



A NEW ERA SUPERVISION IN A FRAGILE WORLD

2023 ANNUAL REPORT

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FOUNDERS AND FUNDERS

Toronto Centre’s mission would not be possible without the shared vision of our founders and funders. These leading development organizations share our mandate for advancing financial stability, fostering financial inclusion, working towards achieving the UN 2030 Sustainable Development Goals, and reducing poverty. Our funding partners help to make our vision a reality. We thank Global Affairs Canada (GAC), the Swedish International Development Cooperation Agency (Sida), and the International Monetary Fund (IMF) for their institutional support, and Jersey Overseas Aid (JOA), Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), and the United Nations Capital Development Fund (UNCDF) for project-specific support. We also thank our founders, the Schulich School of Business and the World Bank Group, for their guidance and advice.

We are grateful to the following organizations who renewed funding to Toronto Centre in 2024:

GAC

Renewal of institutional support for 2024-2028.

IMF

Renewal of institutional support for 2024-2025.



“

... as a government, as a country, we're proud in Canada, we're proud to partner with Toronto Centre as they contribute to building stable, reliable, and inclusive financial systems worldwide.

The Honourable Ahmed Hussen
Minister of International Development,
Government of Canada

MESSAGE FROM THE CHAIR OF THE BOARD



STEFAN INGVES



Major banks collapsed in Switzerland and the U.S., underlining the need for constant vigilance, leadership, and careful supervision to enable people to safely borrow, save, and make payments.

In 2023, the world was struck by multiple, intertwined shocks that posed new challenges and strained the capacity of governments and financial systems, threatening achievement of the UN Sustainable Development Goals (SDGs) and people’s livelihoods. Wars and geopolitical conflicts, coupled with rising extreme weather events, are displacing the most vulnerable people, destroying critical infrastructure and threatening global food security.

Persistent inflation pushed up interest rates, placing more stress on businesses and people coping with elevated debt levels and credit risk. Major banks collapsed in Switzerland and the U.S., underlining the need for constant vigilance, leadership, and careful supervision to enable people to safely borrow, save, and make payments. Underscoring the fragility of our interconnected world, cyber attacks and digitally enabled financial crime multiplied, threatening nations, institutions, businesses, and vulnerable people.

Yet, amidst these concerns, we also witnessed the positive impact technology can have on expanding access to financial services to the underserved.

Toronto Centre has built a pipeline of guidance to continuously update its training programs, ensuring they deliver timely, relevant, and practical instruction by experienced supervisors. Supervisors training supervisors has been a hallmark of Toronto Centre training since its inception; I sometimes use the analogy of “plumbers talking to plumbers” to highlight the importance of learning from others with real-world experience. While the triggers of financial crises may differ, the tools and options available to resolve do not. That is why Toronto Centre crisis simulation programs are so important.

In 2023, the board reviewed and confirmed its strategic direction, confirming Toronto Centre will continue to offer programs that promote stable, resilient, and inclusive financial systems.

In addition to longstanding core supervisory skills, our priorities are: the Certified Financial Supervisor (CFS) designation; climate change and biodiversity loss-related risks; financial inclusion; gender equality; financial supervisory support for food security; and assistance to Sub-Saharan Africa, the Indo-Pacific region, and Ukraine.

The capacity building and supervisory guidance delivered by Toronto Centre emphasizes the value of sound governance. We are proud to practice what we teach. We are fortunate to have the support of a board of directors who are committed, knowledgeable, and bring a diversity of views to overseeing the organization’s strategy and operations. We welcomed three new members in 2023: Grahame Johnson, Assistant Deputy Minister, Financial Sector Branch, Finance Canada; Timothy N. J. Antoine, Governor of the Eastern Caribbean Central Bank; and Elsie Addo Awadzi, Second Deputy Governor of the Bank of Ghana. We also thank Peter Routledge, who retired from the board in 2023, for his dedication and service.

On behalf of the board, I thank Toronto Centre’s staff, advisory board chairs and members, and program leaders, who help us deliver our high-calibre capacity-building programs and guidance materials.

Finally, Toronto Centre is grateful to our funders. Without their support, this valuable work would not be possible. We appreciate the generous institutional support of GAC, Sida and the IMF. We are also grateful for project-specific funding from JOA, UNCDF and GIZ.

STEFAN INGVES

MESSAGE FROM THE PRESIDENT & CEO



BABAK ABBASZADEH



Since 1998, Toronto Centre has pursued a balanced path of strengthening core supervision capabilities in developing economies and emerging markets while raising awareness on issues outside the regulatory perimeter.

Today, in this new era of global fragility, the role of supervisors and regulators is more complex and demanding than ever. The turbulence and market volatility experienced since the beginning of this decade, as a result of the pandemic and geopolitical uncertainties, are still reverberating through the financial system. In 2023, we witnessed the failures of major banks in developed countries, triggering a loss of confidence in the financial system. Rising interest rates and credit risk are reducing access to finance for the most vulnerable populations. Increasing risks, whether from natural disasters, the rapid pace of digitalization, financial crimes, or cyber-attacks, are impacting access to financial services.

To counter these risks, supervisors and regulators must increase their capacity to implement risk-based frameworks, develop comprehensive crisis management plans, and uncover blindspots to ensure the financial system is resilient and accessible to all.

In 2023, few of us were unaffected by the increasing impacts of climate-change and technology risks. Climate-change risk threatens financial stability through physical damage and the transition process, influenced by risks from policy measures and shifting market preferences. It increases credit, insurance, market, and operational risks for financial institutions, posing systemic threats. Good risk management, including stress testing, supervisory guidance and intervention, and mandatory disclosures, is essential to mitigate these risks and enhance economic resilience and sustainability.

Since 2016, Toronto Centre programs have addressed these issues. Toronto Centre is an implementation partner of IAIS, IOSCO, and the NGFS in climate risk training. The Basel Committee on Banking Supervision's recent revisions to the Core Principles acknowledged climate change as a risk to the financial system. The Basel Committee has now joined the IAIS, IOSCO, ISSB, and the NGFS to align the work of supervisors with the aspirations of the SDGs.

Rapid innovations such as FinTech, steeped in Big Data and AI, are potentially

disruptive but respond to the demands of consumers stifled by traditional financial institutions. They offer opportunities for greater efficiency and inclusion and have the potential to transform the financial landscape. However, they also generate significant risks and challenges, such as cybersecurity, systemic risk, regulatory compliance, and ethical considerations.

Addressing these challenges requires a coordinated approach involving supervisors and regulators, industry stakeholders, and innovators. This also opens the door for supervisors to embrace the power of AI. I approached AI with trepidation, but I am cautiously becoming an AI optimist. I believe that if AI is used responsibly as a tool to complement (not replace) human judgment, then AI can improve risk assessments, detect fraudulent activities in real time, streamline know-your-customer requirements, and assist with stress testing.

PROGRAMS, EVENTS, GUIDANCE, AND PARTNERSHIPS

Since 1998, Toronto Centre has pursued a balanced path of strengthening core supervision capabilities in developing economies and emerging markets while raising awareness on issues outside the regulatory perimeter. We continue to nurture the Certified Financial Supervisor (CFS) designation and expand our Women's Leadership Program to develop the rising generation of leaders, equipping them with knowledge, skills, and professional networks to supervise the fast-evolving financial landscape.

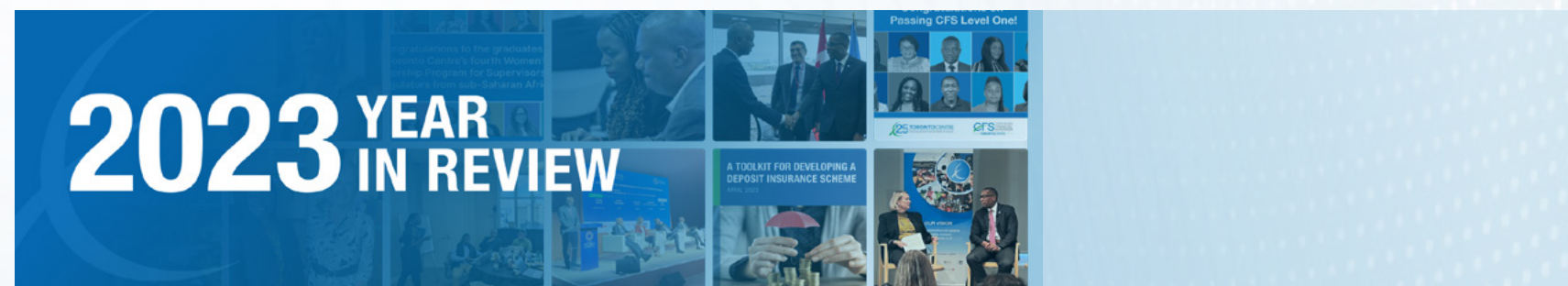
In 2023, we delivered 81 programs and trained more than 3,100 supervisors, empowering them to support sustainable economies. Our new CFS designation reached a significant milestone, with the first cohort of 14 supervisors passing all three Level 1 programs. CFS programs were fully subscribed, demonstrating the need and demand for this designation.

Toronto Centre continued to host vital conversations on pressing issues, in partnership with global leaders from central banks, supervisory authorities, and international organizations and standard setters. By hosting and participating in these discussions around core supervisory topics, we also explored the impact of financial crimes, cyber risk, and AI on the financial system.

MESSAGE FROM THE PRESIDENT & CEO

Events in 2023 included five executive panels at the IMF-World Bank semi-annual meetings in Marrakesh and Washington D.C., seven webinars, workshops, and more. We hosted the Honourable Ahmed Hussen, Canada's Minister of International Development, who participated in our executive panel on nature-related risks and net-zero transition plans in Marrakesh.

I am proud of our nimble support for the global supervisory community in these turbulent times. We have stood shoulder to shoulder with our colleagues at the National Bank of Ukraine, responding to their needs. Following major bank collapses in the U.S. and Switzerland, we introduced TC Insights, a rapid-response publication providing lessons learned. Our supervisory guidance continued to offer timely and relevant advice and real-world learnings, with the publication of nine TC Notes, two toolkits, two TC Insights, one proceeding, and 27 podcasts.



THE YEAR AHEAD

Looking ahead, we will continue to update our programming to equip supervisors and regulators with core supervisory skills and the ability to spot emerging risks. We will continue to nurture the CFS designation. Recognizing the need to unlock capital to achieve SDGs while maintaining the integrity of the financial system, we will explore the role of supervisors and regulators in responsible market development through innovative approaches such as blended finance.

In closing, I appreciate the ongoing support and expert guidance from our committed volunteer board of directors. I thank our dedicated staff, program leaders, and advisory boards and their chairs for their continued commitment to carrying out Toronto Centre's mission. I thank all who volunteered their time



to participate in our panel discussions and share their valuable insights. Finally, I join the Chair in thanking our funders – especially GAC for renewing our funding at a critical time when the demand for our programs is growing. GAC has been a champion of Toronto Centre since our inception 26 years ago. I also would like to thank our other important funders – Sida, IMF, JOA, GIZ, and UNCDF – for their generous support. Without our supporters, our important work would not be possible.

BABAK ABBASZADEH

A handwritten signature in black ink, appearing to read "Babak Abbaszadeh".

2023 AT A GLANCE

81 Programs Delivered

3,175 Participants Trained

48% Women Participants

85% From Official Development Assistance Countries



Delivered capacity building and training to **41** agencies from **21** different countries

290 days of training

82 scholarships valued at **\$130,000**
82% awarded to women

Over **90%** of funding spent on training and capacity-building programming

PROGRAM SECTOR	NUMBER OF PROGRAMS
Banking	14
Securities	8
Pensions	1
Insurance	15
Microfinance	4
Cross-sectoral	39

PROGRAM TYPE	NUMBER OF PROGRAMS
International / CFS	17
Short-term country engagement	8
Regional	13
Long-term country engagement	43

2023 HIGHLIGHTS

TC NOTES, TOOLKITS, TC INSIGHTS, AND PROCEEDINGS



14

IN
2023



20,407

TOTAL VIEWS AND
DOWNLOADS

EXECUTIVE PANELS AND WEBINARS



13

IN
2023



3,187

VIEWS IN
2023

PODCASTS



27

IN
2023



8,143

LISTENS
IN 2023

TC COMMUNITY



2,438

MEMBERS
ADDED IN 2023



43,622

FOLLOWERS AND
SUBSCRIBERS

LEADERSHIP PROGRAM FOR WOMEN SUPERVISORS FROM SUB-SAHARAN AFRICA



16

NEW WOMEN
LEADERS IN 2023



63

WOMEN LEADERS IN OUR
ALUMNI NETWORK

LONG-TERM COUNTRY ENGAGEMENTS



43

PROGRAMS
IN 2023



1,520

PARTICIPANTS
IN 2023

VIRTUAL SUPERVISORY GUIDANCE ASSISTANCE (VSGA)



5

ENGAGEMENTS
IN 2023

2023 IN-PERSON EVENTS

We hosted several thought-provoking conversations on opportunities and challenges in the financial sector in Washington D.C., Morocco, and Ottawa. These events enabled us to forge new partnerships and learn first-hand about the issues that matter to the supervisory community.

NATURE-RELATED RISKS, MACROECONOMIC IMPACTS, AND TRANSITION PLANNING

Providing their views on the macroeconomic effects of nature-related risks, what net-zero transition plans should entail, and what objectives they should serve were Stefan Ingves, our board Chair and former Governor, Sveriges Riksbank (Central Bank of Sweden); The Honourable John Rwangombwa, Governor, National Bank of Rwanda; Sabine Mauderer, Vice-Chair, Network for Greening the Financial System (NGFS), and Board Member, Deutsche Bundesbank; and Jean-Paul Servais, Chair, International Organization of Securities Commissioners (IOSCO) Board, and Chair, Belgium's Financial Services and Markets Authority. Jean Pesme, Global Director of Finance Competitiveness and Innovation, World Bank, moderated the discussion. The Honourable Ahmed Hussen, Canada's Minister of International Development, delivered opening remarks.



DIGITAL FINANCE AND CRYPTO ASSETS OVERSIGHT – WHERE DO WE STAND?

This panel session was jointly organized by the Bretton Woods Committee (BWC), the Moroccan Capital Market Authority (AMMC), the CFA Institute, and Toronto Centre. The panel discussed the macro financial consequences and regulatory aspects of crypto assets as well as supervisory implications. It emphasized cross-border cooperation.

Our panelists were William C. Dudley, Chair, BWC; Nezha Hayat, Chairperson and Chief Executive Officer, AMMC; Stefan Ingves, Chair, Toronto Centre; and Olivier Fines, Head, Advocacy and Capital Markets Policy Research for Europe, Middle East, and Africa, CFA Institute. Moderating the session was Marina Moretti, Deputy Director, Monetary and Capital Markets, IMF.



2023 IN-PERSON EVENTS

EXECUTIVE PANEL: ADDRESSING THE CLIMATE-CHANGE, BIODIVERSITY LOSS, AND FOOD SECURITY CRISES

Climate change, biodiversity loss, and food security are interlinked and pose a serious threat to financial stability and global prosperity. The panel discussed how climate and biodiversity risks are threatening global food security, financial stability and inclusion, and what policymakers and supervisors can do to mitigate this most pervasive threat to societies. Our panelists were the Honourable John Rwangombwa, Governor of the National Bank of Rwanda; Nezha Hayat, Chairperson and CEO of the Moroccan Capital Market Authority; and Stefan Ingves, Chair of Toronto Centre. Jean Pesme, Global Director of Finance, Competitiveness & Innovation at the World Bank, moderated the discussion.



FIRESIDE CHAT: BUILDING CLIMATE RESILIENCY THROUGH FINANCIAL REFORMS

We were delighted to host this joint event with the International Development Research Centre (IDRC) on the margins of the Canada Caribbean Community (CARICOM) summit. The discussion focused on financial reforms to counter climate change in Small Island Developing States (SIDS).

Toronto Centre board member Timothy N.J. Antoine, Governor, Eastern Caribbean Central Bank, served as the key speaker. He shared his perspective on the importance of the World Bank, the International Monetary Fund (IMF), and multilateral development banks in measuring the vulnerabilities of nations in the context of access to finance.

Erin Tansey, Director, Sustainable Inclusive Economies Program, IDRC, was the discussant and provided global context on climate finance. Jennifer Elliott, Toronto Centre board member and Advisor, Monetary and Capital Markets Department, IMF, moderated the discussion and provided global insights.

While the discussion focused on SIDS in the Caribbean, the topics – such as building inclusive and sustainable economies, increasing trade and investment, food insecurity, health, and financial reform – are relevant across economies.



CORE SUPERVISION PROGRAMS



CERTIFIED FINANCIAL SUPERVISOR (CFS)

Building on our strong capacity-building experience and trusted brand, we created the **CFS**, a professional designation that the global supervisory and regulatory community can trust. CFS graduates will be poised to meet tomorrow's challenges. The CFS will equip supervisors with higher qualitative decision-making abilities and leadership skills.

The CFS has a cross-sectoral focus (banking, insurance, pensions, securities) and integrates sustainable development goals to provide holistic coverage of the financial sector and wider supervisory objectives.

In 2023, 14 people successfully completed Level 1 of the CFS designation. We welcomed 18 participants to Cohort 2, bringing the total candidates enrolled to 42. We look forward to following them on their leadership journeys.

Congratulations on Passing CFS Level One!



CORE SUPERVISION PROGRAMS

WLP WOMEN'S LEADERSHIP PROGRAM (WLP)



In 2023, our fourth cohort of women leaders graduated from Toronto Centre's Women's Leadership Program (WLP 1.0) for supervisors. The program addresses the challenges women supervisors face and equips them with the skills needed to help advance their careers. We are proud to have 63 supervisors in our WLP Alumni Network who support one another and continue their leadership journeys. Building on this success, we piloted WLP 2.0 in the fall of 2023. The program further enhances WLP graduates' skills to lead departments and organizations. We are launching WLP 1.0 for supervisors from the Indo-Pacific region in 2024.

PROGRAM CATALOGUE

In 2023, Toronto Centre published our first annual catalogue.

Our programs incorporate today's most relevant challenges and opportunities for the financial sector, such as:

- Governance and Leadership
- Climate and Biodiversity Risks
- Risk-based Supervision
- Crisis Preparedness
- Effective Supervision Practices
- Gender Equality
- Digital Currencies
- Cyber Risk
- AML/CFT



CORE SUPERVISION PROGRAMS



CLIMATE-CHANGE AND BIODIVERSITY LOSS RISKS

Since 2016, Toronto Centre has raised awareness about the link between financial stability and sustainable development. We were the first supervisory capacity-building organization to apply a sustainability lens and incorporate cross-cutting themes of gender equality and climate-change risk in all programming, and we continue to lead the way.

In 2023, Toronto Centre broadened and deepened our climate change-related financial and biodiversity loss risks training programming for financial supervisors. New and established partnerships helped to amplify the impact.



THOMAS BERETTI
SENIOR ADVISOR TO THE HEAD
OF THE NGFS SECRETARIAT

“*Scaling up the skillset of central banks and supervisors would not be possible without the key role of training providers and training centers, such as Toronto Centre, which, I have to say, is among our most prominent NGFS stakeholders in the field. Strengthening the capacity and knowledge of our members in managing risks related to climate and biodiversity loss is a key objective we share.*”

Highlights from Toronto Centre’s 2023 work on climate change-related risks:

Co-convened the first annual International Senior Management Workshop on Climate Change and Biodiversity Loss Risks in partnership with the Network for the Greening Financial Sector (NGFS).

Partnered with the International Development Research Centre (IDRC) to host a discussion with Toronto Centre board member, and Eastern Caribbean Central Bank Governor, Timothy Antoine, on the need for global financial architecture reform to address the realities of climate change and implications for vulnerable small island developing states.

Convened an executive panel featuring the Governor of the Bank of Rwanda, John Rwangombwa, on the linkage between climate change, biodiversity loss and food insecurity crises and published the TC Note *Food Security: Implications for Supervisors*.

Explored, with Convergence, the role that financial regulators and supervisors can play in creating a conducive and stable environment to help scale up blended climate finance.

Climate Change and Biodiversity Loss Risks is a required program of the CFS designation.



CORE SUPERVISION PROGRAMS



RISK-BASED SUPERVISION (RBS)

Toronto Centre is a leader in RBS and proportionality programming, building capacity for supervisors and regulators.

In 2023, we partnered with the Ghana National Insurance Commission and IOSCO to deliver regional RBS programs, and we worked with the following eleven organizations on long-term engagements to support RBS implementation.

- Bank of Jamaica
- Central Bank of Jordan
- Cental Bank of Pakistan
- Insurance Board of Nepal
- Insurance Regulatory and Development Authority of India
- National Bank of Ethiopia
- National Bank of Rwanda
- Nepal Rastra Bank
- Superintendencia de Bancos de la República Dominicana
- Reserve Bank of Malawi
- Securities Board of Nepal



CRISIS PROGRAMS

The costs of financial crises are enormous. Economic growth falters or stalls, and the poor are disproportionately affected; more people, especially women, fall into poverty.

Financial sector supervisors must react quickly when a crisis occurs. Whether the crisis originates at home or in another part of the world, they want to limit the impact on their country and prevent it from spreading.

Toronto Centre is a crisis centre of excellence and delivered three crisis programs in 2023. We have delivered over 160 crisis programs since our inception. These programs include crisis simulation exercises that help supervisors test their readiness. Our simulations echo real-life events such as bank failures, cyber-attacks, and climate events. The programs include modules on stakeholder management and media communication, which are critical skills during a crisis.

In 2023, we offered our first cross-sectoral crisis preparedness program as part of the CFS curriculum.



SUPERVISORY GUIDANCE

Toronto Centre continued our thought leadership and awareness building on emerging issues in financial sector regulation and supervision. In 2023 Toronto Centre published nine TC Notes, 17 podcasts, two toolkits, a proceedings report, and introduced TC Insights.



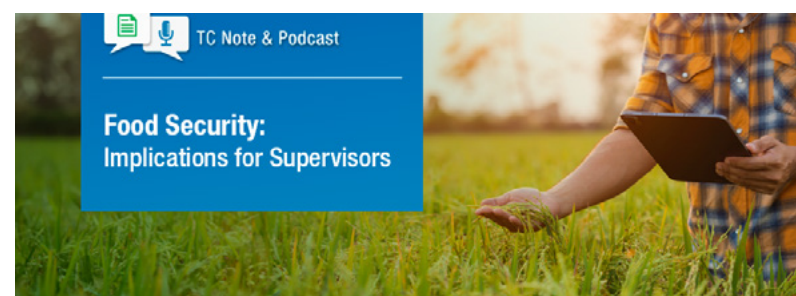
TC NOTES, TOOLKITS AND PROCEEDINGS



This TC Note and accompanying podcast provide a detailed background on climate scenarios and practical guidance on the design of climate stress tests. Supervisors will gain an understanding of the uncertain nature of climate risks and the tools available to assess them.



The toolkit is a resource for prospective and existing deposit insurers as well as other participants in a country's financial safety net.



This TC Note and accompanying podcast discuss the food security issue, which is relevant to supervisory objectives such as institutional soundness and the maintenance of sound, fair and stable markets, as well as consumer protection and retail market conduct.



This TC Note and podcast address issues encountered by introducing risk-based supervision. These range from technical matters to more complex challenges.



Key takeaways from the workshop with NGFS focused on the following areas: leadership and organizational change, regulatory policy, supervision, financial stability, data and capacity building.



TC INSIGHTS

TC Insights were created in 2023 as a rapid response method to provide quick guidance to supervisors during unprecedented events.

The collapse of Silicon Valley Bank and Credit Suisse highlighted how interconnected the global financial system is to shocks and failures. TC quickly responded to these failures and published two TC Insights.

TC Insight 1

Seven Lessons Learned from the Failure of Silicon Valley Bank

- Lesson 1 – Understand the Business
- Lesson 2 – Dangers of Rapid Growth
- Lesson 3 – Deposit Risks
- Lesson 4 – Market Risk
- Lesson 5 – Stress Testing
- Lesson 6 – Recovery Planning
- Lesson 7 – Crisis Preparedness

TC Insight 2

Supervisory Lessons from the Collapse of Credit Suisse

- Lesson 1 – Even a Global Systemically Important Financial Institution Can Collapse
- Lesson 2 – The Importance of Liquidity
- Lesson 3 – Using the Resolution Options

CASE STUDY



COSTA RICA: MAINSTREAMING CLIMATE RISK MITIGATION IN FINANCIAL SYSTEM OVERSIGHT

Over the past two years, Toronto Centre provided specialized support to Costa Rica’s insurance supervisory authority, the Superintendencia General de Seguros (SUGESE), to enhance its supervisory role in managing risks related to climate change. This initiative has been a success story in terms of process and achievement of outcomes.

Toronto Centre assembled a team of professionals with expertise in insurance, climate change, and financial regulation and supervision and began the initiative in late 2022 with assessment and training workshops on climate change risk management – one for SUGESE staff and another for the insurance industry. These interactive workshops helped build awareness and knowledge of the supervisory authority on international standards and frameworks for supervising climate-change risks and also raised awareness of the insurance industry on whether and how it would adopt international practices in managing climate-change risks.

One of the key outcomes of these workshops was the realization within both SUGESE and the insurance industry of their lag in adopting international best practices on this issue. This realization laid a strong foundation for the later phase of the initiative, during which Toronto Centre worked intensively with the SUGESE team.

As a result of this support, SUGESE has successfully incorporated climate-change risks into its risk-based supervisory framework and provided guidance to the insurance industry through the publication of a [Supervisory Guide](#). This guide outlines SUGESE’s expectations for the integration of climate change risks into the culture and day-to-day operations of insurance companies. Additionally, a reporting process was developed for the insurance industry to allow SUGESE to monitor progress on the adoption of best practices defined in the Supervisory Guide.



SUGESE also developed a Roadmap outlining concrete milestones that both the industry and the supervisor must achieve in the following five years with the objective of building a resilient insurance industry that supports the economy and the population of Costa Rica in tackling the risks posed by climate change. This initiative aligns with Costa Rica’s national plan for climate-change adaptation which includes commitments to develop a resilient financial system capable of managing climate change-related financial risks.

Toronto Centre conducted Roadmap and Guide Socialization and Awareness workshops with SUGESE and the insurance industry, which were instrumental in building ownership of the expected changes. These workshops engaged and trained almost all SUGESE staff and 46 insurance industry participants, with the majority being women.

CASE STUDY



STATE BANK OF PAKISTAN RBS IMPLEMENTATION

In response to a request from the State Bank of Pakistan (SBP), Toronto Centre worked closely with the Bank for nearly four years to help finalize and implement a risk-based supervisory approach and framework for the country's banking sector. The final program of this long-term engagement, which trained more than 150 staff, was conducted in February, 2023.

With Toronto Centre's technical support, the SBP developed and published a condensed version of a new Risk-based Supervisory Framework in 2021, followed by a detailed Risk-based Supervision Process Manual to guide its staff. The SBP conducted pilot assessments on two banks before fully rolling out risk-based supervision. The SBP also developed guidelines on risk management, internal audit and compliance, and governance, and published a comprehensive Corporate Governance Regulatory Framework for banks.

As the SBP was transitioning from traditional compliance-based supervision to risk-based supervision, it kept the banking industry informed through meetings with senior leadership. Concurrently, and guided by Toronto Centre, the SBP implemented a series of organizational-level changes to bring greater alignment and efficiencies to the implementation of risk-based supervision. This included the reorganization of its Supervisory Group by combining monitoring, on-site inspection, enforcement, and intervention functions within supervisory teams. Each team is now assigned a group of banks for which it performs all these functions, unlike in the past when teams were divided by function, resulting in delays in assessment, enforcement, and intervention.

Implementation of risk-based supervision is expected to contribute to improved supervision of the banking sector in Pakistan.

According to a senior SBP official quoted in the independent evaluation report: "Toronto Centre helped us at each and every step. They were a phone call and a WhatsApp away. It was a very coordinated effort from our part and with Toronto Centre."



Stability of the financial system is one of the statutory objectives of SBP. A stable financial system is particularly important for a developing country like Pakistan as it plays a crucial role in financial inclusion and inclusive growth by improving the economic conditions of masses, particularly the more vulnerable segments of the society like women, the impoverished, and small entrepreneurs. It is therefore imperative for financial supervisors to have adequate capacity to proactively monitor and manage the risks to financial stability and to deal with crisis situations in an effective manner.

To this end, Toronto Centre's contribution in the development and implementation of the Risk-based Supervision Framework is noteworthy. This framework has significantly increased the SBP's ability to proactively identify and assess different risks faced by the banks vis-a-vis the quality and effectiveness of their controls and to take appropriate and timely remedial measures. The TC's invaluable support has played a crucial role in the timely accomplishment of the RBS framework despite the emergence of the pandemic in the midst of TC's long-term country engagement.

DR. INAYAT HUSSAIN
DEPUTY GOVERNOR



THE WAY FORWARD



Since our inception, Toronto Centre’s vision and mandate – to build more stable, resilient, and inclusive financial systems – has never been more important. Frequent climate change-related shocks, the rise of AI, and increasing geopolitical tensions, along with significant failures of financial institutions, are disrupting the financial sector, threatening financial stability and the achievement of the SDGs.

Recent revisions to the Basel Core Principles for effective banking supervision confirmed climate change as a risk to financial system stability. Toronto Centre will continue our trailblazing work on this issue to provide customized programs and a certificate in climate and biodiversity loss risks supervision to support supervisors and regulators in finding solutions both on mitigation and adaptation. This will also include supporting them in understanding their role in unlocking blended finance transactions to transition to a green economy and to facilitate responsible market development.

AI is a game changer and is the defining technological advancement of this generation. Under one scenario, it turbocharges progress, presenting infinite possibilities for supervisors and regulators to improve their efficiency and effectiveness. The darker scenario includes the proliferation of misinformation and financial crime. Most likely both scenarios will occur simultaneously. Toronto Centre’s role will be to equip supervisors with the knowledge and skills to leverage this powerful tool for good.











Rising geopolitical risks are displacing populations, and threatening inclusion for the most vulnerable people, including women. We will continue to address the gender equity gap by applying a gender lens in all programming. We will expand our Women’s Leadership Program to other regions to increase the number of women prepared to take on senior leadership roles. Participant feedback from the Sub-Saharan Africa program confirmed the benefits gained from networking and strategies to find their authentic voice in the boardroom.

Core supervisory practices such as good governance, risk-based supervision, liquidity management, and crisis preparedness and resolution remain paramount. We continue to build supervisory capacity in these areas, especially through our flagship Certified Financial Supervisor (CFS) designation.

Toronto Centre’s work contributes to a more sustainable, prosperous world for everyone. Financial systems that are accessible and secure are critical to economic development and poverty reduction. We will continue to provide much needed training, bringing global expertise to create sustainable local solutions. We are committed to delivering on our strategic priorities to promote core supervision, financial stability, and inclusion.

THE WAY FORWARD

Toronto Centre will continue to deliver capacity-building and training while remaining true to our mission: to build more stable, resilient, and inclusive financial systems. In 2022, we updated our strategic direction to address the most pressing challenges. Our six priorities to promote core supervision, financial stability, and inclusion in the next five years are shown below.

Priority ▶	Financial Inclusion and Gender Equality	Climate Change and Biodiversity Loss-Related Risks	Financial Sector Support for Food Security	Intensive Assistance Globally with a Focus on Sub-Saharan Africa and the Indo-Pacific	Special Assistance to Ukraine	Implement the Certified Financial Supervisor (CFS) Designation				
Activities ▶	<ul style="list-style-type: none"> Expand our leadership program for women supervisors in Sub-Saharan Africa to the Indo-Pacific, Latin America, and small states in the Caribbean and Oceania Enhance policymakers' capacity to measure the results of their policy interventions in financial inclusion and gender equality using our Gender-Aware Supervision Toolkit 	<ul style="list-style-type: none"> Provide capacity-building and training programs to financial supervisors to address climate change and biodiversity loss-related risks Offer a Climate and Biodiversity Loss Risks Supervision Certificate and promote the use of emerging standards by various organizations 	<p>Introduce new programs to improve access to finance and agri-insurance, including:</p> <ul style="list-style-type: none"> An "Advanced Supervision of Inclusive Insurance" program A new international program for "Microfinance Supervision" A training module on "Food Security Risk" Using financial systems to improve the resiliency of food producers (including smallholder farmers) Increasing food producers' access to finance Insuring food producers against catastrophic risks, climate change, and biodiversity loss 	<ul style="list-style-type: none"> Aim our programming and supervisory guidance assistance at reducing poverty and building stable and inclusive financial systems Leverage a strong alumni network in target regions Provide programs in financial inclusion and literacy, digital financial services supervision, and combatting financial crime 	<ul style="list-style-type: none"> Continue to provide crisis management training to support the National Bank of Ukraine and help to rebuild and maintain a stable financial system in accordance with international standards 	<ul style="list-style-type: none"> Implement the first-ever designation for financial supervisors – the CFS. This will build the core supervisory, crisis preparedness, and leadership skills required to address the most pressing issues and enable the supervisors to lead and transform their agencies in these turbulent times 				
Sustainable Development Goals ▶										

GOVERNANCE & CORPORATE RESPONSIBILITY



BOARD OF DIRECTORS & EXECUTIVE COMMITTEE

Toronto Centre is led by the President and CEO and overseen by an international board of directors. Board members all have extensive experience in large and complex organizations, most at the senior executive level.

The board meets quarterly and is responsible for setting the strategic direction and broad policies. The board provides input to and approves the annual work plan and budget, and discusses ways to expand the organization's impact and reach. It reviews progress against work plans and strategic objectives, monitors performance and risk, and reviews financial statements and forecasts.

The executive committee is composed of a subset of the directors: the chair and members representing the Government of Canada, the International Monetary Fund, and the Schulich School of Business. The executive committee meets as needed between board meetings.

FINANCE, AUDIT, AND RISK COMMITTEE

The finance, audit, and risk committee is chaired by a member of the board of directors and includes three other board members. The President and CEO attends all meetings. The committee meets at least twice a year to review the budget, risk policy and framework, and the audited financial statements. The committee is also responsible for conducting a periodic comprehensive review of the external auditor. The committee conducted this review in 2022.

Committee meetings are typically attended by at least one member from Ernst & Young, Toronto Centre's external auditing firm. The chair meets more frequently with the external auditor and management. Since inception, Toronto Centre has received clean, unqualified audit opinions.

GOVERNANCE AND NOMINATING COMMITTEE

The governance and nominating committee is led by the chair of the board and includes three other board members. It is also responsible for developing effective corporate governance policies and procedures as well as developing and overseeing processes, including an annual survey, to assess the effectiveness of the board and its individual directors.

CORPORATE RESPONSIBILITY

Toronto Centre aims to be a good corporate citizen, an equal-opportunity employer, and an environmentally conscious organization that is committed to reducing its carbon footprint.

– Managing Climate-related Financial Risk

Toronto Centre has well-established governance and risk-management structures. As part of the risk oversight function, management and the board of directors review the impact of climate change-related financial risk on Toronto Centre's operations and strategy on the basis of physical and transition risks.

- **Physical Risk:** Toronto Centre is not a highly capital-intensive operation, and it does not own many physical assets. Headquarters is in a small, leased office space in downtown Toronto. Historically, Toronto has not been subject to severe weather events. Toronto Centre has appropriate systems and processes in place to provide its programming if people cannot attend the office. If personnel are unable to travel to deliver a program in person due to a climate-related event, the program can be delivered virtually, or rescheduled to a different date, or held in a different location.
- **Transition Risk:** Training and capacity building is not a carbon-intensive business. The impact of transitioning to a low-carbon economy should be low for Toronto Centre.

– Reducing Environmental Impact of Operations

Toronto Centre is committed to reducing its carbon footprint and being conscious of the impact of its operations on the environment. It has taken the following measures:

1. Implemented hybrid work. This reduces the amount of carbon emissions generated by employees travelling to work. It has also reduced our office space square footage, further reducing the emissions generated by Toronto Centre.
2. Implemented a digital learning management system. All Toronto Centre program materials are provided in a digital format now instead of print.
3. Offered online programs. Approximately 50% of Toronto Centre programs were delivered online in 2023. This reduced the amount of greenhouse gases emitted from travel by approximately 1,400 tons in 2023. We are mindful that in-person teaching can lead to greater collaboration. We will continue to assess the appropriate balance of in-person and online learning.

FINANCIAL INTEGRITY & FINANCIAL STATEMENTS

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

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 our financial staff. Toronto Centre's internal controls are based on best practices and procedures for an organization of our size and in accordance with our major funders' requirements. These practices and procedures include documented policies, segregation of duties, a requirement for two signatures on all payments irrespective of size, and approval by one board member of any large payment.

Our external auditor, Ernst & Young, reviews the draft financial statements and carries out a full, independent annual audit of our financial statements. Toronto Centre is currently too small to maintain an internal audit function and so our external auditor is asked, from time to time, to extend its audit procedures to examine transactions and/or compliance procedures that would otherwise fall outside normal materiality thresholds. Funders' contributions are managed according to their requirements. Prudent risk management principles guide the investment of funds. The funds are held in cash or in short-term, low-risk cash-equivalent instruments where the

principal is protected. Regular reports of accounts and investments are provided to the Chair of the finance, audit, and risk committee.

PROTECTION AGAINST CORRUPTION AND FRAUD, AND OPERATIONAL PROCEDURES

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, a Diversity Policy, a Conflict of Interest 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 finance, audit, and risk committee.

BOARD OF DIRECTORS



CHAIR
STEFAN INGVES **

Stefan Ingves joined Toronto Centre's board in 1999 and was appointed Chair in 2018. Former Governor of Sveriges Riksbank. Vice Chairman, Board of Directors of BIS. Member of the General Council of the ECB, First Vice Chair ESRB and former Governor for Sweden at the International Monetary Fund (IMF). Former Chair of the Basel Committee on Banking Supervision. Former Director of the Monetary and Financial Systems Department at the IMF.



TIMOTHY N.J. ANTOINE

Timothy N. J. Antoine joined Toronto Centre's Board in 2023. Governor of the Eastern Caribbean Central Bank (ECCB); Chairman of the Eastern Caribbean Home Mortgage Bank, the Chairman of the Eastern Caribbean Securities Exchange and the Chairman of CCRIF SPC; former Permanent Secretary in the Ministry of Finance; former Advisor to the Executive Director for Canada, Ireland and the Caribbean in the World Bank Group.



ELSIE ADDO AWADZI

Elsie Addo Awadzi joined Toronto Centre's Board in 2023. Second Deputy Governor of the Bank of Ghana; former Senior Counsel of the IMF's Legal Department (Financial and Fiscal Law Unit); former Commissioner of Ghana's Securities & Exchange Commission; former Senior Treasury Dealer at Barclays Bank Ghana.



BARRY CAMPBELL

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



WILLIAM (BILL) COEN *

Bill Coen joined Toronto Centre's board in 2019. Former Secretary General of the Basel Committee on Banking Supervision. Former Chair of the Basel Committee's Policy Development Group. Former Chair of the Basel Committee's Task Force on Corporate Governance. Current Chair of the IFRS Foundation's Advisory Council.



JENNIFER ELLIOTT *

Jennifer Elliott joined Toronto Centre's board in 2022. Advisor, Monetary and Capital Markets Department at the IMF. Former Division Chief, Technical Assistance at the IMF. Former Legal Counsel, Market Regulation at the Ontario Securities Commission. Former Legal Counsel, Member Regulation at the Investment Dealers Association of Canada. Former Legal and Policy Counsel at Toronto Stock Exchange.



AURORA FERRARI */**

Aurora Ferrari joined Toronto Centre's board in 2020. Adviser to the EFI Vice President. Former Manager, Financial Stability in the Bank Regulation and Supervision unit of the World Bank. Former Manager of Financial Sector Policy Advice and Programs in Europe and North Africa.

| * Finance, Audit and Risk Committee member | ** Governance and Nominating Committee member

BOARD OF DIRECTORS



SOCORRO HEYSEN

Socorro Heysen joined Toronto Centre's board in 2019. Superintendent of Banks, Insurance and Pension Fund Administrators, Peru. Former Deputy General Manager of Studies at Financiera Confianza. Former Economist – Western Hemisphere Department, IMF. Former Director of Monetary Policy at the Central Bank of Peru.



DEZSŐ J. HORVÁTH **

Dezső J. Horváth joined Toronto Centre's board in 1998. Professor of Strategic Management/Policy, Dean Emeritus & Tanna H. Schulich Chair in Strategic Management. Former member of the Board of Advisors for the Canada Global Leadership Initiative, Canadian Council of Chief Executives. Former fellow at the World Economic Forum.



GRAHAME JOHNSON *

Grahame Johnson joined Toronto Centre's Board in 2023. Assistant Deputy Minister, Financial Sector Policy Branch, Finance Canada; former Advisor to the Governor, Bank of Canada; former Chair, Pension Fund Investment Committee, Bank of Canada.



MARIE-LUCIE MORIN **

Marie-Lucie Morin joined Toronto Centre's board in 2022. Member, National Security and Intelligence Review Agency. Former National Security Advisor to the Prime Minister and Associate Secretary to the Cabinet. Former Deputy Minister for International Trade and Associate Deputy Minister of Foreign Affairs. Former Executive Director for Canada, Ireland, and the Caribbean at the World Bank.



CAROLYN ROGERS

Carolyn Rogers joined Toronto Centre's board in 2022. Senior Deputy Governor of the Bank of Canada. Former Secretary General of the Basel Committee on Banking Supervision. Former Assistant Superintendent, Regulation Sector at the Office of the Superintendent of Financial Institutions. Former Superintendent and Chief Executive Officer of the integrated financial sector regulator of British Columbia, the Financial Institutions Commission.



PETER ROUTLEDGE *

Peter Routledge joined Toronto Centre's board in 2021. Superintendent, Office of the Superintendent of Financial Institutions Canada (OSFI). Former President and Chief Executive Officer of the Canada Deposit Insurance Corporation. Former Senior Advisor at the Department of Finance.

| * Finance, Audit and Risk Committee member | ** Governance and Nominating Committee member

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 2023.

BANKING



CLIVE BRIAULT

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

INSURANCE AND PENSIONS



CARL HIRALAL

Carl Hiralal became Chair of Toronto Centre's Insurance and Pensions Advisory Board in 2020. Former Inspector of Financial Institutions, Central Bank of Trinidad and Tobago. Former Senior Director – Banks and Insurance Companies/ Pension Plans, OSFI.

SECURITIES



JEAN LORRAIN

Jean Lorrain became Chair of Toronto Centre's Securities Advisory Board in 2020. Former Senior Director of International Affairs and Strategic Oversight, Autorité des Marchés Financiers du Québec (AMF). Former Corporate Secretary, Cambior Inc.. Former manager, Commission des valeurs mobilières du Québec.

MEMBERS

- ELSIE ADDO AWADZI
- KAREN BADGEROW
- BARRY JOHNSTON
- RICHARD NAYLOR
- JANET TERBLANCHE
- ROCHELLE D. TOMAS

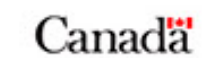
MEMBERS

- MICHAEL KOFI ANDOH
- JOHN ASHCROFT
- GEORGE BRADY
- PETER BRAUMÜLLER
- JONATHAN DIXON
- MICHAEL HAFEMAN
- PETER KOHLHAGEN
- WILLIAM PRICE
- LAWRIE SAVAGE
- FIONA STEWART
- CRAIG THORBURN
- MANUELA ZWEIMUELLER

MEMBERS

- CALISSA ALDRIDGE
- RIPERT E. H. BOSSOUKPE
- SUZY ST BRICE
- FRANÇOISE BUISSON
- ANA FIORELLA CARVAJAL
- ANDREA CORCORAN
- CRISTINA CUERVO
- HICHAM ELALAMY
- ALOUSIA FAISAL
- EDUARDO MANHÃES R. GOMES
- ALISON HARWOOD
- PAUL MUTHAURA
- RANDEE PAVALOW
- NEETASHA RAUF
- ANTONIO MÁ S SIRVENT
- GILLIAN TAN

2023 PROGRAM PARTNERS



A LOOK BACK ON 2023

