

BUILDING SUPERVISORY CAPACITY STABLE & INCLUSIVE FINANCIAL SYSTEMS

2014
ANNUAL REPORT

Board of Directors

John Palmer, Chair

Ruth de Krivoy, Vice Chair

Dina Palozzi, Audit Committee Chair

Andrea M. Corcoran

Julie Dickson

Gloria M. Grandolini

Michael Hafeman

Alvir Hoffmann

Dezső J. Horváth

Stefan Ingves

Ceyla Pazarbasioglu

Jeremy Rudin

Babak Abbaszadeh, President and Chief Executive Officer

Founders and Core Partners



Foreign Affairs, Trade and
Development Canada

Affaires étrangères, Commerce
et Développement Canada



Swedish International Development
Cooperation Agency



THE WORLD BANK



Schulich
School of Business
York University

Table of Contents



2 MESSAGE FROM THE CHAIR OF THE BOARD

3 MESSAGE FROM THE PRESIDENT AND CEO

4 ABOUT TORONTO CENTRE

Our Vision
Our Mission
Who We Are
Our History
Major Contributors and Partners
2014 Overview

6 OUR IMPACT

Our Programming Goals
Our Global Reach
Inclusiveness and Gender Equity
Preventing Economic Crises Helps the World's Women
Empowering Women through Microfinance and
Microinsurance
Performance Measurement

12 OUR PROGRAMS

Building Strong Foundations to Promote Economic Growth
and Reduce Poverty
Tailored Country, Regional, and International Programs
Topics of Focus
Program Directors
Program Quality

18 2014 YEAR IN REVIEW

Programs Delivered
Our Global Impact
Program Development and New Materials
Supervisory Guidance
2015 Outlook

26 THE EVOLVING LANDSCAPE: MESSAGES FROM THE ADVISORY BOARD CHAIRS

Banking Advisory Board
Insurance and Pensions Advisory Board
Securities Advisory Board

29 GOVERNANCE, OPERATIONAL RESPONSIBILITY, AND FINANCES

Governance Structure
Our Board of Directors

32 FINANCIAL INTEGRITY

Internal Controls and Financial and Operational Procedures
Protection Against Corruption and Fraud

33 SUMMARIZED FINANCIAL STATEMENTS

Summarized Statement of Financial Position
Summarized Statement Of Operations
Notes To Summarized Financial Statements

38 CONTRIBUTORS AND PARTNERS

Founders and Major Contributors
Partners and Other Contributors in 2014
Additional Partner Organizations and Agencies

Message from the Chair of the Board

Since the Toronto Centre was established 17 years ago, we have been guided by a noble vision: A world where financial systems are stable, reliable, and accessible to all. We believe that robust and well regulated financial systems are a prerequisite to the economic growth and security that will reduce global poverty and enhance global equity.



Our mission at the Toronto Centre is to help regulators and supervisors around the world, specifically in developing and emerging

countries, develop the capacity to build sound and inclusive financial systems. We assist supervisors to develop leadership skills and other important capabilities necessary to build competent regulatory agencies that can support stable and inclusive financial systems.

Over the years, the Toronto Centre has evolved from a small organization offering

a few programs for banking supervisors in Toronto into an organization with a global reach, offering more than 60 programs annually on the supervision of banking, insurance, pensions, securities, microfinance, and microinsurance. Our programs are delivered to international or regional audiences, or are tailored to the unique needs of individual countries' regulatory and supervisory agencies.

Our work remains as vital today as it was in 1998, and I continue to be immensely proud of all that the Toronto Centre has accomplished. We have trained more than 9,000 supervisors in more than 190 countries and territories to date, and continue to train more than 1,900 annually. But the true measure of Toronto

Centre's achievement isn't the volume of participants, it's the quality of the support we provide for capacity development. We are helping to develop the skills regulators and supervisors need to respond to the rapidly changing financial environment and secure a better future for all the people their financial systems serve.

Sincerely,

John R.V. Palmer Chair of the Board



Message from the President and CEO

2014 was a year of exciting achievements for the Toronto Centre, as we took deliberate steps to expand and diversify our program offerings, built new strategic partnerships with international development and financial supervision agencies, and worked to ensure the continued improvement and success of our core programming. As a result of our growth in recent years, we are reaching more people in more countries than ever in our drive to promote more reliable, stable, and inclusive financial systems in the countries we serve.



The growth and expansion of our program offerings continued in 2014: we delivered 73 programs in 2014, compared

to 65 in 2013 and 60 in 2012. Going forward we do not expect to continue this growth trajectory. Instead, we will direct our focus towards consolidating our progress to date, as well as continuing to ensure that our programs are of the highest possible quality.

Our country and regional program offerings were evenly distributed through Latin America and the Caribbean, Africa, and the Asia-Pacific region, targeting countries that have demonstrated a commitment to improving their financial regulatory and supervisory practices.

In 2014, we introduced new programs and upgraded many of our programs in response to the changing needs of our clients. We offered regional programs in French, enabling Toronto Centre to support new clients in Francophone West African and Central African countries. We piloted new programs on the Internal Capital Adequacy Assessment Process (ICAAP) and market conduct/financial consumer protection, the latter

of which was in such high demand that we offered it five more times over the year. Also, in response to client demand, we increased our offerings of programs on macroprudential surveillance and on pension funds supervision. Looking to the future, we have begun developing courses on branchless banking and on Islamic finance, and plan to launch a major online Resource Centre for supervisors and regulators as part of our new Supervisory Guidance function.

We took steps to expand our international programming beyond our three annual flagship programs in Toronto, in collaboration with global partners. New programs were launched in coordination with the Australia Indonesia Partnership for Economic Governance, Norges Bank (Norway), and the Finland Financial Supervisory Authority, and I am pleased to report that we also continued to deliver our successful annual international programs with Sveriges Riksbank (Sweden), the IMF, the World Bank, and the U.S. Federal Reserve, and our annual joint regional program with the Financial Stability Institute in Africa.

I am proud to say that our commitment to program excellence is stronger than ever. We strive to make our programs and program materials up-to-date, relevant, and delivered in an engaging and interactive manner. We conduct

regular assessments including surveys and external evaluations, to measure our impact and effectiveness.

All of our work is made possible by the funding we receive from several international organizations and development agencies. Their strong and continued support speaks to their confidence in our work and our prudent stewardship of their funds. Our major funders are: the Canadian Department of Foreign Affairs, Trade, and Development; the Swedish International Development Cooperation Agency; the International Monetary Fund; and the World Bank. The Schulich School of Business at York University has also been a supportive partner of the Toronto Centre since our founding. The ongoing support of these organizations, along with that of a number of other excellent partners, gives us a solid foundation for our work helping regulatory and supervisory agencies build the strong financial systems that underpin growth and contribute to the global drive to reduce poverty and improve quality of life.

Sincerely,

Babak Abbaszadeh
President and Chief Executive Officer

About Toronto Centre

Our Vision

A world where financial systems are stable, reliable and accessible to all.

Our Mission

To enhance the capacity of financial regulators from around the world to help improve their agencies' crisis preparedness and to promote change that will lead to sound and inclusive financial systems.

Who We Are

Toronto Centre is an independent not-for-profit organization that promotes financial stability and access to financial services globally by providing training that develops the capacity of financial sector regulators and supervisors, particularly in emerging markets and low-income countries. We believe that in order for countries to thrive, their financial systems must be reliable, stable, and inclusive. By helping build these economic foundations, our work supports sustainable growth and job creation, and helps to reduce poverty and raise standards of living.

Our four main objectives are to promote:

- Improved financial stability
- Better crisis preparedness and management
- Greater financial inclusion
- Strong leadership skills to support the other objectives

To meet these goals, we deliver capacity-building programs around the world in the areas of banking, insurance, securities, pensions, microfinance, and microinsurance supervision. Programs can cover a variety of themes, such as leadership and change management, crisis-preparedness and management,

macroprudential surveillance, risk-based supervision, consolidated supervision, international core principles, anti-money laundering and combatting the financing of terrorism, and market conduct and financial consumer protection.

Toronto Centre's training programs are highly interactive and practical because we believe this is the best way for our participants to develop the skills that allow them to make meaningful change in their home agencies. Through simulation exercises, case studies, and other activities, participants learn how to manage financial crises and how to reduce the likelihood of future crises occurring.

Our History

Toronto Centre was established by the Canadian government, the World Bank, and the Schulich School of Business in 1998 in response to concerns that financial system crises, like the 1997 Asian Financial Crisis, resulted in part from weak financial sector supervision. Our mission was to improve supervision by providing training programs that enhance the capacity of financial system regulators to identify the potential for emerging crises earlier and take appropriate preventative measures.

Over our 17-year history, we have earned a reputation for excellence in delivering high-quality training programs that are useful, practical, and relevant. We have consistently expanded the number and types of training programs offered to cover new sectors and topics. Our programs now cover supervision and regulation in multiple financial sectors and include a focus on financial inclusion to improve equity and reduce global poverty. We've also developed programs to address more specific needs, such as market conduct and consumer protection, assessing ICAAPs, and improving risk assessment.

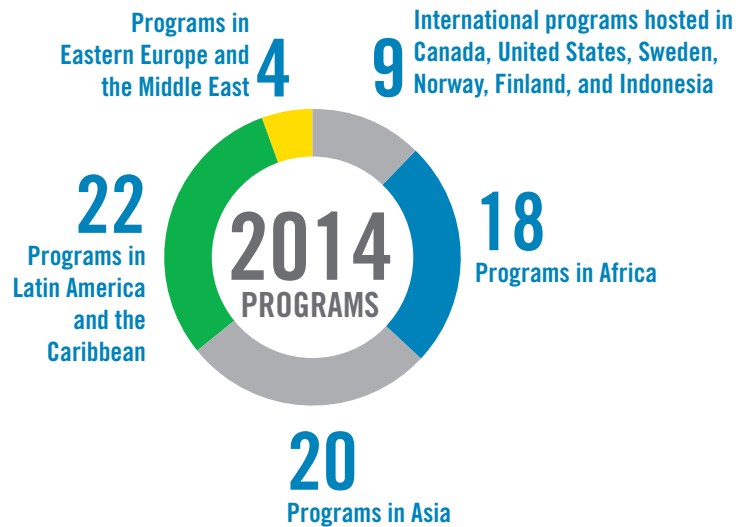
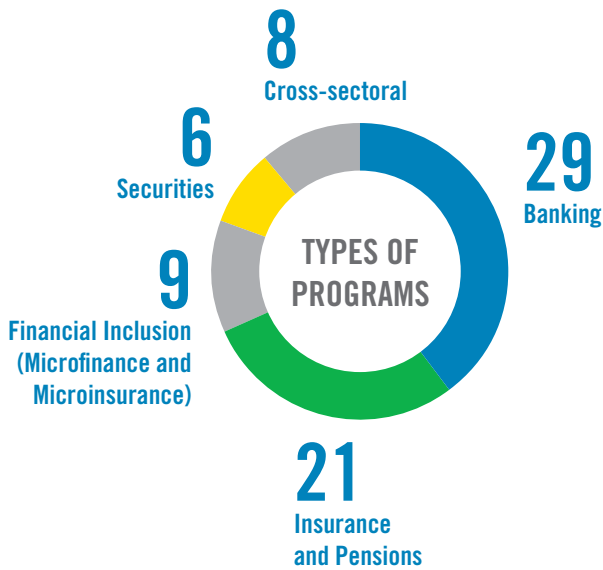
Major Contributors and Partners

The Toronto Centre's major funding partners and supporters are the Canadian Department of Foreign Affairs, Trade, and Development, the Swedish International Development Cooperation Agency, the International Monetary Fund, the World Bank, and the Schulich School of Business at York University.

We are also pleased to partner with other international organizations and development agencies to deliver our programs around the world. For a complete list, see page 38.

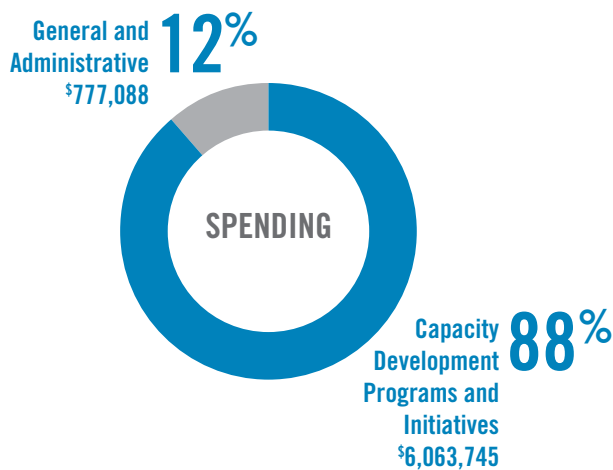
2014 Overview

Capacity Development Programs and Initiatives



*For more information on Toronto Centre programs, turn to page 12.

How Toronto Centre Spends Its Money



*For detailed financial information, turn to page 33

What Toronto Centre Program Participants Say

At least 90% of program participants surveyed say that Toronto Centre programs have made them better supervisors or regulators, that they've been able to apply the skills they learned at our programs, and that their agencies have been able to implement the best practices taught at our programs.



For more on our survey methodology, turn to page 11.

"Toronto Centre deepened my understanding and application of the Insurance Core Principles, which assisted me in no small measure in my presentations to the insurance industry on anti-money laundering. This contributed to the removal of my country from the Non-Cooperative Countries and Territories list by the Financial Action Task Force. Toronto Centre also assisted me, as Director (Inspectorate) then, in restructuring my agency's onsite and offsite inspection manuals."

Aloy Igbojekwe, Nigeria

Our Impact

Empowering supervisors & regulators to promote more stable & inclusive financial systems

Our work at the Toronto Centre is guided by the belief that giving supervisors and regulators the tools, training, and mentoring to promote sound financial systems will ultimately lead to greater access to financial services, more stable business environments, stronger economic security for the poor and marginalized – especially women – and ultimately, by achieving these other outcomes, a reduction in poverty.

Since our founding, we have trained more than 9,000 supervisors and regulators in more than 190 countries and territories in all regions around the world, including more than 1,900 program participants in 2014. Over 90 per cent of program participants are from countries eligible to receive official development assistance.

To help us gauge the impact of our work,

we regularly survey our participants about their experience with our training, and whether and how they have been able to implement the lessons learned in our programs at their home agencies.

In 2014, Toronto Centre engaged Stiles Associates to conduct an independent, external evaluation of our work on behalf of our key sponsors. The evaluators

found that our programs are very relevant to our partners and that we are making significant progress on our immediate and intermediate goals. The evaluators also found that Toronto Centre's work is very cost efficient, with low overhead and strong value for funds spent, due to our ability to leverage our partnerships with other agencies that help defray the costs of our programs so we can deliver more.

Our Programming Goals

To realize our vision of stable and inclusive financial systems that support strong economic growth, the Toronto Centre's training programs are built upon four main programming objectives: improved financial stability, better crisis preparedness and management, greater financial inclusion, and strong leadership skills that empower financial sector regulators and supervisors.

Improved Financial Stability

Our programs help regulators and supervisors implement international standards and best practices to strengthen their countries' financial systems. Sound regulation and supervision lead to stable financial systems that help reduce economic volatility, mitigate systemic risk,

create jobs, and reduce poverty. Stable financial systems are essential to long-term growth and development.

Effective financial regulation and supervision support healthy business climates. They make it easier for

businesses to raise funds and invest in well-regulated markets. Also, by reducing the likelihood and impact of financial crises, effective regulation and supervision helps reduce interest rates, which in turn fosters business investment and consumer confidence.

“Considerable evidence indicates that the poor benefit enormously from basic payments, savings, and insurance services. For firms, particularly the small and young ones that are subject to greater constraints, access to finance is associated with innovation, job creation, and growth.”

World Bank Global Financial Development Report 2014: Financial Inclusion

Better Crisis Preparedness and Management

Studies show that financial crises usually result in a dramatic reduction in growth and an increase in poverty levels, severely affecting the poorest, most vulnerable citizens. Effective regulation and supervision help reduce and mitigate such

crises, and limit their impact should they occur. They help to ensure that the risks financial institutions bear do not exceed the capability of their risk management and control systems. Our programs train regulators and supervisors to spot financial

institutions that take undue risks or have poor risk management practices, so that corrective action can be taken before problems become unmanageable.

Stronger Leadership Skills

Financial sector regulators and supervisors need enabling legislative frameworks, sufficient powers, and adequate budgets to effectively carry out their duties. In addition to technical expertise, they need the leadership skills required to work with public and private sector stakeholders, as well as to successfully interact with banks, insurers, securities firms, and other financial intermediaries, and to find ways of dealing with the powerful, politically connected interest groups that often dominate the financial sectors of developing countries. In order to effect change, they must be able to successfully manage political and institutional challenges.



Greater Financial Inclusion

Research shows that poverty is perpetuated and economic growth and job creation are limited when there is a lack of access to financial services. Emerging microfinance and microinsurance sectors are improving financial accessibility, making it easier for small firms and the poor to borrow, save, manage risk, and insure themselves, and helping break the vicious cycle of poverty. Microinsurance can play a key role in mitigating losses resulting from events such as the sudden death of a family member, illness, the

loss of a crop, or any loss of income or property. Women who are sole proprietors or who operate small businesses, or would like to do so, particularly benefit from microfinance and microinsurance.

Leading experts on microfinance from the Consultative Group to Assist the Poor – a valued partner of the Toronto Centre – note that effective regulation and supervision are critical to the stability and expansion of microfinance. If regulation and supervision are weak or misguided,

these crucial sectors suffer, as do those relying on them. Our programs introduce supervisors to the benefits of inclusive financial systems, new approaches and best practices for regulating these rapidly evolving sectors. We also support them in crafting effective action plans to implement changes leading towards stronger but appropriate regulation and supervision of microfinance and microinsurance sectors in their countries.

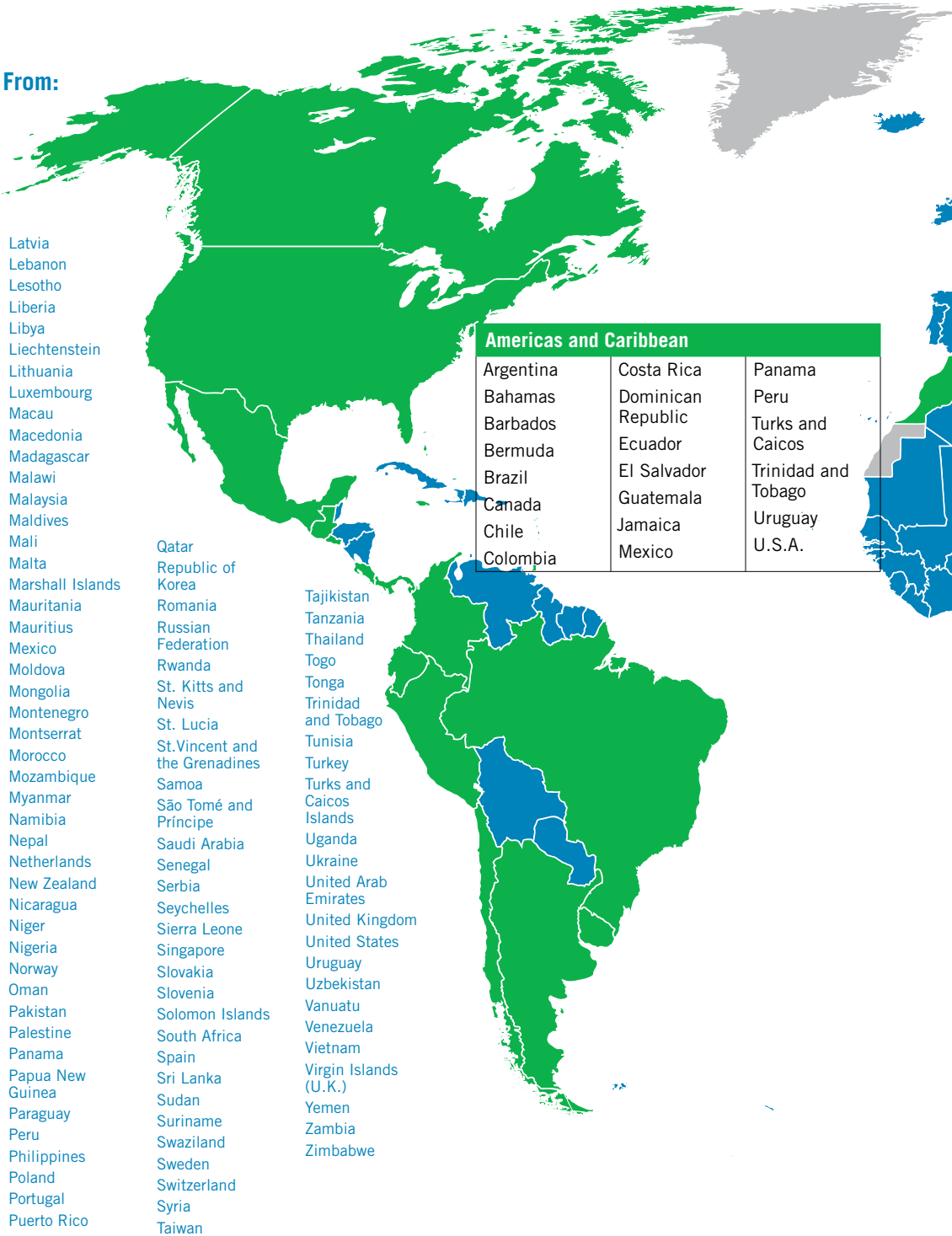
Our Global Reach

Toronto Centre’s programming has a truly global reach. Since our founding, we have offered our capacity development programs to supervisors and regulators from more than 190 countries and territories, and delivered training programs in more than 60 countries around the world.

Our Participants Have Come From:

Afghanistan
Albania
Algeria
Angola
Anguilla
Antigua and Barbuda
Argentina
Armenia
Aruba
Australia
Austria
Azerbaijan
Bahamas
Bahrain
Bangladesh
Barbados
Belarus
Belgium
Belize
Benin
Bermuda
Bhutan
Bolivia
Bosnia and Herzegovina
Botswana
Brazil
Brunei
Darussalam
Bulgaria
Burkina Faso
Burundi
Cambodia
Cameroon
Canada
Cabo Verde
Cayman Islands
Chad
Chile
China
Colombia
Congo
Cook Islands
Costa Rica
Cote d’Ivoire
Croatia
Cuba
Curacao
Cyprus
Czech Republic
Democratic Republic of the Congo

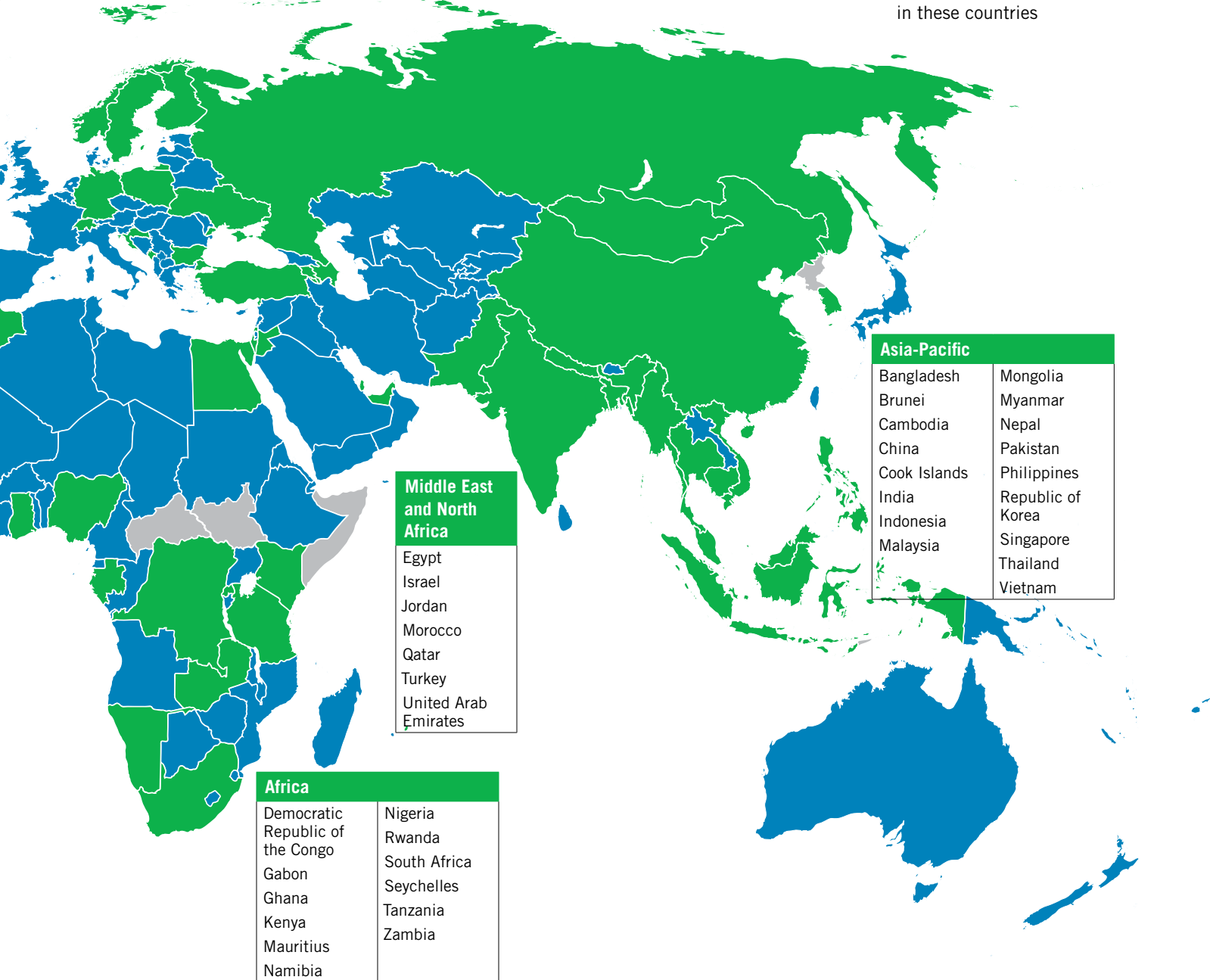
Denmark
Djibouti
Dominica
Dominican Republic
Ecuador
Egypt
El Salvador
Equatorial Guinea
Eritrea
Estonia
Ethiopia
Fiji
Finland
France
Gabon
Gambia
Georgia
Germany
Ghana
Gibraltar
Greece
Grenada
Guatemala
Guernsey
Guinea
Guinea-Bissau
Guyana
Haiti
Honduras
Hong Kong
Hungary
Iceland
India
Indonesia
Iran
Iraq
Ireland
Isle of Man
Israel
Italy
Jamaica
Japan
Jersey
Jordan
Kazakhstan
Kenya
Kosovo
Kuwait
Kyrgyzstan
Lao People’s Democratic Republic



Since 1998:

- Toronto Centre has delivered programs in these countries
- Toronto Centre has trained supervisors and regulators in these countries

Europe		
Armenia	Germany	Russia
Azerbaijan	Luxembourg	Sweden
Bulgaria	Montenegro	Switzerland
Croatia	Norway	Ukraine
Finland	Poland	



Middle East and North Africa
Egypt
Israel
Jordan
Morocco
Qatar
Turkey
United Arab Emirates

Africa	
Democratic Republic of the Congo	Nigeria
Gabon	Rwanda
Ghana	South Africa
Kenya	Seychelles
Mauritius	Tanzania
Namibia	Zambia

Asia-Pacific	
Bangladesh	Mongolia
Brunei	Myanmar
Cambodia	Nepal
China	Pakistan
Cook Islands	Philippines
India	Republic of Korea
Indonesia	Singapore
Malaysia	Thailand
	Vietnam

Inclusiveness and Gender Equity

The Toronto Centre's mission to promote financial stability and inclusion is important to the economic well-being of all nations. However, our mission is particularly important for women in developing countries, especially women who are near or below the poverty line.

Preventing Economic Crises Helps the World's Women

Women make up the majority of the world's poor, and are disproportionately affected by economic volatility and crises. They are more often employed in less secure and unstable jobs. They are more likely to be employed in sectors that take the biggest hit during economic

downturns and they are often the first to be let go when those downturns occur. UN Women also notes that, in times of crisis, parents are more likely to take their children out of school so they can work to supplement the family income – and usually, the first to be taken out

of school are the girls. This has long-term effects on their future employment prospects and ability to become financially independent. Preventing these crises helps to protect women's jobs and keep girls in school.

Empowering Women through Microfinance and Microinsurance

Ensuring that women have equal access to financial services is a vital part of a broader movement to empower women worldwide. The Toronto Centre recognizes that sustainable economic growth and poverty reduction cannot be achieved without women's full participation in the financial sector.

Women are often excluded from formal financial systems in developing countries. This leaves women unable to borrow, save, or insure themselves, limiting their ability to move beyond day-to-day survival and lift themselves out of poverty.

Yet increasingly, women in developing countries are bypassing formal financial systems, and building financial independence through

informal microfinance and microinsurance channels. Access to credit, the ability to save for the future, and the opportunity to insure themselves, their businesses, and their families against unexpected events, are empowering women around the world. An enabling regulatory environment and effective supervision are critical to the success and sustainability of these sectors and our microfinance and microinsurance programs help supervisory agencies create these conditions.



“Women face persistent discrimination when they apply for credit for business or self-employment and are often concentrated in insecure, unsafe, and low-wage work. Eight out of ten women workers are considered to be in vulnerable employment in sub-Saharan Africa and South Asia, with global economic changes taking a huge toll on their livelihoods.”

UN Women

Performance Measurement

In order to maintain the high standard of excellence our programs have become known for, we constantly review our programs and methods and survey program participants to ensure that we are meeting their needs.

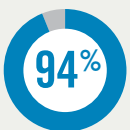
Since 2012, with support from our key Canadian and Swedish funding agencies, we have used a new performance measurement framework that enables us to measure the impact of our training programs: to what extent and how they enhance the capacity of supervisors, regulators, and their agencies, and how they give participants the ability to implement effective change. It relies

on evaluations both during and after our programs to measure participant satisfaction and gauge how participants are using the tools and knowledge they acquired. Evaluations show that participants value the way that the Toronto Centre's programs integrate leadership skills, action planning, and case studies using real life situations. Our recently completed first focus group of past

participants concurred with these findings, and has also provided us with great stories about how our participants are using the skills they learned in our programs to promote change in their agencies.

Overview of Survey Responses

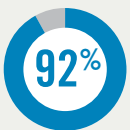
We regularly survey our program participants after they are back at their workplace anywhere from three to nine months following their attendance at a Toronto Centre program. This gives them time to begin applying their newly acquired skills and to learn for themselves how their effectiveness has increased and whether they were impacting their organization as an agent of change. Our survey results from participants in 2014 show that:



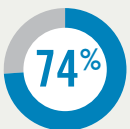
94% OF RESPONDENTS agreed or strongly agreed that they were able to apply the knowledge and skills learned at their Toronto Centre program when they returned to their agency.



90% OF RESPONDENTS agreed or strongly agreed that their organization was able to apply the supervisory and regulatory best practices they learned.



92% OF RESPONDENTS agreed or strongly agreed that they became more effective supervisors or regulators.



74% RESPONDENTS SAID that they made progress on their action plan following the program. Action planning is an essential skill taught in Toronto Centre programs, requiring participants to develop a plan to address a challenge they face in their job that can be implemented upon return to their agency.



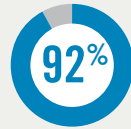
TOP 3 RANKED areas of applied knowledge:

- Stakeholder Communications
- Risk-Based Supervision
- Action Planning



OR MORE INDICATED that their organization has applied each of the following:

- Increased understanding of the major issues influencing financial supervision
- Enhanced ability to prevent and deal with a financial crisis
- Enhanced ability to deal with troubled institutions



92% CREDITED THEIR Toronto Centre program with helping them expand their professional network. We believe that this is evidence that learning continues to be shared and applied beyond the classroom.

The surveys help to confirm that our programs are achieving what they set out to do: strengthen the supervisory and regulatory capacity of individuals and agencies. They also indicate that Toronto Centre's results are improving as we respond to feedback provided by program participants. The survey responses guide Toronto Centre's management on all issues pertaining course development and delivery.

Our Programs

Building Strong Foundations to Promote Economic Growth and Reduce Poverty

All of our programs are:

CUSTOMIZED: Each program is designed to meet the specific needs of our partner agencies and countries.

INTERACTIVE: We believe learning is best accomplished through participation. Instructional sessions are coupled with simulation exercises and group activities. Courses focus heavily on case studies, which allow us to examine what went wrong in real-world situations and discuss lessons learned.

PRACTICAL: We combine concepts and case studies with a practical approach to making regulation, supervision and macroprudential surveillance work.

ACTION-ORIENTED: We equip participants with the tools they need to implement change, and help them think through the challenges they face. Using action planning, performance management, stakeholder management, communication, and other tools, we build the capacity of supervisors to develop solutions and take action to strengthen their supervisory and regulatory frameworks.

DELIVERED BY EXPERTS: Our sessions are designed and delivered by experienced practitioners from around the world who have extensive knowledge and insights to share and have typically been active in the cases they present. Their international perspectives are a central part of the Toronto Centre learning experience.

RIGHT-SIZED: In all programs, we keep the number of participants small – generally around 25-30 people – making it possible for everyone to receive individual attention from the program directors and program leaders to facilitate discussion among participants.

To achieve our vision of a world where financial systems are stable, reliable, and accessible to all, Toronto Centre offers a variety of programs that strengthen the skills of supervisors and regulators, and develop the capacity of their agencies to respond to crises and promote inclusion. Program participants enhance their financial sector knowledge and command of regulatory and supervisory tools and processes, develop the leadership and management skills needed to make positive change, and build networks with counterparts in other countries to enhance cross-border cooperation. We help them identify solutions to the challenges they face in order to improve the financial sectors they regulate.

We are well known in the global supervisory community for our highly interactive, practical, case-based programs, which are delivered by an international community of experts, many of whom have lived through the cases they present.

In our programs, we help our participants understand how to:

- Work toward international standards of supervision
- Deal effectively with troubled financial institutions and market failures
- Take prompt action to prevent financial crises
- Implement risk-based supervision frameworks

- Work with other government officials to create and maintain effective legislative and regulatory frameworks for financial sector supervision
- Better understand how to interact with stakeholders
- Promote and gain support for sound industry practices
- Support efforts to enhance inclusiveness and gender equity in financial services

Participants also benefit from our programs by gaining access to a network of supervisors with whom they can discuss work issues, new ideas, and practical solutions on an ongoing basis.

Tailored Country, Regional, and International Programs

Programs are designed for country-specific, regional, or international audiences, with the scope, case studies, and discussions tailored accordingly. Our country programs allow participants to focus on the specific challenges faced by their agencies, while in our regional and international programs, participants discuss challenges that span borders and affect their region and the world.

International and regional programs are typically one week long. We are increasingly offering long-term country engagements, which usually run for three years. In these long-term engagements, we work with individual supervisory agencies to implement risk-based supervision and other supervisory initiatives.

SHORT-TERM COUNTRY PROGRAMS are delivered for staff of a central bank or supervisory agency of a single country and are tailored to a well-defined area of interest or specific need, usually over one week. These programs take into account the existing skill sets and capacity of staff and the country's stage of financial system development to help the agency bring its supervisory framework and processes in line with international best practices, making it stronger and more effective. Programs can be designed for all staff levels, from junior to senior supervisors.

They may also be designed to serve as a first step towards a long-term engagement, assessing the potential for effecting change and introducing partner countries to the advantages of working with the Toronto Centre with a long-term horizon.

LONG-TERM COUNTRY ENGAGEMENTS typically span three years to help central banks and supervisory agencies to design practical, risk-based approaches to supervision, effective implementation strategies, and to enhance their ability to prevent and manage financial crises. These long-term engagements are tailored to the agency's needs, the skill sets and capacity of its staff, and the country's stage of financial system development. We work together to develop solutions and design implementation plans that include specific measurement criteria and progress reporting, in order to ensure that our initiatives have a meaningful impact and translate into sustainable results.

In view of these outcomes, we are placing increasing focus on long-term engagements, and are currently working with agencies in Armenia, Colombia, Costa Rica, Ghana, Indonesia, Jamaica, and Myanmar.

INTERNATIONAL PROGRAMS examine pressing issues while taking into account the diverse needs of the global regulatory community. They give participants from around the world the opportunity to network with peers from other countries and regions and share common experiences and challenges. We host three flagship international programs each summer in Canada, as well as additional international programs in partnership with host organizations from other developed countries throughout the year, including an annual banking program in Stockholm in partnership with Sveriges Riksbank (Central Bank of Sweden). These programs focus on capacity-building and developing tools for leading and implementing change, and preparing for and managing crisis situations.

REGIONAL PROGRAMS are customized to meet the needs of groups of countries in specific geographic areas and are offered in partnership with a local host organization. These programs build financial sector knowledge, strengthen leadership skills, and help promote networking among peers and agencies in the region. Participants share their experiences and discuss common challenges.





Topics of Focus

All of our programs are tailored to meet the changing needs of our regional partners and agencies. Some of the topics we offer in our programs include:

Leadership Skills

- Action planning process and decision making
- Decision making in critical situations with limited information
- Persuasion, management, and effective communications with stakeholders
- Interviewing skills
- Performance management

Crisis Preparedness and Crisis Management

- Contingency planning for financial crises
- Crisis binder preparation
- Crisis simulations
- Recovery and resolution regimes
- Home-host issues, including burden sharing
- Central bank instruments
- Deposit insurance
- Communications with other safety-net players and the media
- Decision making in crisis situations

Microfinance and Microinsurance

- Financial inclusion through better regulation and supervision

- Microfinance supervision and relationship to the Basel Committee on Banking Supervision's *Core Principles for Effective Banking Supervision*
- Microinsurance – regulatory and supervisory approaches – practical exposure to the IAIS Application Paper
- Supervisory activities: planning, offsite and onsite work, wrap-up discussions with the CEO, reporting, and follow-up
- Corporate governance in microfinance/microinsurance
- Market conduct and financial consumer protection

Macroprudential Surveillance

- Institutional framework and design: identifying and monitoring systemic risk
- Surveillance tools: indicators, heat maps and stress testing
- Regulating and supervising systemically important institutions
- Macroprudential policies and interactions between macroprudential and microprudential policies

Consolidated Supervision

- Accounting concepts
- Consolidated and unconsolidated capital analysis
- Cross-border cooperation
- Dealing with non-regulated entities in a financial group or a non-regulated holding company

Financial Sector Assessment Program-Related Activities

- Preparation for a Financial Sector Assessment Program (FSAP) review
- Implementation of FSAP recommendations

Supervisory Frameworks

- Basel Committee on Banking Supervision's *Core Principles for Effective Banking Supervision*
- International Association of Insurance Supervisors' *Insurance Core Principles*
- International Organisation of Pension Supervisors' *Principles of Private Pension Supervision*
- International Organization of Securities Commission's *Objectives and Principles of Securities Regulation*
- Financial Stability Board's *Key Attributes of Effective Resolution Regimes for Financial Institutions*
- Multilateral memorandum of understanding, information sharing and related issues
- Risk-based supervision frameworks
- Consolidated supervision concepts
- Supervisory activities: planning, offsite and onsite work, reporting and follow-up
- Intervention strategies and ladders of intervention
- Internal Capital Adequacy Assessment Process (ICAAP)

Supervision – Oversight Activities

- Corporate governance
- Board and senior management
- Risk management
- External audit
- Internal audit
- Actuarial function
- Compliance
- Self-regulatory organizations
- Anti-money laundering and combatting the financing of terrorism
- Management letter and recommendations
- Wrap-up discussions with the CEO
- Meetings with boards and committees

Supervision – Business Activities

- Understanding business activities and associated risks
- Enterprise risk management
- Identifying significant activities and businesses
- Inherent credit risk
- Inherent market risk
- Inherent insurance risk
- Liquidity and liquidity management
- Operational risk
- Capital and capital management (including Basel II and Basel III)
- Structural interest rate risk
- Market conduct supervision and financial consumer protection
- Regulation and supervision of insurance intermediaries
- Reinsurance

Programs in Development with Supervisory Oversight Implications

- Digital finance and branchless banking
- Islamic finance

Programs are offered for regulators and supervisors of the following sectors:

BANKING

programs address such topics as macroprudential surveillance, risk-based supervision, and the importance of early intervention.

They foster discussions on how effective

regulation and supervision can lead to a stronger supervisory authority, enhanced public confidence, and greater financial stability.



SECURITIES programs examine the key objectives of securities regulation: protecting investors; ensuring that markets are fair, efficient, and transparent; and reducing systemic risk. They look at topics such as disclosure, risk management, how globalized and integrated financial markets pose significant challenges to the regulation of securities markets, and how regulators can rely on self-regulatory organizations.

INSURANCE programs focus on a risk-based approach to supervision and early intervention techniques, and examine topics such as macroprudential surveillance and good governance. They typically deal not only with the quantitative assessment of risk through financial analysis and stress testing, but also with techniques for obtaining qualitative information and using it in an assessment.

PENSIONS programs take a practical look at managing pension entities under stress, determining alternatives for effective resolution, understanding the probability and impact of potential risks (particularly funding and investment risks) faced by pension plans, allocating finite regulatory resources to target the highest risks, and determining what legal, accounting, technical, financial, and managerial criteria apply to pension plans.

MICROFINANCE programs aim to strengthen the capacity of on-the-ground supervisors of microfinance institutions and industry regulators responsible for the microfinance sector, including for financial consumer protection. They examine how traditional regulatory and supervisory standards can be effectively applied in the case of microfinance institutions, to support greater access to the full range of financial services and help build a more inclusive economy.

MICROINSURANCE programs examine topics that help practicing supervisors of microinsurance sectors, including how sound supervisory principles can best be applied to encourage inclusiveness in financial markets, advocating for innovation in product development, the differences between insurance and microinsurance sectors, and the importance of sound corporate governance.

CROSS-SECTORAL programs provide regulators and supervisors in different fields an opportunity to learn from each other's experiences. They examine how supervisors at a jurisdictional and international level ought to collaborate to ensure financial markets remain stable. They also examine such topics as how to minimize the risk of contagion from one sector or jurisdiction to another, how to reduce supervisory gaps, and how to avoid unnecessary supervisory overlaps and duplication.

Program Directors

Our dedicated program directors include experienced financial sector supervisors and experts in regulation, supervision, international best practices, and executive training, and 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 training programs, including liaising with host agencies and organizations and selecting the right people from our pool of experienced program leaders with the knowledge and experience appropriate to the particular program. As well as teaching and mentoring at our programs, the program leaders help design course materials and facilitate programs.



Hooi Eng Phang

Hooi Eng has been with Toronto Centre since July 2007. She assists the Chief Executive Officer with the design and

implementation of leadership programs, strategy development, and project planning. Before joining the Toronto Centre, she served as an International Monetary Fund Executive Director representing 12 countries in the South East Asia Voting Group. Prior to that, she was the Senior Director of the Economics Department of Bank Negara Malaysia, where she had worked since 1984. She is the author of numerous economic papers and recipient of several economic scholarships and awards.



Chris Cardoza

Chris joined the Toronto Centre in March 2011 to assist with the integration of the former OSFI-IAG technical programs

into those of the Toronto Centre, and with other Toronto Centre programs. Chris was previously a senior director at the Office of the Superintendent of Financial Institutions Canada (OSFI), where he served for more than 27 years. Chris retired in 2015, but continues to serve as a program leader.

economic stabilization plans in Latin America. He holds an MBA in Finance from NYU Stern School of Business.



Demet Çanakçı

Demet joined Toronto Centre in 2014 with more than 25 years of experience in supervision and central banking.

She served as deputy head in the financial sector assessment division of the Central Bank of the Republic of Turkey, responsible for financial stability and international regulations. She has written on financial stability, macroprudential surveillance, macro stress-testing, Basel II and III, Basel core principles, contingency planning, banking sector restructuring, and crisis management topics for several publications. She has also served as deputy head in the Banking Regulation and Supervision Agency of Turkey and as an economist at the IMF. She holds an M. Econ. from North Carolina State University and was a research scholar at the Kiel Institute for World Economics and George Washington University.



Bruce Thompson

Bruce joined Toronto Centre in 2010 and is responsible for the design and implementation of programs

examining risk-based supervision and related technical subjects. He previously held a senior position with Canada's Office of the Superintendent of Financial Institutions, where he had worked for 30 years, originally joining a predecessor organization, the Department of Insurance, in 1978.



Salvador Chang

Salvador is a former strategy and finance manager and economics professor with experience in the analysis of

global financial markets, banking, and international economics. He has held senior positions in the areas of strategy, economic analysis, and finance at Royal & Sun Alliance Canada, Mercantil Servicios Financieros (a leading financial services provider in Venezuela), and Petróleos de Venezuela, S.A. He was a research professor in economics at Instituto de Investigaciones Económicas y Sociales, a non-profit think tank of Universidad Católica Andrés Bello in Caracas, Venezuela, where he published research on external debt, financial crises, and



Luc Cardinal

Luc has more than 25 years of experience in supervision, risk management, and problem bank, insurer, and

pension resolution. Luc participated in the elaboration of international standards and compliance assessment for financial institution supervision. He has worked with the World Bank, the International Association of Insurance Supervisors, the International Monetary Fund, the Central Bank of Oman, the Canada Deposit Insurance Corporation, and the Office of the Superintendent of Financial Institutions Canada, and has acted as an independent consultant. Luc has provided technical assistance in more than 35 developing and transition countries, and has delivered presentations, courses, and distance learning events around the world. He holds the designations of Chartered Professional Accountant and Fellow Chartered Insurance Professional.



Geraldine Joseph

Geraldine brings to Toronto Centre more than two decades of experience in central banking, spanning economic

research and international relations. Tapping her extensive experience, she has been the head of teams that successfully steered a number of high-profile central banking events involving the participation of senior management of central banks and thought leaders globally. She was a senior manager with the Bank Negara Malaysia, focusing on issue analysis and collaboration with other regional central banks on policy formulation related to frameworks and operating elements that are crucial for regional economic development and growth, financial stability, and capacity development.



Phang Hong Lim

Phang Hong joined Toronto Centre in March 2015. Phang Hong has worked in both the banking sector and as a banking supervisor

for close to three decades. His banking experience has focused on various aspects of risk management in global and regional banks, among them Deutsche Bank as a risk management MD, and CIMB Group, where his work as the group Chief Risk Officer was peer-recognized in the region. Phang Hong has also worked at the Monetary Authority of Singapore in division head roles covering banking supervision, specialist risk supervision, and internal risk management. He has also led cross-functional work on areas such as stress testing and cross border supervision.

Program Quality

As part of Toronto Centre’s commitment to excellence in regulatory and supervisory capacity development, in 2014 we implemented a comprehensive program quality review process that aims at monitoring and strengthening the quality and relevance of our programs.

Our Task Force on Enhanced Program Quality and Effectiveness reviews the results of surveys, past program participant focus groups, and progress reports from our long-term country engagements to ensure that our mission and results-based management

objectives are being consistently achieved. Our program materials and roster of program leaders are regularly evaluated and updated to ensure that we consistently provide top-quality learning experiences.

Surveys conducted immediately after our programs and six months after a program routinely show that program participants overwhelmingly agree that Toronto Centre training has made them better supervisors and regulators, and that their agencies have been able to implement changes to strengthen financial systems.



2014 Year in Review

The period from 2010-14 has been one of intense growth for the Toronto Centre, in large part due to a significant growth in resources from our major funding partner, the Department of Foreign Affairs, Trade and Development, Canada. We have set ambitious goals and are proud that demand for our training programs remains strong worldwide. In 2014, we delivered 73 programs to more than 1,900 supervisors and regulators in all corners of the world, up from just 20 programs in 2010.

Key to our success is our commitment to meeting the evolving needs of our partners. We accomplish this by continuously collaborating with new agencies and developing new programs in response to emerging trends and newly identified challenges of our clients.

Programs Delivered

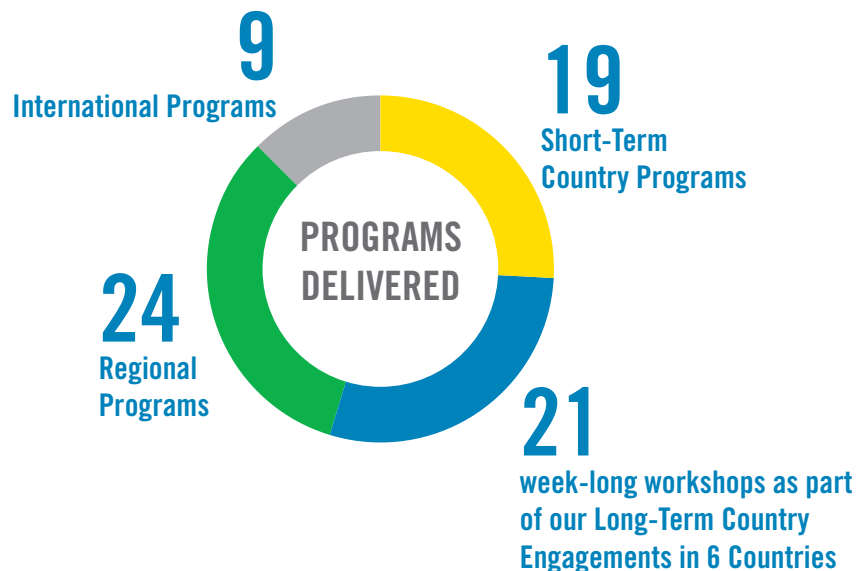
Country Programs

Our country programs give us the opportunity to work with supervisory agencies and central banks on a one-on-one basis. Country programs are tailored to meet the specific needs our partners have identified, so they can identify key issues, set realistic goals, and efficiently implement changes that will strengthen their organizations. These programs are delivered as week-long workshops either as one-off, short-term engagements, or in a series of engagements over the course of multiple years.

These tailored programs are in high demand. We select the organizations we work with based on our careful assessment of the potential to effect real and measurable change within the organizations and their countries.

In 2014, we delivered 19 short-term country programs in all regions of the world: Cambodia, China, Colombia, Costa Rica, Ghana, Jamaica, Malaysia, Mauritius, Mexico, Mongolia, Nigeria, Peru, South Africa, Vietnam, and Zambia.

Work also continued in 2014 on our long-term engagements with partners in Armenia (Central Bank of Armenia),



Colombia (Superintendencia Financiera de Colombia), Costa Rica (Superintendencia General de Seguros and Superintendencia General de Entidades Financieras), Ghana (National Insurance Commission), Indonesia (Financial Services Commission – OJK), and Myanmar (Central Bank of Myanmar).

Long-term country engagements accounted for 30 per cent of our programming activity in 2014. We

plan to increase this proportion of our programming to 40 per cent by 2018.

Regional Programs

Our regional programs provide a forum for participants from neighbouring countries to learn cooperatively, to exchange ideas, and to solve problems relevant to their countries and region. We delivered 24 regional programs in 2014, including 9 in Asia, 9 in Africa, 3 in Latin America, 3 in the Middle East and Eastern Europe.

International Programs

Our international programs examine pressing issues while taking into account the diverse needs of the global regulatory community, and give participants an unparalleled opportunity to network with other supervisors and regulators from around the world to share experiences, and learn from each other's strategies and challenges. In 2014, we delivered nine international programs, including our three flagship programs held in Toronto and programs delivered jointly with valued international partners.

Flagship Toronto Programs

Our flagship international programs held at the Schulich School of Business at York University in Toronto continued to be in high demand in 2014, welcoming more than 75 supervisors and regulators from 38 countries in all regions of the world.

- International Program for Banking Supervisors: *Tackling Current Supervisory Issues to Strengthen Financial Stability – Systemic Risk Identification, Supervisors' Tools of Intervention, and Recovery and Resolution Frameworks*
- International Program for Securities Regulators: *Information Sharing and Cooperation 2.0 – Lessons on Effective Information Sharing and Cooperation: What regulators need to share and why? Practical action for anticipating and avoiding pitfalls*
- International Program for Insurance and Pensions Supervisors: *Strategies to Manage Risks: Supervisory Mandate and Design, Assessing Risk, and Managing Risk – Your Response*

Programs Outside of Canada

In 2014, we continued our strong partnerships with Sveriges Riksbank (Sweden), the IMF, and the World Bank, to deliver our established international programs, and built new relationships with other organizations to expand our international program delivery further.

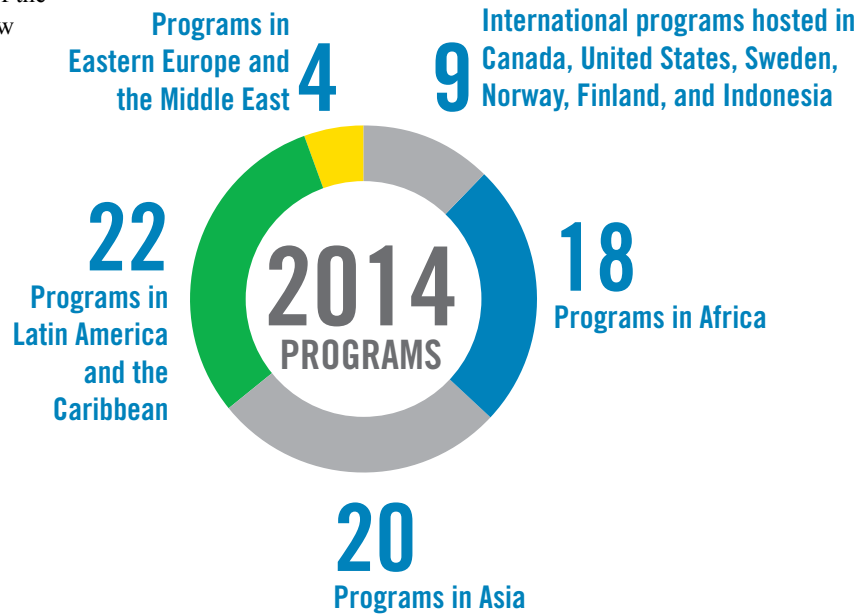
- *Crisis Preparedness and Resolution Options For Financial Regulators and Supervisors, Central Bankers, Deposit Insurance and Senior Ministry of Finance Officials*, held in Stockholm in partnership with Sveriges Riksbank
- *Risk-Based Supervision – Concepts, Assessment Processes and Early Intervention*, held in Helsinki in partnership with Finland Financial Supervisory Authority
- *International Program for Pension Fund Managers and Supervisors: A Risk-Focused Approach to Pension Fund Management and Supervision*, held in Bali in partnership with Australia Indonesia Partnership for Economic Growth
- *International Macprudential Program: Multiple Views, One Objective*, held in Oslo in partnership with Norges Bank
- At the World Bank–IMF annual meetings in Washington, D.C., we once again held an executive forum in partnership with the German international development agency GIZ entitled, *Global Finance – Local Action: Current Challenges of Regulation and Supervision in Emerging Markets*. Our distinguished panel included: Stefan Ingves, Governor of Sveriges Riksbank; Erdem Başçı, Governor of the Central Bank of Turkey; and Svein Andresen, Secretary General, Financial Stability Board. Senior officials from the governments of Canada and Germany delivered opening remarks.
- In addition, we once again participated in the Seminar for Senior Banking Supervisors from Emerging Economies in October organized by the World Bank, International Monetary Fund, and the U.S. Federal Reserve.

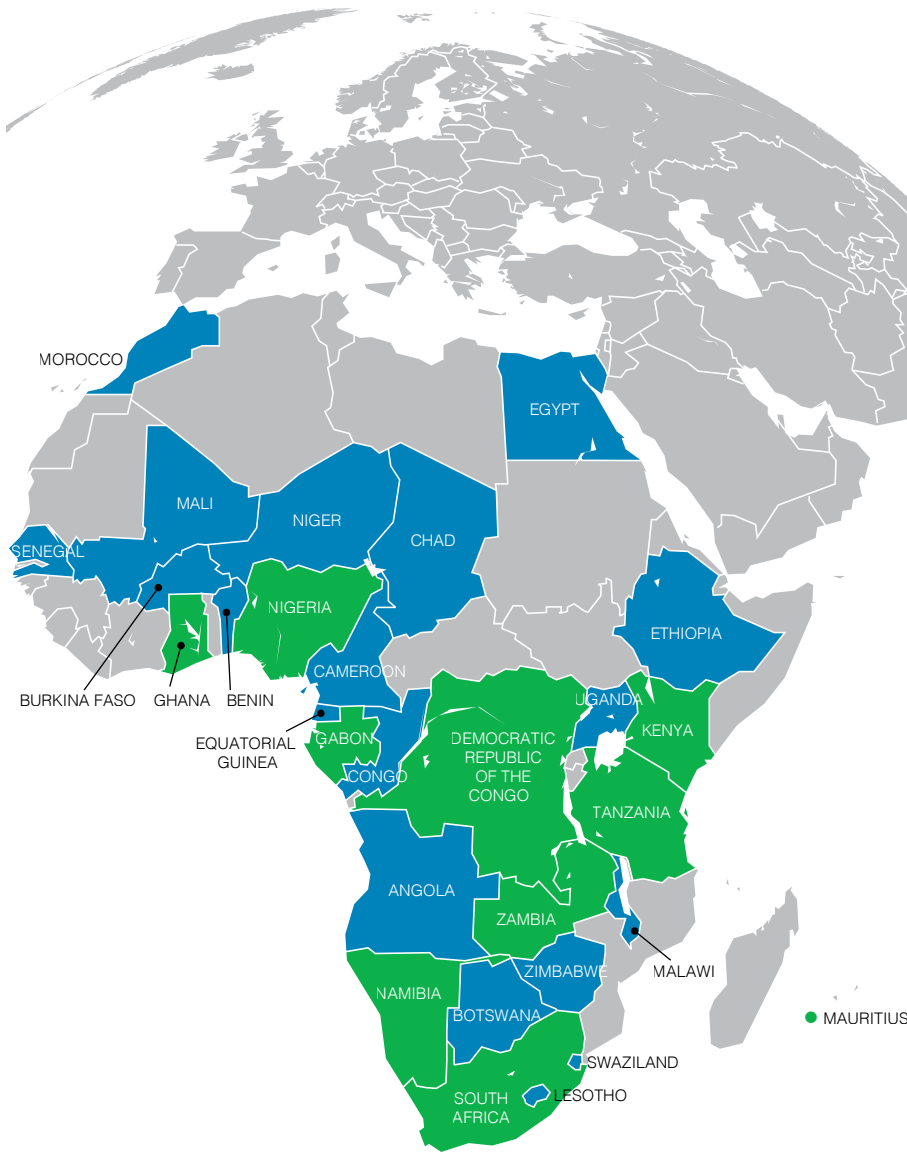
Partners for our Regional Programs in 2014:

- Access to Insurance Initiative (A2ii)
- Asian Development Bank
- ASEAN Insurance Training and Research Institute (AITRI)
- Asia-Pacific Economic Cooperation (APEC)
- Association of Supervisors of Banks of the Americas (ASBA)
- Caribbean Association of Insurance Regulators (CAIR)
- Caribbean Regional Technical Assistance Centre (CARTAC)
- Conférence Interafricaine des Marchés d'Assurances (CIMA)
- Consejo Centroamericano de Superintendentes de Bancos, de Seguros y de Otras Instituciones Financieras (CCSBO)
- Consultative Group to Assist the Poor (CGAP)
- Deutsche Gesellschaft für Internationale Zusammenarbeit (Germany's international development agency – GIZ)
- East Africa Regional Technical Assistance Centre (East AFRITAC)
- Financial Services Commission, Mauritius
- Financial Stability Institute (FSI)
- South East Asian Central Banks Research and Training Centre (SEACEN)
- Sigortacılık Eğitim Merkezi (Insurance Training Centre – SEGEM)
- Social Security Regulatory Authority, Tanzania
- Social Security Regulatory Authority, World Bank
- Tanzania Insurance Regulatory Authority
- World Bank

Our Global Impact

Our work touched every region of the globe in 2014, with important new developments in many places.





- We delivered programs in these countries in 2014
- We trained supervisors and regulators from these countries in 2014

Africa

Much of our program growth in 2014 occurred in Africa, where we launched new partnerships with other international agencies to deliver new programs in countries we had not previously reached.

In partnership with the Consultative Group to Assist the Poor and GIZ, Germany’s international development agency, we piloted our first program on market conduct and financial consumer protection. This program was so highly demanded we have since offered it in six countries around the world, including Namibia, Ghana, and the Democratic Republic of the Congo, the latter of which was conducted in French.

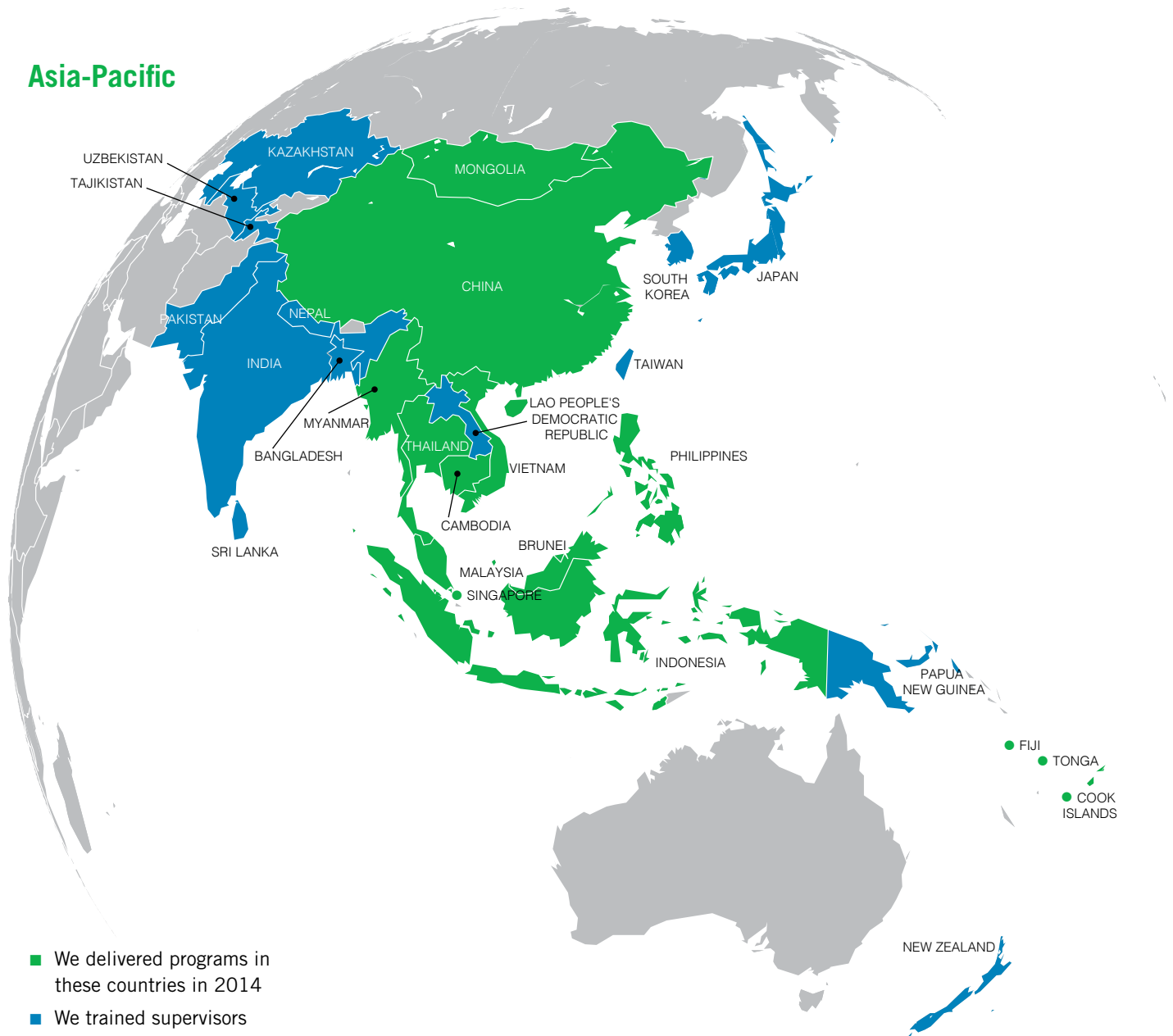
We also delivered a French-language regional program on microinsurance in Gabon, in partnership with Access to Insurance Initiative and Conférence Inter-africaine des Marchés d’Assurances. We delivered two successful regional programs in Tanzania with new partners: a two-week pilot program for insurance supervisors in partnership with East AFRITAC and the Tanzania Insurance Regulatory Authority, and our first program for pension supervisors in Africa with the Tanzania Social Security Regulatory Authority and the World Bank.

Our long-term engagement in Ghana continued apace, and we delivered country programs with established partners in Nigeria and South Africa, a new partner in Mauritius, and developed and delivered a new program on Internal Capital Adequacy Assessment Process (ICAAP) in Zambia.

“After participating in the Toronto program, I became head of supervision. I changed the supervisory approach and integrated onsite and offsite through what we called ‘portfolio management of institutions.’ This enhanced integration of supervision and helped banking supervisors understand the individual institutions better and capture risks early for prompt corrective action.”

Rose Detho, Kenya

Asia-Pacific



- We delivered programs in these countries in 2014
- We trained supervisors and regulators from these countries in 2014

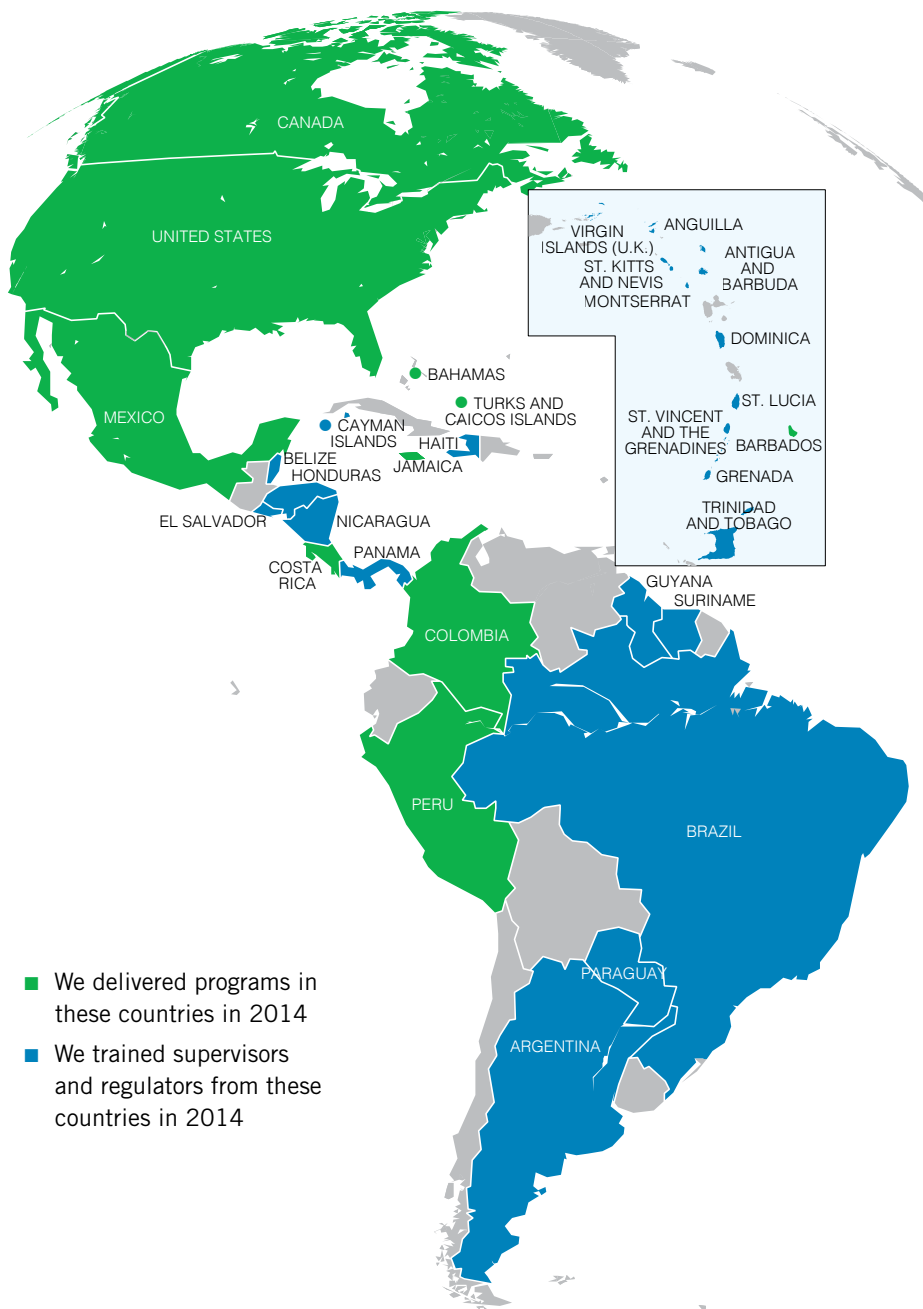
Asia – in particular, the members of the Association of Southeast Asian Nations (ASEAN) bloc of countries – remained a major focus of the Toronto Centre in 2014, in line with the Government of Canada’s goal of fostering closer connections with the ASEAN region. The Government of Canada has been a key supporter of our work in the region, with a four-year grant to offer training programs through 2014-18. All ASEAN members participated in Toronto Centre programs, and all ASEAN

members except Laos hosted a Toronto Centre program in 2014.

We continued our successful partnerships with the ASEAN Insurance Training and Research Institute (AITRI), Asia-Pacific Economic Cooperation – Financial Regulators Training Initiative, and the South East Asian Central Banks Research and Training Centre (SEACEN Centre), to deliver our programs in Asia. We also delivered our first international program

in the region, in Bali, in partnership with the Australia Indonesia Partnership for Economic Growth.

Our long-term engagements with Indonesia and Myanmar are progressing well, and we also delivered effective, targeted country programs with our partners in Cambodia, China, Malaysia, Mongolia, and Vietnam.



- We delivered programs in these countries in 2014
- We trained supervisors and regulators from these countries in 2014

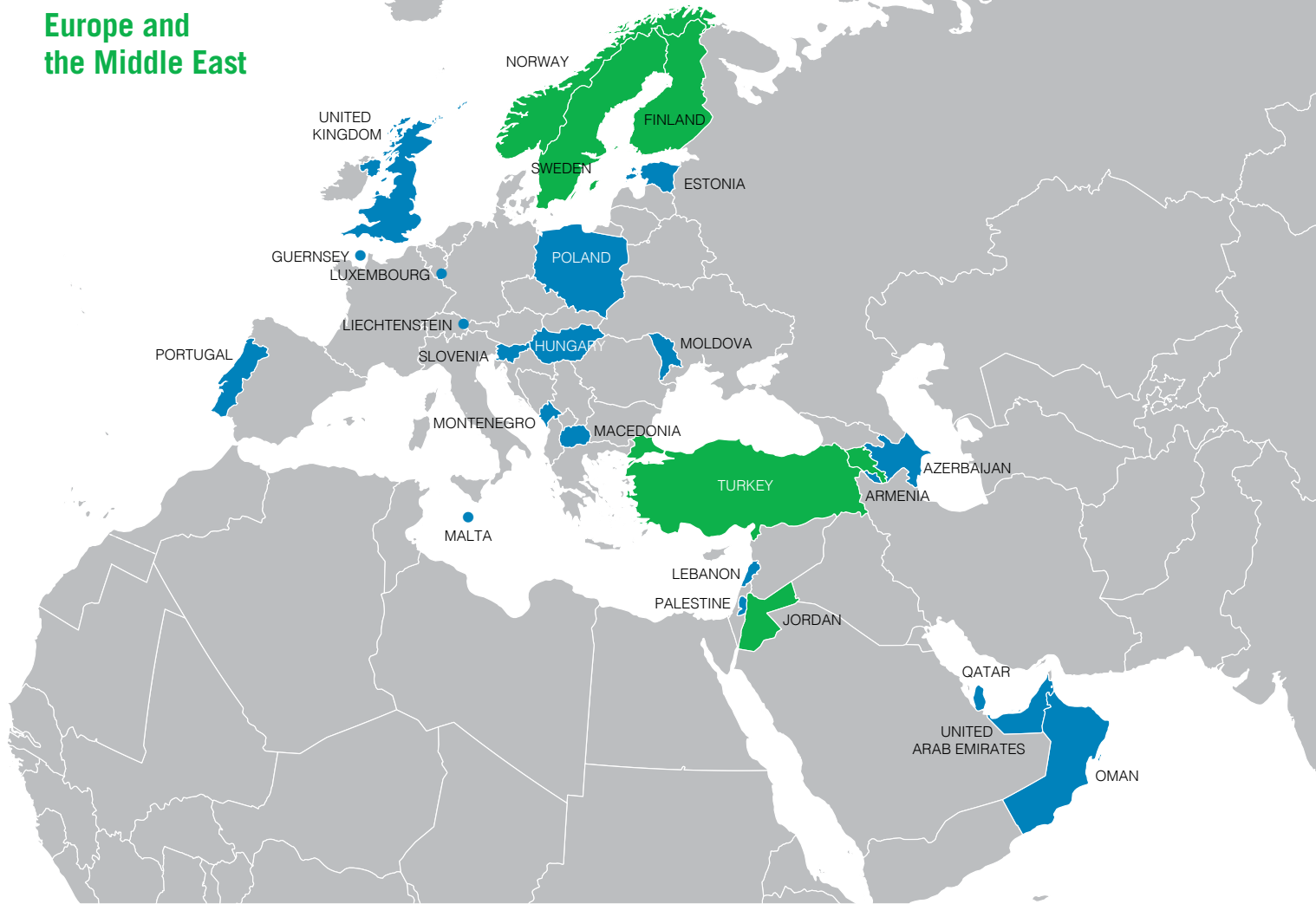
Latin America and Caribbean

Much of our work in Latin America and the Caribbean was focused on our country programs, particularly our ongoing long-term engagements with Colombia and Costa Rica. We also delivered tailored country programs in Peru, Mexico, and Jamaica, the latter of which has evolved into a long-term engagement starting in 2015.

In 2014, we delivered regional programs in Costa Rica and Barbados in partnership with the Association of Supervisors of Banks of the America (ASBA), the Caribbean Association of Insurance Regulators, the Consejo Centroamericano de Superintendentes de Bancos, de Seguros y de Otras Instituciones Financieras (CCSBSO), and the Caribbean Regional Technical Assistance Centre (CARTAC).



Europe and the Middle East



- We delivered programs in these countries in 2014
- We trained supervisors and regulators from these countries in 2014

Progress on our long-term engagement in Armenia continued on track with an expected completion in early 2015. In addition, we partnered with the Central Bank of Armenia to deliver a regional program on macroprudential surveillance.

We partnered with the Consultative Group to Assist the Poor (CGAP) and GIZ, Germany's international development agency, to deliver our first regional program in Jordan, on microfinance. We also delivered a successful regional program on risk-based supervision in Turkey, which attracted insurance supervisors from Central and Eastern Europe and the Middle East.



Program Development and New Materials

In 2014, we developed new programs in response to the evolving financial landscape and the changing needs of our clients. Highlights of our new materials include:

- Market conduct and financial consumer protection
- Reinsurance
- Internal capital adequacy assessment process (ICAAP)

In Development:

- Digital finance and branchless banking
- Islamic finance

We also continued to develop new case studies and other materials for our programs on microfinance, microinsurance, insurance intermediaries, and pensions to meet the needs of our partners.

Supervisory Guidance

We are currently building a Supervisory Guidance function within the Toronto Centre, which will include an online Resource Centre to be launched in 2015. This division will compile and commission the latest standards, guidelines, sound practices, research, and analysis in financial supervision and regulation into a single hub where past Toronto Centre program participants can easily find resources to support their implementation efforts. Our Supervisory Guidance division will draw upon the work of international standard-setting bodies, national authorities, multilateral institutions, and others, filling gaps in information dissemination and including original work as deemed necessary to support Toronto Centre programming. It is envisioned that past program participants will be able to contribute supervisory guidance from their own agencies so as to make it available to other participants.

2015 Outlook

Demand for our programs continues to be strong going into 2015. We will continue to deliver a mix of international, regional, and short-term and long-term country engagements with our valued partners around the world.

We are expanding our long-term country engagements, with two new programs planned in Jamaica and expanded mandates in Indonesia and Ghana – all of which are Countries of Focus for our core funders. Our planned long-term country engagements will constitute approximately 39 per cent of our programming.

We will continue to deliver programs with our established partners, including regional training programs in India, Laos, and Algeria with GIZ, and a Spanish-language regional microinsurance program in Peru with A2ii. We also expect to pilot new programs on Islamic Finance and Digital Finance and Branchless Banking, in 2015.

“It’s not a sitting seminar, it’s not a theory conference, it’s a workshop. You have hands on something. We fight, we discuss, we come up with better solutions than I would come up with alone. The fact that it’s organized by Toronto Centre, means it’s going to be interactive, it’s going to be diverse, and it’s going to be challenging. It pushes your limits as a professional, and I like that very much.”

Sona Baghdasaryan, Armenia

The Evolving Landscape: Messages from the Advisory Board Chairs

The Toronto Centre has three Advisory Boards – composed of international experts in Banking, Insurance and Pensions, and Securities regulation and supervision – which report to the Board of Directors through the Advisory Board Chairs. Advisory board members suggest themes and issues to be discussed in programs and case studies, recommend potential program leaders, provide valuable contacts, and promote the Toronto Centre, raising interest in its programs and identifying potential sponsors. They provide a valuable service by making sure our programs are relevant to the ever-changing needs of the supervisory community.

Banking Advisory Board

Alvir Hoffmann (Chair), Clive Briault, Barry Johnston, Ruth de Krivoy, Robert Schenck, Jan Willem van der Vossen, Paul Wright, Sarkis Yoghourtdjian

As a response to the 2008 Global Financial Crisis, the Financial Stability Board and the Basel Committee of Banking Supervision (BCBS), under the direction of the G20, have agreed on the need for structural reform and issued a comprehensive new framework, Basel III. This new framework incorporated substantially higher capital requirements, higher demands on the quality of capital, a leverage ratio, an additional liquidity

framework with both short-term and structural liquidity requirements, and a regulatory framework for global systemically important banks (G-SIBs).

While the implementation of this new framework is binding for G20 and BCBS countries, it is expected by international stakeholders that all emerging markets and developing countries should implement it, to enhance their own structural framework,

assure local and regional financial stability, and promote safer financial institutions.

Still, the implementation process can be extremely complex, and it may generate unintended consequences that can compromise stability. Those reforms may impact or be impacted by macroeconomic conditions and the relative health of banking systems, or other factors such as foreign banks' differences in lending to emerging markets. This may in turn impact the liquidity of the local banking system and the sovereign bond markets.

In this context, a long-term road map for enacting the reforms is necessary, considering the capacity of local banks to adjust capital and liquidity levels, and structure and implement over-the-counter derivative market reforms, policy measures for local and global SIFIs, and structural reform initiatives.

Within this view, the Toronto Centre continues designing banking programs with the aim of developing the knowledge and leadership skills of supervisors, to find the right balance and tone for implementing the reforms, or even, in some cases, still to develop basic skills for financial supervision.



Toronto Centre International Program for Banking Supervisors.

Alvir Hoffmann
Banking Advisory Board Chair

Insurance and Pensions Advisory Board

Michael Hafeman (Chair), Manuel Aguilera-Verduzco, George Brady, Peter Braumüller, Keith Chapman, Jonathan Dixon, Ernesto Rios, Lawrie Savage, Fiona Stewart, John Thompson, Craig Thorburn

Insurance and pensions supervisors continue to face a challenging and evolving environment. International standard setters have projects underway on a wide range of topics, including the development of global insurance capital standards, the supervision of non-traditional, infrastructure, and long-term investment by pension funds, and the need for supervisors to take both micro and macro approaches to assessing and responding to risks. In response to the global financial crisis, international standard setters have recommended that the supervision of financial institutions be more intense to enhance its effectiveness.

The importance of facilitating consumers' access to fair and appropriate financial products and services from safe and well-regulated providers is also being increasingly emphasized internationally. Such access can not only benefit consumers but also contribute significantly to sustainable growth and development. For example, projects are underway to examine approaches to extending pension coverage to low-income groups and to assess the supervision of insurance market conduct.

"A particular initiative has been instituting a framework for assessing liquidity risk in banks. This required significant change in our weekly data file structure being requisitioned from banks, which has been completed, and the liquidity risk is now being assessed more rigorously. The next stage is to study the framework to ensure that it covers different aspects of liquidity risk management recommended under Basel III. I have further been able to play my role in different working groups and committees within my organization, constituted for improvement in policy framework, and I owe a lot of my developmental work to the learning experience at Toronto Centre."

Arshad Mehmood Bhatti – State Bank of Pakistan

To respond in an effective manner to the evolving environment and expectations, insurance and pensions supervisors must balance the needs for supervisory intensity and proportionality as they implement international standards. Toronto Centre's programs help them to do so. For example, the 2015 international program for insurance and pensions supervisors will focus on the issues of supervisory intensity and proportionality, helping supervisors to strike an appropriate balance. Also, that program – and many others – deals with various aspects of risk-based supervision,

which is an essential tool in achieving effective yet proportional supervision.

On a personal note, I would like to express thanks for the support and contributions of Leon Anderson, Michael Oliver, and Rana Tahboub, who retired from the Insurance and Pensions Advisory Board in 2014.

Michael Hafeman
Insurance and Pensions Advisory
Board Chair

Securities Advisory Board

Andrea Corcoran (Chair), Alan Cameron, Karen Den Toll, Ana Fiorella Carvajal, Brian Gelfand, Alison Harwood,

Tanis MacLaren, Paul Muthaura, Rosario Patron, Carlos Barsallo Perez, Ilana Singer, Edward J. Waitzer

The Securities Advisory Board (SAB) had an active year working to enhance the Toronto Centre’s “securities brand” and the scope of its securities programs. The SAB’s four main objectives were:

1. Refreshing the Board with new members with current or more recent regulatory credentials
2. Broadening the practical appeal of Toronto Centre securities and cross-sectoral programs to the special developmental needs of emerging markets as well as to standards implementation

3. Improving the delivery of securities risk-basing and other operational analyses, tools and techniques for use in securities and country cross-sectoral programs
4. Initiating development of more strategic and disciplined recommendations concerning capital markets supervisory programming to present to the Main Board.

Three new members were added to the Board in March 2015 as a result of these efforts.

In that regard, last year, the SAB assisted in the identification of additional cases and programs relevant to emerging jurisdictions, including new content on group supervision, conflicts, governance, compensation funds, political interference, and market-based financing, some of which will be presented in 2015. SAB also assisted outreach to potential partners, such as the Growth and Emerging Markets Committee of IOSCO, the Kenyan Capital Markets Authority and the Australian technical assistance programs in Indonesia, among others. SAB discussions encouraged the Toronto Centre to add program material on practical impediments to cross-sectoral information sharing during crises in various types of markets and on means of demonstrating the prudential relevance of securities conduct violations to macro-prudential considerations of systemic risks.

Andrea Corcoran
Securities Advisory Board Chair



Toronto Centre International Program for Securities Regulators.

Governance, Operational Responsibility, and Finances

Governance Structure

Board of Directors and Executive Committee

The Toronto Centre is led by the President and CEO and overseen by a Board of Directors composed of individuals with extensive supervisory and related experience in large and complex organizations, most at the senior executive level, representing different regions of the world.

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

The Executive Committee is composed of a subset of the board members: the Chair and Vice-Chair of the Board, the Chair of the Audit Committee, and board 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 detailed financial information on sources of income by funder and associated expenses, 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 three other board members and is also attended by the President and CEO. Audit Committee meetings are usually attended by at least one member from the Toronto Centre's external auditing firm, Ernst & Young. The Audit Committee meets at least annually prior to the spring Board meeting. The Committee Chair meets more frequently with the external auditors and management. Since its inception, the Toronto Centre has received unqualified audit opinions.

"The Toronto Centre's useful methodology "learning by doing" helped me to understand the challenges that are implicit in (a) being a single supervisor, and (b) dealing with the introduction of a new supervision approach: risk-based supervision. I gained new and useful skills through the role-playing activities where I dealt with real cases that had confronted other supervisors. So the competitive atmosphere created by the instructors was important for the participants to initiate ideas and make decisions, sometimes with important political implications. The practical techniques of the TC program helped me not just receive, but create knowledge by generating the conditions in the practice that better positioned me to deal with the stakeholders of the El Salvador SSF RSB-strategic project. I think what TC teaches is an art that changes paradigms and empowers participants to have the confidence and ability to be able to achieve their objectives."

Irma Lorena Duenos Pacheco, El Salvador

Our Board of Directors



Chair, John Palmer

Former Superintendent, Office of the Superintendent of Financial Institutions, Canada; former Deputy Managing Director, Monetary Authority of Singapore; former Deputy Chairman and Managing Partner, KPMG (Canadian firm). Member of the Order of Canada.



Vice Chair, Ruth de Krivoy

President, Síntesis Financiera, C.A.; former Governor, Central Bank of Venezuela.



Chair of the Audit Committee, Dina Palozzi

President, Paladina Management Consulting Services Inc.; former CEO and Superintendent, Financial Services Commission of Ontario, Canada; former Executive Vice President and Chief Privacy Officer, BMO Financial Group; former Deputy Minister, Government of Ontario.



Andrea M. Corcoran

Chair, Toronto Centre Securities Advisory Board; Founder and Principal, Align International, LLC; former Director, Division of Trading and Markets and Office of International Affairs, U.S. Commodity Futures Trading Commission; former Chairman, IOSCO Task Force on Implementation of the Objectives and Principles of Securities Regulation.



Julie Dickson

Member, Supervisory Board of the Single Supervisory Mechanism (SSM), European Central Bank (ECB); former Superintendent, Office of the Superintendent of Financial Institutions (OSFI), Canada; former member of the Basel Committee on Banking Supervision.



Gloria M. Grandolini

Senior Director, Finance and Markets Global Practice (FMGP) of the World Bank Group; former Country Director for Mexico and Colombia at the World Bank; former Director of the Banking and Debt Management Department in the World Bank Treasury.



Michael Hafeman

Chair, Toronto Centre Insurance and Pensions Advisory Board; actuary and consultant on financial regulation and supervision; former member, International Public Interest Oversight Board; member, Canadian Auditing and Assurance Standards Oversight Council; former Assistant Superintendent, Office of the Superintendent of Financial Institutions, Canada.



Alvir Hoffmann

Chair, Toronto Centre Banking Advisory Board; Chair, Audit Committee of BTG Pactual Investment Bank; former Consultant for Regulatory Practice, Ernst & Young; former Deputy Governor for Supervision, Central Bank of Brazil; former Chairman, Association of Supervisors of Banks of the Americas.



Dezső J. Horváth

Dean and Tanna H. Schulich Chair in Strategic Management, Schulich School of Business, York University, Toronto, Canada; former member, Board of Advisors for the Canada Global Leadership Initiative, Canadian Council of Chief Executives; former Fellow, World Economic Forum; Companion of the Order of Canada.



Stefan Ingves

Governor, Central Bank of Sweden; Chair, Basel Committee for Banking Supervision; Chair, Advisory Technical Committee, European Systemic Risk Board; former Director of Monetary and Financial Systems Department, International Monetary Fund.



Ceyla Pazarbasioglu

Deputy Director in charge of financial supervision, Monetary and Capital Markets Department, International Monetary Fund; former Vice-President of the Banking Regulatory and Supervisory Agency of Turkey.



Jeremy Rudin

Superintendent, Office of the Superintendent of Financial Institutions Canada (OSFI); serves on the Council of Governors of the Canadian Public Accountability Board and the Board of Directors of the Canada Deposit Insurance Corporation (CDIC); former Assistant Deputy Minister of the Financial Sector Policy Branch, Department of Finance, Canada.



Babak Abbaszadeh, President and Chief Executive Officer

Babak has held leadership roles in highly regulated sectors such as financial services, energy, and natural resources. He has worked closely with financial regulators in Canada and led advocacy strategies for major internationally oriented Canadian financial institutions, such as CPP Investment Board and Sun Life Financial. He was also chief of staff to two senior cabinet ministers in the Ontario government.

Financial Integrity

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 the Toronto Centre's annual budget and follows budget execution closely at board 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 the Centre's commitments to funders.

Internal Controls and Financial and Operational Procedures

While the President and CEO is ultimately accountable for the financial management of the Toronto Centre, this function is conducted separately by the financial staff of the Centre. The Toronto Centre's internal controls are based on best practices and procedures 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 a Board member of any large payments.

Our external auditors, Ernst & Young, review the draft financial statements and carry out a full, independent audit annually of our financial statements. The Toronto Centre is currently too small to maintain an internal audit function, and so our external auditors are asked, from time to time, to extend their 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.

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

Protection Against Corruption and Fraud

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

A substantial portion of the 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 per the Toronto Centre's Travel Policy are key controls to limit the exposure to corruption and fraud.

The 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. The Toronto Centre does not make payments to such partners, but it may share expenses and receive payments from the partners to offset some of the costs incurred by the 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 the reporting to the Audit Committee and the Board of Directors.

Summarized Financial Statements

Toronto Leadership Centre

December 31, 2014

Independent Auditors' Report

To the Members of
Toronto Leadership Centre

The accompanying summarized financial statements, which comprise the summarized statement of financial position as at December 31, 2014, and the summarized statement of operations for the year then ended, are derived from the audited financial statements of **Toronto Leadership Centre** for the year ended December 31, 2014. We expressed an unqualified audit opinion on those financial statements in our auditors' report dated May 14, 2015.

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 **Toronto Leadership Centre**. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of **Toronto Leadership Centre**.

Management's responsibility for the summarized financial statements

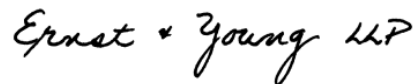
Management is responsible for the preparation of a summary of the audited financial statements in accordance with Canadian accounting standards for not-for-profit organizations.

Auditors' responsibility

Our responsibility is to express an opinion on the summarized financial statements based on our procedures, which were conducted in accordance with the applicable Assurance Guidelines of the Chartered Professional Accountants of Canada.

Opinion

In our opinion, the summarized financial statements derived from the audited financial statements of **Toronto Leadership Centre** as at and for the year ended December 31, 2014 are consistent, in all material respects, with those financial statements and present fairly, in all material respects, the financial position of **Toronto Leadership Centre** as at December 31, 2014 and its financial performance for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

The signature of Ernst & Young LLP is written in a cursive, handwritten style in black ink.

Toronto, Canada.
May 14, 2015.

Summarized Statement of Financial Position

As at December 31

ASSETS	2014	2013
Current	\$	\$
Cash and cash equivalents	368,051	1,171,785
Short-term investments	2,515,379	735,465
Internally restricted short-term investments	1,281,480	1,070,338
Accounts receivable and others	409,383	159,241
Total current assets	4,574,293	3,136,829
Capital assets, net	25,453	28,983
	4,599,746	3,165,812

LIABILITIES AND NET ASSETS	2014	2013
Current	\$	\$
Accounts payable and accrued liabilities	839,065	1,150,455
Deferred contributions and others	2,120,785	488,136
Total current liabilities	2,959,850	1,638,591
Net assets		
Unrestricted	358,416	456,883
Internally restricted	1,281,480	1,070,338
Total net assets	1,639,896	1,527,221
	4,599,746	3,165,812

These financial statements are an abridged version of the audited financial statements of the Toronto Leadership Centre.

Summarized Statement Of Operations

Year ended December 31

REVENUE	2014	2013
	\$	\$
Contributions	5,587,749	5,070,031
Program Partners	1,154,503	742,020
Participant registration fees and others	211,256	196,147
	6,953,508	6,008,198

EXPENSES	2014	2013
	\$	\$
Program delivery	4,298,188	3,274,489
Program development	810,548	993,236
Program promotion	376,391	325,162
Projects	578,618	375,895
Administrative and general and others	777,088	682,439
	6,840,833	5,651,221
Excess of revenue over expenses for the year	112,675	356,977

Notes To Summarized Financial Statements

December 31, 2014

1. Summarized 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, 2014 and for the year then ended.

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

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

[a] the information in the summarized financial statements is in agreement with the related information in the complete audited financial statements' and

[b] that, in all material respect, the summarized financial statements contain the information necessary to avoid distorting or obscuring matters disclosed in the related complete audited financial statements, including the notes thereto.

Management determined that the statement 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 summarized financial statements.

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

2. Revenue Recognition

The 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.

Program partner and participant registration fees are earned upon delivery of programs for which the participants have registered.

Interest income is recorded on an accrual basis.

3. Allocation Of Expenses

Costs incurred by the Centre, including external suppliers' fees, staff compensation, travel, meals, facilities and materials, are allocated to the activities to which they contribute or relate. These costs are directly allocated on the basis of time spent and usage. General support and other costs not relating to specific activities are allocated according to the terms of the funding agreements.

4. Internally Restricted Net Assets

The Board of Directors [the "Board"] has internally restricted net assets for the purpose of assisting the Centre in dealing with extraordinary events outside of normal operations. The Board will review annually the need for, and adequacy of, these internally restricted net assets. Shortterm investments will be segregated from assets used in the daytoday operations of the Centre, invested under the supervision of the Board and released only with the authorization of the Board. Interest on these short-term investments will be accumulated in unrestricted net assets and transferred to the internally restricted net assets each year. During the year, these assets were invested in shortterm 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, 2014, a number of organizations, including the World Bank, the Central Bank of Sweden ["Riksbank"], the Central Bank of Norway ["Norges Bank"], the Bank of Finland ["Suomen Pankki"], the Finnish Financial Supervisory Authority, the Financial Supervisory Authority of Norway, the SEACEN Centre, the Schulich School of Business, the IMF and the Office of the Superintendent of Financial Institutions ["OSFI"] provided contributions inkind to the Centre by way of personnel and seminar leaders. These contributions are not recorded in these financial statements.



"I learned a lot of new things. I also learned from other countries' experience, especially the lecturers, they were very good. I'm thinking of bigger objective here for the institution itself, not only from the central bank perspective, but also how we can improve our systems nationwide."

Arya Yogasati, Indonesia



"After attending the Toronto program I submitted a training report and also facilitated a two-day training program in 2009 and 2010. These two initiatives led to sharing of ideas within our organization and discussion and debate started at different levels. As a result we have now included two action plans in our strategic plan. One action plan relates to review of supervisory framework and the other one is regarding crisis management plan."



Contributors and Partners

Toronto Centre receives support from several international organizations and development agencies, without which our work would not be possible. We are grateful to our major funders for their continued financial support, and to the Schulich School of Business at York University, Canada, for its ongoing in-kind contributions. We also thank our other contributors and partners who provide valuable expertise, funding, and other resources.

Founders and Major Contributors



Foreign Affairs, Trade and
Development Canada

Affaires étrangères, Commerce
et Développement Canada



Swedish International Development
Cooperation Agency



THE WORLD BANK



Schulich
School of Business
York University

Partners and Other Contributors in 2014

- Access to Insurance Initiative (A2ii)
- ASEAN Insurance Training and Research Institute (AITRI)
- Asian Development Bank
- Asia-Pacific Economic Cooperation – Financial Regulators Training Initiative
- Association of Supervisors of Banks of the Americas (ASBA)
- Australia Indonesia Partnership for Economic Governance (AIPEG)
- Australian Government, Department of Foreign Affairs and Trade
- Autoriti Monetari Brunei Darussalam
- Bank for International Settlements
- Bank Indonesia
- Bank Negara Malaysia
- Bank of Finland
- Bank of Ghana
- Bank of Namibia
- Bank of Zambia
- Banque Centrale du Congo
- Canada Deposit Insurance Corporation
- Capital Markets Authority, Kenya
- Caribbean Association of Insurance Regulators
- Caribbean Regional Technical Assistance Centre (CARTAC)
- Central Bank of Armenia
- Central Bank of Myanmar
- Central Bank of Nigeria
- China Banking Regulatory Commission
- Comisión Nacional Bancaria y de Valores, Mexico
- Conférence Interafricaine des Marchés d'Assurances
- Consejo Centroamericano de Superintendentes de Bancos, de Seguros y de Otras Instituciones Financieras
- Consultative Group to Assist the Poor (CGAP)
- Deutsche Gesellschaft für Internationale Zusammenarbeit, Germany (GIZ)
- East Africa Regional Technical Assistance Center (East AFRITAC)
- Financial Regulatory Commission of Mongolia
- Financial Services Board, South Africa
- Financial Services Commission of Jamaica
- Financial Services Commission, Mauritius
- Financial Stability Institute
- Financial Supervisory Authority, Norway
- Financial Supervisory Commission, Cook Islands
- Finland Financial Supervisory Authority
- Indonesia Financial Services Authority (OJK)
- International Association of Deposit Insurers (IADI)
- International Association of Insurance Supervisors (IAIS)
- International Organization of Securities Commissions (IOSCO)
- Kenya Deposit Insurance Corporation
- Knowledge Sharing Program, Korea
- Macroeconomic and Financial Management Institute of Eastern and South Africa (MEFMI)
- Making Finance Work for Africa
- Monetary Authority of Singapore
- Namibia Financial Institutions Supervisory Authority
- National Insurance Commission, Ghana
- Norges Bank, Norway
- Office of Insurance Commission, Thailand
- Office of the Superintendent of Financial Institutions, Canada
- People's Bank of China
- Perbadanan Insurans Deposit Malaysia
- Securities and Exchange Commission of Cambodia
- Sigortacılık Eğitim Merkezi, Turkey (SEGEM)
- Social Security Regulatory Authority, Tanzania
- South East Asian Central Banks Research and Training Centre (SEACEN)
- Superintendencia de Banca, Seguros y AFP, Peru
- Superintendencia Financiera de Colombia
- Superintendencia General de Entidades Financieras, Costa Rica
- Superintendencia General de Seguros, Costa Rica
- Sveriges Riksbank, Sweden
- Tanzania Insurance Regulatory Authority
- U.S. Federal Reserve Bank

Additional Partner Organizations and Agencies

We are also pleased to partner with other international organizations and development agencies to deliver our programs around the world:





Toronto Centre

2 Toronto Street, Suite 200
Toronto, Ontario, Canada
M5C 2B5

www.torontocentre.org

