





## OUR VISION

A world where financial systems are stable  
and accessible to all

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## OUR MISSION

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

## FOUNDING AND FUNDING PARTNERS

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Global Affairs  
Canada

Affaires mondiales  
Canada



SWEDISH INTERNATIONAL DEVELOPMENT  
COOPERATION AGENCY



**THE WORLD BANK**  
IBRD • IDA | WORLD BANK GROUP



**Schulich**  
School of Business  
York University



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GOVERNOR  
STEFAN  
INGVES

# MESSAGE FROM THE CHAIR OF THE BOARD

This is my first opportunity to report to the stakeholders of Toronto Centre as Chair of the Board. I have served on the Board of Directors of Toronto Centre for nearly 19 years, so I know the organization well. I

have watched it grow from its tiny beginnings to its current status as a very important player in the global financial supervisory and regulatory community.

To achieve our vision and our dream of eliminating poverty, we build the capacity of financial regulators and supervisors to enable them to build stable and accessible financial systems, contributing to the economies and citizens of the countries that they serve.

Many of us rarely think about our financial system. It is a bit like the air we breathe or the electricity that lights our houses and powers our factories and machines. But the financial system plays a crucial role in our societies. It facilitates payments between individuals and businesses. This makes the economy far more efficient and productive than when we exchanged goods and services through barter. It also makes it possible for people to save and allow for these savings to grow. When savings accumulate, banks, insurance companies, pension funds, investment firms and other financial intermediaries can channel these savings to those who can make use of them in productive ways, by way of loans to consumers and businesses and longer-term investments in businesses and infrastructure. The financial system enables consumers and organizations to manage financial risks through insurance and other products. All this helps the economy to grow. That, in turn, creates jobs and improves livelihoods for all.

We tend to think about financial systems when they break down due to financial institutions and individuals taking excessive risks. And when financial systems fail, along with the institutions that are part of them, the consequences can be far-reaching and

sometimes devastating. People lose their savings, businesses cannot access credit, the economy contracts and jobs are lost. Recovery is difficult because people lose their trust in financial institutions and are more reluctant to use them.

This is where financial supervisors and regulators come in. Their job is to set the rules of the game to ensure that the players in the financial system play safely without taking excessive risks. This is a more difficult job than you might think. The rules of safe play are well known but not always easy to enforce, particularly when the economy is booming, and people forget how easily things can go wrong. The task of supervisors and regulators is to make rules and guidance and act when these are not followed. This requires knowledge, capacity, technical skills, confidence and courage on the part of supervisors and regulators.

**“Toronto Centre works with supervisors, regulators, central bankers, and deposit insurers to help them build and maintain stable, resilient and inclusive financial systems that are less crisis-prone and more accessible to all members of society.”**

The role of Toronto Centre is to support and empower supervisors and regulators, particularly in developing countries where the need can be greatest. By helping supervisors and regulators build and maintain stable, resilient and inclusive financial systems, we help to protect all members of society, particularly the poor, from economic shocks, and contribute to the provision of financial services that will help them to feed their families, start and grow their businesses, save for retirement, and protect themselves against financial loss.

Our programming will continue to evolve to keep up with new developments in financial systems and the changing needs of financial supervisors and regulators. As we plan for the next 20 years, we will remain faithful to our vision of a world without poverty where financial systems are stable and accessible to all.

# MESSAGE FROM THE PRESIDENT AND CEO

BABAK  
ABBASZADEH



I am delighted to report that 2018 was another highly productive year for Toronto Centre. We delivered 78 capacity development programs, including six panel discussions, in 34 countries. These programs were delivered by our eight hard-working program directors, sup-

ported by a small head office staff and our roster of valued, experienced and diverse program leaders who are drawn from the global supervisory and regulatory community. In addition to being productive, the year was particularly gratifying as we continued to receive stellar reviews from the participants at our programs. From them we have many examples of the changes they have made in their organizations, some of which are highlighted in this report.

At these programs we've trained 2,200 supervisors from over 100 countries in intensive and interactive sessions, where participants were actively involved in the learning process while receiving a high degree of individual attention. This was made possible by a student-to-instructor ratio of approximately 8:1. 97% of our participants were from emerging markets and developing countries and 47% of them were women. In addition to these programs, we offered ongoing learning opportunities to members of the Toronto Centre Community through webinars and our diverse and growing selection of Toronto Centre Notes that focus on their needs.

We were deeply gratified to receive a vote of confidence from our largest funder, Global Affairs Canada, which renewed our funding for another five years beginning in 2019. We are also very pleased to announce our newest funding partnership with Comic Relief and Jersey Overseas Aid to advance financial inclusion in Zambia.

All our programs are directed towards fulfilling Toronto Centre's core objectives of contributing to financial stability, inclusion and effective governance. Our programs are closely aligned with the United Nations 2030 Sustainable Development Goals (SDGs). Our work complements that of many other development organizations that are working toward the SDGs. We are greatly assisted by the presence on our board of senior representatives of the International Monetary Fund and the World Bank, two important institutions that are also working to implement the SDGs.

In his message, our Chair explains how our work with financial supervisors ultimately contributes to the betterment of individuals within the societies that we serve, particularly those at the bottom end of the social pyramid, a disproportionate number of whom are women and girls. This is a key

aspect of our vision and mission, which helps make working at Toronto Centre so fulfilling.

While our core objectives do not change, our programs are constantly updated to respond to the priorities of our funders and partners, new developments in financial systems and the changing needs of the supervisory and regulatory community in areas such as FinTech and climate change. We will continue to work with regulators and supervisors from developing economies around the world and begin to place more emphasis on Sub-Saharan Africa, where development needs are great.

In addition to focusing on financial inclusion and helping to ensure that the regulatory environment does not impede women from accessing the formal financial system, we will continue to focus on financial stability. We are concerned that the economic recovery that has occurred since the Global Financial Crisis may soon run its course, increasing the risk of another financial crisis. We are also concerned that developing countries could be exposed to another crisis similar to that in 2008. For this reason, we will be updating our crisis preparation and crisis management programs and encouraging our supervisory and regulatory partners to make use of them.

Toronto Centre's success in 2018 and over the past 20 years can be attributed to many things, including the vision of our founders, the dedication and hard work of our staff and program leaders,

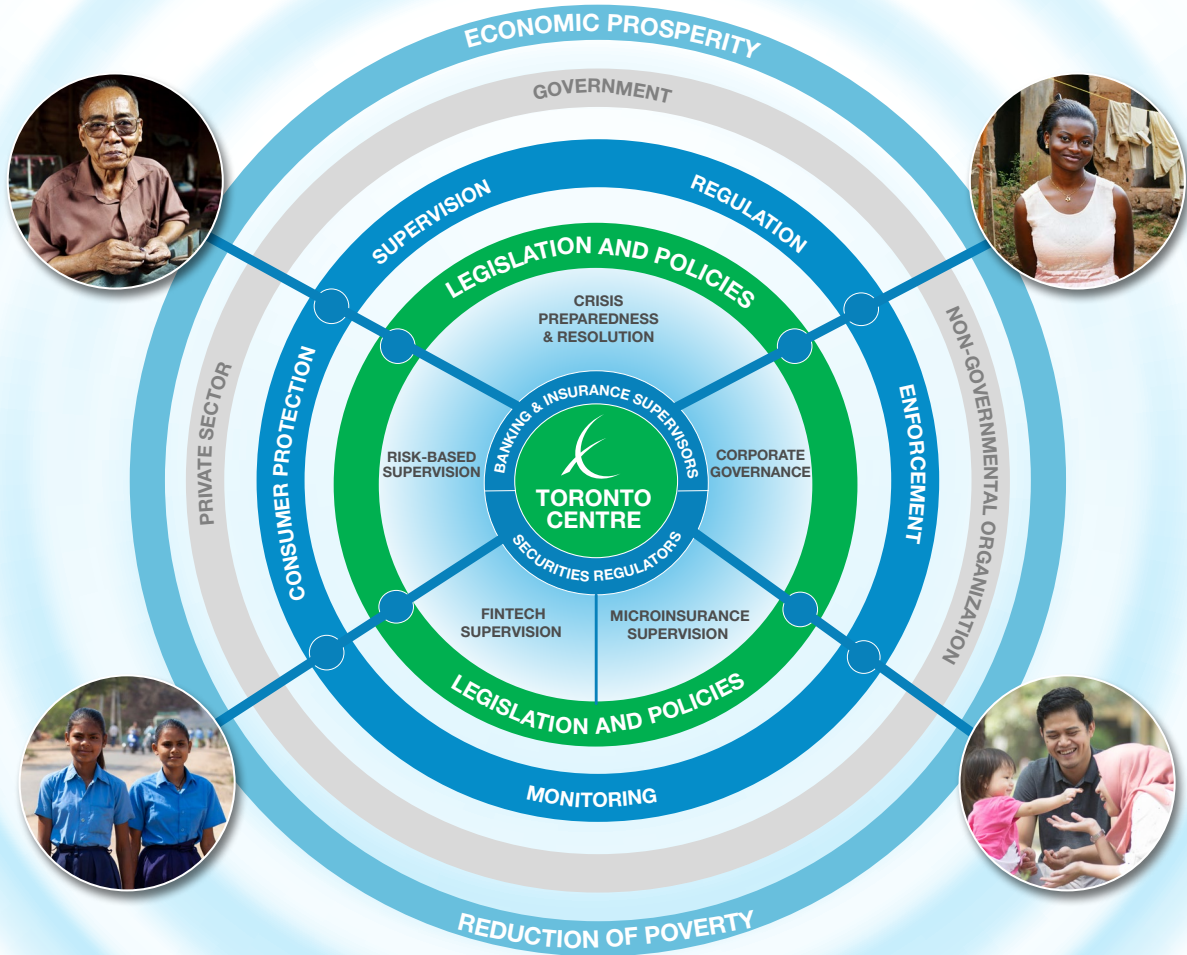
and the generous support of our funding partners. Our retiring chair John Palmer deserves special mention, having been one of the original founders of Toronto Centre. In recognition of his contributions we have established scholarships for the Core Curriculum Certificate Course in his name.

We are particularly grateful to our core funders, the Government of Canada (Global Affairs Canada), the Swedish International Development Cooperation Agency (Sida), and the International Monetary Fund, together with our other founding partners, including the World Bank and the Schulich School of Business at York University, and our many project partners.

It may take a village to educate a child, but it certainly takes a global network of people and institutions to help Toronto Centre to realize our goals. We are very grateful to all I have mentioned for their support and commitment to our vision and mission.

*“While our core objectives do not change, our programs are constantly updated to respond to the priorities of our funders and partners, new developments in financial systems and the changing needs of the supervisory and regulatory community in areas such as FinTech and climate change. We will continue to work with regulators and supervisors from developing economies around the world and begin to place more emphasis on Sub-Saharan Africa, where development needs are great.”*

# Toronto Centre's **Ripple Effect**



“At Toronto Centre we work with regulators and supervisors to keep financial systems in motion.

What supervisors and regulators do every day has a ripple effect that cascades across government, NGOs, and the private sector impacting developing economies and those living in them. This contributes towards achieving the UN Sustainable Development Goals, in particular **No Poverty, Quality Education, Gender Equality** and **Climate Action.**”

— **BABAK ABBASZADEH**  
President and CEO, Toronto Centre

Discover Toronto Centre's *ripple effect*: [www.torontocentre.org](http://www.torontocentre.org)

## A MESSAGE FROM H.M. QUEEN MÁXIMA OF THE NETHERLANDS

Toronto Centre is pleased to have received a special message from Her Majesty Queen Máxima of the Netherlands for our International Conference on Leveraging Fintech for Inclusive and Stable Financial Systems



### HER MAJESTY QUEEN MÁXIMA OF THE NETHERLANDS

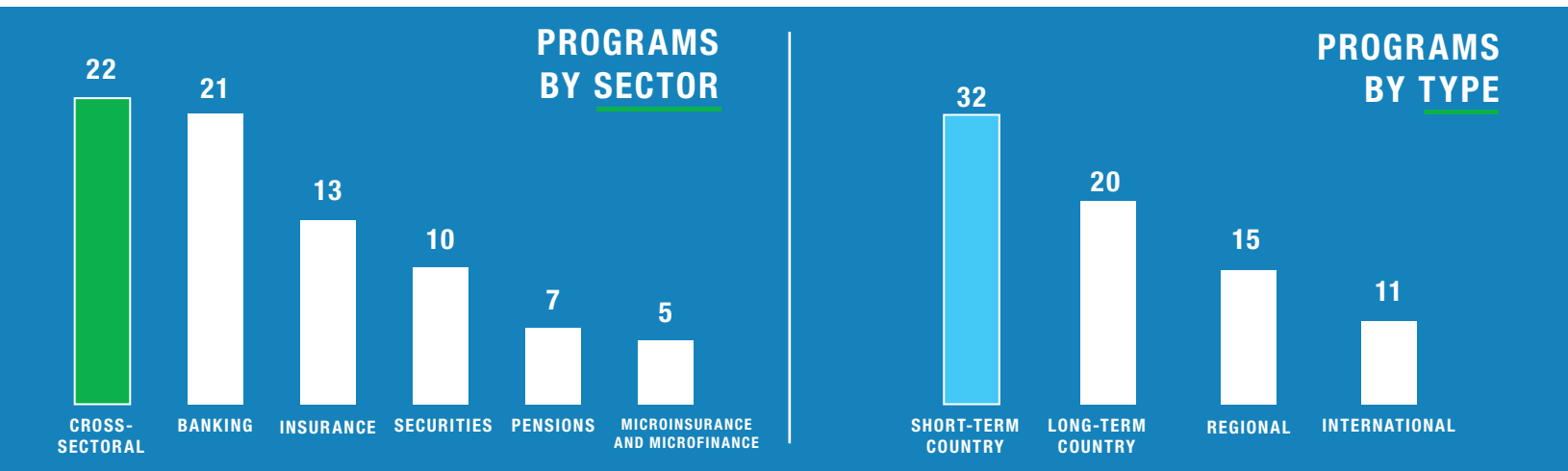
UN Secretary-General's Special Advocate for Inclusive Finance for Development (UNSGSA) and Honorary Patron of the G20's Global Partnership for Financial Inclusion

Technology-led innovations are creating new solutions for customers with financial services designed around their needs which can help them improve their lives. As the UNSGSA, I am very pleased that the Toronto Centre is bringing together regulators and supervisors, development partners, and global standard setters to share experiences of how FinTech can play a transformative role driving financial inclusion while maintaining financial stability. This type of dialogue is needed to share the experiences of regulators who have implemented new policy initiatives to unleash innovation while mitigating potential risks. Going forward, it will be important for partners, such as the Toronto Centre, to offer capacity building support to regulators and supervisors, so their staff are familiar with new technologies and they can incorporate innovation into existing supervisory tools and design new regulatory initiatives.

# PROGRAM OVERVIEW



**15 OF OUR PROGRAMS FOCUSED ON FINANCIAL INCLUSION**



## 2018 HIGHLIGHTS

**34**  
COUNTRIES  
WHERE PROGRAMS  
WERE DELIVERED

**6**  
PANELS  
WASHINGTON,  
LUXEMBOURG, BALI,  
TORONTO, BASEL AND  
ISTANBUL

**356**  
DAYS OF  
PROGRAMMING

**47**  
AGENCIES WE'VE  
PARTNERED WITH  
TO DELIVER  
PROGRAMMING

**91%**  
OF FUNDING SPENT  
ON CAPACITY  
DEVELOPMENT  
PROGRAMMING



# PARTICIPATION HIGHLIGHTS

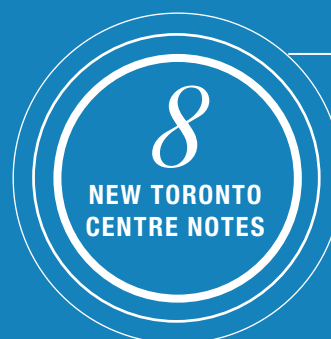


## TORONTO CENTRE-PRODUCED CONTENT



### TOPICS COVERED:

- CYBER RISK
- FINTECH, SUPTECH, REGTECH
- GREEN FINANCE
- FINANCIAL INCLUSION
- FINANCIAL STABILITY
- RISK BASED SUPERVISION
- SUSTAINABLE DEVELOPMENT



### TOPICS COVERED:

- FINANCIAL INCLUSION
- FINANCIAL LITERACY
- RISK BASED SUPERVISION
- CRISIS
- SUPTECH
- CYBER RISK
- IFRS 17

## PARTICIPANTS CAME FROM **113 COUNTRIES** IN 2018

Afghanistan  
 Albania  
 Anguilla  
 Argentina  
 Armenia  
 Aruba  
 Australia  
 Austria  
 Bahamas  
 Bangladesh  
 Barbados  
 Belarus  
 Belgium  
 Bosnia and Herzegovina  
 Brazil  
 Brunei  
 Cambodia  
 Canada  
 Cayman Islands

China  
 Colombia  
 Costa Rica  
 Côte d'Ivoire  
 Czech Republic  
 Djibouti  
 Egypt  
 Eritrea  
 Eswatini  
 Ethiopia  
 France  
 Gambia  
 Germany  
 Ghana  
 Greece  
 Grenada  
 Guatemala  
 Guernsey  
 Honduras

Hong Kong  
 India  
 Indonesia  
 Iran  
 Ireland  
 Isle of Man  
 Italy  
 Jamaica  
 Japan  
 Jordan  
 Kazakhstan  
 Kenya  
 Kosovo  
 Lao PDR  
 Latvia  
 Lebanon  
 Liberia  
 Liechtenstein  
 Lithuania

Luxembourg  
 Macedonia  
 Malawi  
 Malaysia  
 Maldives  
 Malta  
 Mexico  
 Montenegro  
 Morocco  
 Mozambique  
 Namibia  
 Nepal  
 Netherlands  
 Nigeria  
 Norway  
 Oman  
 Pakistan  
 Palestine  
 Panama

Papua New Guinea  
 Peru  
 Philippines  
 Poland  
 Portugal  
 Romania  
 Russia  
 Rwanda  
 Saudi Arabia  
 Serbia  
 Seychelles  
 Singapore  
 Slovenia  
 Somalia  
 South Africa  
 South Korea  
 Spain  
 St. Kitts and Nevis  
 Sudan

Suriname  
 Swaziland  
 Sweden  
 Switzerland  
 Tanzania  
 Thailand  
 Timor Leste  
 Tunisia  
 UAE  
 Uganda  
 Ukraine  
 United Kingdom  
 United States  
 Uruguay  
 Vietnam  
 Yemen  
 Zambia  
 Zimbabwe

# TORONTO CENTRE APPROACH

## FINANCIAL STABILITY & INCLUSION



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, mobi-

lizing investments, providing insurance, and creating safe, reliable mechanisms for household savings.

Financial regulators and supervisors create and enforce the rules of the game that help financial systems to perform these critical functions while treating consumers fairly and avoiding excessive risks. Regulators and supervisors working with central banks also help to protect against financial crises and economic instability. By building the capacity

of regulatory and supervisory agencies to perform their important role, Toronto Centre helps to ensure that financial systems deliver these functions in an inclusive and sound, stable manner while promoting good practices of risk management and corporate governance.

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



# WHAT TO EXPECT FROM A TORONTO CENTRE PROGRAM

## SUPERVISOR AND REGULATOR EXPERIENCE

### **PRACTICAL AND COMPREHENSIVE**

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

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

## GENDER RESPONSIVE

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

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

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## FIT FOR PURPOSE AND INTERACTIVE

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

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

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## EMPOWERING & ACTION ORIENTATED

Our programs help empower supervisors and regulators to transform their agencies and implement international standards of sound practice. We focus on issues such as lack of political support, obsolete legislation, inadequate budgets, shortage of skilled staff, out-of-

date methodologies, weak internal training programs and uncooperative financial institutions that lead to poor supervision and weak regulation.

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

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

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## NETWORKING AND PEER LEARNING

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

## ALUMNI ACHIEVEMENTS

# OUR IMPACT ON THE GROUND

“Toronto Centre’s international program for securities regulators provided me with professional insights into developing a useful action plan to implement an internal litigation support system. The implementation of the system was aimed at enhancing work efficiency and data integrity in a coordinated manner. Toronto Centre helped me to develop strong strategic planning and project management skills when working on such an important project. The training also allowed me a good opportunity to share my experience with other overseas regulators and to exchange our views on various topics throughout the program. I would highly recommend this program to my colleagues since it is very practical and interactive.”

**JIMMY TONG**

DIRECTOR ENFORCEMENT, SECURITIES AND FUTURES COMMISSION  
HONG KONG



“Our Action Plan was developed to improve the supervision of key internal functions. Due to various EU regulations, the key internal function of asset management companies had to be modified. The Action Plan was a new approach for us and turned out very well, as the methodology of the Action Plan supports us to monitor the different steps and workstreams.”

**CHRISTIAN MINKUS**

DEPUTY HEAD OF THE LEGAL SECTION  
FMA – FINANCIAL MARKET AUTHORITY LIECHTENSTEIN

# 93%

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



“A unique aspect of the Toronto Centre training programs is the comprehensive action planning methodology, which helps to ensure project success.

Before attending the Toronto Centre program, I was working on issues related to regulatory aspects of virtual currencies in the Astana International Financial Centre in Kazakhstan. Following the introduction of the new framework on virtual currencies, there was a need to provide greater regulatory clarity around virtual currency

trading, pricing and taxation by developing a comprehensive framework that would provide clear processes and guidelines for government authorities, financial institutions (banks and virtual currency exchanges) and investors.

I attended the program “New Frontiers in Regulation and Supervision: Keeping Regulation and Supervision in Step with Innovation” at Toronto Centre in July 2018. Using Toronto Centre’s action planning methodology, I was able to make a comprehensive assessment of the problem (including identifying potential barriers, enablers, and stakeholders) and to develop a solution with the preferred outcome for all stakeholders, which considerably improved the chances of achieving results. The draft framework has gone through several stages and iterations of multilateral discussions among the government authorities and market representatives. It has been included in the bill on digital technologies, which is to be presented to the Parliament soon.”

**ASSYLBEK DAVLETOV**  
CHIEF FINTECH OFFICER  
ASTANA FINANCIAL SERVICES AUTHORITY

“The program was very well put together to help participants make real improvements in their performance as supervisors and regulators. It focused on my main function as a supervisor. I am looking forward to showing improvements in my performance. In fact, I will be interviewed for a promotion in my agency during the coming week and I will certainly use this training to my advantage.”

**PARTICIPANT**  
CORE CURRICULUM CERTIFICATE COURSE  
FOR FINANCIAL SUPERVISION, TORONTO

**96%**

WOULD RECOMMEND A TORONTO CENTRE PROGRAM

**98%**

AGREED THEY WOULD BE ABLE TO APPLY KNOWLEDGE AND SKILLS

**97%**

AGREED THEY WOULD BE MORE EFFECTIVE SUPERVISORS OR REGULATORS

**95%**

RANKED TEACHING METHODOLOGY AS EXCELLENT OR GOOD

# OUR JOURNEY: THE WAY FORWARD



## CONTINUING THE JOURNEY TO BUILD MORE STABLE, INCLUSIVE AND RESILIENT FINANCIAL SYSTEMS

The Asian Financial Crisis of the late 1990s and other regional crises that preceded it were catalysts for the creation of Toronto Centre in 1998. Many, including the founders of Toronto Centre, were shocked at the impact of these crises, which included bank failures, GDP contraction, huge job losses and millions of people thrown back into poverty. Because weak financial supervision was one of the root causes of these crises, the initial focus of Toronto Centre was to strengthen financial supervision, with an emphasis on financial stability.

Our emphasis on financial stability continues. Although significant steps have been taken to enhance the resilience of financial systems to reduce the risk of another major crisis, that risk has not been eliminated and may well be increasing. We do not know what will cause another crisis and there are many potential triggers. Ten years of low interest rates and ample liquidity have encouraged excessive risk-taking. Corporate debt, much of it sub-prime, has grown rapidly since the last crisis. Covenants have weakened, increasing loss potential. Emerging markets have borrowed heavily in U.S. dollars and stock markets have grown much faster than underlying GDP, stimulated by low interest rates.

Central banks and governments may have fewer tools available to fight the next crisis. Government deficits have been rising, making fiscal stimulus more difficult. Interest rates are low or near zero in many countries, reducing the scope to drop them further to stimulate demand. Central banks may not be able to continue to increase the size of their massive balance sheets to produce additional liquidity. Public unhappiness with past bank bailouts may also tie the hands of authorities.

As our work evolved, we recognized that effective governance and financial inclusion go hand in hand with financial stability, and should be as important to central bankers, supervisors and regulators.

As Toronto Centre looks forward, the three pillars of **financial stability, financial inclusion, and effective governance**

will continue to remain central to what we do. The work of financial supervisors and regulators may be even more important today than 20 years ago. Ensuring that more citizens can access financial services to help them make payments, save money, borrow money to build businesses, and protect themselves and their assets is critical to sustainable economic growth and poverty reduction.

We are constantly updating our programming to remain relevant in a dynamic global environment. We have seen huge technological innovations in the areas of FinTech, artificial intelligence and digital financial services. These innovations are reshaping the financial services industry and providing the potential for greater inclusion. However they come with risks that financial supervisors and regulators must address. We have expanded our programming to include green finance and climate risk, recognizing the threat to financial stability posed by climate change. We offer programs in corporate governance for financial institutions and courses in related areas such as anti-money laundering and terrorist financing, dealing with corruption in the financial sector and gender equity, which are important aspects of improving the governance and management of financial institutions.

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

Building the Toronto Centre over the past 20 years has been a remarkable journey and one we plan to continue by strengthening the capacity of our central banking and supervisory and regulatory agency partners to further strengthen the stability of their financial systems and to build more inclusive financial systems.

# BOARD OF DIRECTORS

## CHAIR, STEFAN INGVES

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

*Governor Ingves became Chair of TC in July 2018. He succeeded John Palmer who retired after serving as Chair for 12 years.*



## VICE CHAIR, 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).



## BARRY CAMPBELL

Founder and President, Campbell Strategies; former Parliamentary Secretary to the Minister of Finance 1995-1997 and former member of the Parliament of Canada 1993-1997; former "special partner" of McCarthy Tétrault and of Torys; former Legal Counsellor at the IMF.



## DEZSŐ J. HORVÁTH

Dean & Tanna H. Schulich Chair in Strategic Management, Schulich School of Business, York University (Toronto); Director, Inscope Corporation & UBS Bank (Canada); Advisory Board, Canada's Outstanding CEO of the Year Award program; former Fellow, World Economic Forum; Academy of International Business 2004 Dean of the Year; Member, Order of Canada (2008).



## ADITYA NARAIN

Deputy Director in charge of financial supervision/regulation, fintech 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.



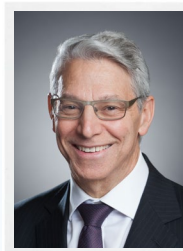
## CEYLA PAZARBASIOGLU

Vice President for Equitable Growth, Finance and Institutions at the World Bank Group. In this role, she provides strategic leadership to the best expertise from the World Bank and International Finance Corporation to help developing countries build the foundations for inclusive and sustainable growth. She is a former Deputy Director, Monetary and Capital Markets, at the International Monetary Fund, and Vice President of the Banking Regulation and Supervision Agency, Turkey.



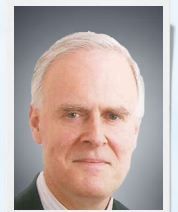
## JEREMY RUDIN

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



## JOHN PALMER

Retired as Chair in July 2018. John was a founder of Toronto Centre and served as Chair for 12 years. We thank him for his dedication and service to Toronto Centre.





# ADVISORY BOARDS

Toronto Centre has three Advisory Boards that are comprised of international experts in banking, insurance and pensions, and securities regulation and supervision. Advisory board members suggest themes and issues to be discussed at programs and in case studies, recommend potential program leaders, provide valuable contacts and promote Toronto Centre, raise interest in its programs and identify potential sponsors. They provide a valuable service by making sure our programs are relevant to the ever-changing needs of the supervisory community. We would like to thank them for their contributions to Toronto Centre in 2018.

## BANKING



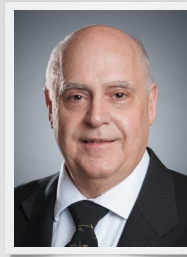
**CLIVE BRIAULT, CHAIR**

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.

### MEMBERS:

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

## INSURANCE AND PENSIONS



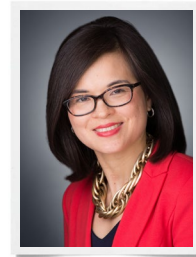
**MICHAEL HAFEMAN, CHAIR**

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

### MEMBERS:

John Ashcroft	William Price
George Brady	Lawrie Savage
Peter Braumüller	Fiona Stewart
Keith Chapman	Craig Thorburn
Jonathan Dixon	Sandile Dlamini
Conor Donaldson	Hannah Grant
Natalie Haanwinckle Hurtado **	

## SECURITIES



**ILANA SINGER, CHAIR**

Vice-President & Corporate Secretary, Canadian Investor Protection Fund; Member of the Ontario Securities Commission (OSC) independent Investor Advisory Panel (IAP). 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.

### MEMBERS:

Calissa Aldridge	Jean Lorrain
Françoise Bussion	Tanis MacLaren
Ana Fiorella Carvajal	Paul Muthuaura
Andrea Corcoran	Rosario Patron **
Hilchan Elalamy	Carlos Barsallo Perez
Brian Gelfand **	Antonio Más Sirvent
Alison Harwood	Gillian Tan
Edward J. Waitzer	

\* Joined in 2019

\*\* Retired in 2018. We thank them for their dedicated service.

# GOVERNANCE, OPERATIONAL RESPONSIBILITY & FINANCES

## BOARD OF DIRECTORS & EXECUTIVE COMMITTEE

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

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

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

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

## AUDIT COMMITTEE

The Audit Committee is chaired by a member of the Board of Directors and includes four other board members, and the President and CEO. Audit Committee meetings are usually attended by at least one member from Ernst & Young, Toronto Centre's external auditing firm. The Audit Committee meets at least 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

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 as well as developing and overseeing processes for assessing the effectiveness of the board and its individual directors, including an annual survey.



# 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 Toronto Centre's annual budget, and reviews execution at board and committee meetings and via periodic updates. The board holds the President and CEO accountable for effective management and reporting of income and expenses, and compliance with Toronto Centre to its 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 one board member 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 its audit procedures to examine transactions and/or compliance procedures that would otherwise fall outside normal materiality thresholds. Funders' contributions are managed according to their requirements.

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

## PROTECTION AGAINST CORRUPTION AND FRAUD

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

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

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

## Independent auditor's report

To the Members of  
**Toronto Leadership Centre**

### Opinion

The summary financial statements of Toronto Leadership Centre (the Organization), which comprise the summary statement of financial position as at December 31, 2018, and the summary statement of operations for the year then ended, and related notes, are derived from the complete audited financial statements of the Organization for the year ended December 31, 2018.

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

### Summary financial statements

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

### The audited financial statements and our report thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated May 6, 2019. The audited financial statements and the summary financial statements do not reflect the effects of events that occurred subsequent to the date our report on the audited financial statements.

### Management's responsibility for the summary financial statements

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

### Auditors' responsibility

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

Toronto, Canada  
May 6, 2019

*Ernst + Young LLP*  
Chartered Professional Accountants  
Licensed Public Accountants

**Summarized statement of financial position**

As at December 31

	2018	2017
	\$	\$
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	410,010	748,707
Short-term investments	6,125,202	4,474,900
Internally restricted short-term investments	2,834,170	2,374,592
Accounts receivable and other	438,287	293,396
<b>Total current assets</b>	<b>9,807,669</b>	<b>7,891,595</b>
Capital assets, net	25,330	21,333
	<b>9,832,999</b>	<b>7,912,928</b>
<b>Liabilities and net assets</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	1,092,904	1,095,060
Deferred contributions and other	5,584,832	3,923,122
<b>Total current liabilities</b>	<b>6,677,736</b>	<b>5,018,182</b>
<b>Net assets</b>		
Unrestricted	320,913	520,154
Internally restricted	2,834,350	2,374,592
<b>Total net assets</b>	<b>3,155,263</b>	<b>2,894,746</b>
	<b>9,832,999</b>	<b>7,912,928</b>

See accompanying notes

On behalf of Toronto Leadership Centre:



CEO and President



Chair

## Summarized statement of operations

Year ended December 31

	2018	2017
	\$	\$
<b>Revenue</b>		
Contributions	5,997,997	5,385,952
Program partner fees	1,431,765	1,171,269
Participant registration fees and other	351,397	400,541
	<u>7,781,159</u>	<u>6,957,762</u>
<b>Expenses</b>		
Program delivery	4,888,462	4,256,123
Program development	645,571	486,860
Program promotion	471,305	428,085
Projects	955,204	726,204
General, administrative and other	651,255	552,193
	<u>7,611,797</u>	<u>6,449,465</u>
Excess of unrestricted revenue over expenses before undernoted item	169,362	508,297
Foreign exchange loss	61,397	(77,580)
Excess of unrestricted revenue over expenses for the year	<u>230,759</u>	<u>430,717</u>
Internally restricted interest income	29,758	16,195
<b>Excess of total revenue over expenses for the year</b>	<u>260,517</u>	<u>446,912</u>

See accompanying notes

## Notes to summary financial statements

December 31, 2018

### 1. Summary financial statements

The summary 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, 2018 and for the year then ended.

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

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

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

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

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

### 2. Revenue recognition

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

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

Interest income is recorded on an accrual basis.

### 3. Allocation of expenses

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

### 4. Internally restricted net assets

The Board of Directors [the "Board"] has internally restricted net assets for the purpose of assisting Toronto Centre in dealing with extraordinary events outside of normal operations. The Board reviews annually the need for, and adequacy of, these internally restricted net assets. Short-term investments are segregated from assets used in the day-to-day operations of Toronto Centre, are invested under the supervision of the Board and 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, 2018, Toronto Centre's members and supervisory agencies and regulatory authorities from Toronto Centre's funders' countries, including the World Bank, the Central Bank of Sweden [Riksbank], the Schulich School of Business at York University, the International Monetary Fund, and the Office of the Superintendent of Financial Institutions, and many other financial supervisory experts, provided in-kind contributions to Toronto Centre. These contributions are not recorded in these summary financial statements.

# SENIOR PROGRAM TEAM

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

— **BABAK ABBASZADEH**  
President and CEO

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

Program directors are responsible for the overall design and delivery of our capacity building programs, including liaising with partner agencies and organizations and selecting the right people from our pool of experienced program leaders with the knowledge appropriate to the program.

Please see their respective biographies at:  
[www.torontocentre.org/About/Team/Staff](http://www.torontocentre.org/About/Team/Staff)

**PHANG HONG  
LIM**



**SALVADOR  
CHANG**



**JUAN PABLO  
ARANGO**



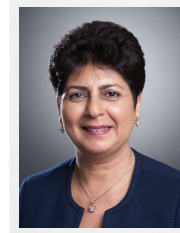
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MORAIS**



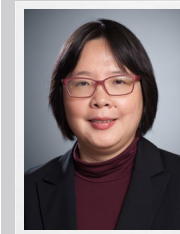
**DR. HOOI ENG  
PHANG**



**DEMET  
ÇANAKÇI**



**SHELINA  
VISRAM**



**CHUIN  
HWEI NG**



# 2018 PROGRAM PARTNERS





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