

IRWIN FINANCIAL CORPORATION AND IRWIN UNION BANK AND TRUST COMPANY

RISK MANAGEMENT COMMITTEE CHARTER

Purpose

The primary purpose of the Risk Management Committee (the "Committee") is to assist the Boards of Directors of Irwin Financial Corporation (the "Company") and Irwin Union Bank and Trust Company (the "Bank") in fulfilling their oversight responsibilities with respect to the existence, operation and effectiveness of the risk management programs, policies and practices of the Company and the Bank, including without limitation the compliance program.

Committee Membership

The Risk Management Committee shall be comprised of three or more directors. Committee appointments and the selection of the Committee Chairperson will be approved annually by the Board of Directors of the Company and the Board of Directors of the Bank (collectively, the "Boards"). Unless otherwise determined by the Board of the Company, the Chair of its Audit Committee shall be one of the members of this Committee.

All members of the Committee will be non-management directors, a majority of whom will be "independent," as determined by the Board of the Company in accordance with the guidelines of the New York Stock Exchange ("NYSE") and other applicable regulations. The Committee shall constitute a committee of both the Board of the Company in accordance with Indiana Code § 23-1-34-6 and the Board of the Bank in accordance with Indiana Code § 28-13-10-6.

Committee members may be removed or replaced by the Boards from time to time in their discretion.

Authorities, Duties and Responsibilities

The Committee shall have the following authorities, duties and responsibilities:

1. Review and approve policies, programs and management committee charters relating to enterprise-wide risk management and compliance for the Company, the Company's thrift subsidiary, Irwin Union Bank, F.S.B. (the "FSB"), and the Bank, including without limitation the property, casualty, and liability insurance coverages maintained by the Company and its subsidiaries;
2. Review reports from the Enterprise-wide Risk Management Committee and/or the Chief Risk Officer on the risk profile of the Company, the Bank and the FSB, as well as emerging market and regulatory risks, and the actions undertaken to identify, measure, monitor and control risks;

3. Approve and adjust, subject to ratification by the Boards, risk limits and policies that establish the appetite of the Company and the Bank for credit, market, liquidity and operational risks, which may be recommended by the Enterprise-wide Risk Management Committee from time to time;
4. Review and consult with management regarding the adequacy and effectiveness of risk management staffing (including outsourced staffing) and risk identification, measurement, and monitoring processes, including without limitation compliance, credit risk evaluation and information security;
5. Review and consult with the Enterprise-wide Compliance and Operational Risk Manager the (“ECOM”) regarding (i) the adequacy and effectiveness of the Company’s and the Bank’s compliance policies, programs and staffing (including staffing provided via outsourced compliance reviews), (ii) gaps identified by the ECOM in the compliance risk management function, and (iii) the development of action plans for addressing such gaps.
6. Either alone or in conjunction with the Audit Committee, review and discuss correspondence with, or other action by, state and federal regulators;
7. Review reports on economic capital levels and risk drivers, and approve changes to the methodology and key assumptions used in economic capital modeling based on review of the rationale supporting the changes;
8. Review and concur, by majority vote, in the appointment, replacement, reassignment, or dismissal of the Chief Risk Officer;
9. Perform any other activities consistent with this Charter that are delegated to the Committee by the Boards.

With respect to the responsibilities listed above, the Committee shall:

- Report to the Boards on a regular basis on its activities and on all material matters regarding risk management and compliance;
- Review and reassess the adequacy of this Charter annually – taking into account the purpose and responsibilities of the Committee, the principles of corporate governance approved by the Board of the Company, and the input of the Chief Risk Officer and the ECOM – and recommend to the Boards and any proposed changes to the Charter; and
- Perform an annual evaluation of the Committee's own performance and report the results to the Boards. In connection with such review, the Committee shall, after taking into account its purpose and responsibilities, make an assessment of the manner in which it has met such responsibilities (including the number of meetings held, an overall review of matters considered and approved, and the number of meetings attended by each Committee member).

Meetings

The Committee shall meet no less than annually, or more frequently as circumstances dictate. The Committee may ask members of management or others to attend the meeting and is authorized to receive any and all pertinent information from management as determined by the Committee. The Committee shall meet with the Chief Risk Officer and the ECOM in separate executive sessions as needed, but no less than annually.

The Committee may hold joint and concurrent meetings with the Audit Committee from time to time for the purpose of (but not limited to) (i) reviewing and discussing correspondence with, or other action taken by, state and federal regulators, or (ii) deliberating on matters relating to compliance with legal and regulatory requirements or the overall effectiveness of the risk management programs of the Company, the Bank and the FSB.

Board Approvals:

RMC: February 14, 2007

IUBT Board of Directors: February 14, 2007

IFC Board of Directors: February 15, 2007