

**Aozora Bank announces the terms of Aozora Debentures
and Discount Aozora Debentures, 1 & 5 years**

Tokyo (December 24 , 2010) – Aozora Bank, Ltd. ('Aozora Bank') announced the terms of Aozora Debentures and Discount Aozora Debentures as follows, in view of recent economic and financial conditions:

**1. Aozora Debentures for public sale,
January First Half Issue, 5 years**

		January First Half Issue	December Second Half Issue
Interest-Bearing Debenture	Coupon After tax	0.12% per annum 0.096% per annum	0.12% per annum 0.096% per annum
Interest-Compounded Debenture	Average Yield (After tax)	0.097% Semiannually compounded interest of 0.12%	0.097% Semiannually compounded interest of 0.12%

● Sales Period

Tuesday December 28 , 2010 until Wednesday January 12 , 2011

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

		January First Half Issue	December Second Half Issue
Discount rate	Before tax	0.07% per annum	0.07% per annum
Yield to maturity	After tax	0.080% per annum 0.070% per annum	0.080% per annum 0.070% per annum
Issue Price on the last day of the sales period			
	Before tax	¥9,992 per ¥10,000	¥9,992 per ¥10,000
	After tax	¥9,993 per ¥10,000	¥9,993 per ¥10,000

Discount Debentures (safe custody only)

		January First Half Issue	December Second Half Issue
Discount rate	Before tax	0.05% per annum	0.05% per annum
Yield to maturity	After tax	0.060% per annum 0.050% per annum	0.060% per annum 0.050% per annum
Issue Price on the last day of the sales period			
	Before tax	¥9,994 per ¥10,000	¥9,994 per ¥10,000
	After tax	¥9,995 per ¥10,000	¥9,995 per ¥10,000

● Sales Period

Tuesday December 28 , 2010 until Wednesday January 12 , 2011