

**Aozora Bank announces the terms of Aozora Debentures
and of the Discount Aozora Debentures, 1 & 5 year(s)**

Tokyo (July 26 , 2007) – Aozora Bank, Ltd. (“Aozora Bank”) announced the terms of Aozora Debentures and of Discount Aozora Debentures as follows, in view of recent economic and financial conditions:

**1. Aozora Debentures for the public sales,
August First Half Issue, 5 years**

		August First Half Issue	July Second Half Issue
Interest-Bearing Debenture	Coupon	0.66% per annum	0.66% per annum
Interest-Compounded Debenture	Average Yield	0.670% Semiannually compounded interest of 0.66%	0.670% Semiannually compounded interest of 0.66%
Sales Period			
From Monday		July 30 , 2007 to	Friday August 10 , 2007

**2. Discount Aozora Debenture August First Half Issue, 1 year
Discount debentures**

		August First Half Issue	July Second Half Issue
Discount rate		0.37% per annum	0.37% per annum
Yield to maturity	Before tax	0.380% per annum	0.380% per annum
	After tax	0.320% per annum	0.320% per annum
Issue Price on the last day of the sales period			
	Before tax	¥9,962 per ¥10,000	¥9,963 per ¥10,000
	After tax	¥9,968 per ¥10,000	¥9,969 per ¥10,000

Discount debentures (safe custody only)

		August First Half Issue	July Second Half Issue
Discount rate		0.35% per annum	0.35% per annum
Yield to maturity	Before tax	0.360% per annum	0.360% per annum
	After tax	0.300% per annum	0.300% per annum
Issue Price on the last day of the sales period			
	Before tax	¥9,964 per ¥10,000	¥9,965 per ¥10,000
	After tax	¥9,970 per ¥10,000	¥9,971 per ¥10,000

Sales Period
From Monday July 30 , 2007 to Friday August 10 , 2007