

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

**Tokyo** ( December 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,  
January First Half Issue, 5 years**

		<b>January First Half Issue</b>	December Second Half Issue
Interest-Bearing Debenture	Coupon	<b>0.66% per annum</b>	0.66% per annum
Interest-Compounded Debenture	Average Yield	<b>0.670% Semiannually compounded interest of 0.66%</b>	0.670% Semiannually compounded interest of 0.66%

● Sales Period

From Friday December 28 , 2007 to Friday January 11 , 2008

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

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

**Discount debentures (safe custody only)**

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

● Sales Period

From Friday December 28 , 2007 to Friday January 11 , 2008