

**THE GOVERNOR AND COMPANY OF THE BANK OF IRELAND (THE "BANK")**

**Deleveraging Plan Update – Sale of Project Finance Loans**

**13 June 2012**

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The Bank announces that it has agreed to sell a portfolio of UK Infrastructure Project Finance loans, with total drawn and undrawn commitments of circa €0.2 billion to Aviva Special PFI LP, an investment vehicle established and managed by Aviva Investors, for a price of 81% of these commitments. The cash proceeds from this loan portfolio sale will further reduce the Bank's funding requirements, in line with the Bank's deleveraging plans and will have a broadly neutral impact on the Group's Core Tier 1 ratio.

On 24 April 2012, the Bank announced that it had completed or contracted divestments amounting to €9.5 billion (at an average discount of 7.6%). On the basis of the sale announced today and other deleveraging initiatives in progress, the Bank expects that it will be able to complete its target of €10 billion of divestments within the overall base case assumptions used as part of the 2011 Prudential Capital Assessment Review ("PCAR").

ENDS

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