

OFA Video Update March 2026

Welcome, and thank you for joining us.

With the release of the Province's *2026 Budget*, my team and I would like to take this opportunity to update you on Ontario's finances and borrowing program.

Ontario completed 58.6 billion dollars in long-term borrowing in 2025–26. While 15.8 billion higher than anticipated in the *2025 Budget*, it allowed us to pre-fund for next year's fiscal borrowing and pre-fund 5 billion towards the Protect Ontario Account, which I'll provide further details on later in the video.

The long-term borrowing forecast for this upcoming fiscal year is 47.2 billion dollars. The forecast over the medium-term is 10 to 15 billion lower than what we borrowed in fiscal 2025–26.

So how did we complete 58.6 billion dollars of long-term borrowing this fiscal year? As discussed at last year's budget and the Fall Economic Statement, we've continued to be well received across global markets and therefore our ratio of domestic to foreign borrowing moved to a 60:40 split approximately.

One highlight of our domestic issuance was our first dual tranche Green Bond which included a tap of our 30-year Green Bond and our first ever Green FRN. Otherwise, we were fortunate to be able to access the domestic market across our usual fixed-rate benchmark maturities and the Floating Rate Market.

Ontario's strong credit ratings, fiscal profile and professional approach to markets have contributed to unprecedented global investor demand for Ontario paper. As a result, last year we were able to issue in U.S dollars, euros and Swiss francs. This heightened international demand resulted in our increased foreign issuance, allowing for further diversification of Ontario's investor base, and reduce our overall cost of borrowing. One highlight, for the first time we issued a 30-year euro denominated bond, tapping into a new group of investors and providing extremely attractive funding levels for the Province.

In support of all our funding activities last year, Ontario held close to 190 investor meetings, an all-time high, underscoring the province's transparent approach to keeping investors informed and engaged. We look forward to continuing broaden our investor engagement including in support of our increased activities in the money markets.

Looking ahead, the guidance for domestic borrowing will be adjusted to 60 to 80 per cent for fiscal 2026–27, and will continue to be adjusted, if necessary, in response to evolving investor demand and market conditions.

With the release of the *2026 Budget*, we expect to return to the market as soon as possible.

Building on the Protect Ontario Account announcement in the 2025 Ontario Budget, and later the *2025 Ontario Economic Outlook and Fiscal Review*, the province is establishing the Protect Ontario Account – Investment Fund. The Province will invest up to 4 billion dollars into the Fund and has initiated a competitive process to partner with a best-in-class private investment manager.

The fund will leverage private sector experience, while crowding in investment capital from Ontario based pension funds along with financial institutions and other global investors.

These landmark investments in sectors such as artificial intelligence, defence, advanced manufacturing, life sciences, and research and development in the critical minerals sector will advance Ontario's long-term economic priorities.

Let's now turn towards the Fiscal Outlook. Ontario's deficit in 2025-26 is projected to be 12.3 billion dollars — an improvement of 2.3 billion from the outlook published in the *2025 Budget* and 1.2 billion from the *Fall Statement*.

The *2026 Budget* includes an updated economic and fiscal outlook, as the government is projecting a 13.8 billion dollar deficit for the 2026–27 and 6.1 billion the following year, before reaching a surplus of 0.6 billion in 2028–29.

Interest and Other Debt Servicing Charges (IOD) is projected to be 16 billion dollars this year — 0.2 billion lower than the *2025 Budget* forecast. Over the next couple of years, IOD is projected to increase from 17.2 billion in 2026–27 to 19.7 billion by 2028–29. This forecast has risen due to higher deficits, increased infrastructure spending and increased loans and investments primarily driven by a larger Ontario Student Assistance Program.

Despite global headwinds and ongoing trade pressures, Ontario's economy remains resilient and performed better than expected in 2025. Ontario's real GDP growth is projected to rise every year over the 3-year outlook starting with 1 per cent in 2026, then increasing each year before reaching 2 per cent in 2029. These projections are set slightly below the average of private-sector forecasts for the purposes of prudent fiscal planning.

Finally, I'd like to turn to the Province's Debt Burden Reduction Strategy.

The government remains committed to reducing the debt burden while ensuring that Ontario's finances are sustainable. Ontario has maintained its targets and continues to make progress towards achieving them over the medium-term outlook. In addition, Ontario's path to balance by 2028–29 will further reinforce its strategy towards debt burden reduction.

Beginning in 2026–27, changes to Public Sector Accounting Standards will affect how Ontario measures and reports on its progress. The new standards, which are being

implemented across Canada, require governments to separate liabilities into financial and non-financial items when reporting balance sheet measures.

To comply with the new standard, Ontario has refined how Net Debt is calculated. Under this updated approach, Net Debt is equivalent to Net Financial Liabilities, meaning it focuses on obligations that must be financed through future revenues. This improves clarity and ensures reporting stays consistent with public sector organizations across Canada.

As a result of this change, Ontario has also updated the names of its debt burden ratios to settle on clear, stable terminology that is widely understood.

These changes do not affect Ontario's fiscal plan, borrowing requirements, or debt management strategy. Rather, they update the accounting presentation of key debt sustainability measures to improve transparency and comparability for all users.

Turning now to the ratios themselves:

- Ontario's net debt-to-GDP and Interest-to-revenue ratios remain better than the government's targets now and throughout the medium-term outlook.
- The net debt-to-revenue ratio remains the most challenging measure. While the current economic environment will temporarily raise the level of this ratio, the government has demonstrated in the past and remains confident today that it can bring this ratio back in line with its target over time.

We hope this update has provided useful insight into Ontario's fiscal position, economic outlook, and prudent approach to borrowing and debt management. Further fiscal and economic information related to the *2026 Budget* is available on the Ministry of Finance website, and updated borrowing information—including our Investor Relations Presentation and Fact Sheet—can be found on the OFA website.

Thank you very much for your time.