

2019

ANNUAL REPORT

EXCELLENCE IN FINANCIAL SUPERVISION CAPACITY BUILDING



LEARNING FROM THE PAST. **LEADING TOWARDS THE FUTURE.**

OUR VISION

A world where financial systems are stable and accessible to all

OUR MISSION

To provide high-quality capacity building programs for financial supervisors and regulators

OBJECTIVES

- ① Increase regulators and supervisors' knowledge and skills to implement sound practices across all sectors
- ① Develop leaders who have the capability to promote and implement sustainable change
- ① Enhance financial stability, crisis preparedness, and consumer protection
- ① Promote sound and inclusive financial systems that will foster sustainable economic growth, reduce poverty, and benefit women and children



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MESSAGE FROM THE CHAIR OF THE BOARD



**GOVERNOR
STEFAN INGVES**

Despite changing times, the Centre's mission to provide high-quality capacity building programs for financial supervisors and regulators remains as relevant today as it was when it was founded over 20 years ago. From my perspective, three themes have dominated the work of Toronto Centre in recent years and are likely to continue to do so in the new decade.

First, while most attention in the aftermath of the global financial crisis has been focused on the strengthening of standards across all parts of the financial sector, Toronto Centre continues to focus on building supervisory capacity. The objective here remains to increase supervisors' knowledge and skills to implement sound practices; to develop leaders who have the capability to promote and implement sustainable change; and thereby to enhance financial stability, crisis preparedness and consumer protection, and to increase access to financial services. The Centre's approach builds the supervisor's individual professional capability (and hence the capacity of their institutions) to

understand better the risks and to supervise more effectively within the constantly changing financial sector environment. Second, Toronto Centre is at the forefront of building supervisory capacity in key areas of the United Nations Sustainable Development Goals. Good supervision helps to promote sound and inclusive financial systems that foster sustainable economic growth, reduce poverty, and benefit women and children. The Centre has been delivering programs relating to financial inclusion since 2005, and it has been highlighting climate change-related financial risks in its programs since 2016.

Toronto Centre is a leader in helping supervisors and regulators prepare for and respond to new standards and to the unprecedented pace of change; and is at the forefront of building supervisory capacity in key areas of the United Nations Sustainable Development Goals.

Third, Toronto Centre is a leader in helping supervisors and regulators prepare for and respond to new standards, to the unprecedented pace of change in FinTech developments, and to emerging risks such as climate change and the COVID-19 outbreak, which has become the principal

preoccupation of central banks, regulatory authorities and governments, which have taken extraordinary measures to stabilize the financial system. I see the combination of the basics of good supervision and helping supervisors to respond effectively to new developments to be at the core of the Centre's work.

Toronto Centre's contribution to building more stable and inclusive financial systems could not be achieved without a strong team.

I am very fortunate to be supported by an expert Board with a depth of knowledge and executive-level experience.

I am pleased to welcome two new members to the Board – Bill Coen, previously the Secretary General of the Basel Committee on Banking Supervision, and Socorro Heysen Zegarra, the current Head of Peru's Banking, Insurance, and Private Pension Fund Authority (SBS) – who will bring a wealth of regulatory and supervisory expertise to the Board.

I also thank Babak Abbaszadeh, President and CEO, and the rest of the Toronto Centre team and our external program leaders for their outstanding work in conceptualizing, developing, and executing our capacity building programs.

Finally, Toronto Centre is gratefully indebted to our key funders without whom none of this valuable work would be possible: Global Affairs Canada, the Swedish International Development Cooperation Agency (Sida), the International Monetary Fund, Comic Relief and Jersey Overseas Aid.

FOUNDING AND FUNDING PARTNERS

Toronto Centre's work would not be possible without the shared vision of our founders and funders. These leading development organizations share our mandate for advancing financial stability, fostering financial inclusion, working towards achieving the UN 2030 Sustainable Development Goals, and reducing poverty.

Our core funding partners, Global Affairs Canada, Sida, the IMF, and Comic Relief Jersey Overseas Aid, help to make our vision a reality. We thank them for their generous financial support and strategic input. We also thank our founders, Schulich School of Business and the World Bank Group, for their guidance and advice.



Global Affairs
Canada

Affaires mondiales
Canada



SWEDISH INTERNATIONAL DEVELOPMENT
COOPERATION AGENCY



JERSEY OVERSEAS AID



IBRD • IDA | WORLD BANK GROUP



NEW FUNDING PARTNERS



JERSEY OVERSEAS AID AND COMIC RELIEF, BRANCHING OUT: FINANCIAL INCLUSION AT THE MARGINS

This jointly-funded program focuses on: increasing bottom-of-the-pyramid access to financial services such as loans, savings, money-transfers and insurance; transferring knowledge to build responsible and inclusive financial systems that help move people out of poverty, protect their gains, and advance economic development; and incubating Financial Technology (FinTech) and Digital Financial Services (DFS) to increase access to basic financial services and promote private-sector growth.

As part of this program, Toronto Centre received grant funding for a two-year period beginning in 2019 to fund programming in Zambia. Toronto Centre is working with the Central Bank of Zambia, Pensions and Insurance Authority, and the Securities and Exchange Commission of Zambia to strengthen their institutional capacity to increase financial stability and access to financial services.



**BABAK
ABBASZADEH**

I remain extremely proud of Toronto Centre for maintaining its productivity, high annual output, and increased global footprint, as outlined on pages 6-7. But I want to focus here on the quality and impact of our programming and to look ahead to what Toronto Centre will be doing to ensure that supervisors and regulators are well-equipped to deal with challenges and opportunities as we enter a new decade. In delivering our programming, we have maintained and sought continuously to improve our core operating model and enhance our quality to ensure we deliver best-in-class programs to build the capacity of supervisors and regulators. Interactive and case-based programs are developed, organized, and delivered efficiently through the collaboration of our small internal team and experienced external trainers. We continually strive to improve quality and constantly refine and update our practices. We continue to receive excellent feedback on how participants have introduced changes in their authorities following a program. I am often struck when our program personnel share stories of how they saw someone's eyes light up when they understood a concept and began thinking about how to apply it within their organization. We have heard from many par-

ticipants that they still use the 'Action Planning Methodology' they learned at a Toronto Centre program to drive changes in their organizations. We have heard how many countries are better prepared to manage a crisis after attending one of our simulation programs. And we have seen how implementing risk-based supervision has contributed to more stable and inclusive financial systems.

Quality also includes the timeliness and relevance of the program topics. While we do not waver from the importance of teaching the basics of the craft of supervision, in 2019 our approach to combine that commitment with a heightened focus on emerging risks and priorities became even more crucial, as outlined by

I am very happy to report that we will have formally established a Centre of Excellence in Crisis Preparedness to acknowledge Toronto Centre's leadership in this area.

our Chair's message. Therefore, we delivered a first-ever program devoted entirely to supervisory responses to climate change-related financial risks and delivered our first in-country cross-sectoral foundational Core Curriculum program. In Honduras, we began our first long-term country engagement focusing on how supervisors and other stakeholders could use data to help close the gender gap in access to financial services. Finally, we delivered the first-ever regional crisis exercise across eight Nordic-Baltic countries involving 300 participants engaging in a real-time simulation from their respective countries.

As we look forward to the 2020s, we will continue to adapt this focus on good super-

vision to the changing landscape to reflect emerging demands and needs. One example of this focus is that Toronto Centre is leading the way in helping supervisors and regulators to build their capacity to implement the emerging standards relating to FinTech, to facilitate the ways in which FinTech could be used to enhance financial inclusion, and to enable them to harness the developments to improve the efficiency and effectiveness of supervision. Another example is that we will deliver our first leadership program for women in supervisory authorities to address the specific challenges they face. At the time of publication of this message, I am very happy to report that we have formally established a Centre of Excellence in Crisis Preparedness to acknowledge Toronto Centre's leadership in this area. Furthermore, I am pleased to announce that we received additional funding from Jersey Overseas Aid for programming in Malawi and Nepal beginning in 2020. We are extremely grateful for their support and confidence in our work to build supervisory capacity. And we have already reacted rapidly to the COVID-19 outbreak in helping supervisors to plan their responses to the many risks and difficulties that are arising.

In closing, many dedicated individuals regularly contribute to the success of Toronto Centre. I thank my staff for their tremendous hard work, dedication, and enthusiasm, the Toronto Centre Board for its immense support and guidance, and the Advisory Board Chairs for their invaluable advice based on their depth of knowledge and executive-level experience. I would like to thank Michael Hafeman who has retired as the Insurance and Pensions Advisory Board Chair after two decades of dedicated service to Toronto Centre in various capacities. I extend a warm welcome to his successor Carl Hiralal. Finally, I join the Chair in thanking our funders for their generous and continuing support, without which we could not achieve our mission.

COVID-19 RESPONSE

In recent months, COVID-19 has had a major devastating impact on global health and the world economy. Loss of lives and strain on the health care systems have taken a serious toll on countries. Disruption of supply chains and the shutdown of non-essential businesses have led to an unprecedented spike in unemployment rates.

In response, Toronto Centre has continued its leadership role in building the capacity of financial supervisors and regulators globally who are struggling to maintain financial stability in these times of strained liquidity, volatility of stock prices, impaired credit quality, heightened operational risk, potential market misconduct, and cyber risk. This is especially the case

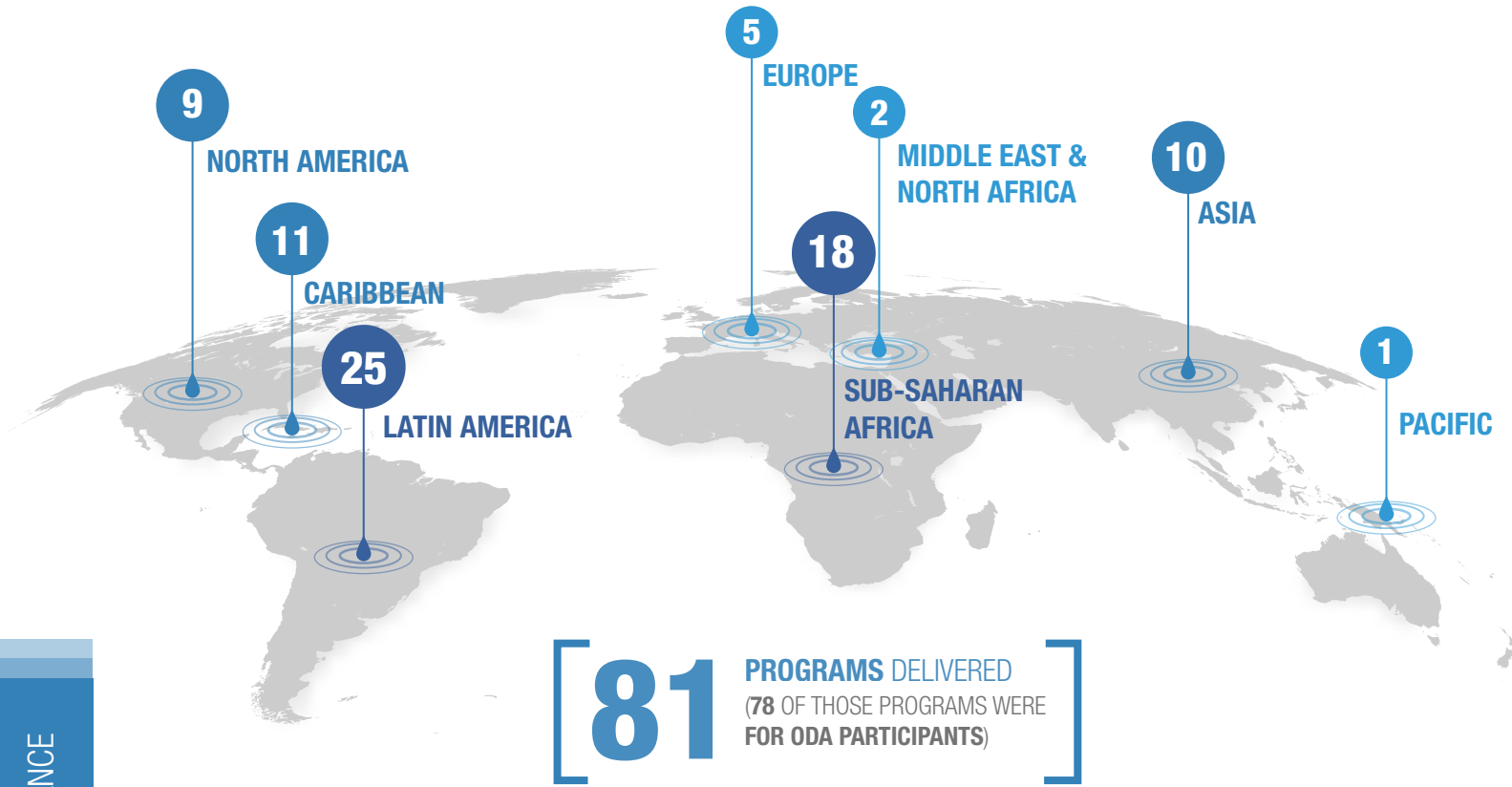
in developing countries and emerging markets as they endeavour to maintain stability and promote inclusion.

Toronto Centre immediately retooled its offerings to provide virtual supervisory guidance and programming, including special webinar series on Pandemics and Financial Stability and Pandemics and Financial Inclusion, and crisis-specific Toronto Centre Notes, and has launched a Centre of Excellence on Crisis Preparedness.

Please visit at www.torontocentre.org or email us at crisis@torontocentre.org to learn about the latest programming and resources available during this unprecedented period.

PROGRAM OVERVIEW

PROGRAM OVERVIEW



TORONTO CENTRE - PRODUCED CONTENT

NEW MEDIUM

TORONTO CENTRE PODCASTS
LAUNCHED ON SEPTEMBER 12, 2019

15 PODCASTS
TOPICS COVERED CLIMATE RISK | FINTECH | CAPITAL MARKETS SUPERVISION | CYBER RISK | CRISIS | INNOVATION | SUPTECH | GENDER EQUALITY/FINANCIAL INCLUSION | SUSTAINABLE DEVELOPMENT

↓ 1212 DOWNLOADS
SEPTEMBER - DECEMBER 2019

5 NEW WEBINARS
TOPICS COVERED SUPTECH | GENDER EQUALITY/FINANCIAL INCLUSION | FINTECH | OPERATIONAL RISK | CLIMATE CHANGE

↓ 664 VIEWS
JANUARY - DECEMBER 2019

9 NEW TORONTO CENTRE NOTES
TOPICS COVERED RISK BASED SUPERVISION | SUSTAINABLE FINANCE | CLIMATE CHANGE | GENDER EQUALITY | CRISIS | FINANCIAL INCLUSION | FINTECH

↓ 880 DOWNLOADS
JANUARY - DECEMBER 2019

2019 AT A GLANCE

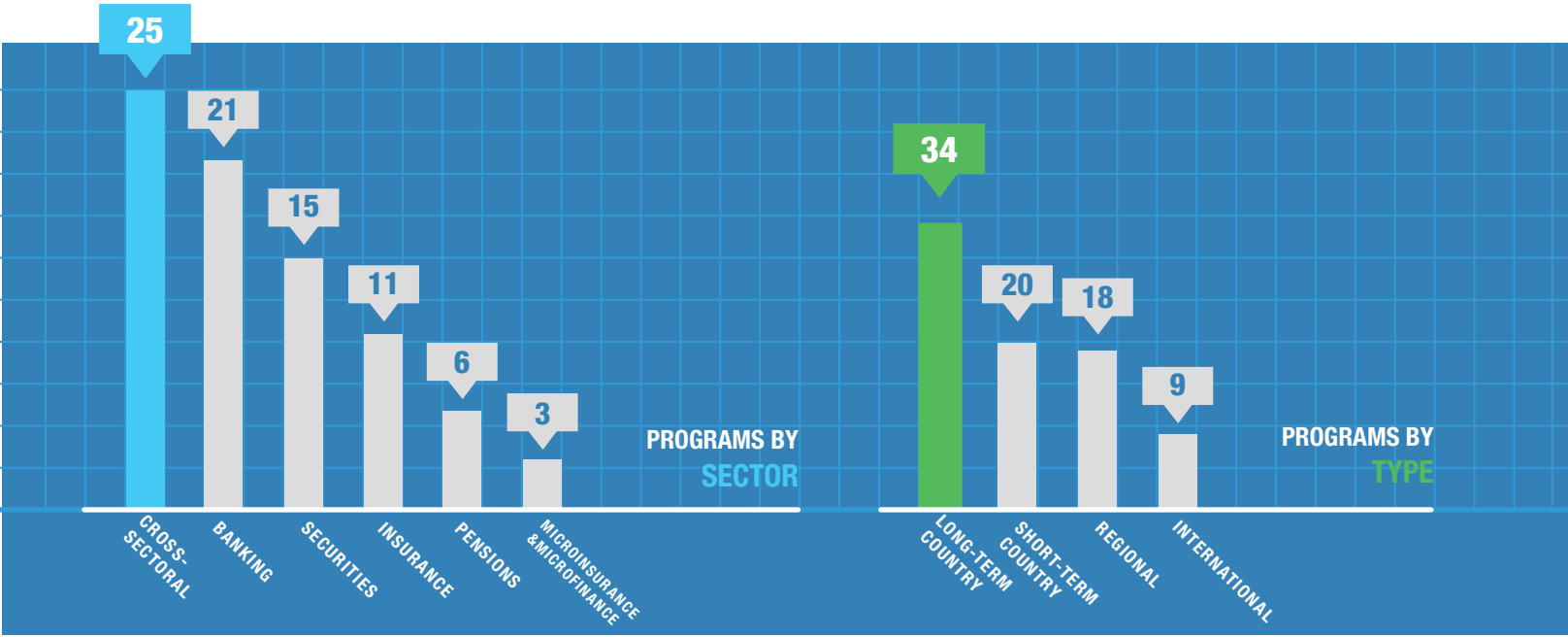
2019 HIGHLIGHTS

- 33** COUNTRIES WHERE PROGRAMS WERE DELIVERED
- 46** AGENCIES WE'VE PARTNERED WITH TO DELIVER PROGRAMMING
- 357** DAYS OF PROGRAMMING
- 3** EXECUTIVE PANELS
- 92%** OF FUNDING SPENT ON CAPACITY DEVELOPMENT PROGRAMMING
- OVER \$100,000** IN SCHOLARSHIPS AWARDED FOR INTERNATIONAL PROGRAMS
- 80%** AWARDED TO WOMEN

2019 AT A GLANCE

46% FEMALE PARTICIPANTS

[2,136] TOTAL PARTICIPANTS IN TORONTO CENTRE PROGRAMS FROM 112 COUNTRIES



- | | | | | | |
|------------------------|----------------|------------|------------------|-----------------------|---------------------|
| Afghanistan | Congo | Honduras | Malaysia | Philippines | Suriname |
| Albania | Costa Rica | Hong Kong | Maldives | Qatar | Sweden |
| Angola | Czech Republic | India | Malta | Romania | Tanzania |
| Antigua | D. R. of Congo | Indonesia | Mauritania | Russia | Thailand |
| Armenia | Djibouti | Iraq | Mauritius | Rwanda | Timor Leste |
| Australia | Ecuador | Ireland | Moldova | Samoa | Tonga |
| Azerbaijan | Egypt | Jamaica | Mongolia | São Tomé and Príncipe | Trinidad and Tobago |
| Bahamas | Eritrea | Jordan | Morocco | Saudi Arabia | Tunisia |
| Barbados | Eswatini | Kazakhstan | Mozambique | Senegal | Turkey |
| Belize | Ethiopia | Kenya | Namibia | Serbia | Turks and Caicos |
| Bosnia and Herzegovina | Fiji | Kuwait | Nepal | Seychelles | UAE |
| Botswana | Gabon | Kyrgyzstan | New Zealand | Sierra Leone | Uganda |
| British Virgin Islands | Gambia | Laos | Nigeria | Singapore | Ukraine |
| Burundi | Georgia | Latvia | Oman | Solomon Islands | United Kingdom |
| Cambodia | Ghana | Lesotho | Pakistan | South Africa | United States |
| Cameroon | Grenada | Liberia | Panama | South Korea | Vanuatu |
| Canada | Guernsey | Macedonia | Papua New Guinea | St. Kitts and Nevis | Zambia |
| Cayman Islands | Guinea | Madagascar | Paraguay | St. Lucia | Zimbabwe |
| Colombia | Guyana | Malawi | Peru | Sudan | |
- Bold - ODA Countries**

TORONTO CENTRE APPROACH

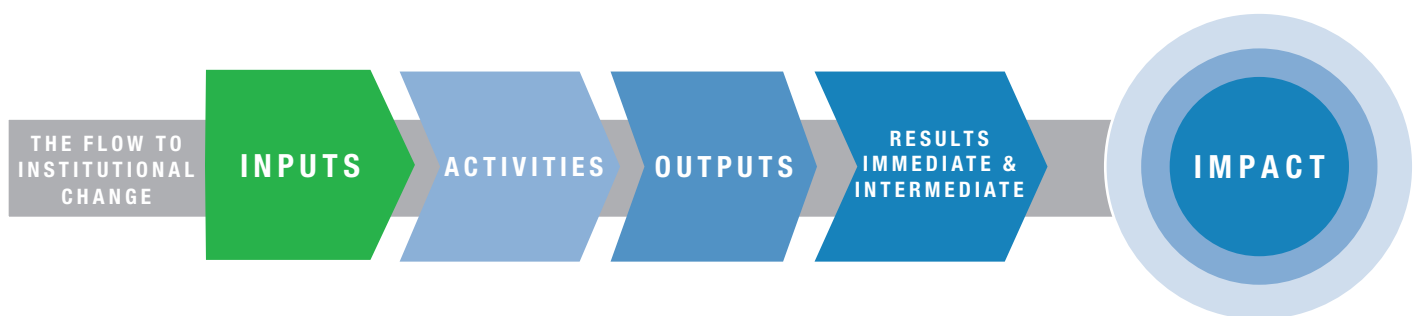
BUILDING THE CAPACITY OF FINANCIAL REGULATORS AND SUPERVISORS TO CREATE INCLUSIVE AND STABLE FINANCIAL SYSTEMS ENABLING SUSTAINABLE ECONOMIC GROWTH AND POVERTY REDUCTION

Toronto Centre designs and delivers training and coaching programs that build the capacity of financial sector regulators, supervisors, and consumer protection institutions in emerging and developing economies. Financial regulators and supervisors create and enforce rules that help financial systems perform these critical functions while

treating consumers fairly and avoiding excessive risks. Regulators and supervisors working with central banks also protect against financial crises and economic instability. By building the capacity of regulatory and supervisory agencies to perform their important role, Toronto Centre helps to ensure that financial systems deliver

these functions in an inclusive and stable manner while promoting good practices of risk management and corporate governance.

Financial stability and inclusion are essential to poverty reduction and achieving the United Nations Sustainable Development Goals.



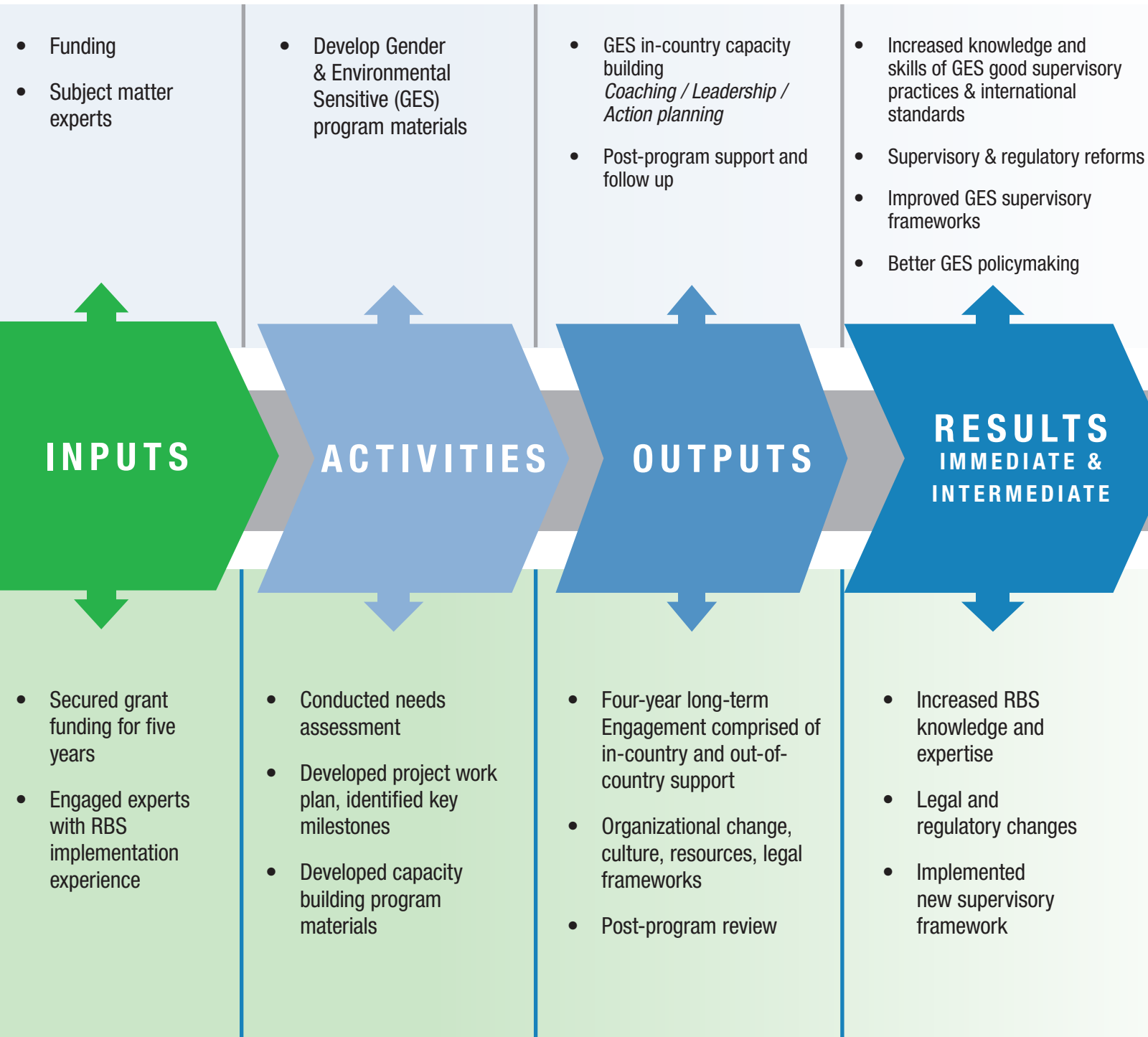
TORONTO CENTRE'S THEORY OF PRACTICE PROVIDES THE ROADMAP OF HOW WE UTILIZE OUR RESOURCES TO EFFECT CHANGE TO BRING ABOUT MORE STABLE AND INCLUSIVE FINANCIAL SYSTEMS

FROM THEORY TO PRACTICE

TORONTO CENTRE'S THEORY OF PRACTICE PROVIDES THE ROADMAP OF HOW WE UTILIZE OUR RESOURCES TO EFFECT CHANGE TO BRING ABOUT MORE STABLE AND INCLUSIVE FINANCIAL SYSTEMS

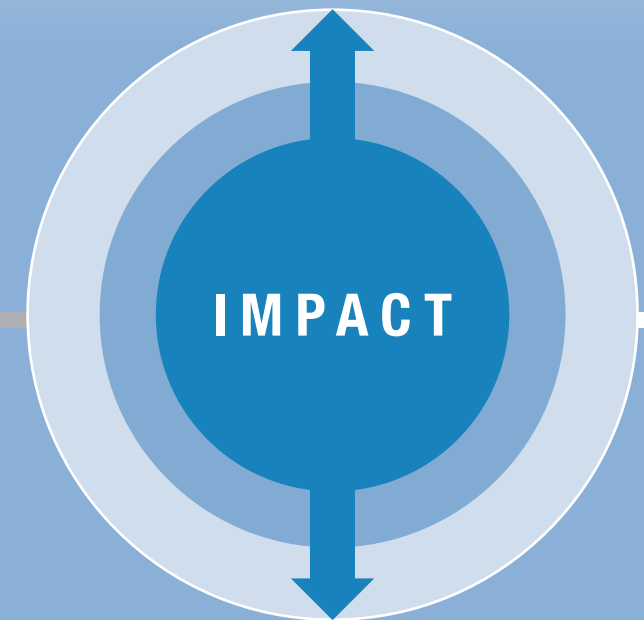
THEORY OF CHANGE

THE FLOW TO INSTITUTIONAL CHANGE



PRACTICE:
Case of Superintendencia Financiera de Colombia (SFC) Risk-Based Supervision (RBS) Implementation

- Strengthened Gender & Environment Sensitive (GES) financial sector supervision and regulation in Official Development Assistance countries
- More stable and inclusive financial systems
- Sustainable economic development
- Poverty reduction



- Increase in knowledge and understanding of proportionality allowing SFC to authorize and supervise financial institutions of different sizes and shapes
- Increase in access to financial services for the unbanked and underserved
- Increase in low cost product offerings
- 12 new financial institutions providing greater access to the unbanked population since RBS implementation
- Greater financial system resiliency

ALUMNI ACHIEVEMENTS

ZAMBIA

Toronto Centre has made me have an insight on how women-driven products have trickling down benefits to our nation. To this effect I wrote a paper on a maternal-oriented medical insurance product and how it could ultimately lower the nation's health budget in the long run as a result of having a healthy future.

ZAMBIA

It became apparent how focused each [participant] was in taking these tools and strengthening his/her respective financial sectors. Each participant was a leader, a bright light, for this generation and for this country. They articulated their hope to strengthen a financial system to attract foreign investment which, in turn, would move the country forward and help lift Zambia a step up from its extreme poverty.



ARMENIA

I would like to mention that the [RBS] manuals drafted in collaboration with Toronto Centre are already in force and cover banks and insurance companies...It helped me learn more about technological risks, their migration and supervisory actions that can be taken in response to emergencies.

GHANA

We have developed and implemented a supervisory framework, implemented a risk management and corporate governance regime, risk-sensitive solvency requirements and an intervention guide. We are currently finalizing risk ratings for selected companies based on the framework. Our staff are now able to a large extent apply a risk-based approach to on-site inspections, financial analysis and supervisory interventions...We completely changed our supervisory methodology. We changed our solvency requirements. We changed our governance and risk management requirements. We changed the structure of the Supervision Department and created relationship managers to whom companies were allocated to supervise.



MALAWI

We developed a Financial Literacy Program which was justified and funded. It has an effect of attracting retail investors into long-term savings. It is a very effective program.

CAMBODIA

"We attended a program about Decoding Fintech and Capturing the Opportunities in Capital Markets, at Toronto Centre, Canada."

This program was very useful for us because it was a great opportunity see people from different countries show their understanding of today's technology on financing, define problems incurred, and propose solutions with added comments and experience from the management level of many agencies and professors as well as experts in various fields in the financial sector.

We hope that the Toronto Centre will continue to conduct such a program for the continuation of capacity building for all agencies in financial sector from different countries, so that we can share opinions and experiences, comments and suggestions on particular topics being raised in the program.

We believe that every agency can get many benefits from the program, especially emerging capital markets in the process of developing their market infrastructure!"



JAMAICA

The diagnosis of Bank of Jamaica's supervisory practices that emanated from that engagement was a key input in the reorganization of our Supervisory Division aimed at strengthening its mandate effectiveness. Completing a pilot examination using the RBS methodology was also instrumental in enabling the Bank to demonstrate its progress in strengthening supervisory practices at the time of the Financial Sector Assessment Programme conducted by the IMF and the World Bank.

COSTA RICA

The advice of the Toronto Centre has significantly impacted our supervisory approach, helping the SUGEVAL to establish a model of preventive supervision, such as the RBS Framework. The Toronto Centre work helped us to significantly improve our skills to evaluate and prioritize risks to which regulated entities are exposed, to allocate resources more effectively and efficiently, to identify improvements in our supervision and regulation processes...we learned that consistency in our risk assessments is key to effective supervision.



WHAT TO EXPECT FROM A TORONTO CENTRE PROGRAM

SUPERVISOR AND REGULATOR EXPERIENCE



PRACTICAL AND COMPREHENSIVE

Our training addresses challenges encountered by regulators and supervisors including weak legal mandates, institutional resistance, lack of support, and resource limitations. Our participants are trained to identify barriers to regulatory and supervisory sound practices and to determine appropriate responses. The training takes them through regulatory and supervisory concepts, institutional frameworks and surveillance tools, capital analysis, cross-border cooperation, and relationships with non-regulated entities.

Our learning experience facilitates building a framework for effective supervision of financial services. We aim not only to address the challenges of financial stability, such as protecting the safety and soundness of financial systems, but also to address financial inclusion by focusing on the consumer protection needs of underserved populations, especially women.

FIT FOR PURPOSE AND INTERACTIVE

Toronto Centre's programs can be tailored to meet a supervisory agency's needs and those of its staff.

We use case studies, simulations, role playing, and group discussions to identify optimal solutions to supervisory and regulatory problems. Class sizes are small. There are approximately three instructors and 25 participants per class. This ensures frequent contact with instructors and encourages active participation on the part of everyone. Programs are delivered on the ground in the agencies' countries. Programs are focused on capacity building and developing tools to meet country-specific challenges. Our expert program leaders base their cases and presentations on their real-life experiences.



EMPOWERING & ACTION ORIENTATED

Our programs help empower supervisors and regulators to transform their agencies and implement international standards of sound practice. We focus on issues such as lack of political support, obsolete legislation, inadequate budgets, shortage of skilled staff, out-of-date methodologies, weak internal training programs, and uncooperative financial institutions that lead to poor supervision and weak regulation.

We help supervisors and regulators to build their capacity to engage stakeholders, particularly elected officials and other public servants, to bring about changes that strengthen supervisory and regulatory processes with a view to building more stable and inclusive financial systems.

We introduced the concept of Action Planning into our programs because our focus is on making changes. We often ask participants to come to our programs with a change they would like to make in their agencies. At the end of the programs, influenced by what has been learned during the intensive week of training, participants are asked to present their action plans to the other participants and the instructors who provide comments and suggestions. We follow up with our participants on the status of implementation of their action plans and provide post-program support for those who request it.

GENDER RESPONSIVE

Toronto Centre programs are designed to ensure regulators and supervisors understand the specific financial issues affecting women, and to reduce barriers to their use of financial services that often take the form of discriminatory policies, regulations, or biases. Microfinance and microinsurance are key topics explored to help empower women. We apply a gender lens when designing our programs.

Our programs focus on women as decision-makers in the financial sector. We aim for gender balance in all programs and provide scholarships for female participants to make our programs accessible. We awarded 21 scholarships to female participants in 2018.

NETWORKING AND PEER LEARNING

Participants meet and interact with peers from other countries who are facing challenges that can be different on the surface but often have similar causes, such as political, legislative, budgetary, and capacity issues. The ability to discuss these challenges in a safe and confidential environment with others facing similar challenges can be uniquely helpful. Often the relationships and networks formed during the crucible of a Toronto Centre program continue long after the program as participants stay in touch with the international peers that they meet at Toronto Centre programs.

CENTRE OF EXCELLENCE IN CRISIS PREPAREDNESS

BREADTH

in country/sectoral
experience and
simulation expertise

CRISIS PREPAREDNESS PROGRAMS

- Programs across the world, with a focus on developing countries
- > 120 crisis simulations since 2008



DEPTH

in practical
guidance and
capacity building
of supervisors

Capacity building in foundational
skills for supervisors:

Risks, including new risks (FinTech,
climate risks) that may trigger crises

Financial stability

Practical guidance in TC programs and
knowledge products (TC Notes)

On March 26, 2020, Toronto Centre announced the creation of its Centre of Excellence in Crisis Preparedness (CECP). Since the 2008 financial crisis, Toronto Centre has trained over 3,600 financial supervisors and regulators in crisis preparedness in over 120 crisis preparedness simulation programs worldwide, with a focus on developing countries and emerging markets. In 2019, Toronto Centre delivered the first-ever regional multi-jurisdiction virtual real-time crisis simulation exercise. Toronto Centre's Centre of Excellence in Crisis Preparedness provides simulation-based bespoke crisis management training for supervisors and regulators. In the face of current uncertainties, the Centre's alumni are better prepared to deal with the unanticipated global crisis of COVID-19.

The Centre of Excellence in Crisis Preparedness facilitates the organization's network of global industry experts in the delivery of high-quality programming and publications. The CECP provides action-oriented training for supervisors and regulators' increasing preparedness in responding to emergency events. A new generation of real-time simulations will help to prepare participants to manage the financial sector implications of cyberattacks, pandemics, and climate change events, ranging from national to global contagion scenarios. Future participants will be equipped with core crisis response tools to effectively assess and respond to crisis events. A focus on leadership skills such as business continuity planning, communication, coordination and issue management among financial safety net participants ensures our alumni are ready to lead in a crisis.

CONTINUING TO BUILD MORE STABLE, INCLUSIVE, AND RESILIENT FINANCIAL SYSTEMS

Ever since the Asian Financial Crisis of the late 1990s – with its impact on bank failures, GDP contraction, huge job losses, and millions of people being thrown back into poverty – the focus of Toronto Centre has been to strengthen financial supervision, with an emphasis on financial stability. Events such as the Global Financial Crisis of 2008 and our current pandemic crisis reinforce the need to focus on strengthening financial supervision and financial stability.

Although it did not emerge from within the financial sector, the COVID-19 virus threatens to cause significant financial instability. Equity and some other asset prices have fallen sharply and have been highly volatile; corporate borrowers and lower-rated sovereign borrowers have faced increasing spreads on their bonds; many borrowers are facing acute cash flow difficulties; market liquidity has tightened; and there is an increased risk of investor withdrawals from open-ended funds, and of “fire sales” of assets. All this has worsened the solvency and liquidity of some financial institutions and increased the risk of adverse confidence and contagion effects both across markets and in particular on financial institutions believed to be in a weaker position.

Central banks and governments are already reacting to this latest crisis, but there is also scope for financial supervisors not just to monitor developments closely but also to utilize the tools available to them, including the removal of macroprudential capital buffers to free up capacity to preserve the flow of credit, allowing limited

forbearance for financial institutions facing (temporary) solvency and liquidity difficulties, and measures to reduce volatility and allow funds to delay redemptions.

The COVID-19 outbreak is also one more demonstration of the importance of business continuity planning (by both supervisory authorities and regulated financial institutions), crisis preparedness, and crisis simulations – all areas that Toronto Centre has emphasized in its training programs for many years, and which led to the natural evolution for us to create a Centre of Excellence in Crisis Preparedness.

Looking ahead, Toronto Centre will be providing more remote and virtual training programs to supervisors. The three pillars of **financial stability, financial inclusion, and effective governance** will continue to remain central to what we do. The work of financial supervisors and regulators may even be more important today than 20 years ago. Ensuring that more citizens can access financial services to help them make payments, save money, borrow money to build businesses, and protect themselves and their assets is critical to sustainable economic growth and poverty reduction. As our work has evolved, we have recognized that effective governance and financial inclusion go hand-in-hand with financial stability.

We are constantly updating our programming to remain relevant in a dynamic global environment. We have seen huge technological innovations



in the areas of artificial intelligence and digital financial services. These innovations are reshaping the financial services industry and providing the potential for greater inclusion. However, they come with risks that financial supervisors and regulators must address. We have expanded our programming to include green finance and climate change-related financial risks, recognizing the threat posed by climate change to financial institutions and to financial stability more generally. Meanwhile, we continue to offer programs in risk-based supervision, corporate governance, and anti-money laundering.

We are committed to contribute to the war on poverty as represented by such initiatives as the United Nations 2030 Sustainable Development Goals. We will continue our emphasis on crisis preparedness to mitigate the impact of crises on the poor, particularly women and girls, who tend to suffer most when a financial crisis occurs.

We plan to continue building the capacity of our supervisory and regulatory agency partners to strengthen further the stability of their financial systems and to deliver more inclusive financial systems.

BOARD OF DIRECTORS & EXECUTIVE COMMITTEE

Toronto Centre is led by the President and CEO and is overseen by an international Board of Directors comprised of individuals with extensive supervisory experience in large and complex organizations, most at the senior executive level.

The board meets at least twice a year, in the spring and fall, and is responsible for setting strategic direction and broad policies. The board provides input on and approves the annual work plan and budget, monitors performance and risk, and discusses ways to expand the organization's impact and reach.

The Executive Committee is composed of a subset of the directors: the Chair, the Vice-Chair, the Chair of the Audit Committee, and members representing the Government of Canada, the International Monetary Fund, the World Bank, and the Schulich School of Business.

The Executive Committee meets between board meetings to review progress against work plans, strategies, quarterly financial statements, and updated revenue and expenditure forecasts.

AUDIT COMMITTEE

The Audit Committee is chaired by a member of the Board of Directors and includes four other board members, and the President and CEO. Audit Committee meetings are usually attended by at least one member from Ernst & Young, Toronto Centre's external auditing firm. The Audit Committee meets at least twice a year to review the budget and the audited financial statements. The Committee is also responsible for conducting the periodic comprehensive review of the external auditor. The Committee Chair meets more frequently with the external auditor and management. Since its inception, Toronto Centre has received unqualified audit opinions.

GOVERNANCE AND NOMINATING COMMITTEE

The Governance and Nominating Committee is chaired by the Chair of the Board and includes four other board members. The Committee is primarily tasked with fostering board renewal and succession, including identifying prospective directors who have the desired competencies, expertise, skills, and background. The Committee is also responsible for developing effective corporate governance policies and procedures as well as developing and overseeing processes for assessing the effectiveness of the board and its individual directors, including an annual survey.

CORPORATE RESPONSIBILITY

Toronto Centre aims to be a good corporate citizen. We are an equal opportunity employer and an environmentally conscious organization.

GOVERNANCE, OPERATIONAL RESPONSIBILITY & FINANCES

FINANCIAL INTEGRITY

INTERNAL CONTROLS & FINANCIAL AND OPERATIONAL PROCEDURES

While the President and CEO is ultimately accountable for the financial management of Toronto Centre, this function is conducted separately by our financial staff. Toronto Centre's internal controls are based on best practices and procedures for an organization of our size and in accordance with our major funders' requirements. These practices and procedures include documented policies, segregation of duties where possible, a requirement for two signatures on all payments irrespective of size, and approval by one board member of any large payment.

Our external auditor, Ernst & Young, reviews the draft financial statements and carries out a full, independent annual audit of our financial statements. Toronto Centre is currently too small to maintain an internal audit function and so our external auditor is asked, from time to time, to extend its audit procedures to examine transactions and/or compliance procedures that would otherwise fall outside normal materiality thresholds. Funders' contributions are managed according to their requirements.

Prudent risk management principles guide the investment of funds. The funds are held in cash or in short-term, low-risk cash-equivalent instruments where the principal is protected. Regular reports of accounts and investments are provided to the Chair of the Audit Committee.

PROTECTION AGAINST CORRUPTION AND FRAUD

Toronto Centre staff, board members, and program leaders are held to a Code of Conduct, a Harassment Policy, an Anti-Bribery and Anti-Corruption Policy, and a Privacy Policy. These policies require everyone involved with Toronto Centre to act with integrity, be accountable for Toronto Centre resources, be respectful of others, protect confidential information, avoid conflicts of interest, and follow all applicable laws.

A substantial portion of Toronto Centre's costs are incurred in the payment of program leaders and Toronto Centre staff, and their travel expenses as they deliver programs all over the world. Controls over payments and limits on travel expenses and purchases as set out in Toronto Centre's Travel Policy and Purchasing Policy are key controls to limit exposure to corruption and fraud.

Toronto Centre partners with various organizations to provide assistance to low-income countries, particularly those eligible for Official Development Assistance, as well as regional supervisory organizations. Toronto Centre does not make payments to such partners, but we may share expenses and receive payments from them to offset some of the costs incurred by Toronto Centre under agreements covering specific programs. All monies received are closely tracked and included in program budgets and financial statements that are included in reports to the Audit Committee, Executive Committee, and Board of Directors.

The Board of Directors takes financial integrity seriously and has passed various resolutions and adopted policies setting out the administrative practices to be followed. The board reviews and approves Toronto Centre's annual budget, and reviews execution at board and committee meetings and via periodic updates. The board holds the President and CEO accountable for effective management and reporting of income and expenses, and compliance with Toronto Centre's commitments to its funders.

BOARD OF DIRECTORS



BARRY CAMPBELL

Barry Campbell joined Toronto Centre's Board in 2016. Founder and President, Campbell Strategies; former Parliamentary Secretary to the Minister of Finance, The Right Honourable Paul Martin from 1993 to 1997; former partner of McCarthy Tétrault and of Torys; former Legal Counsellor at the IMF.



DEZSŐ J. HORVÁTH

Dezső J. Horváth joined Toronto Centre's Board in 1998. Dean and Chair in Strategic Management, Schulich School of Business, York University; former member, Board of Advisors for the Canada Global Leadership Initiative, Canadian Council of Chief Executives; former fellow, World Economic Forum.



ADITYA NARAIN

Aditya Narain joined Toronto Centre's Board in 2015. Deputy Director in charge of financial supervision/regulation and technical assistance, Monetary and Capital Markets Department, International Monetary Fund; former Chief General Manager of Banking Supervision, Reserve Bank of India.



DINA PALOZZI

CHAIR OF THE AUDIT COMMITTEE

Dina Palozzi joined Toronto Centre's Board in 2007. President, Paladina Management Consulting Services Inc.; former CEO and Superintendent, Financial Services Commission of Ontario, Canada; former Deputy Minister, Government of Ontario.



CEYLA PAZARBASIOGLU

Ceyla Pazarbasioglu joined Toronto Centre's Board in 2012. World Bank Vice President for Equitable Growth, Finance, and Institutions; former Senior Director, Finance, Competitiveness, and Innovation (World Bank/IFC); former Director, Monetary and Capital Markets Department of the International Monetary Fund; former Vice President, Banking Regulation and Supervision Agency, Turkey.



JEREMY RUDIN

Jeremy Rudin joined Toronto Centre's Board in 2014. Superintendent, Office of the Superintendent of Financial Institutions Canada (OSFI); serves on the Board of the Canada Deposit Insurance Corporation (CDIC); former Assistant Deputy Minister, Financial Sector Policy Branch, Department of Finance, Canada.



WILLIAM (BILL) COEN

Bill Coen joined Toronto Centre's Board in 2019. Former Secretary General, Basel Committee on Banking Supervision; former Chair, Basel Committee's Policy Development Group; former Chair, Basel Committee's Task Force on Corporate Governance and the Coherence and Calibration Task Force.



SOCORRO HEYSEN

Socorro Heysen joined Toronto Centre's Board in 2019. Superintendent of Banks, Insurance and Pension Fund Administrators, Peru. Former Deputy General Manager of Studies, Financiera Confianza; former Economist – Western Hemisphere Department, International Monetary Fund.



CHAIR, STEFAN INGVES

Stefan Ingves joined Toronto Centre's Board in 1999 and was appointed Chair in 2018. Governor, Central Bank of Sweden; Former Chair, Basel Committee on Banking Supervision; former Director, Monetary and Financial Systems Department, International Monetary Fund.



VICE CHAIR, MAUREEN JENSEN

Maureen Jensen joined Toronto Centre's Board in 2017. Chair and Chief Executive Officer, Ontario Securities Commission; former Senior Vice-President of Surveillance and Compliance, Investment Industry Regulatory Organization of Canada (IIROC); former President and CEO, Market Regulation Services Inc. (RS).

ADVISORY BOARDS

Toronto Centre has three Advisory Boards that are comprised of international experts in banking, insurance and pensions, and securities regulation and supervision. Advisory board members suggest themes and issues to be discussed at programs and in case studies, recommend potential program leaders, provide valuable contacts and promote Toronto Centre, raise interest in its programs, and identify potential sponsors. They provide a valuable service by making sure our programs are relevant to the ever-changing needs of the supervisory community. We would like to thank them for their contributions to Toronto Centre in 2019.

LEGEND

* Joined in 2019

** Retired in 2019. We thank them for their dedicated service.

BANKING



CLIVE BRIAULT CHAIR

Clive Briault joined Toronto Centre's Board in 2015. Senior adviser on regulation at KPMG; Consultant to the IMF, World Bank, and Asian Development Bank. Former Managing Director of Retail Markets, Director of Central Policy, and Director, Prudential Standards at the Financial Services Authority.

MEMBERS:

Ruth de Krivoy	Jan Willem van der Vossen	Denise Dias *
Barry Johnston	Paul Wright	Nicola Brink *
Richard Naylor	Elsie Addo Awadzi *	

INSURANCE AND PENSIONS



MICHAEL HAFEMAN CHAIR FROM 2008 TO 2019

Former Assistant Superintendent, Specialist Support Sector, Office of the Superintendent of Financial Institutions, Canada.

MEMBERS:

John Ashcroft	Conor Donaldson	Craig Thorburn	Michael Hafeman
George Brady	William Price	Hannah Grant	Keith Chapman**
Peter Braumüller	Lawrie Savage	Carl Hiralal*	Sandile Dlamini**
Jonathan Dixon	Fiona Stewart	Peter Kohlhagen*	

INTRODUCING



CARL HIRALAL NEW CHAIR

Carl Hiralal joined Toronto Centre's Board in 2020. Former Inspector of Financial Institutions, Central Bank of Trinidad and Tobago; former Senior Director – Banks and Insurance Companies/Pension Plans, Office of the Superintendent of Financial Institutions.

SECURITIES



ILANA SINGER CHAIR

Ilana Singer joined Toronto Centre's Board in 2017. Vice-President and Corporate Secretary, Canadian Investor Protection Fund; former Chief Operating Officer and Deputy Director, Canadian Foundation for the Advancement of Investor Rights; former Senior Advisor, International Affairs at the Ontario Securities Commission.

MEMBERS:

Calissa Aldridge	Alison Harwood	Carlos Barsallo Perez	Alousia Faisal*
Françoise Buisson	Edward J. Waitzer	Antonio Más Sirvent	Suzu St Brice*
Ana Fiorella Carvajal	Jean Lorrain	Gillian Tan	Eduardo Manhães R. Gomes*
Andrea Corcoran	Tanis MacLaren	Cristina Cuervo*	
Hicham Elalamy	Paul Muthaura		

INTRODUCING



JEAN LORRAIN NEW CHAIR

Jean Lorrain will become Chair of Toronto Centre's Securities Advisory Board in 2020. Former Senior Director of International Affairs and Strategic Oversight at the Autorité des Marchés Financiers du Québec (AMF); former Co-Director, Canadian Securities Association Committee; former Chair, Assessment Committee of IOSCO.

“It may take a village to educate a child, but it certainly takes a global network of people and institutions to help Toronto Centre to realize our goals.”

— **BABAK ABBASZADEH**
President and CEO

Our dedicated program directors include experienced financial sector supervisors and experts in regulation, supervision, resolution, international best practices, and executive training who have worked at the senior levels of national or international authorities. They bring a wealth of personal experience to our programs.

Program directors are responsible for the overall design and delivery of our capacity

building programs, including liaising with partner agencies and organizations and selecting the right people from our pool of experienced program leaders with the knowledge appropriate to the program.

Please see their respective biographies at:

www.torontocentre.org/About/Team/Staff



PHANG HONG LIM

SENIOR PROGRAM DIRECTOR

Phang Hong Lim joined Toronto Centre in 2015. Former risk management MD, Deutsche Bank; former Chief Risk Officer, CIMB Group; former Division Head – banking supervision, specialist risk supervision, internal risk management, Monetary Authority of Singapore.



DR. HOOI ENG PHANG

SPECIAL ADVISOR

Hooi Eng Phang joined Toronto Centre in 2007. Former Executive Director – South East Asia Voting Group, International Monetary Fund; former Senior Director – Economics Department, Bank Negara Malaysia; former Consultant, United Nations Economic and Social Commission for Asia and the Pacific.



JUAN ARANGO

PROGRAM DIRECTOR

Juan Pablo Arango joined Toronto Centre in 2016. Former Deputy Superintendent for Institutional Supervision, Superintendencia Financiera de Colombia; former Vice President – Investments and Risk, FOGAFIN; former Senior Economist, Banco de la Republica.



DEMET ÇANAKÇI

PROGRAM DIRECTOR

Demet Çanakçı joined Toronto Centre in 2014. Former Deputy Head – Financial Sector Assessment Division, Central Bank of the Republic of Turkey; former Deputy Head, Banking Regulation and Supervision Agency of Turkey; former Economist, International Monetary Fund.



SALVADOR CHANG

PROGRAM DIRECTOR

Salvador Chang joined Toronto Centre in 2012. Former Strategy and Finance Manager, Royal & Sun Alliance Canada; former Global Head of Strategic Planning, Mercantil Servicios Financieros; former Research Professor – Economics, Instituto de Investigaciones Económicas y Sociales.



ANATOL MONID

PROGRAM DIRECTOR

Anatol Monid joined Toronto Centre as a Program Director in 2020. Former Program Leader – Toronto Centre; former Executive Director, Licensing and Market Conduct Division – Financial Services Commission of Ontario; former Senior Supervisor, Financial Institutions Group – Office of the Superintendent of Financial Institutions.



IVONE MORAIS

PROGRAM DIRECTOR

Ivone Morais joined Toronto Centre in 2018. Former Director – Supervision and Internal Audit, Office of the Superintendent of Financial Institutions; former Senior Vice-President – Operations/CAE, Millennium/BCP Bank. Ivone Morais is a Chartered Professional Accountant.



CHUIN HWEI NG

PROGRAM DIRECTOR

Chuin Hwei Ng joined Toronto Centre in 2019. Former Director – Prudential Policy Department, Monetary Authority of Singapore; Head – Regional Surveillance Function, ASEAN+3 Macroeconomic Research Office.



SHELINA VISRAM

PROGRAM DIRECTOR

Shelina Visram joined Toronto Centre in 2017. Former supervisor – Office of the Superintendent of Financial Institutions; formerly worked for several life insurance companies in a number of actuary roles; Associate of Canadian Institute of Actuaries; Associate of Society of Actuaries.

Independent auditor's report

To the Members of
Toronto Leadership Centre

Opinion

The summarized financial statements of Toronto Leadership Centre [the "Organization"], which comprise the summarized statement of financial position as at December 31, 2019, and the summarized statement of operations for the year then ended, and related notes, are derived from the complete audited financial statements of the Organization for the year ended December 31, 2019.

In our opinion, the accompanying summarized financial statements are a fair summary of the audited financial statements, on the basis described in note 1.

Summarized financial statements

The summarized financial statements do not contain all the disclosures required by Canadian accounting standards for not-for-profit organizations applied in the preparation of the audited financial statements of the Organization. Reading the summarized financial statements, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon.

The audited financial statements and our report thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated May 6, 2020. The audited financial statements and the summarized financial statements do not reflect the effects of events that occurred subsequent to the date our report on the audited financial statements.

Management's responsibility for the summarized financial statements

Management is responsible for the preparation of a summary of the complete audited financial statements in accordance with Canadian accounting standards for not-for-profit organizations.

Auditors' responsibility

Our responsibility is to express an opinion on whether the summarized financial statements are a fair summary of the audited financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standard 810, *Engagements to Report on Summary Financial Statements*.

Toronto, Canada
May 6, 2020

Ernst + Young LLP

Chartered Professional Accountants
Licensed Public Accountants



A member firm of Ernst & Young Global Limited

Toronto Leadership Centre

Summarized statement of financial position

As at December 31

	2019	2018
	\$	\$
Assets		
Current		
Cash and cash equivalents	407,384	410,010
Short-term investments	6,020,392	6,125,202
Internally restricted short-term investments <i>[note 4]</i>	3,064,545	2,834,170
Accounts receivable and other	217,051	438,287
Total current assets	9,709,372	9,807,669
Capital assets, net	29,238	25,330
	9,738,610	9,832,999
Liabilities and net assets		
Current		
Accounts payable and accrued liabilities	810,994	1,092,904
Deferred contributions and other	5,617,324	5,584,832
Total current liabilities	6,428,318	6,677,736
Net assets		
Unrestricted	245,747	320,913
Internally restricted	3,064,545	2,834,350
Total net assets	3,310,292	3,155,263
	9,738,610	9,832,999

See accompanying notes

On behalf of Toronto Leadership Centre:



CEO and President



Chair

Toronto Leadership Centre

Summarized statement of operations

Year ended December 31

	2019	2018
	\$	\$
Revenue		
Contributions <i>[note 2]</i>	5,883,216	5,997,997
Program partner fees	1,110,799	1,431,765
Participant registration fees and other	450,299	351,397
	7,444,314	7,781,159
Expenses		
Program delivery	4,999,279	4,888,462
Program development	385,199	645,571
Program promotion	477,800	471,305
Projects	869,073	955,204
General, administrative and other <i>[note 3]</i>	560,088	651,255
	7,291,439	7,611,797
Excess of unrestricted revenue over expenses before undernoted item	152,875	169,362
Foreign exchange gain (loss)	(60,804)	61,397
Excess of unrestricted revenue over expenses for the year	92,071	230,759
Internally restricted interest income	62,958	29,758
Excess of revenue over expenses for the year	155,029	260,517

See accompanying notes

Notes to summarized financial statements

December 31, 2019

1. Summary financial statements

The summarized financial statements are derived from the complete audited financial statements prepared in accordance with Canadian accounting standards for not-for-profit organizations as at December 31, 2019 and for the year then ended.

The preparation of these summary financial statements requires management to determine the information that needs to be reflected in the summary financial statements so that they are consistent, in all material respects, with or represent a fair summary of the audited financial statements.

These summary financial statements have been prepared by management using the following criteria:

- [a] The information in the summary financial statements is in agreement with the related information in the complete audited financial statements; and
- [b] That, in all material respects, the summary financial statements contain the information necessary to avoid distorting or obscuring matters disclosed in the complete audited financial statements, including the notes thereto.

Management determined that the statements of changes in net assets and cash flows do not provide additional useful information and, as such, has not included them as part of the summary financial statements.

The complete audited financial statements of Toronto Leadership Centre ["Toronto Centre"] are available upon request by contacting Toronto Centre.

2. Revenue recognition

Toronto Centre follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when initially recorded in the accounts. Externally restricted contributions are deferred when initially recorded in the accounts and recognized as revenue in the year in which the related expenses are recognized in accordance with the respective agreements.

Program partner and participant registration fees are earned upon delivery of programs.

Interest income is recorded on an accrual basis.

3. Allocation of expenses

Costs incurred by Toronto Centre, including external suppliers' fees, staff compensation, travel, meals, facilities and materials, legal, premises and other expenditures directly related to the administration of the programs are allocated to the activities to which they contribute or relate. These costs are directly allocated on the basis of time spent and usage. Fundraising costs are not allocated.

4. Internally restricted net assets

The Board of Directors [the "Board"] has internally restricted net assets for the purpose of assisting Toronto Centre in dealing with extraordinary events outside of normal operations. The Board reviews annually the need for, and adequacy of, these internally restricted net assets. Short-term investments are segregated from assets used in the day-to-day operations of Toronto Centre, are invested under the supervision of the Board and are released only with the authorization of the Board. Annually, all interest earned on these short-term investments is invested back into the restricted net assets. During the year, these assets were invested in short-term Canadian dollar deposits to reflect the fact that costs arising from possible extraordinary events outside of normal operations for which the internally restricted net assets have been established are likely to be incurred largely in Canadian dollars.

5. In-kind contributions

During the year ended December 31, 2019, Toronto Centre's members and supervisory agencies and regulatory authorities from Toronto Centre's funders' countries, including the World Bank, the Central Bank of Sweden [Riksbank], the Schulich School of Business at York University, the International Monetary Fund, and the Office of the Superintendent of Financial Institutions, and many other financial supervisory experts, provided in-kind contributions to Toronto Centre. These contributions are not recorded in these summary financial statements.

6. Subsequent events

Subsequent to year-end, the outbreak of the Coronavirus disease ["COVID-19"] has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. The duration and impact of the COVID-19 outbreak is unknown at this time, nor is the efficacy of the government and central bank monetary and fiscal interventions designed to stabilize economic conditions. As a result, it is not possible to reliably estimate the length and severity of these developments nor the impact on the financial position and financial results of Toronto Centre in future periods. In order to mitigate the risks associated with the COVID-19 outbreak, Toronto Centre has taken steps, which include, but are not limited to, shifting to the delivery of its core programming virtually to address the travel bans, quarantine periods and restrictions in effect. Furthermore, Toronto Centre has agreements for grant funding that extend to fiscal 2021 and beyond and has been in continuous contact with its funders to discuss the fluidity of the situation.

2019 PROGRAM PARTNERS





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