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(Securities Code: 8395)
June 7, 2016

To Shareholders with Voting Rights:

Yoshihiro Jinnouchi
President
The Bank of Saga Ltd.
7-20, Tojin 2-chome, Saga City
Saga, Japan

NOTICE OF CONVOCATION OF THE 87TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

We would like to express our sincere appreciation for your continued support and patronage.

You are cordially invited to attend the 87th Annual General Meeting of Shareholders of The Bank of Saga Ltd. (the "Bank"). The meeting will be held for the purposes as described below.

If you are unable to attend the meeting, you can exercise your voting rights in writing or via electromagnetic means (the Internet, etc.). Please review the Reference Documents for the General Meeting of Shareholders (described hereinafter) and exercise your voting rights no later than 5:30 p.m. on Tuesday, June 28, 2016 Japan time.

1. **Date and time:** Wednesday, June 29, 2016 at 10:00 a.m. Japan time

2. **Place:** 8F Hall, Head Office of the Bank, 7-20 Tojin 2-chome, Saga City, Saga, Japan

3. **Meeting agenda:**

Matters to be reported:

1. The Business Report and Non-consolidated Financial Statements for the Bank's 87th Fiscal Year (from April 1, 2015 to March 31, 2016)
2. Consolidated Financial Statements for the Bank's 87th Fiscal Year (from April 1, 2015 to March 31, 2016) and results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Board of Auditors

Proposals to be resolved:

Proposal No. 1: Appropriation of Surplus
Proposal No. 2: Partial Amendments to the Articles of Incorporation
Proposal No. 3: Election of Four (4) Directors
Proposal No. 4: Election of One (1) Corporate Auditor
Proposal No. 5: Election of One (1) Substitute Corporate Auditor

4. Guide to exercise of voting rights

1. Exercise of voting rights if attending the Annual General Meeting of Shareholders Date/time of the Annual General Meeting of Shareholders: 10:00 a.m., Wednesday, June 29, 2016 Japan time

When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk on the day of the meeting.

2. Exercise of voting rights by postal mail (in writing)

Exercise deadline: Form must arrive by 5:30 p.m., Tuesday, June 28, 2016 Japan time

Please indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form and return it so that it is received by the exercise deadline.

3. Exercise of voting rights via electromagnetic means (the Internet, etc.)

Exercise deadline: 5:30 p.m., Tuesday, June 28, 2016 Japan time

Please access the Bank's designated voting website (http://www.it-soukai.com/) and follow the instructions on the screen to indicate your vote for or against the proposals.

Please confirm the "Instructions for Exercise of Voting Rights via the Internet" (not included in this partial translation) when voting via Electromagnetic means (the Internet, etc.).

1) If you vote both in writing on the Voting Rights Exercise Form and via electromagnetic means (the Internet, etc.), only your vote placed via electromagnetic means (the Internet, etc.) will be valid.
2) If you submit your vote multiple times via electromagnetic means (the Internet, etc.), only the last vote will be valid.

5. Other Decisions relating to the Convocation of the General Meeting of Shareholders

If you wish to exercise your voting rights by proxy, you must delegate your voting rights to a proxy who is a shareholder of the Company with voting rights. Delegation of voting rights is limited to only one proxy.

End

Request:

◎ When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk on the day of the meeting.

Notices:

◎ Of the documents to be provided with this notice of convocation, the Notes to the Non-consolidated Financial Statements and the Notes to the Consolidated Financial Statements are, in accordance with laws and regulations as well as Article 16 of the Articles of Incorporation of the Bank, posted on the Bank's website (http://www.sagabank.co.jp/) and are therefore not included in this document. Accordingly, the documents attached to this notice of convocation constitute a part of the Non-consolidated Financial Statements and the Consolidated Financial Statements audited by the Accounting Auditor in preparing its Audit Report, and a part of the Business Report, the Non-consolidated Financial Statements and the Consolidated Financial Statements audited by the Board of Auditors in preparing its Audit Report.

◎ Any revision to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Non-consolidated Financial Statements and Consolidated Financial Statements will be posted immediately on the Bank's website (http://www.sagabank.co.jp/).

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal No. 1: Appropriation of Surplus

The Bank's basic policy in regard to the appropriation of surplus is to pay stable dividends, taking an internal reserve into consideration. It is proposed that the year-end dividend for the fiscal year under review be ¥3.50 per share in order to maintain a stable dividend in accordance with the basic policy. As a result, the dividend for the fiscal year under review, including the interim dividend of ¥3.50, will be ¥7 per share as originally planned.

Going forward, as we continue our basic policy of paying a stable dividend, we aim to return profits to all our shareholders while taking overall consideration of factors such as business results.

Furthermore, it is proposed that a general reserve of ¥2,000,000,000 be retained as an internal reserve.

1. Matters concerning year-end dividends
   (1) Matters concerning the allotment of dividend property and the total amount
   ¥3.50 per share of common stock, for a total of ¥584,343,161
   (2) Effective date of distribution of surplus
   June 30, 2016
2. Other matters concerning the appropriation of surplus
   (1) Item and the amount of surplus to be increased
   General reserve ¥2,000,000,000
   (2) Item and amount of surplus to be decreased
   Retained earnings brought forward ¥2,000,000,000

Proposal No. 2: Partial Amendments to the Articles of Incorporation

1. Reasons for the Amendments
   The Bank currently elects one (1) Standing Corporate Auditor; however, to prepare for any shortage in the number of standing Corporate Auditors, it is proposed that the number of Corporate Auditors who are not Outside Auditors be stipulated in Article 31 of "Chapter 5 Corporate Auditors and Board of Auditors" and that a regulation relating to a Substitute Corporate Auditor be established and added to Article 32 of the Bank's Articles of Incorporation, in order to establish a Substitute Corporate Auditor who is able to fulfill the roles and responsibilities expected as a Standing Corporate Auditor and expeditiously maintain the auditor system.

2. Details of the Amendments
   The Bank's Articles of Incorporation are proposed to be amended as follows.
   Amendments to the Articles of Incorporation in accordance with the present proposal shall become effective with the approval of this General Meeting of Shareholders.

(Current Articles of Incorporation and Proposed Amendments)

(1) Only provisions requiring change are noted.
(2) Underlined parts are amended.

Current Articles of Incorporation	Proposed Amendments
Chapter 5. Corporate Auditors and Board of Auditors (Number of Auditors) Article 31. The number of the Bank's Corporate Auditors shall be no more than four (4).	Chapter 5. Corporate Auditors and Board of Auditors (Number of Auditors) Article 31. The number of the Bank's Corporate Auditors shall be no more than four (4). This number shall include one (1) or more Corporate Auditors who are not Outside Corporate Auditors.
(Method of Election) Article 32. Corporate Auditors shall be elected by resolution of the General Meeting of Shareholders. A resolution for the election of Corporate Auditors shall be made by a majority of the votes of the shareholders present at the meeting where the shareholders holding not less than one third of the votes of the shareholders who are entitled to exercise their votes are present.	(Method of Election) Article 32. 1. (Unchanged)
<New>	2. Pursuant to Article 329, Paragraph 3 of the Companies Act, the Bank may elect a Substitute Corporate Auditor at the General Meeting of Shareholders to prepare for any shortage in the number of Corporate Auditors who are not Outside Corporate Auditors as stipulated in these Articles of Incorporation.
<New>	3. A resolution for the election of a Substitute Corporate Auditor pursuant to the above paragraph shall be effective until the commencement of the Annual General Meeting of Shareholders to be held for the last fiscal year ending within four (4) years from the time of the relevant resolution, provided that the effective period is not reduced by the relevant resolution.

Proposal No. 3: Election of Four (4) Directors

The terms of office of Directors Mr. Toshio Muraki, Mr. Shinji Tsutsumi, and Mr. Masatoshi Tanaka will expire at the conclusion of this General Meeting of Shareholders.

Furthermore, Director Mr. Kunihiko Akiba will resign at the conclusion of this General Meeting of Shareholders. Accordingly, the election of four (4) Directors is proposed.

The candidates are as follows:

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Bank held
1	Toshio Muraki (July 19, 1949)	April 1972 Joined the Ministry of Finance July 1996 Director of the Administration Division, Financial Inspection Department, Minister's Secretariat, Ministry of Finance July 1997 Director-General, Sapporo Regional Taxation Bureau July 1998 Deputy Director-General, National Tax Council, National Tax Agency June 2000 Senior Deputy Director-General, National Tax Tribunal, National Tax Agency July 2001 Retired from the Ministry of Finance July 2001 Director, Employment and Human Resources Development Organization of Japan July 2005 Advisor, The Nanto Bank, Ltd. April 2012 Advisor, the Bank June 2012 Representative Director and Vice President, the Bank April 2014 Representative Director and Chairman, the Bank (current position) Reasons for nomination as a candidate for Director Mr. Muraki has over 20 years' experience, including positions as Director-General, Sapporo Regional Taxation Bureau and Deputy Director-General, National Tax Council, National Tax Agency of the Ministry of Finance. He subsequently served as Director, Employment and Human Resources Development Organization of Japan and Advisor, The Nanto Bank, Ltd. He was appointed Vice President, the Bank in June 2012 and Chairman, the Bank in April 2014, and is fulfilling those responsibilities and duties in an appropriate manner. Mr. Muraki is nominated as a candidate for Director for the reason that he will continue to demonstrate his abilities in the management of the Bank, applying his experience and understanding of bank management based on his past performance.	29,000 shares

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Bank held
2	Masatoshi Tanaka (June 12, 1960)	April 1984 Joined the Bank April 2005 General Manager, Kitagata Branch, the Bank April 2006 General Manager, Maebaru Area, and General Manager, Maebaru Branch, and General Manager, Kafuri Branch, the Bank June 2008 General Manager, Watanabedori Branch, the Bank June 2010 General Manager, Hakata Branch, the Bank June 2012 General Manager, Fukuoka Branch, the Bank April 2014 General Manager, Karatsu Area, and General Manager, Karatsu Branch, the Bank June 2014 Director, General Manager, Karatsu Area, and General Manager, Karatsu Branch, the Bank (current position) Reasons for nomination as a candidate for Director Since joining the Bank in 1984, Mr. Tanaka has served as General Manager, Hakata Branch and General Manager, Fukuoka Branch, and gained extensive knowledge and experience of banks overall. He was appointed Director in 2014 and is fulfilling those responsibilities and duties in an appropriate manner. Mr. Tanaka is nominated as a candidate for Director for the reason that he will continue to demonstrate his abilities in the management of the Bank, applying his experience and understanding of bank management based on his past performance.	5,000 shares
3	Kingo Tominaga (March 15, 1960)	April 1982 Joined the Bank June 2001 General Manager, Katae Branch, the Bank June 2004 General Manager, Nishijinmachi Branch, the Bank June 2007 General Manager, Kurume Branch, the Bank June 2010 General Manager, Karatsu Area, and General Manager, Karatsu Branch, the Bank June 2012 General Manager, Tosu Area, and General Manager, Tosu Branch, the Bank April 2014 Executive Officer, Business Headquarters and General Manager, Promotion Office, Fukuoka Headquarters, the Bank April 2016 Executive Officer, Business Headquarters and General Manager, Business Promotion Department, the Bank (current position) Reasons for nomination as a candidate for Director Since joining the Bank in 1982, Mr. Tominaga has served as General Manager, Tosu Branch and General Manager, Promotion Office, Fukuoka Headquarters, and gained extensive knowledge and experience of banks overall. He was appointed Executive Officer in 2014 and is fulfilling those responsibilities and duties in an appropriate manner. Mr. Tominaga is nominated as a candidate for Director for the reason that he will demonstrate his abilities in the management of the Bank, applying his experience and understanding of bank management based on his past performance.	11,000 shares

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Bank held
4	Kazuyuki Tsutsumi (May 29, 1960)	April 1984 Joined the Bank June 2002 General Manager, Hibaru Branch, the Bank April 2004 General Manager, Hoshiguma Branch and General Manager, Noke Branch, the Bank June 2004 General Manager, Hoshiguma Area and General Manager, Hoshiguma Branch and General Manager Noke Branch, the Bank June 2006 General Manager, Hakata Eki Higashi Area and General Manager, Hakata Eki Higashi Branch and General Manager, Naka Branch, the Bank June 2008 General Manager, Tokyo Branch and General Manager, Tokyo Representative Office, General Planning Department, the Bank June 2010 General Manager, Kurume Branch, the Bank June 2012 General Manager, Konomachi Area and General Manager Konomachi Branch, the Bank April 2015 Executive Officer, General Manager, Konomachi Area and General Manager, Konomachi Branch, the Bank April 2016 Executive Officer, General Manager, Head Office Business Department, the Bank (current position) Reasons for nomination as a candidate for Director Since joining the Bank in 1984, Mr. Tsutsumi has served as General Manager, Kurume Branch, and General Manager, Konomachi Branch, and gained extensive knowledge and experience of banks overall. He was appointed Executive Officer in 2015 and is fulfilling those responsibilities and duties in an appropriate manner. Mr. Tsutsumi is nominated as a candidate for Director for the reason that he will demonstrate his abilities in the management of the Bank, applying his experience and understanding of bank management based on his past performance.	65,000 shares

(Note) There are no special interests between the candidates for Director and the Bank.

Proposal No. 4: Election of One (1) Corporate Auditor

Mr. Kotaro Ikeda, Corporate Auditor, passed away on November 17, 2015 resulting in his resignation. Accordingly, the election of one (1) Corporate Auditor is proposed.

The approval of the Board of Auditors has been obtained for this proposal.

The candidate is as follows:

Name (Date of birth)	Past experience, positions, and significant concurrent positions	Number of shares of the Bank held
Shuichi Idera (June 15, 1977)	October, 2005 Began practicing as a lawyer (current position)	0 shares

(Notes)

1. There are no special interests between the candidate for Corporate Auditor and the Bank.
2. Mr. Shuichi Idera is a candidate for Outside Corporate Auditor as stipulated in Article 2, Paragraph 3, Item 8 of the Ordinance for Enforcement of the Companies Act.
   Mr. Shuichi Idera satisfies the requirements for independent officers that are set forth in the provisions of the Tokyo Stock Exchange and Fukuoka Stock Exchange.
3. Reasons for nomination as a candidate for Outside Corporate Auditor:
   The Bank proposes the election of Mr. Shuichi Idera based on its judgment that he will execute his duties as an Outside Corporate Auditor in an appropriate manner, applying the professional knowledge and experience he gained, after passing the bar examination in 2003, in areas such as corporate legal affairs and local government legal affairs in his capacity as a lawyer.
4. Liability limitation agreement with Outside Corporate Auditors:
   The Bank has provided in its Articles of Incorporation to allow conclusion of agreements with Outside Corporate Auditors limiting their liability for damages to the Bank to a certain extent. Should Mr. Idera be elected, the Bank plans to enter into an agreement with him to limit his liability for damages as an Outside Corporate Auditor.
   Details of the content of this agreement are as follows:
   - In the event an Outside Corporate Auditor causes damage to the Bank due to negligence of his or her duties, the amount of liability assumed shall be limited to the total amount specified in each Item of Article 425, Paragraph 1 of the Companies Act, provided that the performance of duties by said Outside Corporate Auditor were carried out in good faith and without gross negligence.

Proposal No. 5: Election of One (1) Substitute Corporate Auditor

To prepare for any shortage in the number of Corporate Auditors who are not Outside Corporate Auditors from the number provided for in the Articles of Incorporation, provided that Proposal No. 2 is approved, it is proposed that one (1) Substitute Corporate Auditor be elected.

The approval of the Board of Auditors has been obtained for this proposal.

The candidate is as follows:

Name (Date of birth)	Past experience, positions, and significant concurrent positions	Number of shares of the Bank held
Shinsuke Yoshimura (July 19, 1953)	April 1977 Joined the Bank June 1999 General Manager, Maebaru Branch, the Bank June 2001 General Manager, Hakozaki Branch, the Bank June 2002 General Manager, Taku Branch and General Manager, Higashi Taku Branch, the Bank November 2002 General Manager, Taku Branch, the Bank (due to branch integration) June 2005 General Manager, Operations Administration Department, the Bank June 2008 Director, General Manager, Operations Administration Department, the Bank June 2009 Director, General Manager, Corporate Management and Coordination Department, the Bank June 2011 Executive Director, SAGIN BUSINESS SERVICE CO., LTD. June 2012 Representative Executive Director, SAGIN BUSINESS SERVICE CO., LTD. (current position) Reasons for nomination as a candidate for Substitute Corporate Director Since joining the Bank in 1977, Mr. Yoshimura has served as General Manager, Operations Administration Department and General Manager, Corporate Management and Coordination Department, and gained extensive knowledge and experience of banks overall. He further served as Director from 2008 until 2011, thereafter has been Representative Executive Director of an affiliated company since 2012, and fulfilled those responsibilities and duties in an appropriate manner. He is nominated as a candidate for Substitute Corporate Auditor for the reason that he will execute his duties in an appropriate manner, applying his experience and understanding of bank management based on his past performance.	15,000 shares

(Note) There is a normal banking transaction between Mr. Shinsuke Yoshimura and the Bank.