

Minutes of the Third Annual General Meeting of the Association of Financial Mutuals

At the Belfry Hotel, Wishaw on 17 October 2012, commencing 1700

1. The Chairman, John Reeve, opened the Annual General Meeting of the Association.
- 1a. Voting on resolutions would be taken via the electronic handsets, though tellers were appointed as a precaution.

2. Review of Progress

The Chief Executive, Martin Shaw presented a review of the year and highlighted the progress made on the political and regulatory lobbying front in particular, as well as the role of the new Owned By You site in helping members of mutuals understand better the benefits of being part of a mutual.

The AFM Board had agreed a new set of priorities for 2012/13, and activities would be collected into a series of projects to support them.

As part of this review the Board had agreed terms with the Investment and Life Assurance Group (ILAG), for AFM to become an Affiliate member, enabling smaller AFM members to access the wider range of practical support and advice available.

Based on electronic votes, there was very strong consensus from the membership that the AFM is focusing on the right issues.

3. Plans and Budget for 2012/2013

The Chief Executive reported a surplus for 2011/12 in excess of that planned: this was due to higher income from Associates members and the 2011 conference, as well as lower costs for legal advice than budgeted.

The current year's budget recognises that there is no need for AFM to build up significant reserves, and as a result the budget is predicated on a small loss for the year, albeit with conservative estimates on likely income for the year. This means that member subscriptions are being held at the same levels as the previous year.

4. Update on the Annotated Corporate Governance Code

The Chief Executive confirmed that the results of the 2011 exercise on the Annotated Corporate Governance had been circulated to CEOs of members in September. The underlying trend was fairly consistent with previous years; however as the Code had changed and the questionnaire refreshed as a result, it was not possible to make direct comparisons with previous years.

The Chief Executive also reported on further changes to the Annotated Corporate Governance Code which would be made in the coming months, to reflect changes in the source Code produced by the Financial Reporting Council. These would take effect from next year.

The Chief Executive also confirmed that the Board had contracted Mazars LLP to undertake a review of the annual compliance exercise to ensure it effectively enables members to understand what is expected of them and how best to accurately report compliance.

5. Board Appointments

The Deputy Chairman, Mark Goodale, provided a brief overview of the nomination process for the Board this year. In accordance with the constitution, members of the outgoing Board of Directors are responsible for appointing a Board for the following term.

In accordance with best practice the AFM has moved to annual elections, and nominations this year were sought in June, and in July the Board reviewed those nominations. If there are acceptable a Board is appointed, which is then subject to approval at the AGM.

Eighteen nominations were received for 2012/13, which is the maximum allowed by the constitution. One of the Board members, Paul Hudson, CEO of Cirencester Friendly Society had decided not to stand for re-election.

Whilst the agreement had lapsed that provided two places for smaller friendly societies, the Board was content that the composition remains sufficiently representative of all the members.

The Deputy Chairman drew the meeting’s attention to the resolution to change the AFM Constitution relating to the appointment of officers.

6. Resolutions put to the AFM.

The Chairman asked the members attending to consider and approve four resolutions. The nature of the resolutions and the results are tabled below.

| | For | Against | Abstain |
|--|------|---------|---------|
| A. to approve the composition of the AFM Board | 95% | | 5% |
| B. to receive and approve the accounts | 100% | | |
| C. to agree the change in constitution relating to officers of AFM | 95% | 5% | |
| D. to approve incoming officers of AFM | 94% | 3% | 3% |

All resolutions were therefore duly approved.

7. Any Other Business

There being no other business the Chairman closed the meeting at 1730.