

2024–25 First Quarter Finances

- Ontario’s real gross domestic product (GDP) increased by 0.7 per cent in the first calendar quarter of 2024. Since the *2024 Budget*, expectations by private-sector forecasters for GDP growth have improved slightly for 2024, reflecting better-than-expected economic performance so far this year.
- As of the *2024–25 First Quarter Finances*, the province’s 2024–25 deficit is projected to be \$9.8 billion — unchanged from the outlook published in the *2024 Budget*.
- Ontario’s net debt-to-GDP ratio is projected to be 39.1 per cent in 2024–25, 0.1 percentage point lower than the 39.2 per cent forecast in the *2024 Budget*.
- Ontario completed \$22.3 billion in long-term borrowing in 2024–25. Total long-term public borrowing is now forecast to be \$37.5 billion.

2024–25 Borrowing Program

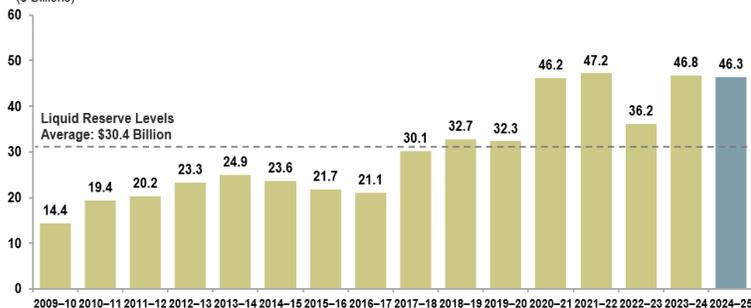
| (\$ Billions) | 2024–25 | | |
|------------------------------------------------------------------------|-------------|-------------------------|-----------------|
| | 2024 Budget | Change from 2024 Budget | Current Outlook |
| Deficit/(Surplus) | 9.8 | – | 9.8 |
| Investment in Capital Assets | 17.7 | – | 17.7 |
| Non-Cash and Cash Timing Adjustments | (11.0) | – | (11.0) |
| Net Loans and Investments | 0.3 | – | 0.3 |
| Debt Maturities and Redemptions | 28.0 | – | 28.0 |
| Total Funding Requirement | 44.2 | – | 44.2 |
| Decrease/(Increase) in Short-Term Borrowing | (5.0) | – | (5.0) |
| Increase/(Decrease) in Year-End Cash and Cash Equivalents ¹ | (1.0) | (0.7) | (1.7) |
| Total Long-Term Public Borrowing | 38.2 | (0.7) | 37.5 |

¹ 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 August 12, 2024, liquid reserve levels were \$42.4 billion.

Average Unrestricted Liquid Reserve Levels (\$ Billions)

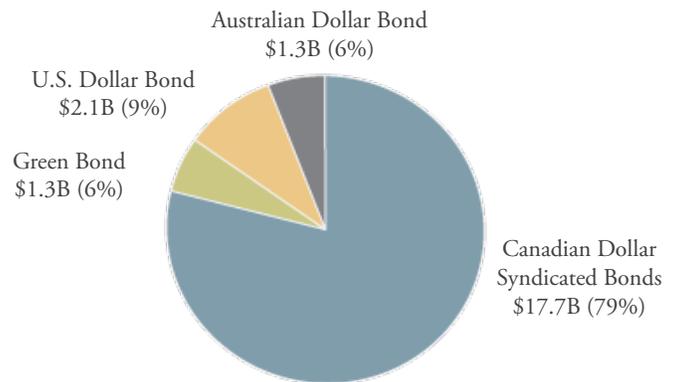


Note: As of July 31, 2024.

Source: Ontario Financing Authority.

2024–25 Borrowing Program

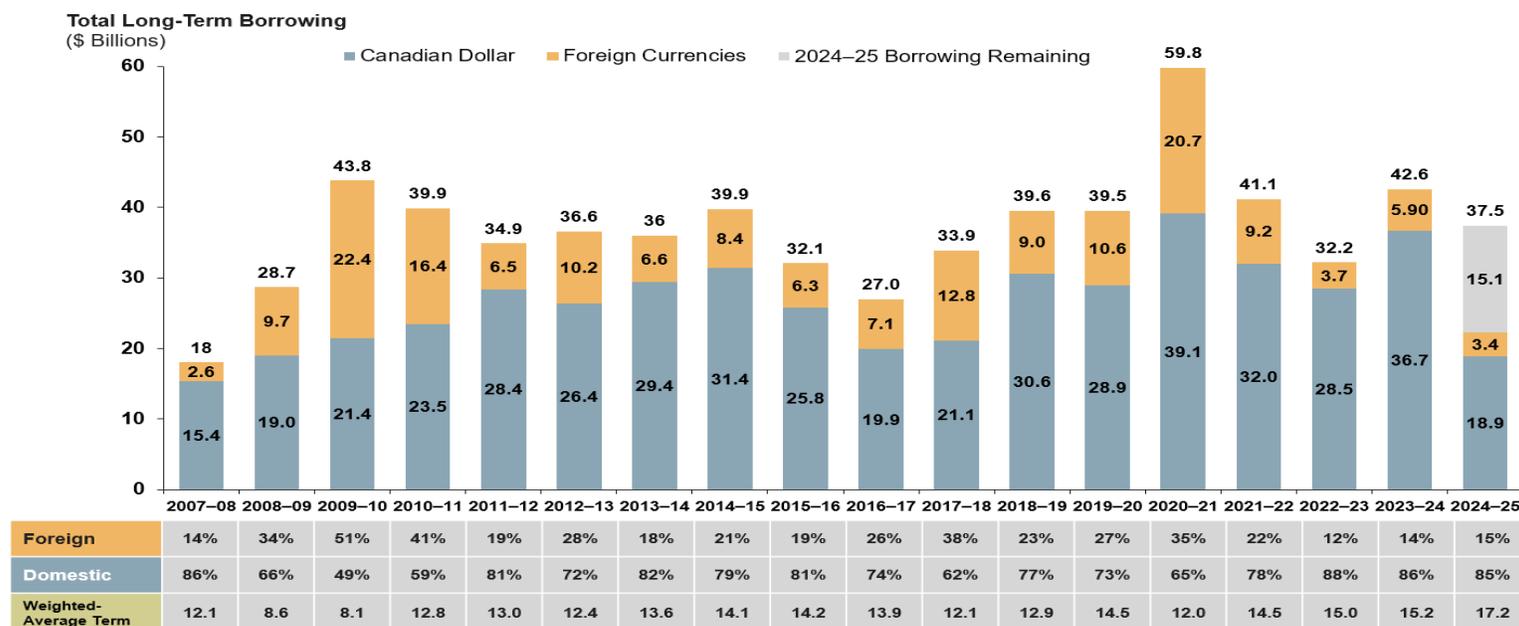
As of August 13, 2024, borrowing completed totalled \$22.3 billion.



Note: Numbers may not add due to rounding.

Long-Term Borrowing

- As of August 13, \$22.3 billion has been borrowed to date for fiscal 2024–25, \$18.9 billion or 85 per cent was in Canadian dollars, through 19 syndicated issues and a Green Bond. Approximately, \$3.4 billion or 15 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 \$145 billion of bonds, or almost one third of total debt, with maturities of 30 years or longer since 2010–11. This includes \$8.0 billion so far in 2024–25.



Note: Numbers may not add due to rounding. As of August 13, 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 (19 syndicated issues so far in 2024–25).

Canadian Dollar Benchmark Bonds (as of August 13, 2024)

| Term | Ontario | Canada |
|-------------|------------------------------------|-------------------------------------|
| 5 yr (old) | 3.40% September 8, 2028 \$2.00B | 3.25% September 1, 2028 \$20.00B |
| 5 yr (new) | 4.00% March 8, 2029 \$1.50B | 4.00% March 1, 2029 \$27.00B |
| 7 yr | 2.15% June 2, 2031 \$8.85B | 1.50% June 1, 2031 \$42.00B |
| 10 yr (old) | 3.65% June 2, 2033 \$12.95B | 3.25% December 1, 2033 \$21.00B |
| 10 yr (new) | 4.15% June 2, 2034 \$12.25B | 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 \$6.45B | 2.75% December 1, 2055 \$20.75B |

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 |
|---------|------------------------|------------|
| 10 year | 5.05% April 16, 2024 | US\$ 1.50B |
| 5 year | 4.20% January 10, 2024 | US\$ 3.00B |
| 5 year | 3.10% May 12, 2022 | US\$ 2.25B |

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 June 17, 2024, Ontario issued a \$1.25 billion Green Bond. This was the first Green Bond issued in 2024–25, sixteenth Green Bond overall, and Ontario's second Green Bond issued under the new *Ontario Sustainable Bond Framework*.
- In January 2024, Ontario released its new *Ontario Sustainable Bond Framework* replacing the *Green Bond Framework* from 2014. The new framework will allow for a broader range of potential bond offerings in the future, including emissions-free nuclear power.
- Ontario remains the largest issuer of Canadian dollar Green Bonds, totalling \$19.25 billion with \$17.2 billion outstanding. A total of 29 projects have received or will receive funding from Ontario's sixteen 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, including in 2024–25.

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 Sustainability 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

- Revenues in 2024–25 are projected to be \$205.7 billion, unchanged from the forecast in the *2024 Budget*.
- Program expense in 2024–25 is projected to be \$200.6 billion, unchanged from the outlook presented in the *2024 Budget*. New commitments announced since the release of the *2024 Budget* have been accommodated within the fiscal plan.
- The *2024 Budget* included a \$1.0 billion reserve in 2024–25, to protect the fiscal outlook against any unforeseen changes in the province's revenue and expense forecasts. The \$1.0 billion reserve has been maintained as part of the current fiscal outlook.

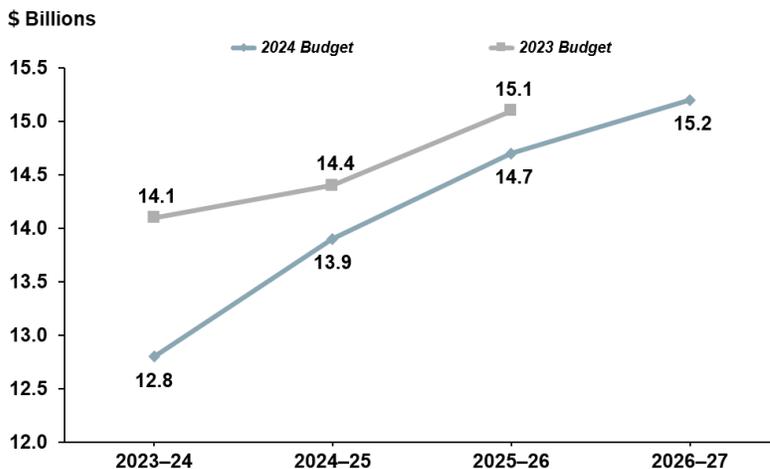
| Fiscal Plan (\$ Billions) | Actuals | | | | | | | | Interim ¹ | Current Outlook |
|------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|----------------------|-----------------|
| | 2015–16 | 2015–16 | 2017–18 | 2018–19 | 2019–20 | 2020–21 | 2021–22 | 2022–23 | 2023–24 | 2024–25 |
| Revenue | 136.1 | 140.7 | 150.7 | 153.8 | 156.2 | 165.0 | 185.1 | 192.9 | 204.3 | 205.7 |
| Expense | | | | | | | | | | |
| Programs | 129.9 | 131.4 | 142.5 | 148.7 | 152.3 | 169.0 | 170.5 | 186.4 | 194.5 | 200.6 |
| Interest on Debt | 11.6 | 11.7 | 11.9 | 12.4 | 12.5 | 12.3 | 12.6 | 12.4 | 12.8 | 13.9 |
| Total Expense | 141.5 | 143.2 | 154.4 | 161.1 | 164.8 | 181.3 | 183.1 | 198.8 | 207.3 | 214.5 |
| Reserve | – | – | – | – | – | – | – | – | – | 1.0 |
| Surplus/(Deficit) | (5.3) | (2.4) | (3.7) | (7.3) | (8.6) | (16.3) | 2.0 | (5.9) | (3.0) | (9.8) |

¹Interim represents the *2024 Budget* projection for the 2023–24 fiscal year.
 Note: Numbers may not add due to rounding. Current outlook primarily reflects information available as of June 30, 2024.
 Sources: Ontario Treasury Board Secretariat and Ontario Ministry of Finance.

Interest on Debt (IOD) Expense

- Interest on debt expense in 2024–25 is also projected to remain unchanged from the \$13.9 billion forecast in the *2024 Budget*. Ontario's cost of borrowing for 2024–25 remains at 4.0 per cent, as long-term rates have remained within the range forecasted in the *2024 Budget* through the first quarter.
- The Province will continue to monitor interest rate movements and provide regular updates on IOD costs in future fiscal updates.

Comparison of Interest on Debt Expense Forecast



Source: Ontario Financing Authority.

Risk Management

| | Exposure ¹ | Policy Limit |
|-----------------------------|-----------------------|--------------|
| Foreign Exchange | 0.14% | 3.0% |
| Net Interest Rate Resetting | 5.7% | 35.0% |

¹ Of outstanding debt, interim as of July 31, 2024.

Debt Burden Reduction Strategy

| (Per Cent) | 2024 Budget Targets | 2023–24 | | | 2024 Q1 Finances 2024–25 Forecast |
|-----------------------------|---------------------------|----------------------------|-------------------------|--------------------------------|--------------------------------------------|
| | | 2023 Budget Forecast | 2023 FES Forecast | 2024 Q1 Finances Interim | |
| Net-Debt-to-GDP | <40.0 | 37.8 | 38.4 | 37.9 | 39.1 |
| Net-Debt-to-Revenue | <200 | 199 | 206 | 203 | 214 |
| Interest on Debt-to-Revenue | <7.5 | 6.9 | 6.7 | 6.3 | 6.8 |

2023 FES is defined as the 2023 Ontario Economic Outlook and Fiscal Review.

Credit Ratings (Long-Term/Short-Term)

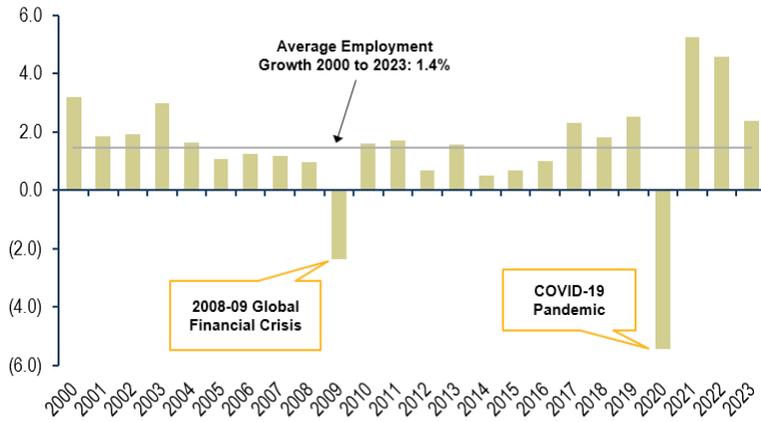
| | |
|------------------|-----------------|
| Moody's | Aa3 (P) / P-1 |
| Fitch | AA- / F1+ |
| Morningstar DBRS | AA / R-1 (high) |
| S&P | A+ (P) / A-1 |

Ontario's Economic Update

- Since the release of the *2024 Budget*, expectations by private-sector forecasters for GDP growth have improved slightly for 2024, reflecting better-than-expected economic performance so far this year. Private-sector forecasters, on average, project Ontario's real GDP to rise by 0.8 per cent in 2024, up from the projected 0.4 per cent increase at the time of the *2024 Budget*. The private-sector average forecast for 2025 has been revised down to 1.8 per cent from 2.0 per cent at the time of the *2024 Budget*.
- The private-sector average forecast for Ontario nominal GDP growth for 2024 is 3.4 per cent, above the average increase of 2.8 per cent at the time of the *2024 Budget*. The private-sector average forecast for 2025 is unchanged at 4.0 per cent.
- Ontario employment increased by 140,900 jobs over the first six months of 2024, following a strong increase in 2023.

Ontario's Strong Employment Growth

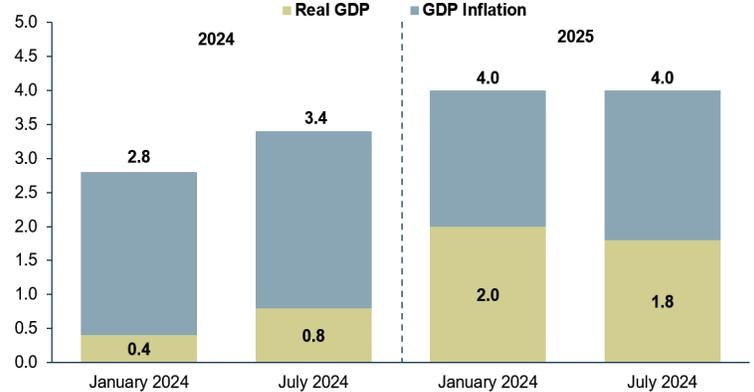
Employment Growth (Per Cent)



Source: Statistics Canada.

Changes in Ontario GDP Growth Projections

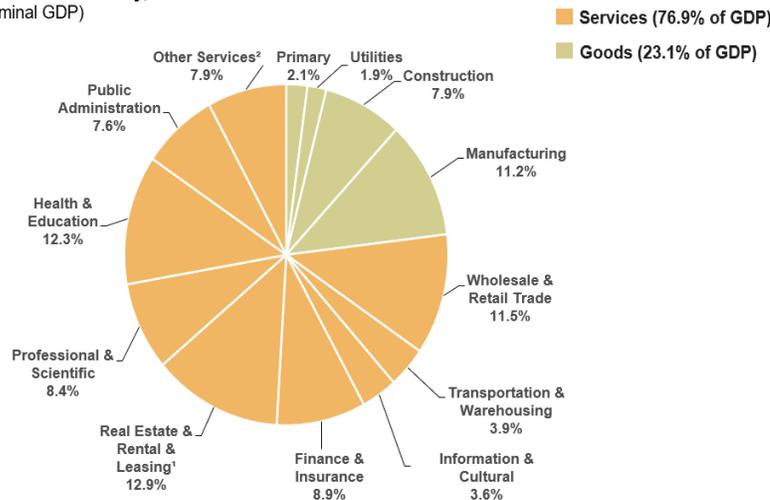
Private-Sector Average Forecast for Nominal GDP Growth (Per Cent)



Note: Nominal GDP growth is the sum of real GDP growth and GDP inflation.
Source: Ontario Ministry of Finance Survey of Forecasters (January 25, 2024 and July 11, 2024).

Ontario's Diverse Economy

Structure of the Ontario Economy, 2023 (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 supportwaste 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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