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(Securities Code: 8395)
June 5, 2019

To Shareholders with Voting Rights:

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

NOTICE OF CONVOCATION OF THE 90TH 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 90th 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 Wednesday, June 26, 2019 Japan time.

1. **Date and time:** Thursday, June 27, 2019 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 90th Fiscal Year (from April 1, 2018 to March 31, 2019)
2. Consolidated Financial Statements for the Bank's 90th Fiscal Year (from April 1, 2018 to March 31, 2019) 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: Election of Nine (9) Directors
Proposal No. 3: Election of One (1) 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., Thursday, June 27, 2019 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., Wednesday, June 26, 2019 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., Wednesday, June 26, 2019 Japan time

Please access the Bank's designated voting website (https://soukai.mizuho-tb.co.jp/) 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, items mentioned below 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 (https://www.sagabank.co.jp/) and are therefore not included in this document.

1. Business Report
   (1) Matters Concerning Stock Acquisition Rights of the Bank, etc.
   (2) Basic Policy Regarding Persons Who Control the Company's Decisions on Financial Matters and Business Policies
   (3) Systems to Secure the Appropriateness of Operations and the Status of its Utilization
   (4) Matters Concerning Specified Wholly-Owned Subsidiaries
   (5) Matters Concerning Transactions with the Parent Company
   (6) Matters Concerning Accounting Advisor
   (7) Others
2. Financial Statements
   (1) Non-consolidated Statements of Changes in Net Assets
   (2) Notes to the Non-consolidated Financial Statements
   (3) Consolidated Statements of Changes in Net Assets
   (4) Notes to the Consolidated Financial Statements

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 (https://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 ¥35 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 ¥35, will be ¥70 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
   ¥35 per share of common stock, for a total of ¥586,026,350
   (2) Effective date of distribution of surplus
   June 28, 2019
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: Election of Nine (9) Directors

The terms of office of Directors Mr. Yoshihiro Jinnouchi, Mr. Hideaki Sakai, Mr. Sunao Imaizumi, Mr. Akira Tashiro, Mr. Tomio Nihei, Mr. Hironao Furukawa, Mr. Shinzaburo Nakamura, Mr. Tsutomu Kimura, and Mr. Naoto Furutachi will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the election of nine (9) Directors is proposed.

The candidates are as follows:

No.	Name		Current Position, etc.
1	Yoshihiro Jinnouchi	Reappointment	Representative Director and Chairman
2	Hideaki Sakai	Reappointment	Representative Director and President
3	Sunao Imaizumi	Reappointment	Managing Director General Manager, Business Headquarters
4	Akira Tashiro	Reappointment	Managing Director
5	Tomio Nihei	Reappointment	Director General Manager, Operations Headquarters
6	Shinzaburo Nakamura	Reappointment	Director Deputy General Manager, Business Headquarters
7	Shigeyuki Yamasaki	New Appointment	Executive Officer General Manager, Karatsu Area, General Manager, Karatsu Branch, and General Manager, Karatsu Ekimae Branch
8	Naoto Furutachi	Reappointment Outside	Outside Director
9	Kentaro Tomiyoshi	New Appointment Outside	

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Bank held
1	Yoshihiro Jonnouchi (December 28, 1949) [Reappointment]	April 1972 Joined the Bank June 1995 General Manager, Honjo Branch, the Bank June 1998 General Manager, Nabeshima Branch, the Bank June 2000 Project Leader, Joint System Development Team, and Deputy General Manager, General Planning Department, and Deputy General Manager, Operations Administration Department, the Bank June 2002 General Manager, Systems Department, and Project Leader, Joint System Development Team , the Bank June 2003 Director, General Manager, General Planning Department, the Bank June 2005 Managing Director, General Manager, General Planning Department, the Bank June 2007 Managing Director, the Bank June 2010 Representative Executive Director, the Bank June 2011 Representative Director and Vice President, the Bank June 2012 Representative Director and President, the Bank April 2018 Representative Director and Chairman, the Bank (current position) (Reasons for nomination as a candidate for Director) Since joining the Bank in 1972, Mr. Jinnouchi has served as General Manager, Systems Department and General Manager, General Planning Department, and gained extensive knowledge and experience of banks overall. He was appointed Representative Executive Director in 2010 and Representative Director and President in 2012 and has served as Representative Director and Chairman since 2018, fulfilling those responsibilities and duties in an appropriate manner. Mr. Jinnouchi 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.	6,500 shares

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Bank held
2	Hideaki Sakai (September 5, 1958) [Reappointment]	April 1981 Joined the Bank June 2002 General Manager, Futsukaichi Branch, and General Manager, Tofuro Branch, the Bank November 2002 General Manager, Futsukaichi Branch, the Bank, due to branch integration April 2004 Deputy General Manager, General Planning Department, the Bank June 2007 General Manager, Takeo Branch, the Bank June 2009 General Manager, General Planning Department, the Bank June 2011 Director, General Manager, General Planning Department, the Bank April 2014 Managing Director, the Bank April 2018 Representative Director and President, the Bank (current position) (Reasons for nomination as a candidate for Director) Since joining the Bank in 1981, Mr. Sakai has served as General Manager, Takeo Branch, and General Manager, General Planning Department, and gained extensive knowledge and experience of banks overall. He was appointed Director in 2011 and Managing Director in 2014 and has served as Representative Director and President since 2018, fulfilling those responsibilities and duties in an appropriate manner. Mr. Sakai 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.	2,900 shares
3	Sunao Imaizumi (September 25, 1958) [Reappointment]	April 1981 Joined the Bank June 2000 General Manager, Hakata Eki Higashi Branch, the Bank November 2002 Acting General Manager, Fukuoka Headquarters, the Bank June 2005 General Manager, Kokura Branch, the Bank June 2007 General Manager, Fukuoka Branch, the Bank June 2009 Deputy General Manager, Fukuoka Headquarters, the Bank June 2011 Director, Deputy General Manager, Fukuoka Headquarters, the Bank April 2014 Managing Director, General Manager, Fukuoka Headquarters, the Bank June 2018 Managing Director, General Manager, Business Headquarters, the Bank (current position) (Reasons for nomination as a candidate for Director) Since joining the Bank in 1981, Mr. Imaizumi has served as General Manager, Fukuoka Branch, and General Manager, Fukuoka Headquarters, and gained extensive knowledge and experience of banks overall. He was appointed Director in 2011 and Managing Director in 2014 and is fulfilling those responsibilities and duties in an appropriate manner. Mr. Imaizumi 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.	2,700 shares

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Bank held
4	Akira Tashiro (July 10, 1958) [Reappointment]	April 1981 Joined the Bank June 2001 General Manager, Nakagawa Branch, the Bank April 2003 General Manager, Noma Branch, the Bank April 2005 General Manager, Noma Area, and General Manager, Noma Branch, the Bank, due to introduction of the area system June 2005 General Manager, Hakata Branch, the Bank June 2008 General Manager, Sasebo Branch, the Bank June 2010 General Manager, Business Promotion Department, the Bank June 2011 General Manager, Loan Administration Department, the Bank April 2013 General Manager, Head Office Business Department, the Bank June 2013 Director, General Manager, Head Office Business Department, the Bank April 2016 Director, General Manager, Operations Headquarters, the Bank June 2016 Managing Director, General Manager, Operations Headquarters, the Bank June 2018 Managing Director, the Bank (current position) (Reasons for nomination as a candidate for Director) Since joining the Bank in 1981, Mr.Tashiro has served as General Manager, Loan Administration Department and General Manager, Head Office Business Department, and gained extensive knowledge and experience of banks overall. He was appointed Director in 2013 and Managing Director in 2016 and is fulfilling those responsibilities and duties in an appropriate manner. Mr.Tashiro 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.	2,000 shares

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Bank held
5	Tomio Nihei (November 13, 1959) [Reappointment]	April 1978 Joined Fujitsu Limited January 1990 Joined the Bank June 2009 Project Staff, Joint System Development Team, and Deputy General Manager, General Planning Department, and Deputy General Manager, Systems Department, the Bank October 2010 Project Staff, Joint System Development Team, and Deputy General Manager, Systems Department, the Bank June 2012 General Manager, Systems Department, the Bank April 2014 Executive Officer, General Manager, Systems Department, the Bank April 2015 Executive Officer, General Manager, Systems Department, Operations Headquarters, the Bank, due to organizational reform June 2015 Director, General Manager, Systems Department, Operations Headquarters, the Bank June 2016 Director, Acting General Manager, Operations Headquarters, and General Manager, Systems Department, the Bank June 2018 Director, General Manager, Operations Headquarters, the Bank (current position) (Reasons for nomination as a candidate for Director) Since joining the Bank in 1990, Mr. Nihei has served as Project Staff, Joint System Development Team and General Manager, Systems Department, and gained extensive knowledge and experience of the Systems Department of the Bank. He was appointed Executive Officer in 2014 and Director in 2015 and is fulfilling those responsibilities and duties in an appropriate manner. Mr. Nihei 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.	2,700 shares

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Bank held
6	Shinzaburo Nakamura (December 11, 1962) [Reappointment]	April 1985 Joined the Bank June 2008 Deputy General Manager, Loan Administration Department, the Bank June 2010 General Manager, Yahata Branch, the Bank June 2012 General Manager, Watanabedori Branch, the Bank April 2014 General Manager, General Planning Department, the Bank June 2017 Director, General Manager, General Planning Department, the Bank April 2018 Director, Acting General Manager, Business Headquarters, and General Manager, Promotion Office, Fukuoka Headquarters, the Bank June 2018 Director, Deputy General Manager, Business Headquarters, the Bank (current position) (Reasons for nomination as a candidate for Director) Since joining the Bank in 1985, Mr. Nakamura has served as General Manager, Watanabedori Branch, General Manager, General Planning Department and General Manager, Promotion Office, Fukuoka Headquarters, and gained extensive knowledge and experience of banks overall. He has been fulfilling those responsibilities and duties in an appropriate manner. Mr. Nakamura 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.	5,400 shares
7	Shigeyuki Yamasaki (March 15, 1963) [New Appointment]	April 1987 Joined the Bank June 2012 General Manager, Yanagawa Branch, the Bank July 2013 Project Leader, Productivity Improvement Project Team, the Bank April 2016 General Manager, Productivity Planning Department, the Bank April 2018 Executive Officer, General Manager, General Planning Department, General Manager, Productivity Planning Department, and Project Leader, For “s” Project Team, the Bank April 2019 Executive Officer, General Manager, Karatsu Area, General Manager, Karatsu Branch, and General Manager, Karatsu Ekimae Branch, the Bank (current position) (Reasons for nomination as a candidate for Director) Since joining the Bank in 1987, Mr. Yamasaki has served as General Manager, Yanagawa Branch, General Manager, Productivity Planning Department and General Manager, General Planning Department, and gained extensive knowledge and experience of banks overall. He was appointed Executive Officer in 2018 and is fulfilling his responsibilities and duties in an appropriate manner. Mr. Yamasaki 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.	2,501 shares

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Bank held
8	Naoto Furutachi (June 1, 1946) [Reappointment] [Outside]	July 1969 Joined the Bank of Japan October 1991 General Manager, Otaru Branch, the Bank of Japan May 1993 Associate Director-General, Currency Issue Department, the Bank of Japan May 1994 Associate Director-General, Business Management Department and Currency Issue Department, the Bank of Japan May 1995 General Manager, Fukuoka Branch, the Bank of Japan November 1997 Internal Auditor, the Bank of Japan May 1998 Head of Internal Auditors' Office, the Bank of Japan June 1999 Retired from the Bank of Japan June 1999 Director, The Center for Financial Industry Information Systems May 2001 Advisor, Chubu Securities Financing Co., Ltd. June 2001 President and Director, Chubu Securities Financing Co., Ltd. June 2007 Senior Managing Director, JSF Trust and Banking Co., Ltd. April 2008 President and Representative Director, JSF Trust and Banking Co., Ltd. June 2012 Advisor, JSF Trust and Banking Co., Ltd. June 2013 Part-time Advisor, JSF Trust and Banking Co., Ltd. July 2013 Part-time Advisor, Meiji Yasuda Life Insurance Company June 2015 Director, the Bank (current position) (Reasons for nomination as a candidate for Director) Mr. Furutachi has served the Bank of Japan as General Manager, Fukuoka Branch and Head of Internal Auditors' Office, etc. for 30 years. After retiring from the Bank of Japan, he has served as President and Director, Chubu Securities Financing Co., Ltd. and President and Representative Director, JSF Trust and Banking Co., Ltd. He has extensive expertise and experience in financial institutions. Mr. Furutachi, a man of local origin, was appointed Outside Director in 2015 and is nominated as a candidate for Outside Director for the reason that he will fulfill the responsibilities and duties as Outside Director in an appropriate manner.	0 shares

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Bank held
9	Kentaro Tomiyoshi (December 22, 1949) [New Appointment] [Outside]	April 1972 Joined Saga Shimbun Co., Ltd. April 1989 General Manager, Arita Bureau, Saga Shimbun Co., Ltd. April 1994 Department Manager, News Department, Editorial Bureau and Member of Editorial Board, Saga Shimbun Co., Ltd. April 1998 Deputy General Manager, Editorial Bureau, Head of News Center, and Member of Editorial Board, Saga Shimbun Co., Ltd. October 1998 Director, Karatsu Branch Office, Saga Shimbun Co., Ltd. April 2002 Deputy Chairman, Editorial Board, Saga Shimbun Co., Ltd. April 2003 Chairman, Editorial Board, Saga Shimbun Co., Ltd. April 2009 Executive Officer and Chairman, Editorial Board, Saga Shimbun Co., Ltd. April 2011 Director, Executive Officer, and General Manager, Editorial Bureau, Saga Shimbun Co., Ltd. June 2014 Managing Director and General Manager, Editorial Bureau, Saga Shimbun Co., Ltd. April 2015 Managing Director and Director, Editorial Bureau, Saga Shimbun Co., Ltd. June 2016 Senior Managing Director and Director, Editorial Bureau, Saga Shimbun Co., Ltd. April 2018 Senior Managing Director, Director, Editorial Bureau and Chairman, Editorial Board, Saga Shimbun Co., Ltd. April 2019 Part-time Director and Honorary Chairman, Editorial Board, Saga Shimbun Co., Ltd. April 2019 Chairman, Saga Seiwa Gakuen (current position) (Reasons for nomination as a candidate for Outside Director) Mr. Tomiyoshi long worked for Saga Shimbun Co., Ltd., serving as Senior Managing Director, Director, Editorial Bureau and Chairman, Editorial Board. Accordingly, he has ample experience and wide-ranging experience. Mr. Tomiyoshi is nominated as a candidate for Outside Director for the reason that he will fulfill the responsibilities and duties as Outside Director in an appropriate manner, applying his experience and insight.	0 shares

(Note)

1. There are no special interests between the candidates for Directors and the Bank.
2. Mr. Naoto Furutachi and Mr. Kentaro Tomiyoshi are candidates for Outside Directors as stipulated in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act.
   Mr. Naoto Furutachi and Mr. Kentaro Tomiyoshi satisfy the requirements for independent officers that are set forth in the provisions of the Tokyo Stock Exchange and Fukuoka Stock Exchange.
3. Mr. Naoto Furutachi is currently Outside Director of the Bank and will have been in office for four years as of the conclusion of this general meeting of shareholders.
4. Liability limitation agreement with Outside Directors:
   The Bank has provided in its Articles of Incorporation to allow conclusion of agreements with Outside Directors limiting their liability for damages to the Bank to a certain extent. The Bank entered into an agreement with Mr. Mr. Naoto Furutachi, a candidate for Outside Director, to limit his liability for damages as Outside Director. Should Mr. Naoto Furutachi be elected, the Bank plans to continue the said liability limitation agreement with him. Should Mr. Kentaro Tomiyoshi, a candidate for Outside Director, be elected, the Bank plans to enter into an agreement with him to limit his liability for damages as Outside Director. Details of the content of this agreement are as follows:
   - In the event an Outside Director 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 the said Outside Director was carried out in good faith and without gross negligence.

Proposal No. 3: Election of One (1) Corporate Auditor

The term of office of Mr. Akinobu Onizaki, Corporate Auditor, will expire at the conclusion of this General Meeting of Shareholders. 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, responsibilities, and significant concurrent positions	Number of shares of the Bank held
Takumi Ikeda (November 28, 1949) [New Appointment] [Outside]	April 1968 Joined Saga Prefectural Government Office April 2006 General Manager, Soil Improvement Headquarters, Saga Prefectural Government Office June 2008 Managing Director, Saga Airport Terminal Building Co., Ltd. June 2008 Director, ANA AIR SERVICE SAGA CO., LTD. June 2009 Director and President, Saga Airport Terminal Building Co., Ltd. July 2011 Representative Audit Committee Member of Saga Prefecture September 2018 Auditor, Saga Prefectural Regional Industry Support Center (part-time) (current position) (Reasons for nomination as a candidate for Outside Corporate Auditor) Since joining Saga Prefectural Government Office, Mr. Ikeda has served as General Manager, Soil Improvement Headquarters, Director and President, Saga Airport Terminal Building Co., Ltd. and Representative Committee Member of Saga Prefecture, and gained extensive knowledge and experience. He is nominated as a candidate for Outside Corporate Auditor for the reason that he will fulfill his responsibilities as Outside Corporate Auditor in an appropriate manner, applying his experience and insight.	0 shares

(Note)

1. There are no special interests between the candidate for Corporate Auditor and the Bank.
2. Mr. Takumi Ikeda 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. Takumi Ikeda satisfies the requirements for an independent officer that are set forth in the provisions of the Tokyo Stock Exchange and Fukuoka Stock Exchange.
3. 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. Takumi Ikeda be elected, the Bank plans to enter into an agreement with him to limit his liability for damages as 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 the said Outside Corporate Auditor was carried out in good faith and without gross negligence.