

**DEVELOPING STABLE AND
ACCESSIBLE FINANCIAL SYSTEMS
WORLDWIDE**





VISION
A WORLD WHERE FINANCIAL SYSTEMS
ARE STABLE AND ACCESSIBLE TO ALL

FOUNDING AND FUNDING PARTNERS



Global Affairs
Canada

Affaires mondiales
Canada



Schulich
School of Business
York University



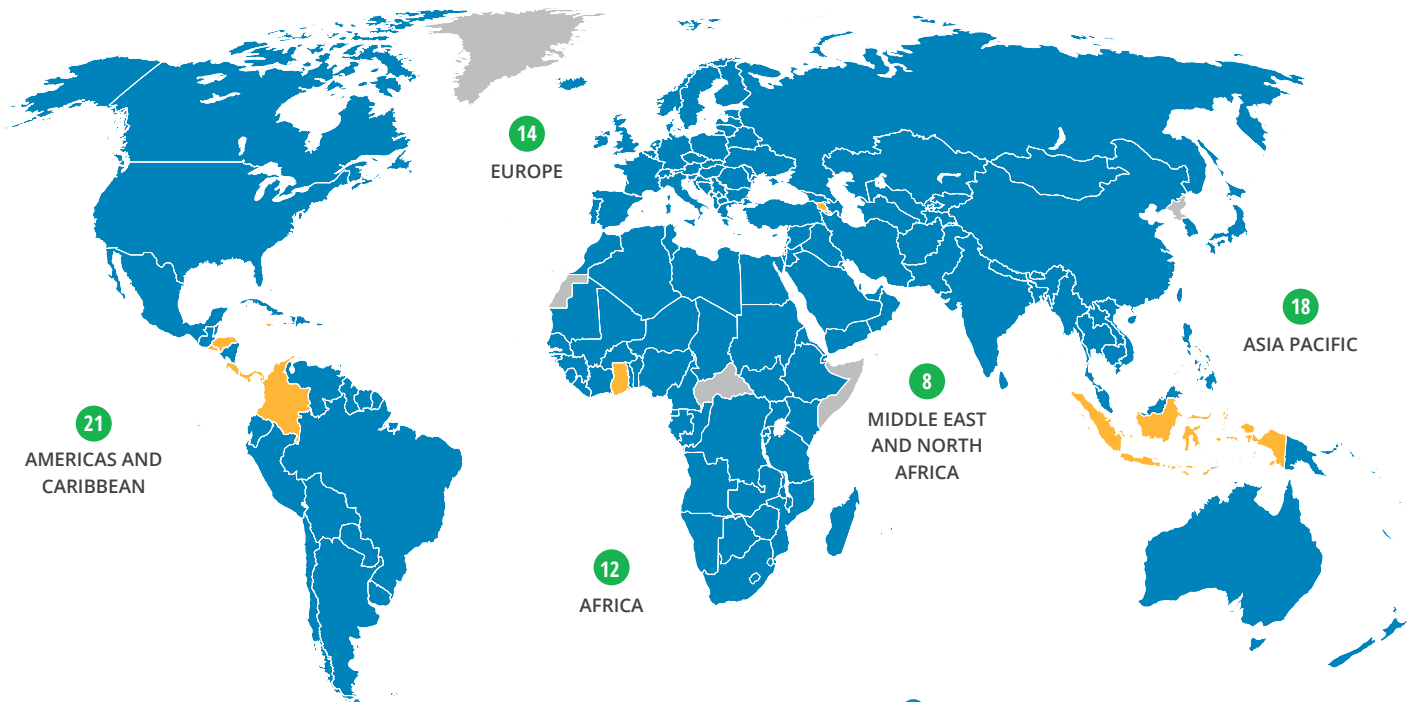
THE WORLD BANK
IBRD • IDA | WORLD BANK GROUP

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“Toronto Centre is a huge success and all of us who have witnessed its evolution are very proud. I understand that Bill White will be speaking on “The Post-Crisis Reforms: Are we done yet?” I suspect the answer will be no and that the Toronto Centre will have its work cut out for it over the next 20 years. I can’t think of a better organization to take it all on! Happy anniversary!”

LETTER OF CONGRATULATIONS SIGNED BY THE RIGHT HONOURABLE
PAUL MARTIN FOR TORONTO CENTRE’S 20TH ANNIVERSARY EVENT

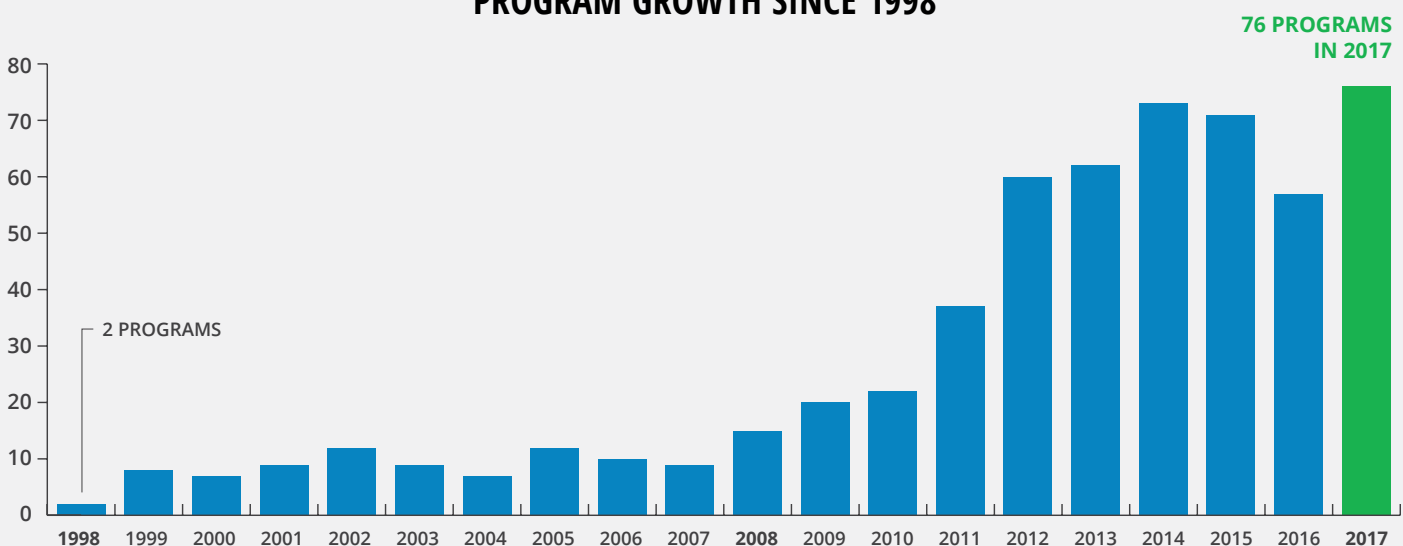


TORONTO CENTRE'S GLOBAL REACH

Since our founding, we have offered our capacity development programs to supervisors and regulators from more than 190 countries and territories, and delivered capacity development programs in more than 70 countries around the world.

- TORONTO CENTRE HAS TRAINED SUPERVISORS AND REGULATORS FROM 190 COUNTRIES
- TORONTO CENTRE HAS DELIVERED PROGRAMS IN OVER 70 COUNTRIES IN THESE REGIONS
- TORONTO CENTRE HAS ESTABLISHED 10 LONG-TERM COUNTRY ENGAGEMENTS WITH AGENCIES IN THE FOLLOWING COUNTRIES: ARMENIA, COSTA RICA, COLOMBIA, EL SALVADOR, GHANA, HONDURAS, JAMAICA, INDONESIA, AND PANAMA

PROGRAM GROWTH SINCE 1998



HIGHLIGHTS

OF ACHIEVEMENTS OF THE PAST 20 YEARS



OVER 10,000 SUPERVISORS AND REGULATORS TRAINED



1,000+ EXTERNAL PUBLICATIONS AVAILABLE ONLINE AT TORONTO CENTRE RESOURCE CENTRE

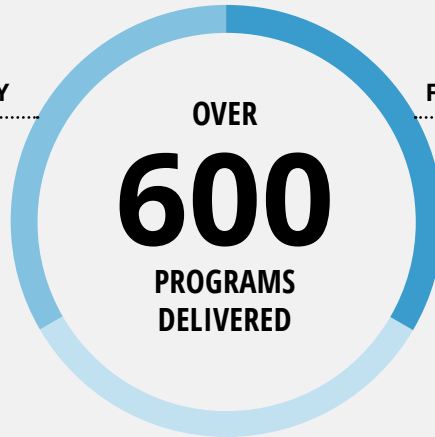


24 TORONTO CENTRE NOTES ON LEADERSHIP AND TECHNICAL GUIDANCE FOR SUPERVISORS AND REGULATORS

FINANCIAL STABILITY



95+ CRISIS PREPAREDNESS PROGRAMS DELIVERED



FINANCIAL INCLUSION



40+ FINANCIAL INCLUSION PROGRAMS

EFFECTIVE GOVERNANCE

ADVANCING MOST OF THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS, ESPECIALLY



"Our vision to promote financial stability and inclusion to advance sustainable economic development is as important now as it was 20 years ago. We strongly believe that our efforts have a positive impact, including contributing to reducing global poverty and gender inequality. We will continue to work to strengthen the capacity of financial supervisors and regulators to enable the success of these important goals."

JOHN PALMER, CHAIR OF THE BOARD



JOHN PALMER
CHAIR OF THE BOARD

As Toronto Centre for Global Leadership for Financial Supervision (Toronto Centre) marks its landmark 20th anniversary year, I am pleased to have the opportunity to share this message on behalf of the Board of Directors. Reflecting back on the past two decades, I feel a great sense of pride being part of this organization and of the impact it has made to improve financial stability and increase financial inclusion in emerging markets and developing countries.

In the aftermath of a number of regional crises, including the Asian financial crisis of 1998, financial supervisory and regulatory agencies were requesting help from Canada and other developed countries to strengthen their financial oversight in order to improve stability and increase access to financial services for their populations. The founding partners of Toronto Centre – the Government of Canada, (supported by the former Minister of Finance, the Right Honourable Paul Martin) the World Bank, the Schulich School of Business, and shortly thereafter, the International Monetary Fund – understood that weak supervision and poor regulation were contributing factors to financial crises,

and that better financial supervision, regulation and enforcement would help to prevent and resolve future crises while fostering a more stable and inclusive world.

Over the last 20 years, Toronto Centre has developed a wide array of programs that train supervisors and regulators to respond better to the challenges of the 21st century. These programs include macroprudential surveillance, microinsurance supervision, and digital finance supervision. We have seen tremendous change and advancements in the financial services sector, the global economy, and technology over the past 20 years. These changes have increased the importance of strong financial systems, particularly in developing countries and emerging markets, as well as highly skilled and knowledgeable supervisors and regulators to supervise and regulate financial services effectively; to deliver more stable and inclusive banking, insurance, securities and pension systems.

Our vision of promoting financial stability and inclusion to advance sustainable economic development is as important now as it was 20 years ago. We strongly believe that our efforts have a positive impact, including contributing to reducing global poverty and gender inequality. We will continue to work to strengthen the capacity of financial supervisors and regulators to meet these important goals.

Our achievements, growth and global impact have been accomplished with the support of our generous funding partners: Global Affairs Canada (GAC),

the Swedish International Development and Cooperation Agency (Sida), and the International Monetary Fund (IMF). We would like to thank them for their continuing commitment and generous financial support. I would also like to thank the World Bank for its financial support for many years, and several other regional and local partners who work with us to make our programs happen.

“...I FEEL A GREAT SENSE OF PRIDE IN BEING PART OF THIS ORGANIZATION AND OF THE IMPACT IT HAS MADE TO IMPROVE FINANCIAL STABILITY AND INCREASE FINANCIAL INCLUSION IN EMERGING MARKETS AND DEVELOPING COUNTRIES.”

In closing, on a personal note, I would like to convey my best wishes to Mr. Stefan Ingves, Governor of the Central Bank of Sweden, who will be assuming the role of Chair of Toronto Centre in 2018.

I am forever indebted to all our national and international partners, past and present boards of directors, advisory chairs and advisory boards for their continuing commitment and expertise, and to our dedicated and committed team of employees and program leaders who deliver daily on the mission of Toronto Centre to enable a world with stable and accessible financial systems.



BABAK ABBASZADEH
PRESIDENT AND CEO

I fully echo our Chair's sentiments – what a remarkable journey for Toronto Centre (TC). As we mark our 20th anniversary, I note with pride how Toronto Centre has evolved from its humble beginnings into a global institution in the financial community. I am privileged to work with a dedicated and enthusiastic group of international professionals who are committed to providing high-quality, capacity-building programs for financial supervisors and regulators around the world. Our work supports the United Nations Sustainable Development Goals (SDGs) by nurturing stable and accessible financial systems in emerging markets and developing countries.

2017 was a record year. We built new partnerships and entered into new ventures to expand our global reach. We delivered 76 programs around the world. We expanded our programs in digital financial services, governance and crisis preparedness. We began new long-term country engagements. Our second annual certificate course for supervisors and regulators attracted 22 representatives from 14 countries, and the majority of the participants were women.

We always welcome feedback from our participants. One of the many encouraging

comments that we received in 2017 was the following, from a participant from Sub-Saharan Africa: "I strongly credit the Toronto Centre training program with my increased ability to enhance the regulatory framework and enforcement tools that deal with emerging market conduct risks in my country." We are extremely proud that our programs allow participants to learn and develop the skills that allow them to make meaningful change in their home agencies.

The strong demand for Toronto Centre programs continues to grow. We anticipate more interest in our long-term country engagements in Sub-Saharan Africa and other regions over the next few years. We believe this to be an area of growth as supervisory agencies commit to improve their capabilities to strengthen financial stability and inclusion in their countries.

The TC Community – comprised of over 8,000 alumni from financial supervisory and regulatory agencies and central banks – is strong and growing. Many alumni continue to connect with each other after programs are completed to share and learn from each other's experiences. We continue to provide support to our alumni to enable continued learning through webinars and webcasts, our TC Notes, and thought-provoking discussions conducted during the spring and annual meetings of the World Bank and IMF.

2017 was also a year of transformation as we explored new areas to raise awareness of how financial stability and inclusion connect to broader issues and actions promoting the UN SDGs, especially gender equality. We led the way by convening senior government

officials, private sector leaders, and heads of multilateral agencies to address cross-cutting issues that link financial supervision and regulation to financial inclusion, climate risk, technology, and gender.

In 2018, we will continue to expand our program offerings to address capacity building needs in new areas such as financial literacy and technology risk.

I would also like to take this opportunity to thank our Chair, John Palmer, for his commitment to Toronto Centre. He was instrumental in the founding of Toronto Centre, and we have been very fortunate to benefit from his enthusiasm and wisdom, especially in the role of Chair for the past 12 years. His leadership, vision and dedication propelled Toronto Centre to new heights, and as a result, we are well positioned for the future.

As we celebrate our 20th anniversary in 2018, we are very proud of our impact on financial stability, financial inclusion and the contribution of effective governance that supports these two goals in constructive ways that nurture a better world, consistent with the UN's Sustainable Development Goals. We are looking forward to the next 20 years with enthusiasm, as we continue our role in building stable and inclusive financial systems worldwide through the provision of high quality capacity building programs for financial supervisors and regulators.

2017 AT A GLANCE

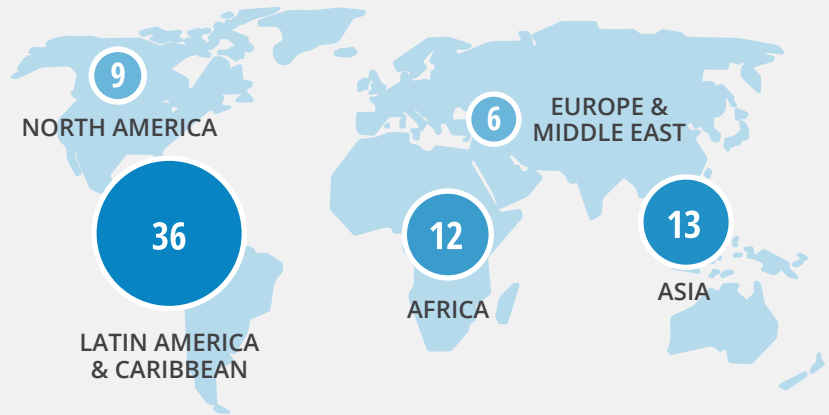
PROGRAM OVERVIEW

76

PROGRAMS DELIVERED

CUSTOMIZED, PRACTICAL,
GENDER-RESPONSIVE AND
INTERACTIVE TRAINING

PROGRAMS BY REGION



- 37** BANKING
- 13** CROSS SECTORAL
- 12** INSURANCE
- 6** SECURITIES
- 5** MICROFINANCE AND MICROINSURANCE
- 3** PENSIONS

PROGRAMS BY TYPE



30 COUNTRIES
WHERE PROGRAMS
WERE DELIVERED



4 PANELS
IN WASHINGTON,
TORONTO AND
LUXEMBOURG



336 DAYS
OF PROGRAMMING



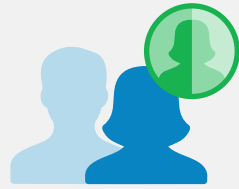
50 PARTNER AGENCIES
INCLUDING 27 NEW
AGENCIES



90% OF FUNDING
SPENT ON CAPACITY
DEVELOPMENT
PROGRAMMING

2017 AT A GLANCE

PARTICIPATION AND MEMBERSHIP



50% FEMALE

2500 PARTICIPANTS

IN TORONTO CENTRE PROGRAMS



44% FEMALE

1100 NEW MEMBERS

OF TORONTO CENTRE COMMUNITY



FROM 109
COUNTRIES



4 WEBINARS

ON FINTECH, GENDER,
TECHNOLOGY AND CLIMATE



86% FROM ODA
COUNTRIES



6 NEW TORONTO
CENTRE NOTES



300 NEW
PUBLICATIONS

ADDED TO TORONTO CENTRE RESOURCE CENTRE



PARTICIPANT FEEDBACK

99% AGREED THEY WOULD BE ABLE TO APPLY KNOWLEDGE AND SKILLS

98% AGREED THAT THEY WOULD BE MORE EFFECTIVE SUPERVISORS OR REGULATORS

92% EXPANDED NETWORK

93% RANKED TEACHING METHODOLOGY AS EXCELLENT OR GOOD

95% OF PARTICIPANTS SURVEYED ABLE TO APPLY SKILLS AND BEST PRACTICES ACQUIRED AT TORONTO CENTRE PROGRAMS

95% RATED QUALITY AS EXCELLENT OR GOOD

96% WOULD RECOMMEND A TORONTO CENTRE PROGRAM

2017 HIGHLIGHTS & ACCOMPLISHMENTS

31% GROWTH IN CAPACITY DEVELOPMENT PROGRAMS



INCREASED PROGRAM DELIVERY CAPACITY

Toronto Centre utilizes an integrated approach to capacity building. A fundamental objective of this approach is to develop a strong sense of confidence and resourcefulness in participants and strengthen their capacity to solve current and future problems. Toronto Centre's footprint extends beyond developing countries and emerging markets. Its international programs are open to supervisors and regulators from developed countries, thereby allowing participants the chance to broaden their perspective through peer interaction and networking. In 2017, the demand for Toronto Centre programs continued to grow and we delivered 76 customized, practical, and interactive programs. We applied a gender lens to our programming, when appropriate. Our regional breakdown was as follows: Africa (12), Asia (13), Europe and the Middle East (6), Latin America and the Caribbean (36) and North America (9).

7 LONG-TERM ENGAGEMENTS



LONG-TERM COUNTRY ENGAGEMENTS

Toronto Centre's long-term country engagement programs enable countries to transform their regulatory and supervisory agencies from a compliance-based approach to a risk-based supervision approach. The programs address financial stability and strengthen the agencies' capacity to mitigate and manage crises. Through this transformation, country partners and their agencies are better able to allocate scarce supervisory resources more efficiently, and have strengthened interagency cooperation to manage system-wide risk. Toronto Centre has achieved the goal of delivering more long-term country programs and has seven programs ongoing with supervisory and regulatory agencies in El Salvador, Honduras, Jamaica, Panama and Costa Rica.

"Without the help received from this technical cooperation we would not have been able to bring forward the huge transformation of the Financial Superintendency of Columbia (SFC). Without the training and consultancy services offered by Toronto Centre, we would not have been able to articulate and reform the processes to improve our standard for a comprehensive and consolidated supervision of financial institutions."

GERADO HERNANDEZ CORREA – BANCO DE LA REPUBLICA COLUMBIA



GROWTH OF THE TORONTO CENTRE COMMUNITY

Toronto Centre Community is both an online knowledge exchange platform and a physical forum comprised of alumni and current and former supervisors and regulators. It grew by 1,100 members in 2017 and has now reached over 8,000 members. Through this platform, Toronto Centre provides a range of awareness raising and post-program support initiatives including executive panel sessions at major international financial and development forums, and webcasts titled, *Closing the Gender Gap: The Role of Financial Regulators*; and *Climate Change: the Challenge for Institutional Investors and Regulators*.

16% TC COMMUNITY GROWTH



SUPERVISORY GUIDANCE

Supervisory guidance consists of two components: the Toronto Centre Resource Centre (TCRC) which is a searchable online library, and TC Notes, which provide practical leadership and technical guidance on emerging issues for supervisors and regulators. The TCRC now has over 1,000 curated external publications and the Centre has published 24 TC Notes. These resources equip supervisors and regulators with guidance that reflects the most up-to-date and relevant sound practices to more effectively address challenges in banking, insurance, pensions, securities, microfinance and microinsurance. They, along with TC Community activities such as the webcasts and panel discussions, provide supervisors and regulators with ongoing post-program support.

300 NEW DIGITAL PUBLICATIONS



OVER 1,000 PUBLICATIONS AND 24 GUIDANCE NOTES AVAILABLE ON THE TCRC

“The cooperation between the SIBOIF of Nicaragua and Toronto Centre has been of great value for our work on the prevention of money laundering and financing terrorism. Toronto Centre risk-based supervision programs offered high value training both for its content, and practical application, taught by experts with great experience who were also supervisors in this field. As a result, Nicaragua has now implemented a standard for the management and prevention of the risks of financing terrorism and the funding of the proliferation of weapons of mass destruction, for regulators and supervisors working directly on these issues”.

DR. VICTOR M. URCUYO - SUPERINTENDENT OF BANKS AND OTHER FINANCIAL INSTITUTIONS, REPUBLIC OF NICARAGUA



TORONTO CENTRE APPROACH

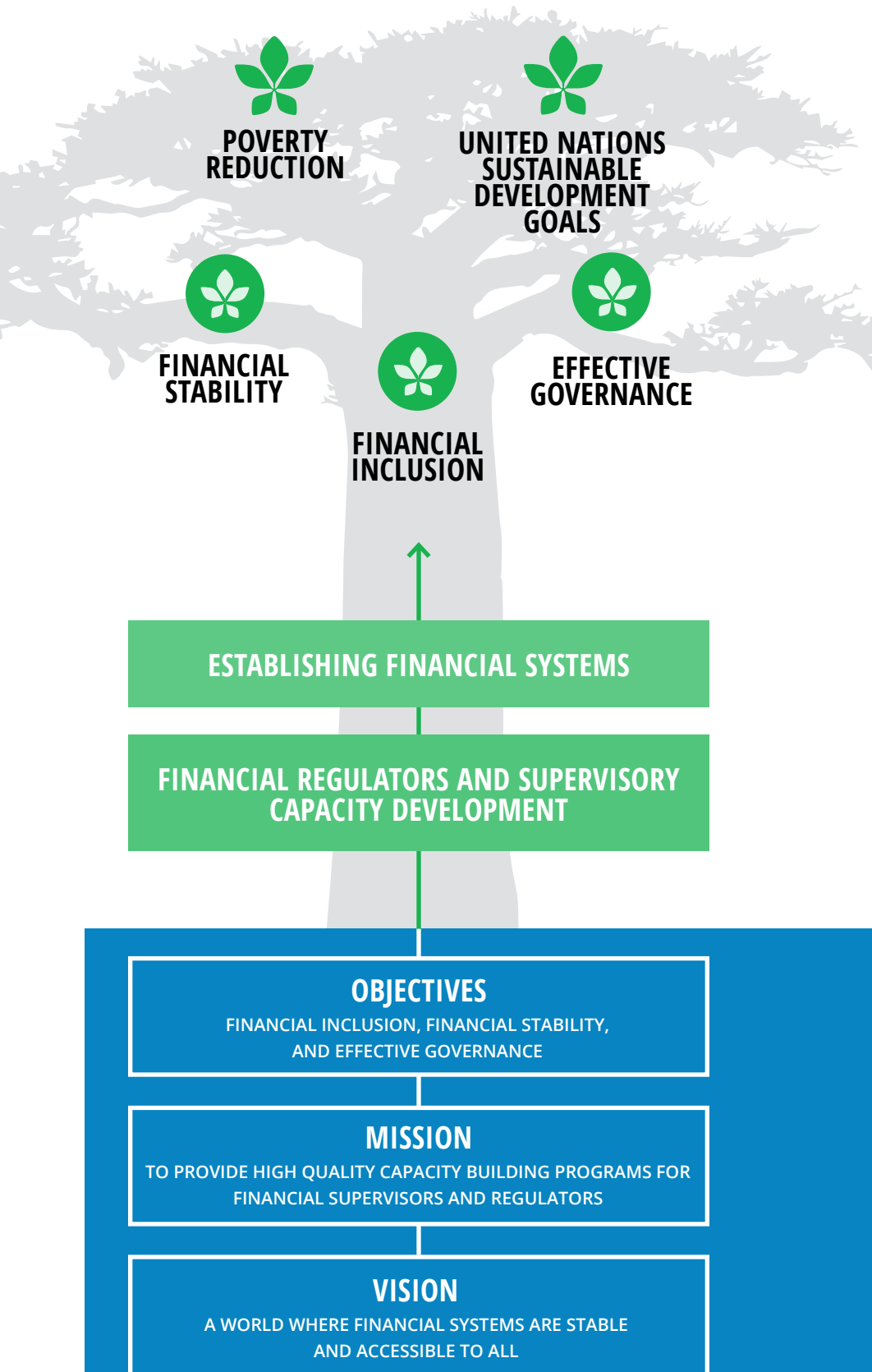
SUPPORTS SUSTAINABLE DEVELOPMENT GOALS

Toronto Centre designs and delivers training and coaching programs that build the capacity of financial sector regulators, supervisors, and consumer protection institutions in emerging and developing economies.

Financial systems perform critical functions that enable and facilitate economic growth, empowerment and poverty reduction. These functions range from facilitating the exchange of goods and services, to managing payments, mobilizing investments, providing insurance and creating safe, reliable mechanisms for household savings.

Financial regulation and supervision provide safeguards for the financial sector in emerging and developing economies by providing the tools to mitigate against the risk of financial crisis and economic instability. Building the capacity of regulatory and supervisory agencies plays a key role in ensuring that financial systems deliver these functions in an inclusive and sound, stable manner while promoting good practices of corporate control and governance.

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



WHAT TO EXPECT FROM A TORONTO CENTRE PROGRAM: SUPERVISOR & REGULATOR EXPERIENCE

PRACTICAL AND COMPREHENSIVE

Training by Toronto Centre is comprehensive. Some of the challenges encountered by regulators and supervisors include weak legal infrastructure, institutional resistance, lack of support and resource limitations. Our attendees are trained to identify barriers to regulatory and supervisory sound practices and determine appropriate responses. The training takes them through supervision and accounting concepts, institutional frameworks and surveillance tools, capital analysis, cross-border cooperation and relationships with non-regulated entities.

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

“The digital Financial Inclusion Supervisory Program offered by Toronto Centre was a great success and of immense benefit to the Bank of Ghana. We anticipate continuous collaboration with Toronto Centre to achieve our overall objective of fostering inclusive finance.”

DR. SETTOR AMEDIKU, BANK OF GHANA

GENDER RESPONSIVE

Toronto Centre programs are customized to ensure regulators and supervisors understand the specific financial issues affecting women, and to reduce barriers to their use of financial services that often take the form of discriminatory policies, regulations or biases. Microfinance and microinsurance are key topics explored to empower women.

Our programs focus on women as decision-makers in the financial sector. We aim for gender balance in all programs and we provide scholarships for female participants to make our programs accessible. We apply a gender lens when designing our programs.

FIT FOR PURPOSE AND INTERACTIVE

All Toronto Centre programs are interactive, participative and practical.

We use case studies, simulations and group discussions to identify optimal solutions to supervisory and regulatory problems. Participant numbers are kept low — 25-30 people — to facilitate exchanges among participants and with course leaders. Programs are delivered on the ground in the agencies’ countries. Programs are focused on capacity building and developing tools to meet country-specific challenges. Our expert program leaders base their cases and presentations on their real life experiences.

Country programs can be tailored to meet the agency’s needs and those of the staff. They can be customized to the local supervisory/regulatory agencies and can lead to short- or long-term, multi-year country engagements.



SPOTLIGHT ON CORE PROGRAMS



CRISIS PREPAREDNESS
AND FSAP PREPARATION
AND/OR FOLLOW UP



MACROPRUDENTIAL
SURVEILLANCE AND
CROSS BORDER AND
CROSS SECTOR ISSUES



**FINANCIAL
STABILITY**



INTERNAL CAPITAL
ADEQUACY ASSESSMENT
PROGRAM AND DEPOSIT
INSURANCE



RISK-BASED AND
CONGLOMERATE
SUPERVISION

Financial stability programs support the financial sector by strengthening the knowledge and skills of supervisors, particularly in identifying and dealing with weak financial institutions, contributing to macroprudential surveillance, and crisis preparedness. Stable financial systems are critical for emerging markets and developing economies. Weak financial systems stifle economic growth, and disproportionately limit the flow of social and economic benefits to underprivileged citizens, including the poor, vulnerable women and marginalized communities.

Our customized, on-the-ground approach to training responds to needs of the recipients. We enable participants to infuse their own unique challenges, cultures and stages of development into their action plans. This fosters country ownership of the tools and initiatives designed while working with Toronto Centre to build resilient financial systems, and promote positive conditions for economic investment and growth. These range from risk-based supervisory frameworks and crisis simulation exercises, to policies that increase the participation of women in the financial sector and promote the use of innovative financing instruments and sources.

Financial stability is increasingly understood to be a basic precondition for achieving the UN Sustainable Development Goals. Toronto Centre programs ensure that countries are better suited to mitigate the risk of a regional or global financial crisis, and that they are able to guard against reversing the gains made in poverty reduction.



“ALTHOUGH THE PROGRAM WAS INTENSIVE, I THINK IT WAS AN EXTREMELY IMPORTANT AND TIMELY PROGRAM. *It incorporates all the major elements that should always be considered when developing and implementing an effective supervisory framework. It also provides opportunities for participants to reflect on the current practices in their supervisory framework that needs to be improved.”*

2017 PARTICIPANT

SPOTLIGHT ON CORE PROGRAMS



MICROFINANCE AND
MICROINSURANCE
SUPERVISION



CONSUMER
PROTECTION AND
MARKET CONDUCT



**FINANCIAL
INCLUSION**



DIGITAL FINANCIAL
SERVICES



FINTECH SUPERVISION



“THERE HAS BEEN GOOD PROGRESS IN THE CONSUMER PROTECTION SPACE LED BY THE FAIR COMPETITION COMMISSION (FCC), in ensuring a coordinated approach for the drafting of the National Financial Consumer Protection Framework (NFCPF). This outcome was achieved through the Market Conduct, Regulatory Systems and Complaints Handling training, facilitated by Toronto Centre.”

IRENE MADEJE MLOLA – OPERATIONS DIRECTOR,
FINANCIAL SECTOR DEEPENING TRUST

Regulatory and supervisory regimes can help to ensure that financial systems provide reliable access to financial services to support the exchange of goods and services, facilitate payments, savings and insurance and mobilize investment for businesses. The quality of financial institutions and the regulatory environment greatly determines the access people have to financial services such as banking and insurance products and services. Globally, over two billion people, a majority of whom are poor and female, do not have access to formal financial systems. The lack of access is a barrier for women’s economic empowerment, and contributes to their marginalization. Breaking down barriers to access financial inclusion promotes self-employment, asset accumulation, household wealth creation, and protects against the devastating effects of a financial crisis.

Our capacity building programs cover many financial services and products in six sectors: banking, insurance, securities, pensions, microfinance, and microinsurance. Within these sectors we support our partners to strengthen their financial sector development and expand access to financial services. Among the key topics are: digital finance services, fintech supervision and branchless banking, consumer protection, anti-money laundering and counter terrorist financing.

Financial inclusion provides women with greater control over their lives. It is a key ingredient in sustainable growth and in helping to close the gender gap and other inequality gaps.



CORPORATE
GOVERNANCE AND
SUPERVISORY
OVERSIGHT



AML-CFT AND
ANTI-CORRUPTION



EFFECTIVE GOVERNANCE



LEADERSHIP



GOVERNANCE AND
RISK MANAGEMENT IN
ISLAMIC FINANCE

Effective governance is critical for the proper functioning of the financial systems and economies in emerging markets and developing countries. Financial crises and weaknesses are often signs of poor governance that has been allowed to persist in the financial sector. The global finance regulatory landscape has undergone significant changes in response to the global financial crisis in 2008. These new developments include changes to regulatory expectations and practices requiring early intervention, resolution frameworks, and financial sector surveillance.

Toronto Centre has developed a number of TC Notes that address supervisory issues such as: sound corporate governance of financial institutions; adopting risk-based supervision; and anti-money laundering and combatting the financing of terrorism (AML/CFT) requirements.

Our support for supervisors and regulators includes providing them with modern tools to identify problems early, and to develop preventive or corrective measures that are compliant with international standards. Such oversight combats the effects of corruption and weak institutions that prevent governments from generating and using revenues effectively to alleviate poverty and implement more inclusive financial services to empower women and foster sustainable development.



“THE TORONTO CENTRE SUPPORT AND COOPERATION HAS BEEN PIVOTAL, and we have gotten a better alignment of our activities with the risk profile of the supervised institutions. We have reached the consolidation of a consistent supervision methodology, appropriate for the Costa Rican financial market, and recognized by international organizations as the International Monetary Fund (IMF).”

JAVIER CASCANTE ELIZONDO – FORMER SUPERINTENDENT
SUGEFC COSTA RICA

THE WAY FORWARD

THE FOCUS OF OUR MISSION WILL ALWAYS REMAIN TO PROVIDE HIGH-QUALITY, CAPACITY-BUILDING PROGRAMS FOR FINANCIAL SUPERVISORS AND REGULATORS. TORONTO CENTRE WILL CONTINUE TO DELIVER ITS CORE PROGRAMS.



**FINTECH AND
CYBER RISK**



**CLIMATE
FINANCE**



GENDER



**SUB-SAHARAN
AFRICA**

Although Basel III is almost complete, the challenge for financial supervisors and international standard setters is to ensure that the standards are appropriately implemented around the world. Meanwhile, new risks emerge. New technological innovations, such as FinTech and digital finance, are reshaping the financial services industry, providing the potential for greater inclusion, efficiency and choice. But these innovations come with risks, including cyber risks.

Climate change and financial stability are two critical public policy issues. Countries are increasingly aware that their financial systems can and must play a pivotal role in combatting climate change, and that their financial systems must be made resilient against the effects of climate change on our economies.

CLIMATE CHANGE WILL INCREASE INSURANCE LIABILITIES DUE TO THE PHYSICAL RISKS AS WELL AS THE CONSEQUENCES FOR BUSINESSES THAT MAY SUFFER DUE TO EXTREME WEATHER EFFECTS. THERE WILL BE LIABILITY RISKS IF THOSE WHO HAVE SUFFERED LOSS RELATED TO CLIMATE CHANGE SEEK DAMAGES FROM THOSE THEY HOLD RESPONSIBLE.

As Mark Carney, Chair of the Financial Stability Board has noted, the climate change phenomenon poses substantial risks for financial systems. Climate change will increase insurance liabilities due to the physical risks as well as the consequences for businesses that may suffer due to extreme weather effects. There will be liability risks if those who have suffered loss related to



climate change seek damages from those they hold responsible. There will be transition risks related to the process of adjustment toward a lower-carbon economy, such as new risks associated with “green bonds” and the inclusion of environmental and sustainability criteria in credit risk management.

OUR VISION ALIGNS WITH THE UN 2030 SUSTAINABLE DEVELOPMENT GOALS, ESPECIALLY AS IT RELATES TO SUSTAINABLE ECONOMIC DEVELOPMENT, POVERTY REDUCTION, AND GENDER EQUALITY.

Financial authorities need to understand these developments, to exercise judgment in reaching regulatory and supervisory assessments, and to work closely with resolution, macroprudential and other authorities and industries, both nationally and across jurisdictions. This presents challenges for the leaders of supervisory agencies, including acquiring the financial know-how and human resources capacities required to respond effectively to these developments.

Our vision aligns with the UN 2030 Sustainable Development Goals, especially as it relates to sustainable economic development, poverty reduction, and gender equality. We believe that in emerging markets and developing countries, especially in Sub-Saharan Africa and other poor regions, women’s ability to save, borrow and control their own money, and to insure themselves and their assets, reduces poverty and promotes inclusive growth. Innovations such as digital finance expand financial services to poor and rural women. By helping to put in place regulatory and supervisory frameworks that promote sustainable growth and ensure consumer protection, our programs help to reduce gaps in women’s usage of financial services. Poverty reduction, sustainable economic growth, and clean economic development go hand in hand.

Toronto Centre programs address these interlinked issues to better equip financial sector supervisors and regulators to face our increasingly complex world and its multifaceted challenges.



“THE REALITY IS THAT, TEN YEARS AFTER THE GLOBAL FINANCIAL CRISIS, YOUR WORK ON FINANCIAL SECTOR SUPERVISION AND REGULATION IS MORE IMPORTANT THAN EVER. *This is not only about preventing the next crisis. It is also about fostering healthier financial systems that can channel investments into the most promising ventures - the start-ups, the firms looking to expand, the high quality infrastructure projects - that can boost productivity, incomes and jobs.*”

CHRISTINE LAGARDE – MANAGING DIRECTOR INTERNATIONAL MONETARY FUND AT THE 2018 BIS-IMF SYMPOSIUM. BASEL, SWITZERLAND

GOVERNANCE

TORONTO CENTRE BOARD OF DIRECTORS



JOHN PALMER

CHAIR OF THE BOARD

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.



BARRY CAMPBELL

Founder and President, Campbell Strategies; Parliamentary Secretary to the Minister of Finance (later Prime Minister) The Right Honourable Paul Martin, from 1993 to 1997; former partner McCarthy Tétrault and Torys; former Legal Counsellor at the IMF.



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; Member of the Order of Canada.



STEFAN INGVES

Governor, Central Bank of Sweden; Chair, Basel Committee for Banking Supervision; former Director, Monetary and Financial Systems Department, International Monetary Fund.



MAUREEN JENSEN

Chair and Chief Executive Officer, Ontario Securities Commission (OSC); former Senior Vice-President of Surveillance and Compliance, Investment Industry Regulatory Organization of Canada (IIROC); former President and CEO, Market Regulation Services Inc. (RS).



ADITYA NARAIN

Deputy Director in charge of financial supervision/regulation and technical assistance, Monetary and Capital Markets Department, International Monetary Fund; former Chief General Manager of Banking Supervision, Reserve Bank of India.



DINA PALOZZI

CHAIR OF THE AUDIT COMMITTEE

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.



CEYLA PAZARBASIOGLU

Senior Director in the Finance, Competitiveness and Innovation Global Practice of the World Bank Group; former Deputy Director of the Monetary and Capital Markets Department of the International Monetary Fund; former Vice President of the Banking Regulation and Supervision Agency, Turkey.



JEREMY RUDIN

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

TORONTO CENTRE ADVISORY BOARDS

Toronto Centre has three Advisory Boards – comprised 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 at programs and in case studies, recommend potential program leaders, provide valuable contacts, and promote 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. We would like to thank them for their contributions to Toronto Centre in 2017.

BANKING



CLIVE BRIAULT

CHAIR

Senior adviser on regulation at KPMG, adviser to a number of supervisory authorities in Europe, and consultant to the IMF, World Bank and Asian Development Bank. Former Managing Director of Retail Markets, Director of Central Policy, and Director, Prudential Standards at the Financial Services Authority.

SECURITIES



ILANA SINGER

CHAIR

Vice-President & Corporate Secretary, Canadian Investor Protection Fund; Securities Expert, International Monetary Fund; Former Chief Operating Officer and Deputy Director at the Canadian Foundation for the Advancement of Investor Rights; Former Adjunct Instructor for the Osgoode Hall Law School Investor Protection Seminar; Former Senior Advisor, International Affairs at the Ontario Securities Commission; Former corporate and securities lawyer at McMillan LLP.

INSURANCE AND PENSIONS



MICHAEL HAFEMAN

CHAIR

Actuary and independent international consultant on insurance and pensions issues; former Assistant Superintendent, Specialist Support Sector, Office of the Superintendent of Financial Institutions, Canada.

MEMBERS

Barry Johnston
Ruth de Krivoy
Paul Wright
Jan Willem van der Vossen
Sarkis Yoghourtdjian

MEMBERS

Carlos Barsallo Perez
Andrea Corcoran
Ana Fiorella Carvajal
Brian Gelfand
Alison Harwood
Jean Lorrain
Tanis MacLaren
Paul Muthaura
Rosario Patron
Gillian Tan
Edward J. Waitzer

MEMBERS

John Ashcroft
George Brady
Peter Braumüller
Keith Chapman
Jonathan Dixon
Conor Donaldson
Natalie Haanwinckel Hurtado
William Joseph Price
Lawrie Savage
Fiona Stewart
Craig Thorburn

OPERATIONAL RESPONSIBILITY & FINANCES

BOARD OF DIRECTORS AND EXECUTIVE COMMITTEE

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

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

The Executive Committee is composed of a subset of the board members: the Chair, the Chair of the Audit Committee, and board members appointed by the Government of Canada, the International Monetary Fund, the World Bank, and the Schulich School of Business.

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

AUDIT COMMITTEE

The Audit Committee is chaired by a member of the Board of Directors, and is composed of three other board members. At least one representative from Ernst & Young, Toronto Centre's external auditing firm, usually attends the meetings. The Audit Committee meets at least annually prior to the spring board meeting to review the audited financial statements. The Committee is also responsible for conducting the periodic comprehensive review of the external auditor. The Committee Chair meets more frequently with the external auditor and management. Since its inception, Toronto Centre has received unqualified audit opinions.

GOVERNANCE AND NOMINATING COMMITTEE

In 2015, the Board of Toronto Centre formed a Governance and Nominating Committee to help ensure that the Centre's governance policies were consistent with best practices and to support the Board's renewal process. The Governance and Nominating Committee is chaired by the Chair of the Board and includes three other board members. The Committee is primarily tasked with fostering board renewal and succession, including identifying prospective directors who have the desired competencies, expertise, skills, and background. The Committee is also responsible for developing effective corporate governance policies and procedures and developing and overseeing processes for assessing the effectiveness of the board and its individual directors, including a skills matrix, an effectiveness survey, and term limits. In addition, there is a subcommittee under the leadership of Dina Palozzi to oversee a Board Chair succession process.

CORPORATE RESPONSIBILITY

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

FINANCIAL INTEGRITY

REVIEWS AND APPROVALS

The Board of Directors takes financial integrity seriously and has passed various resolutions and adopted policies setting out the administrative practices to be followed. The board reviews and approves Toronto Centre's annual budget and reviews execution at board and committee meetings and via periodic updates. The board holds the President and CEO accountable for effective management and reporting of income and expenses, and compliance with 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 Toronto Centre, this function is conducted separately by its financial staff. Toronto Centre's internal controls are based on best practices and procedures for an organization of our size and in accordance with our major funders' requirements. These practices and procedures include documented policies, segregation of duties where possible, a requirement for two signatures on all payments irrespective of size, and approval by two board members of any large payment.

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

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, and Privacy Policy. These policies require everyone involved with Toronto Centre to act with integrity, be accountable for Toronto Centre resources, be respectful of others, protect confidential information, avoid conflicts of interest, and follow all applicable laws.

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

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

SUMMARIZED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT



SUMMARIZED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S 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, 2017, and the summarized statement of operations for the year then ended, are derived from the audited financial statements of Toronto Leadership Centre as at and for the year ended December 31, 2017. We expressed an unqualified audit opinion on those financial statements in our auditor's report dated May 14, 2018.

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 summarized 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 the summarized financial statements in accordance with Canadian accounting standards for not-for-profit organizations.

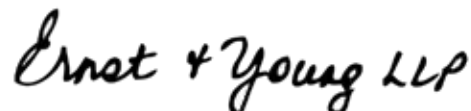
AUDITOR'S RESPONSIBILITY

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, 2017 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, 2017 and its financial performance for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Toronto, Canada
May 14, 2018

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

Chartered Professional Accountants
Licensed Public Accountants

SUMMARIZED STATEMENT OF FINANCIAL POSITION


As at December 31	2017 \$	2016 \$
ASSETS		
Current		
Cash and cash equivalents	748,707	2,611,805
Short-term investments	4,474,900	1,984,336
Internally restricted short-term investments	2,374,592	1,758,398
Accounts receivable and other	293,396	188,978
Total current assets	7,891,595	6,543,517
Capital assets, net	21,333	18,854
	7,912,928	6,562,371
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities	1,095,060	587,395
Deferred contributions and other	3,923,122	3,527,140
Total current liabilities	5,018,182	4,114,535
Net assets		
Unrestricted	520,154	689,438
Internally restricted	2,374,592	1,758,398
Total net assets	2,894,746	2,447,836
	7,912,928	6,562,371

See accompanying notes

On behalf of Toronto Leadership Centre:



Chair



CEO and President

SUMMARIZED STATEMENT OF OPERATIONS

Year ended December 31	2017 \$	2016 \$
REVENUE		
Contributions	5,385,952	4,565,566
Program partner fees	1,171,269	1,108,737
Participant registration fees and other	400,541	316,271
	6,957,762	5,990,574
EXPENSES		
Program delivery	4,256,123	3,509,478
Program development	486,860	583,732
Program promotion	428,085	494,372
Projects	726,204	569,417
General, administrative and other	552,193	606,074
	6,449,465	5,763,073
Excess of unrestricted revenue over expenses before undernoted item	508,297	227,501
Foreign exchange loss	(77,581)	(69,295)
Excess of unrestricted revenue over expenses for the year	430,716	158,206
Internally restricted interest income	16,194	12,362
Excess of total revenue over expenses for the year	446,910	170,568

See accompanying notes

NOTES TO SUMMARIZED FINANCIAL STATEMENTS

December 31, 2017

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, 2017 and for the year then ended.

The preparation of these summarized financial statements requires 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 respects, the summarized financial statements contain the information necessary to avoid distorting or obscuring matters disclosed in the complete audited financial statements, including the notes thereto.

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

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

2. REVENUE RECOGNITION

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

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

Interest income is recorded on an accrual basis.

3. ALLOCATION OF EXPENSES

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

4. INTERNALLY RESTRICTED NET ASSETS

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

5. IN-KIND CONTRIBUTIONS

During the year ended December 31, 2017, Toronto Centre's members and supervisory agencies and regulatory authorities from Toronto Centre's funders' countries, including the World Bank, the Central Bank of Sweden [Riksbank], the Schulich School of Business at York University, the International Monetary Fund, and the Office of the Superintendent of Financial Institutions, and many other financial supervisory experts, provided in-kind contributions to Toronto Centre. These contributions are not recorded in these financial statements.

6. COMPARATIVE FIGURES

The comparative figures have been reclassified to conform to the presentation adopted in the current year. The changes do not affect prior years' excess of total revenue over expenses.

OUR TEAM



BABAK ABBASZADEH

PRESIDENT AND CEO

President and CEO, Toronto Centre; former Director of Stakeholder Relations, Canada Pension Plan Investment Board; former Chief of Staff to two Ontario Cabinet Ministers; former Director of Government and Industry Relations, Sun Life Financial.

PROGRAM DIRECTORS

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

(Please see their respective bios at:

<https://www.torontocentre.org/About/Team/Staff>)



JUAN PABLO ARANGO



DEMET ÇANAĞCI



SALVADOR CHANG



CALVIN JOHANSSON



PHANG HONG LIM



DR. HOOI ENG PHANG



SHELINA VISRAM

2017 PROGRAM PARTNERS

Access to Insurance Initiative (A2ii)
African Regional Committee (ARC)
ASEAN Insurance Training and Research Institute (AITRI)
Banco Central do Brasil
Bank of Ghana
Bank of Jamaica
Bank of Zambia
Central Bank of Armenia
Central Bank of Myanmar
Central Bank of the Republic of Turkey
Comisión Nacional de Bancos y Seguros (CNBS) - Honduras
Consultative Group to Assist the Poor (CGAP)
CowaterSogema
European Microfinance Platform (e-MFP)
European Regional Committee (ERC)
Federal Reserve Board of Governors (FED)
Financial Institutions Commission (FICOM) - British Columbia
Financial Services Commission of Jamaica (FSC)
Financial Stability Institute (FSI)
Fogafin
Fundo Garantidor de Créditos (FGC)
Ghana Stock Exchange
Growth and Emerging Markets Committee (GEM-IOSCO)
IMF East AFRITAC
Insurance Regulatory and Development Authority of India (IRDA)
International Association of Deposit Insurers (IADI)
International Monetary Fund (IMF)
Islamic Research and Training Institute (IRTI)
Middle East and North Africa Regional Committee (MENA)
Monetary Authority Singapore (MAS)
National Insurance Commission (NIC) - Nigeria
Otoritas Jasa Keuangan (OJK) - Indonesia
Pensions and Insurance Authority - Zambia
Securities and Exchange Commission Ghana
South Africa Reserve Bank (SARB)
South East Asian Central Banks (SEACEN) Research and Training Centre
State Bank of Pakistan
State Bank of Vietnam
Superintendencia de Banca, Seguros y AFP (SBS) - Peru
Superintendencia de Bancos de Panamá
Superintendencia de la Economía Solidaria - Colombia
Superintendencia de Pensiones (SUPEN) - Costa Rica
Superintendencia de Seguros y Reaseguros de Panamá
Superintendencia del Sistema Financiero - El Salvador
Superintendencia General de Entidades Financieras (SUGEF) - Costa Rica
Superintendencia General de Seguros (SUGESE) - Costa Rica
Superintendencia General de Valores (SUGEVAL) - Costa Rica
Sveriges Riksbank
The World Bank
Uganda Retirement Benefits Regulatory Authority



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**FINANCIAL STABILITY
FINANCIAL INCLUSION
EFFECTIVE GOVERNANCE**



Strengthening financial supervision
Advancing stability and inclusion