



**Irwin
Financial**

Annual Meeting of Shareholders

May 30, 2008

Agenda

- Items of Business
- Review of 2007 and 1Q08
- Transformation and Looking Forward

Proposals

- Elect three directors to serve a term expiring in 2011



Dave Hoover



Will Miller



Dayton Molendorp

Proposals

- Amend and re-approve the Irwin Financial 2001 Stock Plan
- Confirm the appointment of Independent Auditors



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In our presentations to you today and in the course of answering your questions, we may make statements that are "forward-looking." Statements of our plans, aims, goals, initiatives, expectations, estimates, objectives, strategies, forecasts, expected results and similar expressions identify forward-looking information and can be identified by words such as "believe," "anticipate," "expect," "should," "intend," and similar expressions. These statements are not guarantees of future performance or events, and our actual accomplishment of the plans we will discuss with you today involve certain risks and uncertainties that are difficult to predict. Therefore, actual future events may differ materially from what we discuss here today. Our results are affected by a variety of factors including, but not limited to: the effects of general economic conditions, particularly in sectors relating to real estate, mortgage lending or small business-based manufacturing and services; potential effects related to the Corporation's decision to suspend the payment of dividends on its common, preferred and trust preferred securities; difficulties in reducing risk associated with home equity loans on our balance sheet; changes in interest rates; consumer and commercial demand for credit; the credit quality of our borrowers; the levels of our reserves for losses reflected in both our loan and lease loss reserves and our valuation of home equity residuals and mortgage servicing rights; difficulties in accurately estimating the future repurchase risk of loans or leases; changes in estimates of the carrying value of our assets, including securities; our ability to collect borrower obligations; the ability of our commercial bank and federal savings bank to attract deposits; the effects of natural disasters; difficulties in delivering our products to the secondary market; difficulties in expanding our business and obtaining funding sources as needed; competition from other financial service providers for experienced managers as well as for customers; staffing fluctuations in response to product demand; changes in our variable compensation plans; unanticipated outcomes in litigation; changes in legislation, regulation or regulatory guidance or interpretation; the effects of regulatory action, including the memorandum of understanding entered into as of March 1, 2007 between our subsidiary bank and the Federal Reserve Bank of Chicago; changes in applicable accounting policies or their interpretation or application to our business; the availability of resources to address legislative, regulatory or policy changes or to respond to regulatory actions; the final disposition of our remaining assets and obligations of our discontinued mortgage banking segment; or governmental changes in monetary or fiscal policies. We undertake no obligation to update publicly any of these statements in light of future events, except as required in subsequent reports we file with the Securities and Exchange Commission. For a more complete explanation of various factors that may affect our future results, we refer you to the risk factors and other cautionary language contained in our Report on Form 10-K or the Year Ended December 31, 2007 and our Report on Form 10-Q for the Period Ended March 31, 2008.

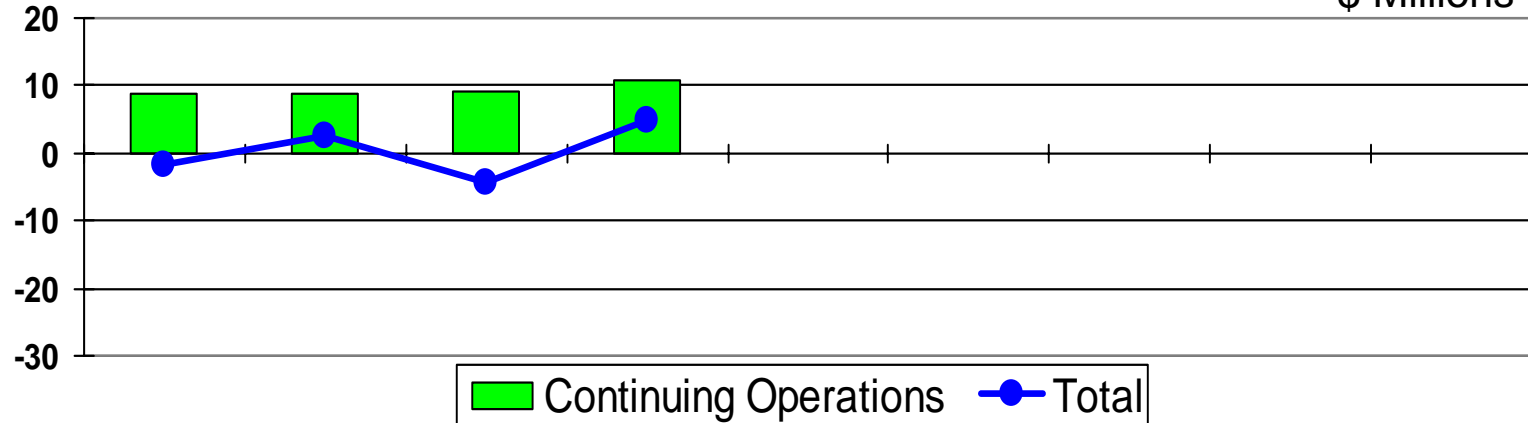
Agenda

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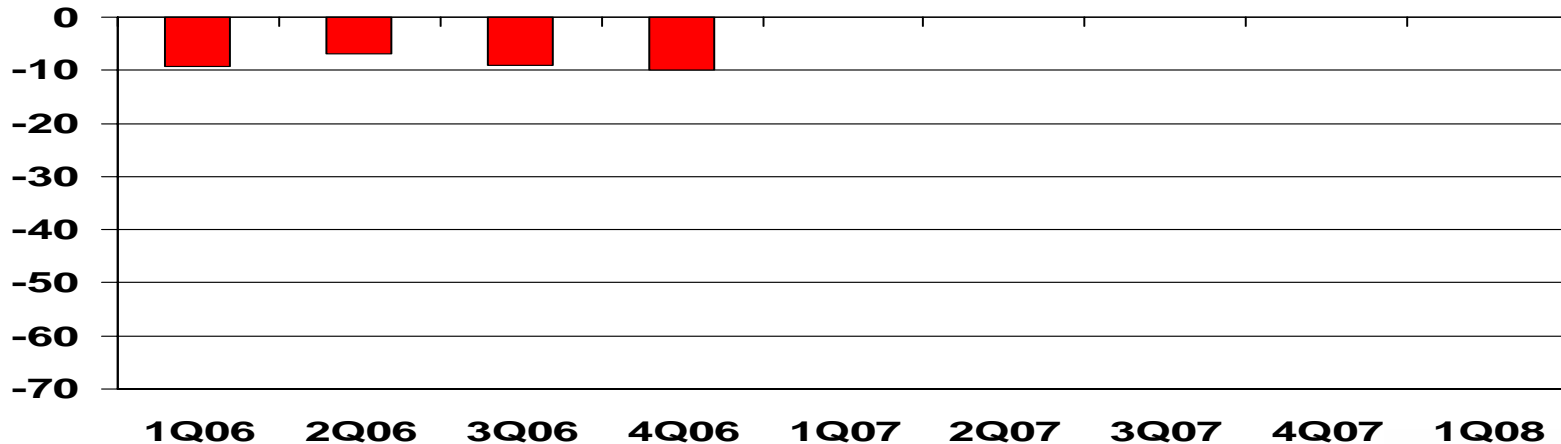
2006 Net Income and Credit Loss Provisions

Net Income After Tax

\$ Millions



Loan Loss Provision

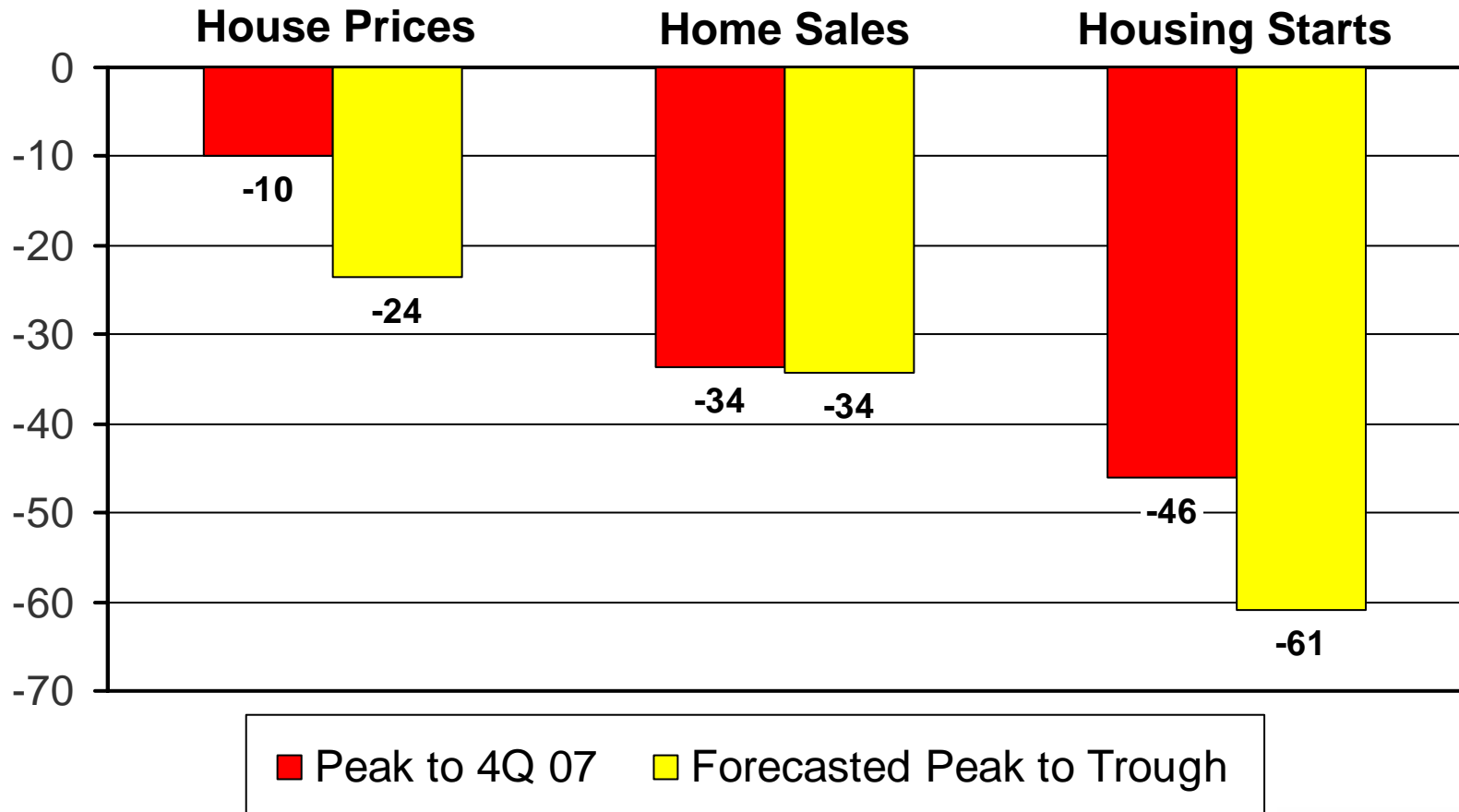


Operating Environment in 2007

- Significant Housing Correction
 - A bubble in prices and sales is deflating
 - » Increase in losses on consumer mortgages
 - Has migrated to stress commercial portfolios of residential development loans
- Issues in mortgage markets spilled over into other capital markets
 - Materially affected certain non-deposit funding sources
 - » Closed the home equity securitization markets
 - » Significantly added to cost of other wholesale funding sources

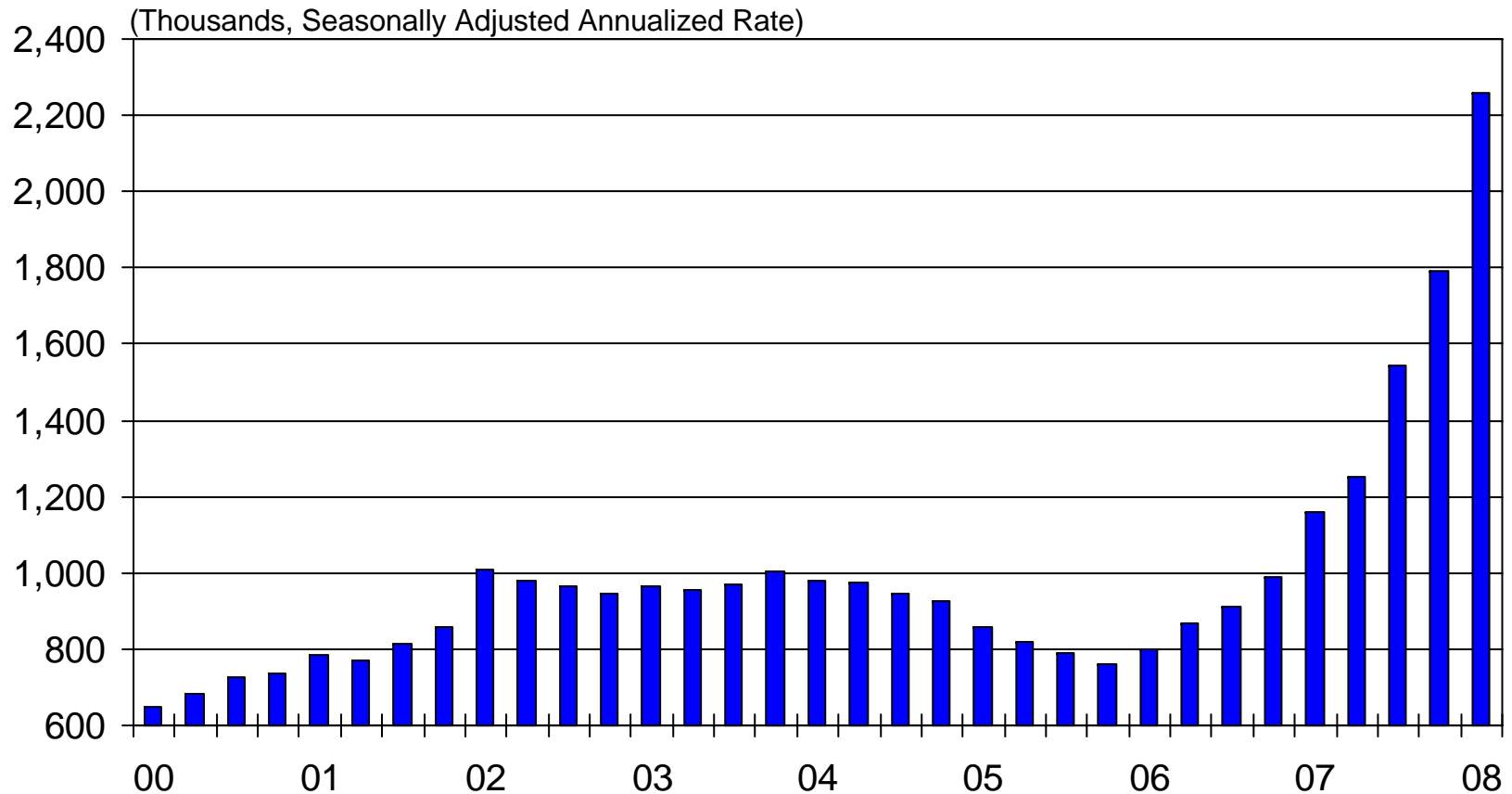
A Deep Housing Correction

% Change From Peak



Foreclosures Surge

First Mortgage Loans—Nationally (not Irwin portfolio)

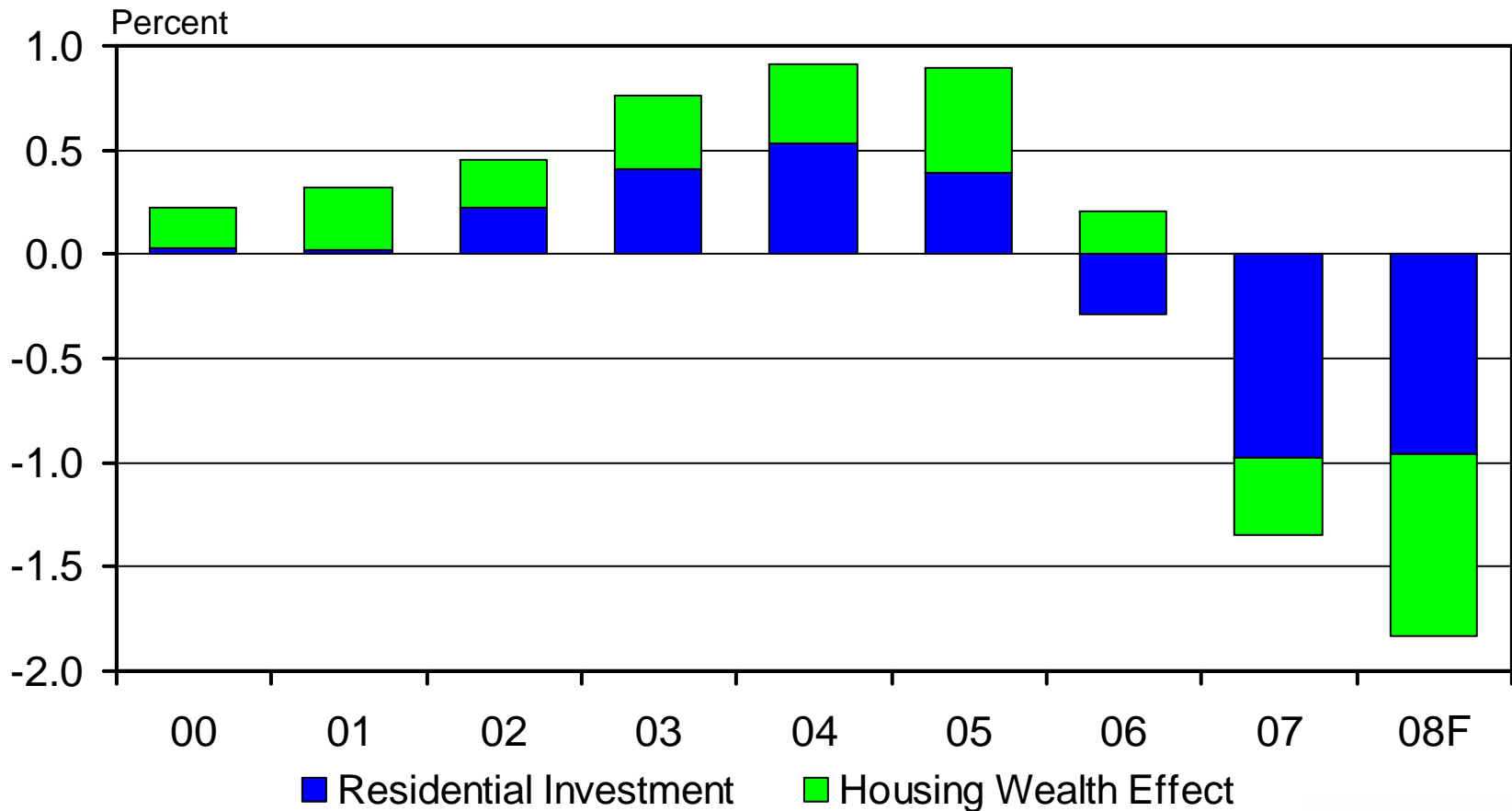


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- Now affecting the broader economy
 - Consumer confidence falling
 - While staples such as food and fuel are more expensive

Housing's Drag on the Economy

Contribution to Real GDP Growth



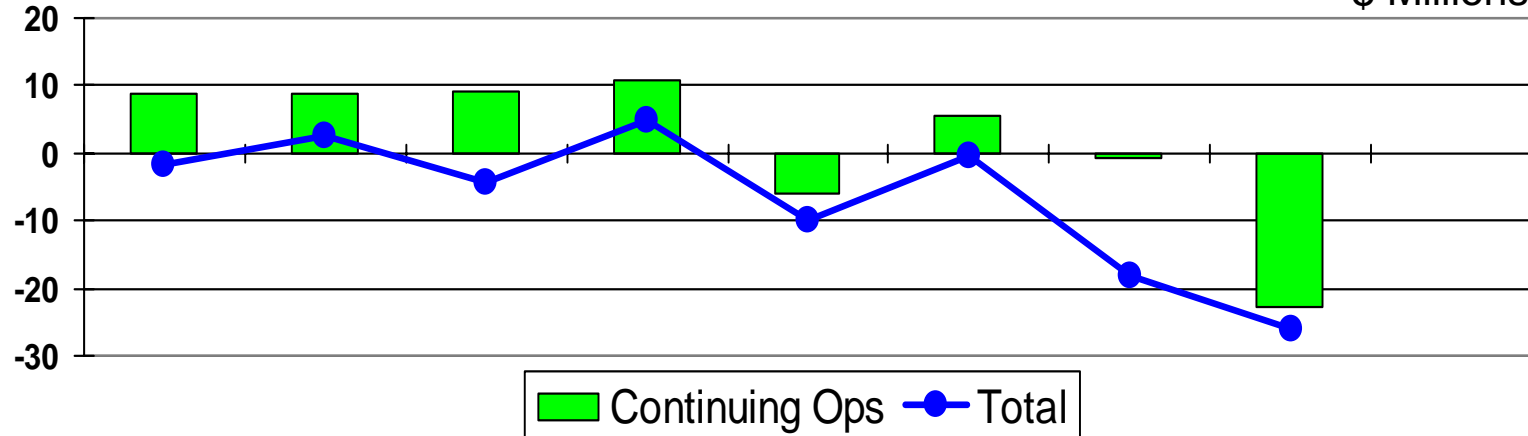
2007 Financial Performance

- Irwin Union Bank (Commercial Banking segment) earned \$16M
- Commercial Finance posted record net income of \$14M
 - Franchise Finance channel contributed \$12M of the \$14M
- Consolidated loss of \$55M largely reflected:
 - Crisis in housing industry and related disruption in the mortgage businesses
 - » Significant reserves taken for future Home Equity credit losses
 - \$103 million in credit provisions vs
 - \$53 million of actual losses in 2007
 - » Wind down of 2006/07 sale of substantially all assets and operations of Irwin Mortgage (Discontinued Operations)
 - Discontinued Operations loss of \$31M in 2007 for repurchase reserves

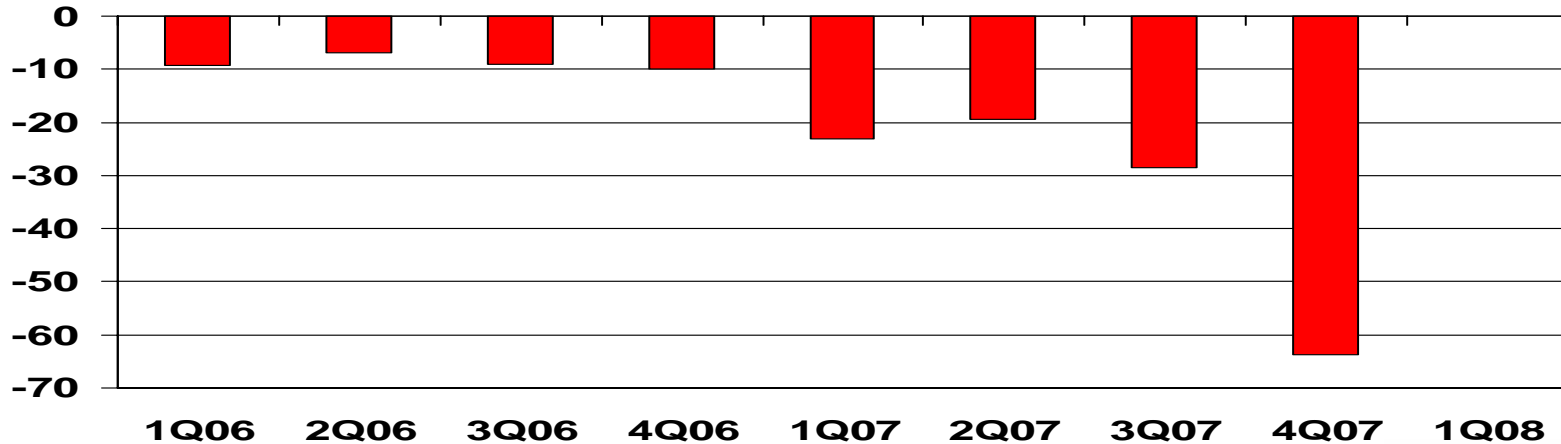
Net Income and Loss Provisions

Net Income After Tax

\$ Millions



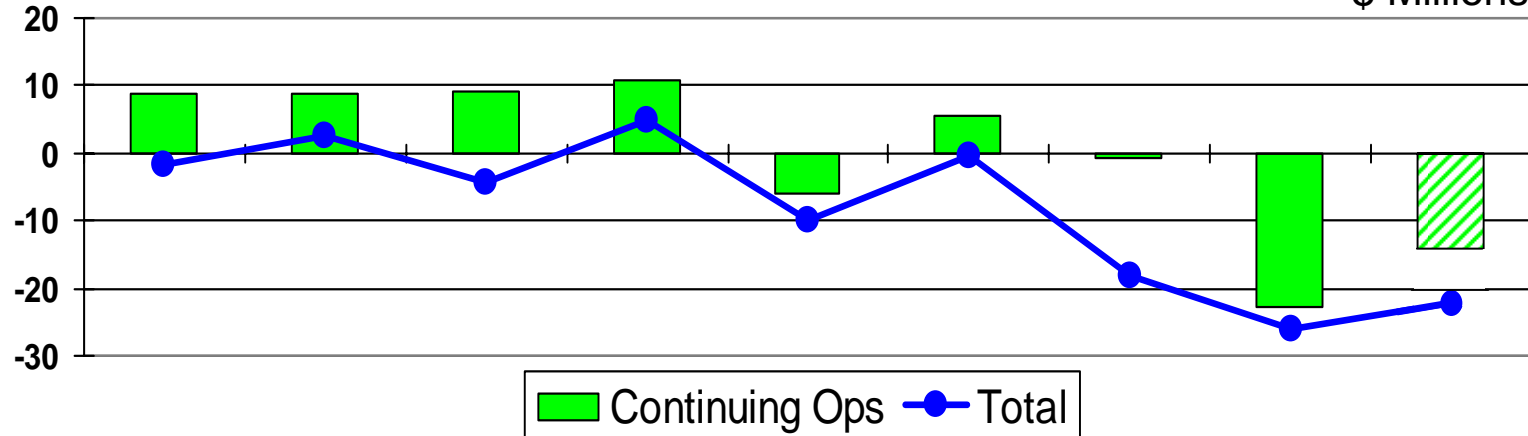
Loan Loss Provision



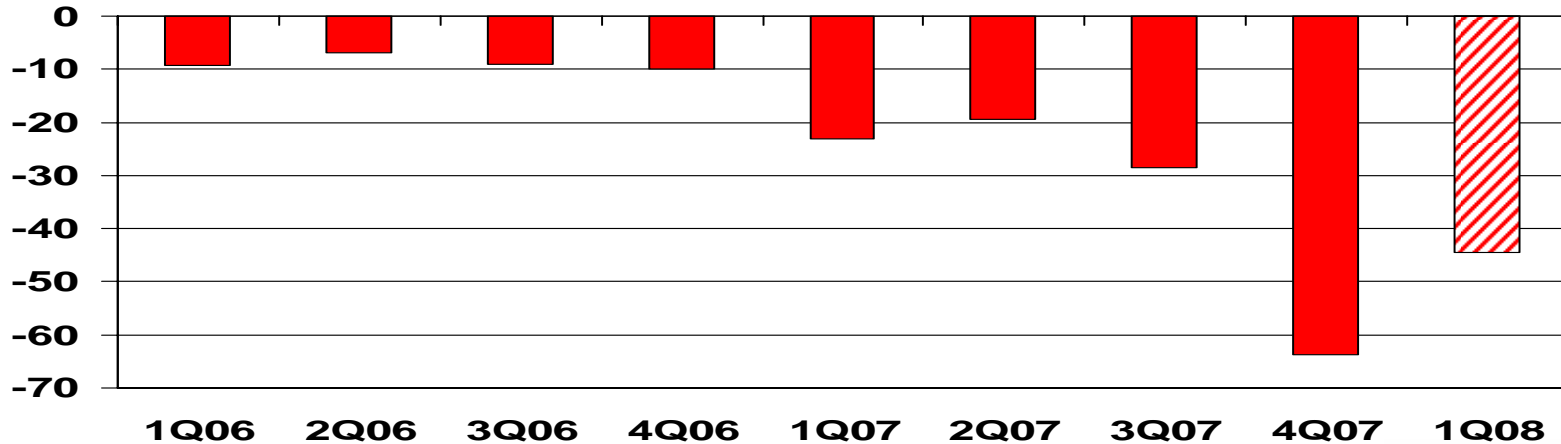
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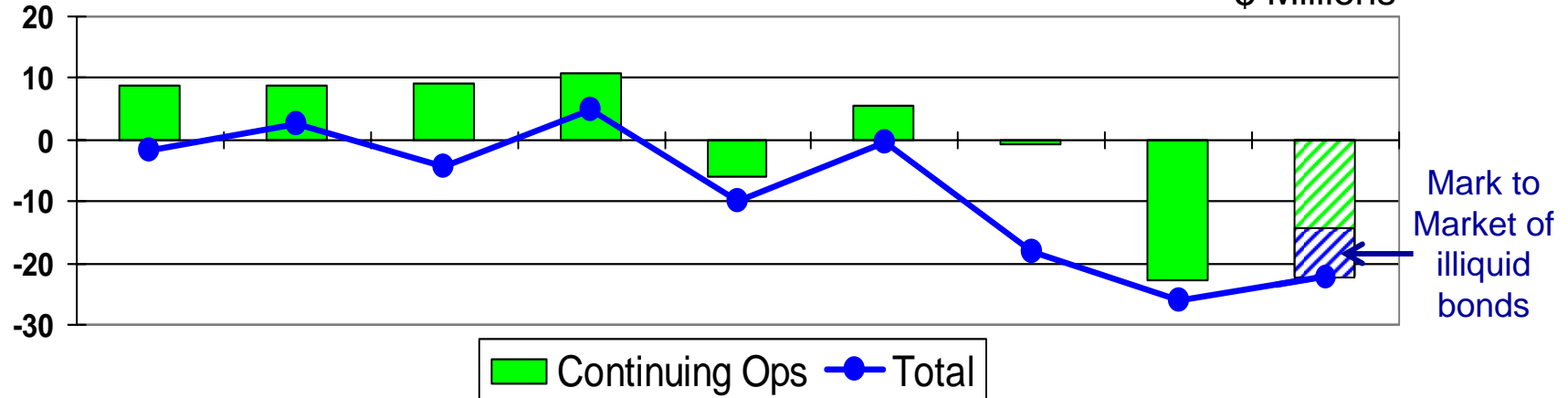
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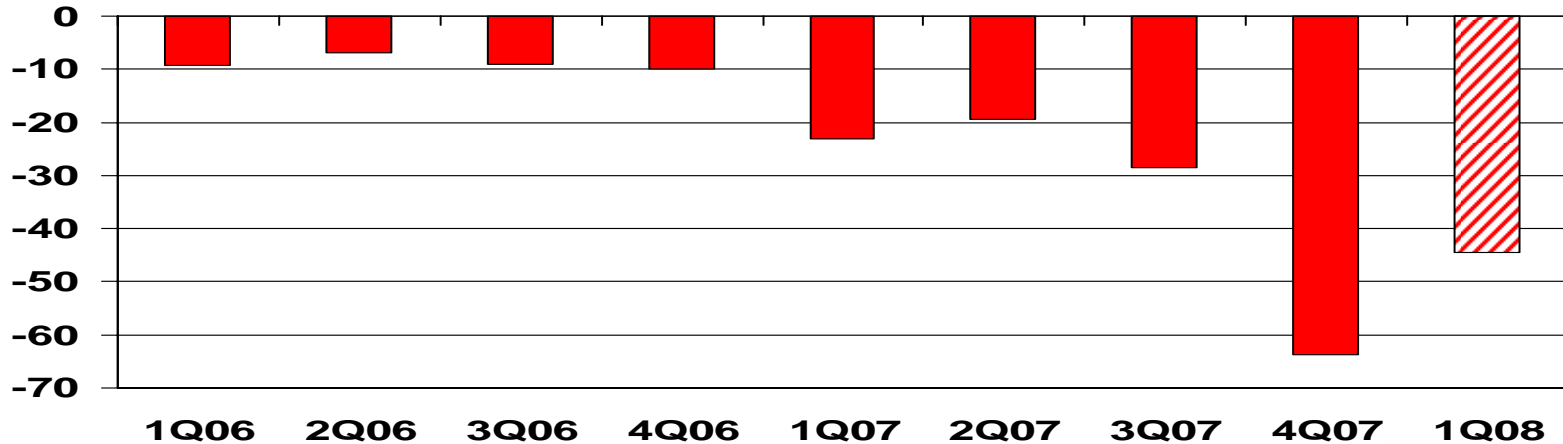
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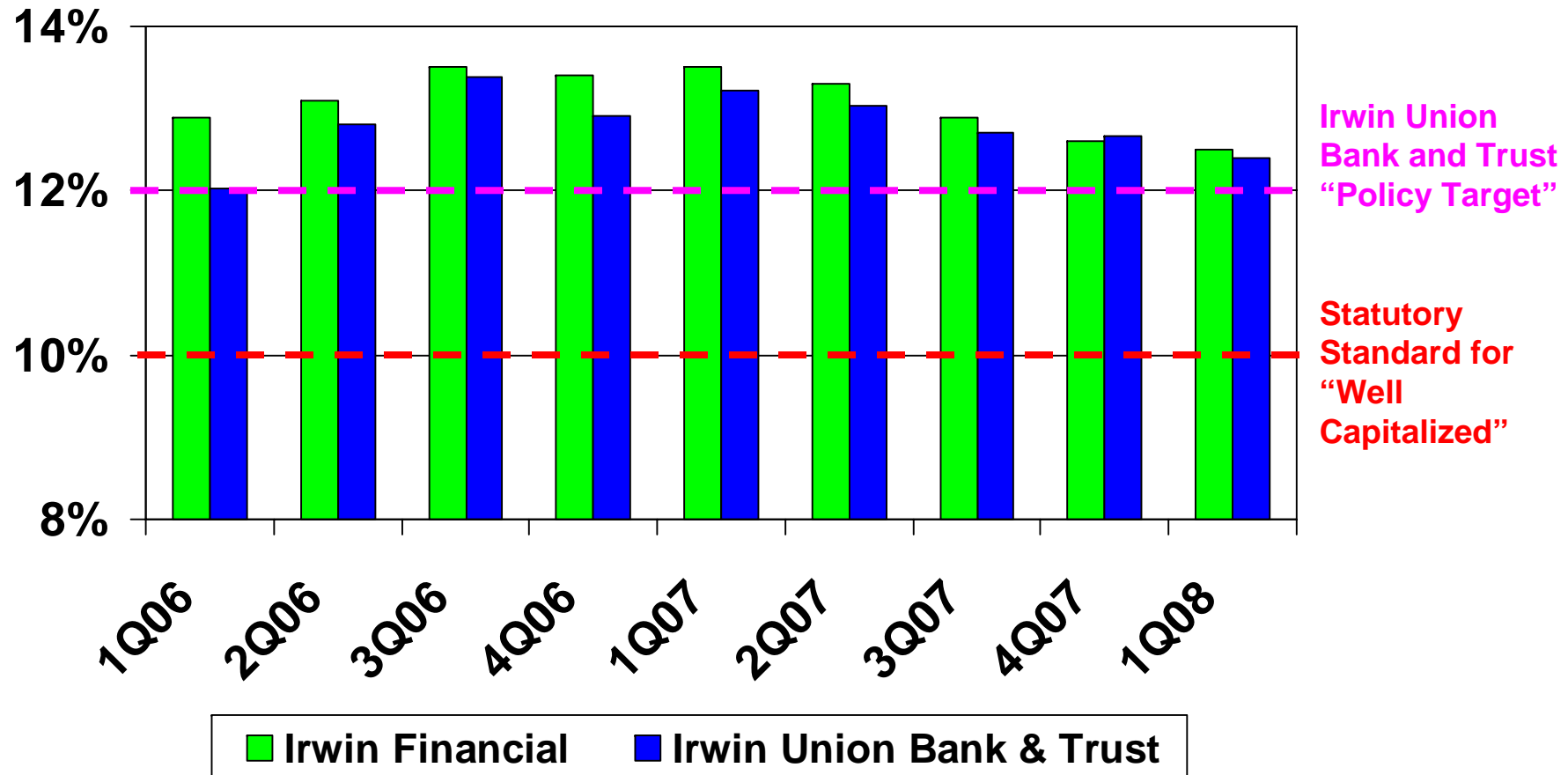
Loan Loss Provision



Responses to Challenges

- Reduction in our risk profile
 - Sale of mortgage banking (Irwin Mortgage) operations and assets
 - Reduction of home equity risk through tightening credit guidelines and curtailing production throughout 2007
 - Halted production of second mortgages in home equity segment in April 2008
- Managed our capital
 - Eliminated or deferred dividends as a precautionary measure
 - Managed growth of the Balance Sheet

Total Capital to Risk Weighted Assets



Limited Exposure to Home Equity Credits

Pro Forma as of 3/31/08—For Illustration, Assumes Zero Value in Home Equity Portfolio

	Whole Loans	Securitized Loans	Total
Unpaid Principal Balance	\$ 324m	\$ 1,076m	\$ 1,400m

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Pre-Tax Exposure	\$289m	\$ 79m	\$ 368m
After-Tax Exposure	\$ 173m	\$ 47m	\$ 220m

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Total IFC Risk Weighted Capital Ratio			11.0%

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Strategy: An Organization's Response To Its Environment

1871	1981	1980's	1990's	1995	1999	2000	2007	2008
Founded as Irwin's Bank	Small Business Focused National Expansion Strategy							
	Acquired Inland Mortgage Corporation						Divested Irwin Mortgage Corporation	
				Started Irwin Home Equity				
			Acquired Affiliated Capital		Divested Affiliated Capital			
						Started Irwin Commercial Finance		
County Bank	Slow growth		Rapid growth and value creation			Peak year 2003	Losses	Refocus

The Current Environment

- For the past 25 years, Irwin's business model was based on a core branch-based commercial bank, supplemented with wholesale funds
 - e.g., Securitizations and secured financings
- This base has been used to support assets originated in non-branch based origination and servicing platforms
- Macro issues have transformed the mortgage and capital markets in past 12 months
 - US/Global crisis in mortgage markets
 - Securitization markets have largely closed
 - Future value expected to be focused in deposit-funded banks

Transformation

- May 7 announcement of Board pursuit of strategic alternatives to refocusing the Corporation on our core services to small business customers
- Reduce exposure to risk in the home equity segment
- Under consideration:
 - Sale of loans, a spin off of assets, or recapitalization
- Aim is to complete this process in the third quarter, if not sooner

Goals

- Transformational change to return to small business focused bank funded with core branch-based depository
- Eliminate the earnings and capital pressures created by recent losses in home equity
 - Deleverage balance sheet as necessary to free up capital to absorb home equity write downs
 - Eliminate future credit provisions for home equity portfolio
 - Raise capital as required to prepare for future growth
- Return to profitability once charges associated with transformation are booked
- Resume paying quarterly dividends



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