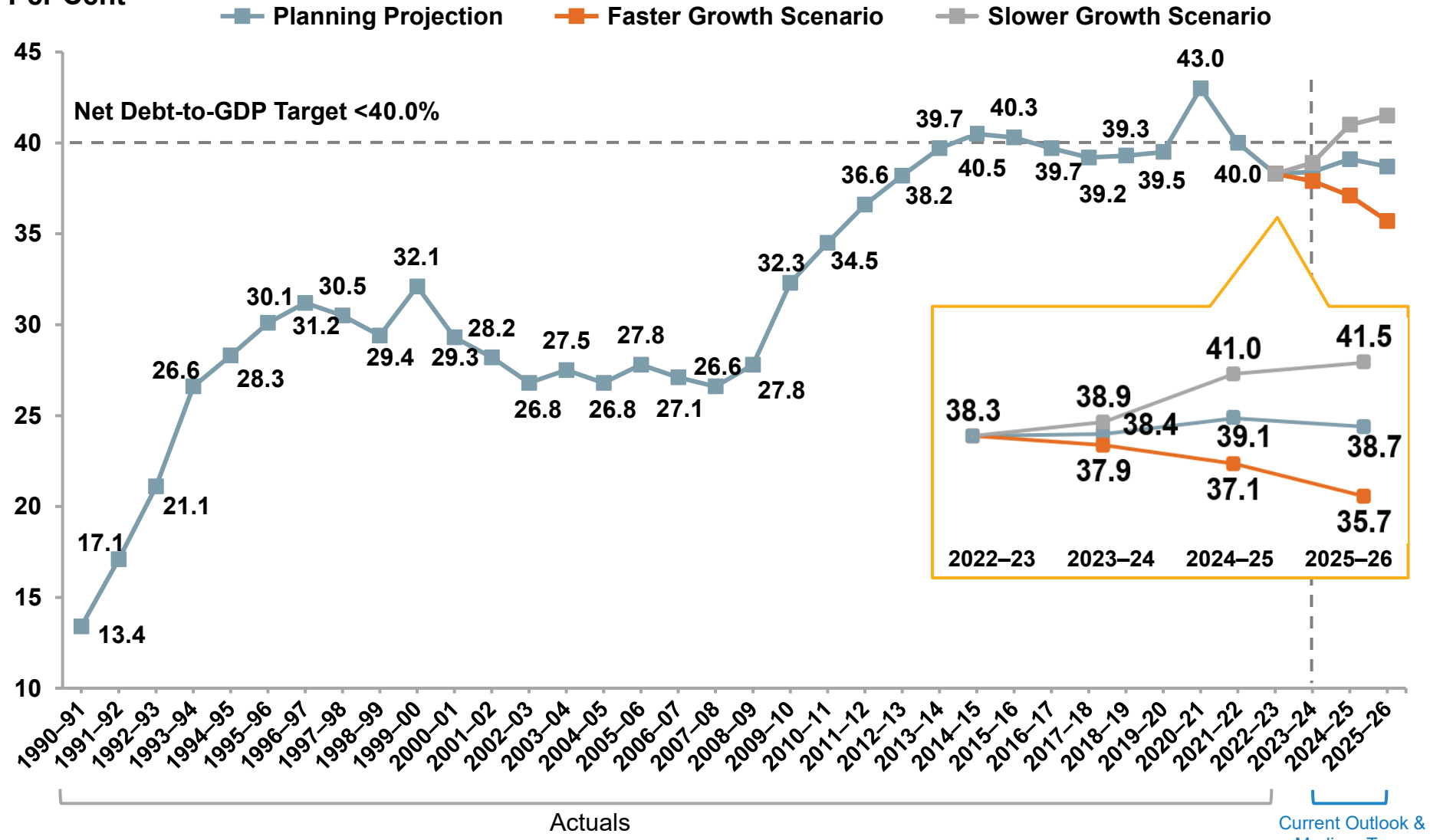
- Green Bonds serve as an important tool to help Ontario finance public transit initiatives, extreme weather-resistant infrastructure, and energy efficiency and conservation projects.

Overall Allocation By Framework Category



Net Debt-to-GDP

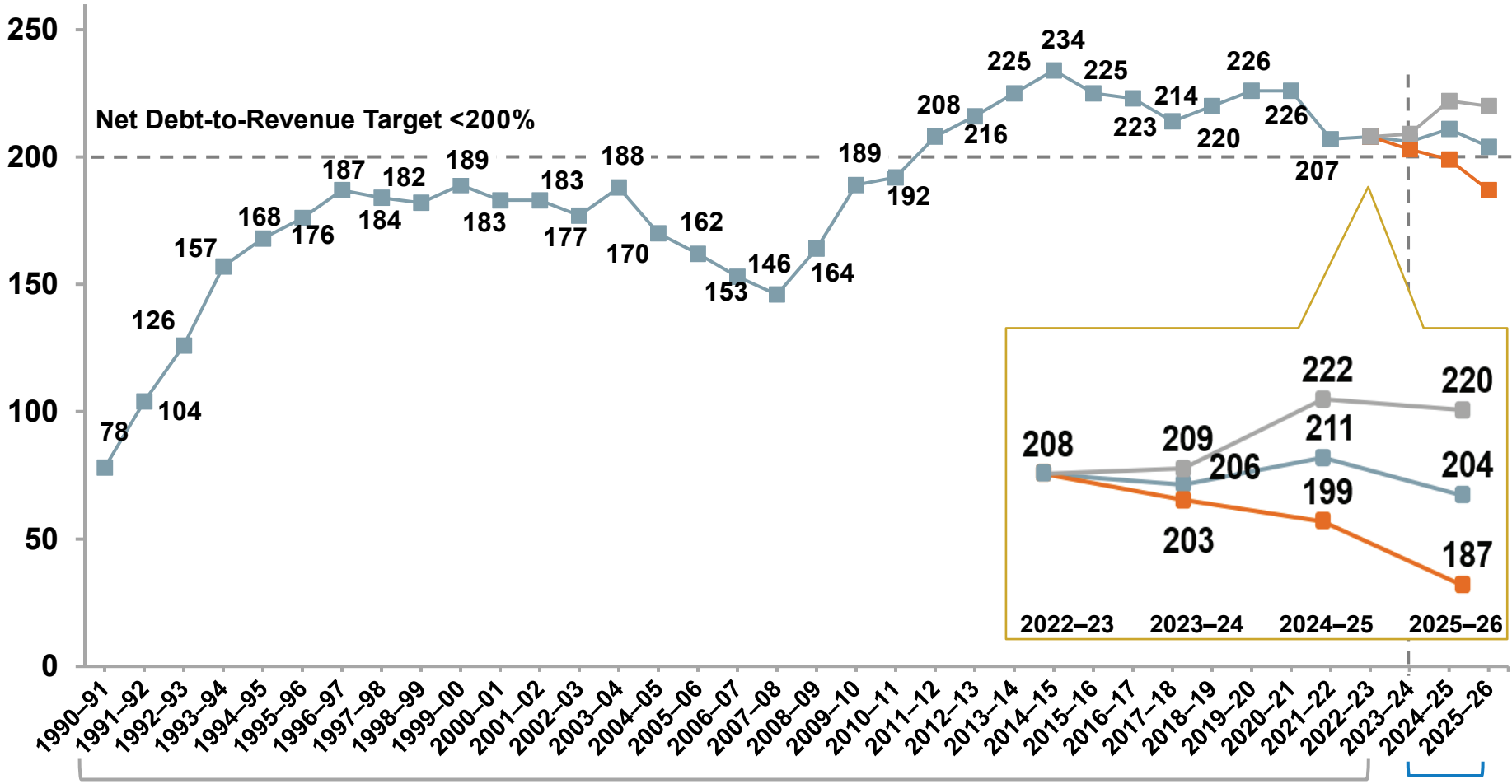
Per Cent



Net Debt-to-Revenue

Per Cent

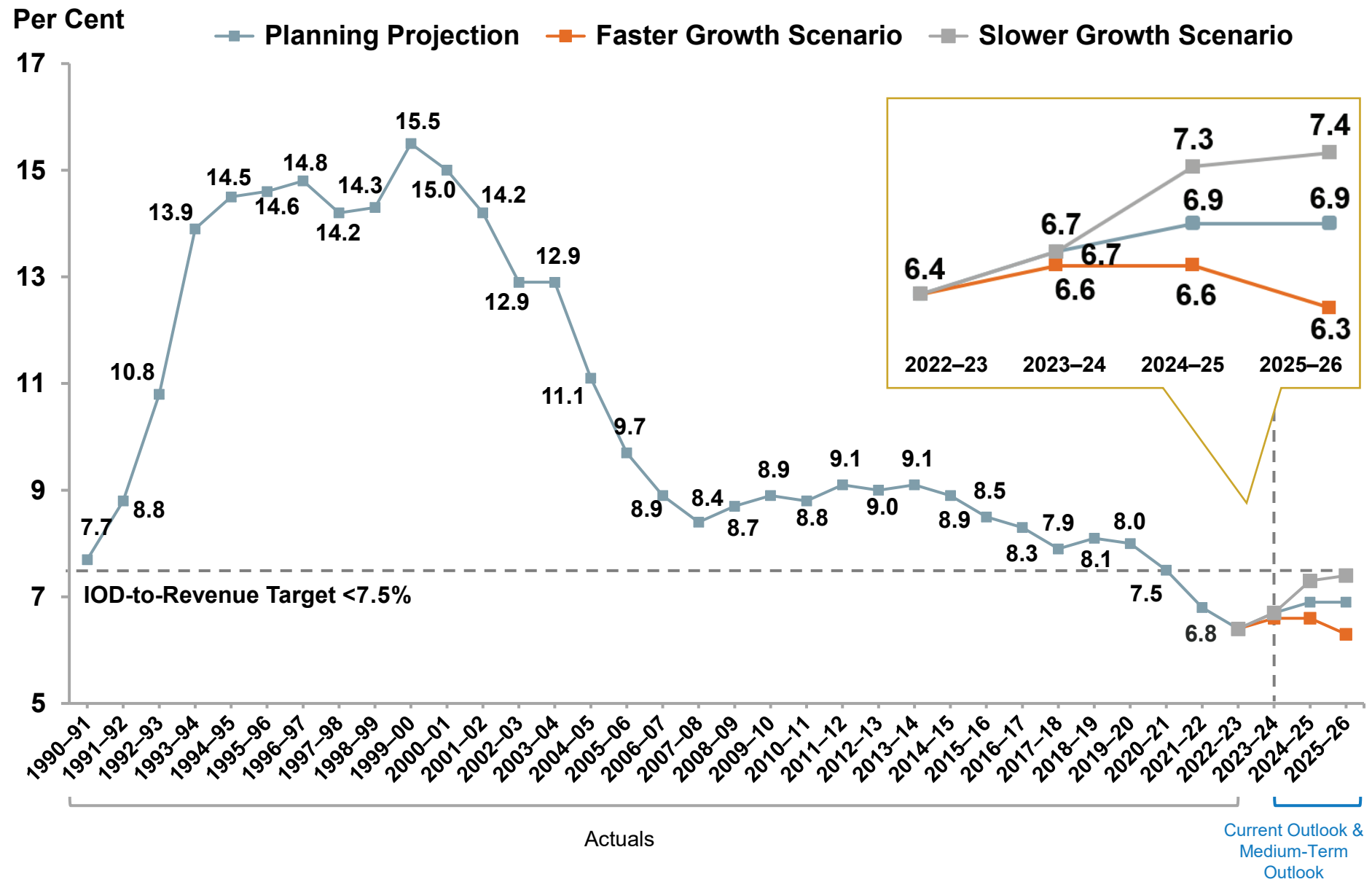
■ Planning Projection ■ Faster Growth Scenario ■ Slower Growth Scenario



Actuals

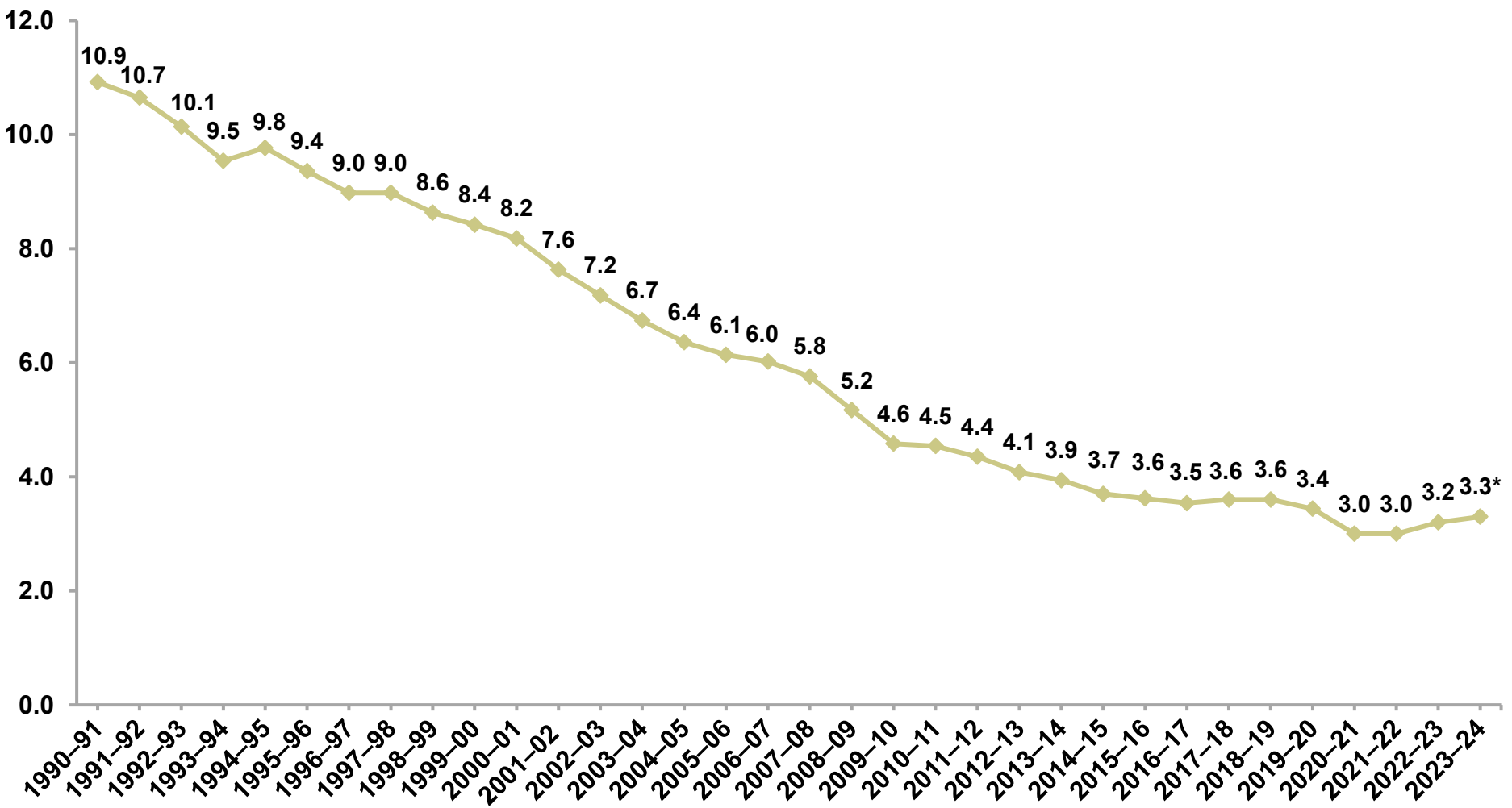
Current Outlook & Medium-Term Outlook

IOD-to-Revenue



Effective Interest Rate (Weighted Average) on Total Debt

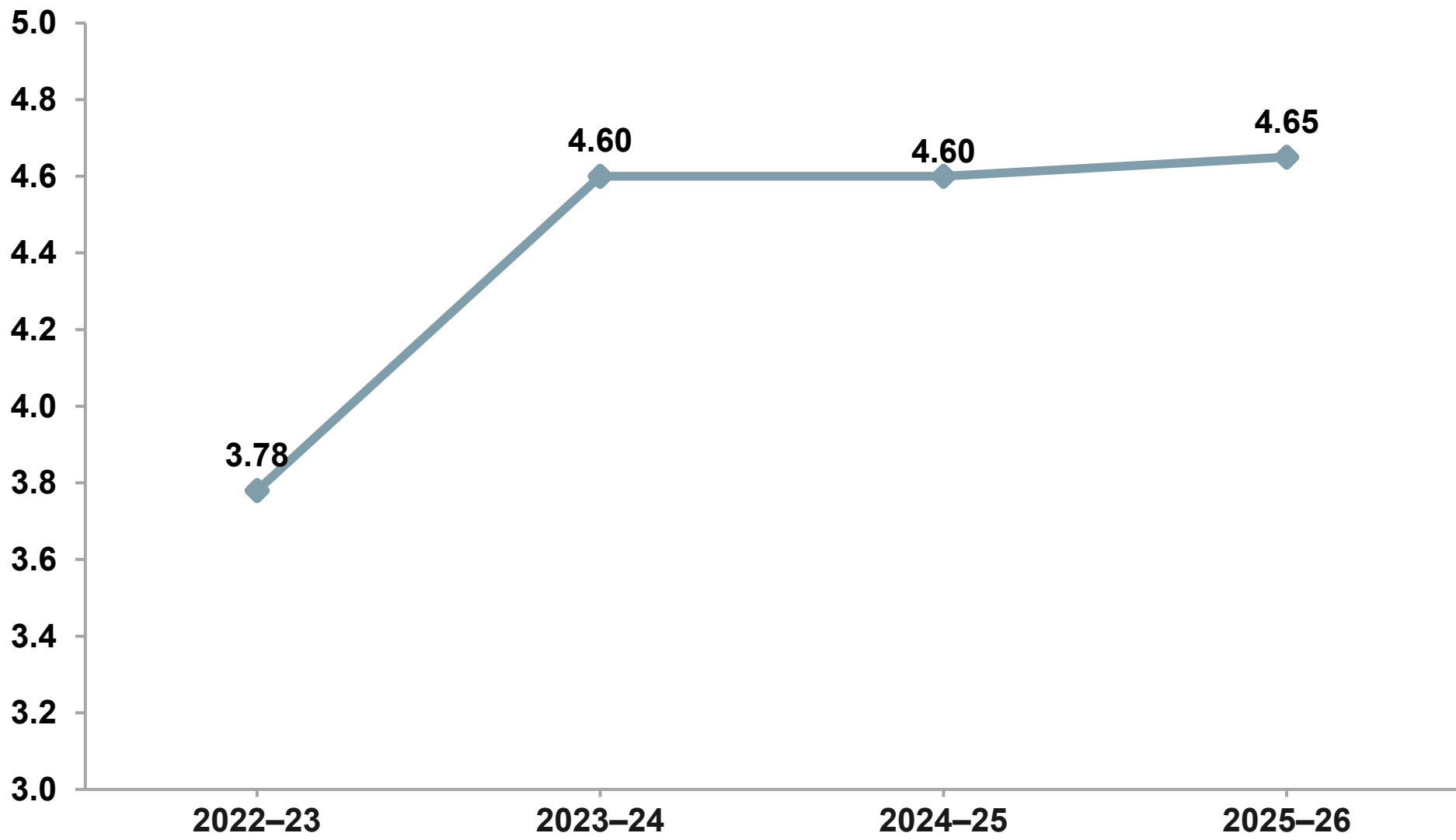
Per Cent



*As of September 30, 2023.
Sources: Public Accounts of Ontario (1990-1991 to 2022-2023) and Ontario Financing Authority.

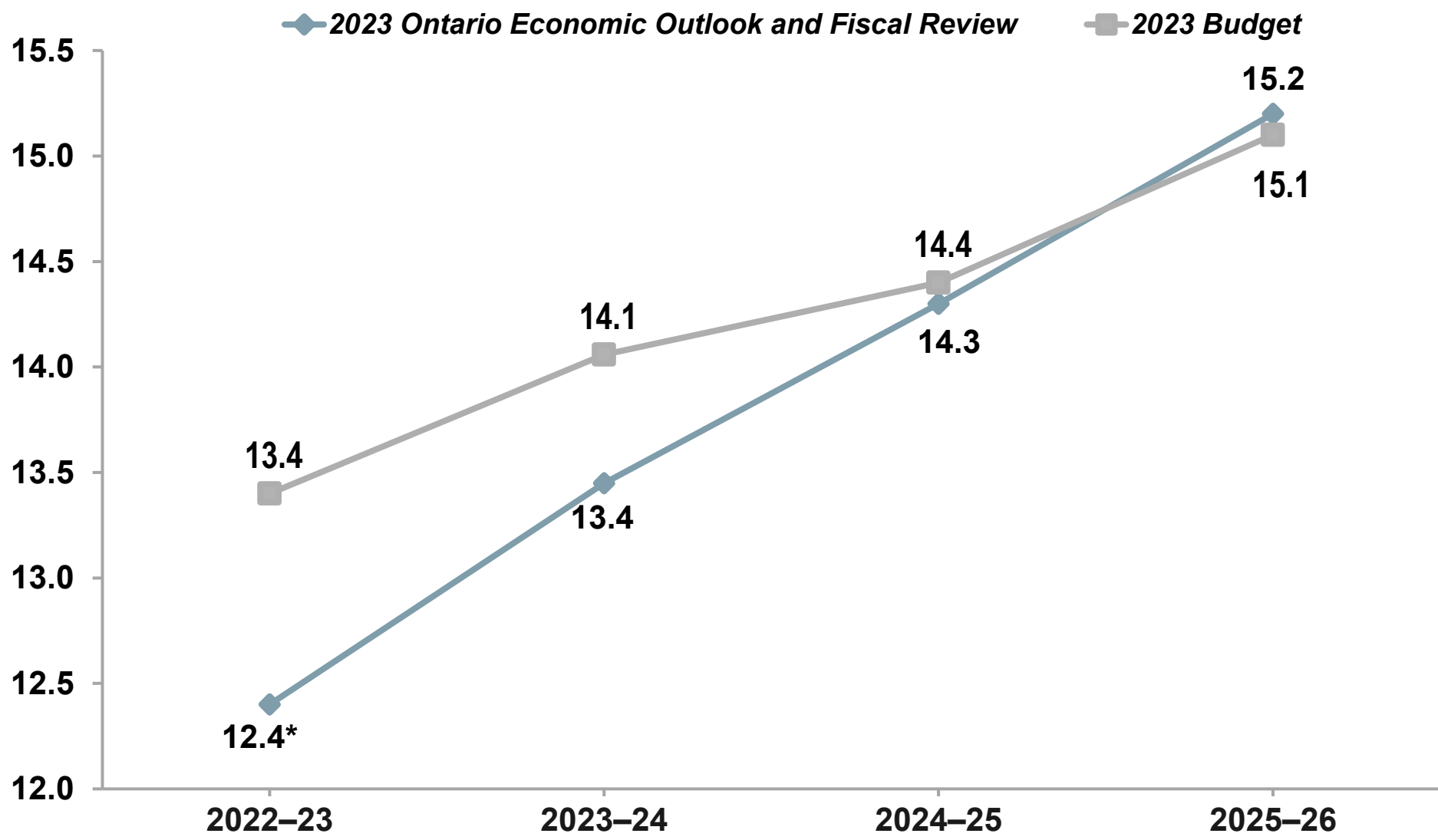
Average Annual Ontario Borrowing Rates

Per Cent







Interest on Debt Expense Lower than *2023 Budget* Forecast

\$ Billions



*Public Accounts of Ontario 2022-2023.
Source: Ontario Financing Authority.

Credit Ratings

Rating Agencies	Long-term Rating	Short-term Rating	Outlook
	Aa3	P-1	positive
	AA-	F1+	stable
	AA (low)	R-1 (mid)	positive
	A+	A-1	positive



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