



**Irwin
Financial**

Annual Meeting of Shareholders

May 29, 2009

Agenda

- Items of Business
- Status of Restructuring
- Looking Forward

Proposals

- Elect four directors to serve a term expiring in 2012



**David
Goodrich**



**Brenda
Lauderback**



**John
McGinty**



**Marita
Zuraitis**

Proposals

- Amend the IFC Employees' Stock Purchase Plan III
- Approve the IFC Short Term Incentive Plan
- Confirm the appointment of Independent Auditors



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In our presentation to you today and in the course of answering your questions, we may make statements that are "forward-looking." Forward-looking statements are based on management's expectations, estimates, projections, and assumptions. These statements involve inherent risks and uncertainties that are difficult to predict and are not guarantees of future performance. Words that convey our beliefs, views, expectations, assumptions, estimates, forecasts, outlook and projections or similar language, or that indicate events we believe could, would, should, may or will occur (or will not or might not occur) or are likely (or unlikely) to occur, and similar expressions, are intended to identify forward-looking statements. These may include, among other things, statements and assumptions about our efforts to:

- refocus the Bank on serving individuals and small businesses;
- return to profitability and growth; and
- raise additional capital.

These statements are not guarantees of future performance or events, and actual future events may differ materially from what we discuss here today. We qualify all forward looking statements by various risks and uncertainties we face, as well as by the assumptions underlying the statements, including, but not limited to, the following cautionary factors:

difficulties in completing our recapitalization plan, including the failure to raise sufficient private investment through our proposed rights offer or a possible exchange of trust preferred securities for our equity or by other means, the failure of a sufficient number of shareholders to participate in a rights offer or to exercise fully their rights, the failure to satisfy the conditions that require the standby purchasers to exercise fully their subscription privileges, the failure to receive assistance in substantially the form proposed to the U.S. Treasury and banking regulators, or the failure to obtain any necessary regulatory approvals; action that could delay receipt of our expected tax refund; potential further deterioration or effects of general economic conditions, particularly in sectors relating to real estate and/or mortgage lending, small business lending, and franchise restaurants finance; fluctuations in housing prices; potential effects related to the Corporation's decision to suspend the payment of dividends on its common, preferred and trust preferred securities; potential changes in direction, volatility and relative movement (basis risk) of interest rates, which may affect consumer and commercial demand for our products and the management and success of our interest rate risk management strategies; staffing fluctuations in response to product demand or the implementation of corporate strategies that affect our work force and potential associated charges; the relative profitability of our lending and deposit operations; the valuation and management of our portfolios, including the use of external and internal modeling assumptions we embed in the valuation of those portfolios and short-term swings in the valuation of such portfolios; borrowers' refinancing opportunities, which may affect the prepayment assumptions used in our valuation estimates and which may affect loan demand; unanticipated deterioration in the credit quality or collectability of our loan and lease assets, including deterioration resulting from the effects of natural disasters (including a pandemic); difficulties in accurately estimating any future repurchases of residential mortgage, home equity, or other loans or leases due to alleged violations of representations and warranties we made when selling these loans and leases to the secondary market or in securitizations; unanticipated deterioration or changes in estimates of the carrying value of our other assets, including securities; difficulties in delivering products to the secondary market as planned; difficulties in expanding our businesses and obtaining or retaining deposit or other funding sources as needed, including the loss of public fund deposits or any actions that may be taken by the state of Indiana and its political subdivisions; competition from other financial service providers for our staff and customers; changes in the value of our lines of business, subsidiaries, or companies in which we invest; changes in variable compensation plans related to the performance and valuation of lines of business where we tie compensation systems to line-of-business performance; unanticipated lawsuits or outcomes in litigation; legislative or regulatory changes, including changes in laws, rules or regulations that affect tax, consumer or commercial lending, corporate governance and disclosure requirements, and other laws, rules or regulations affecting the rights and responsibilities of our Corporation, or our state-chartered bank or federal savings bank subsidiary; regulatory actions that impact our Corporation, bank or thrift, including the written agreement the Corporation and its state-chartered bank subsidiary, Irwin Union Bank and Trust Company, entered into with the Federal Reserve Bank of Chicago and the Indiana Department of Financial Institutions on October 10, 2008, and the supervisory agreement the Corporation's federal savings bank subsidiary, Irwin Union Bank, F.S.B., entered into with the Office of Thrift Supervision on the same day; changes in the interpretation and application of regulatory capital or other rules; the availability of resources to address changes in laws, rules or regulations or to respond to regulatory actions; changes in applicable accounting policies or principles or their application to our business or final audit adjustments, including additional guidance and interpretation on accounting issues and details of the implementation of new accounting methods; the final disposition of the remaining assets and obligations of lines of business we have exited or are exiting, including the mortgage banking segment, small ticket commercial leasing segment and home equity segment; or governmental changes in monetary or fiscal policies.

In addition, our past results of operations do not necessarily indicate our future results. 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 for the Year Ended December 31, 2008 and our Report on Form 10-Q for the Period Ended March 31, 2009.

Agenda

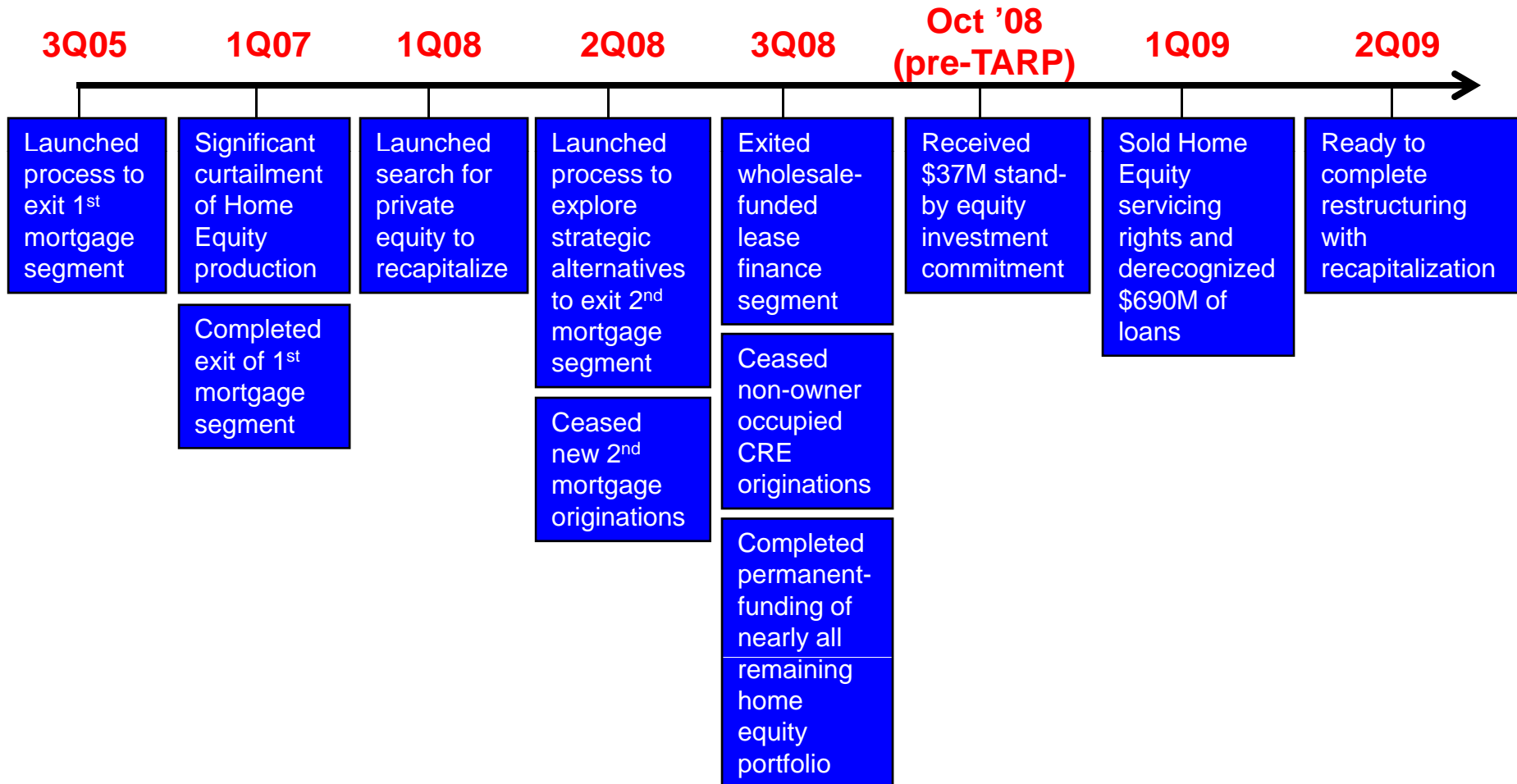
- Items of Business
- Status of Restructuring

Restructuring Objectives/Goals

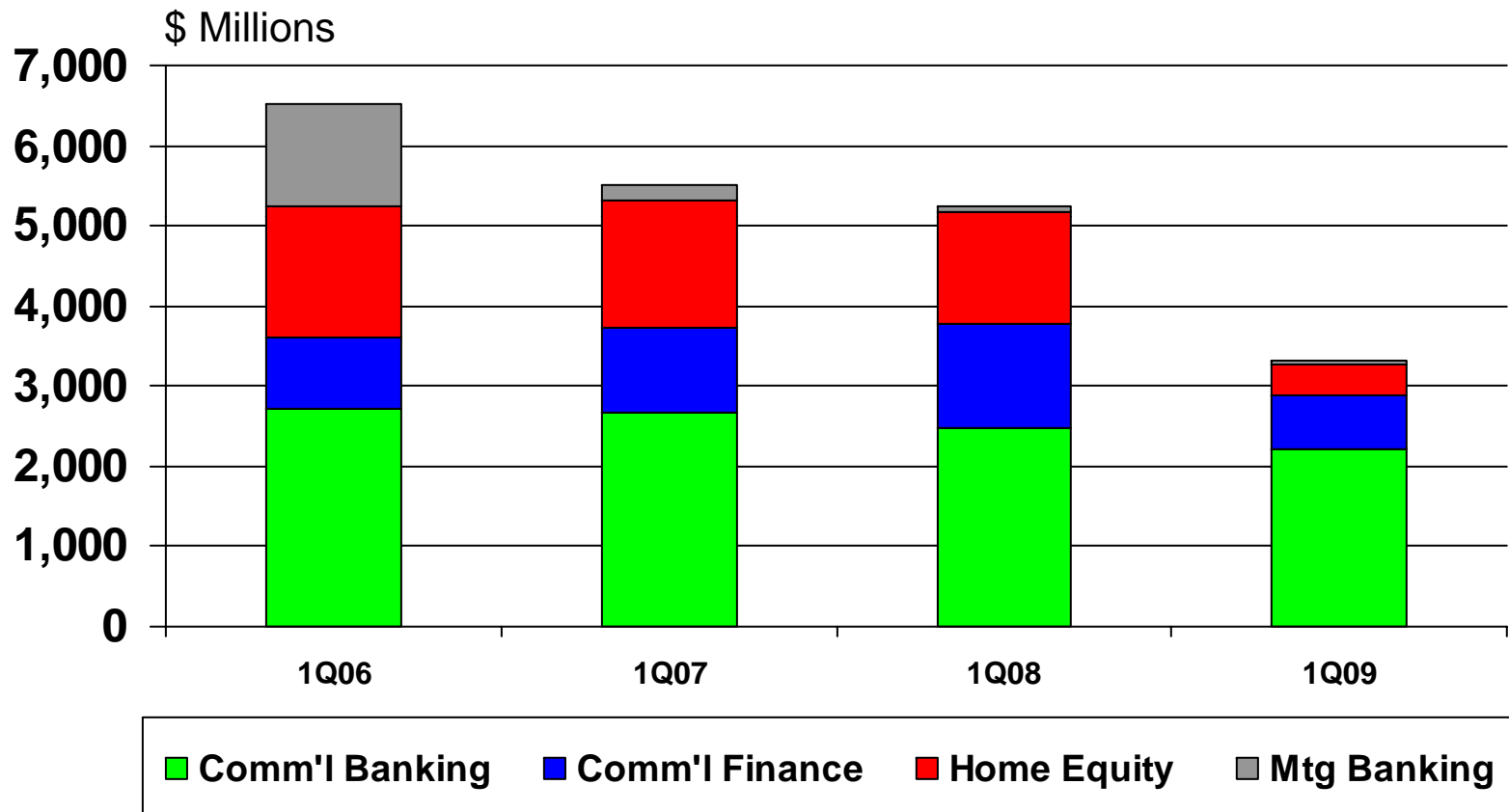
- To refocus the Bank on serving individuals and small businesses
 - Community banking (~80%)
 - Franchise finance (~20%)
- To return to profitability and growth

Restructuring Time Line

Irwin Financial has undertaken a complete restructuring to return to our core franchise in community, branch-based lending



Total Assets



Restructuring Headwinds

- Started process in late 2005 before the depth of the financial crisis was evident
- Home equity, residential and commercial real estate exposures difficult to address in current environment
- Has taken longer and cost more than we anticipated

Financial Results

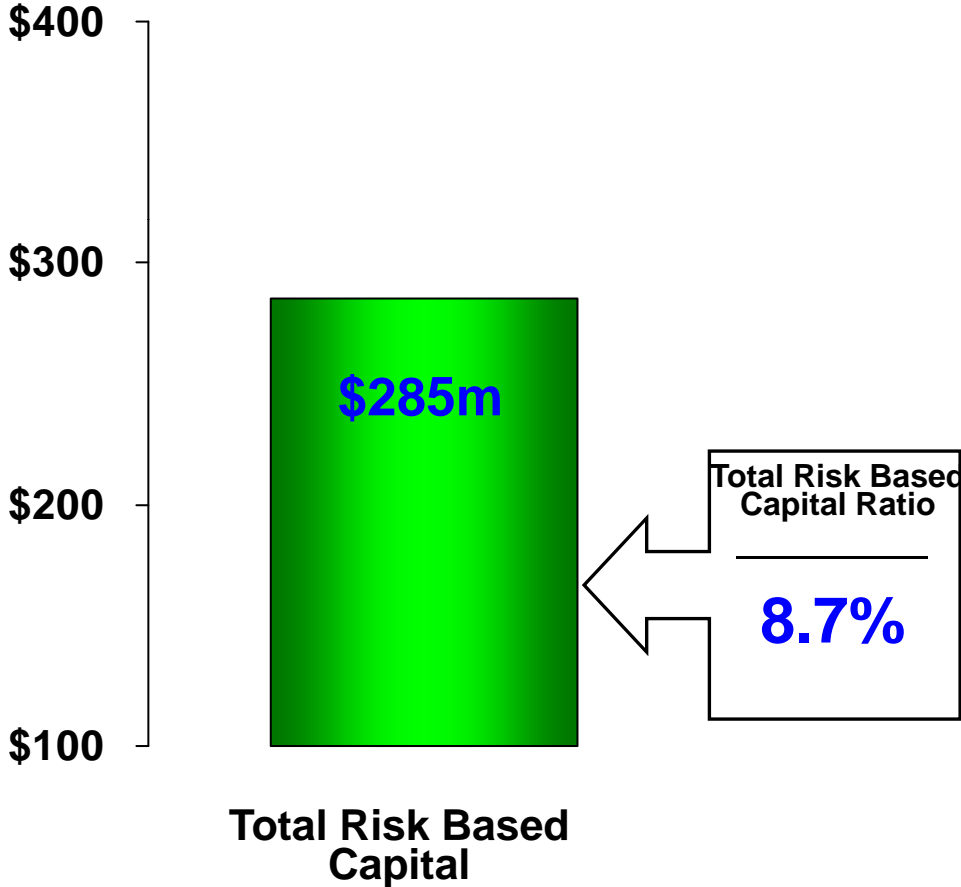
- Results have reflected materially higher borrower defaults and restructuring costs
- Loss of \$340m in 2008
 - Commercial banking credit loss provisions of \$90m vs \$18m in 2007
 - Commercial finance
 - » Credit loss provisions of \$60m vs \$14m in 2007
 - Home equity
 - » Credit loss provisions of \$204m vs \$103m in 2007 and \$23m in 2006
- Loss of \$94m in 1Q 2009
 - 11% less than in 4Q 2008

Capital Levels at 3/31

At 3/31/09	Standard for Adequately Capitalized	Irwin Union Bank & Trust	Irwin Union Bank, F.S.B.
Total Regulatory Capital		\$285m	\$53m
Total Capital Ratio	8.0%	8.6%	11.0%
Tier 1 Ratio	4.0%	6.4%	9.8%
Leverage Ratio	4.0%	5.0%	8.5%

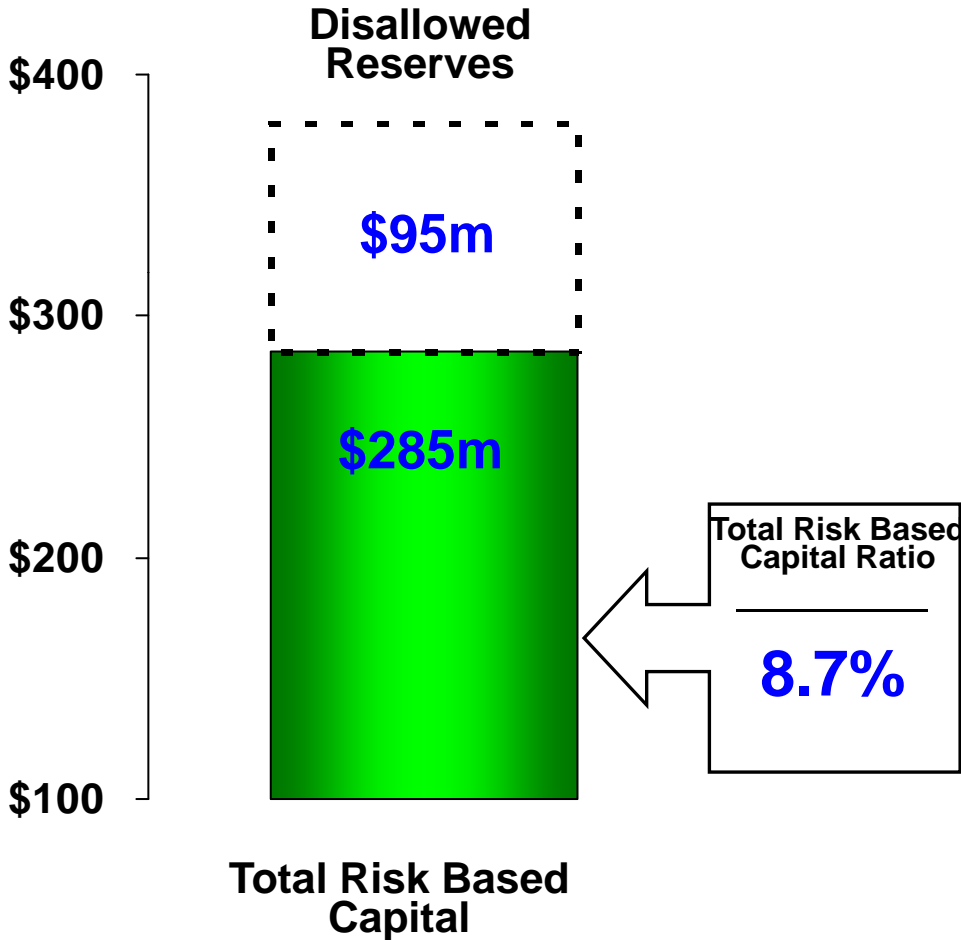
Irwin Union Bank & Trust

Capital and Allowance Levels as of 3/31/09



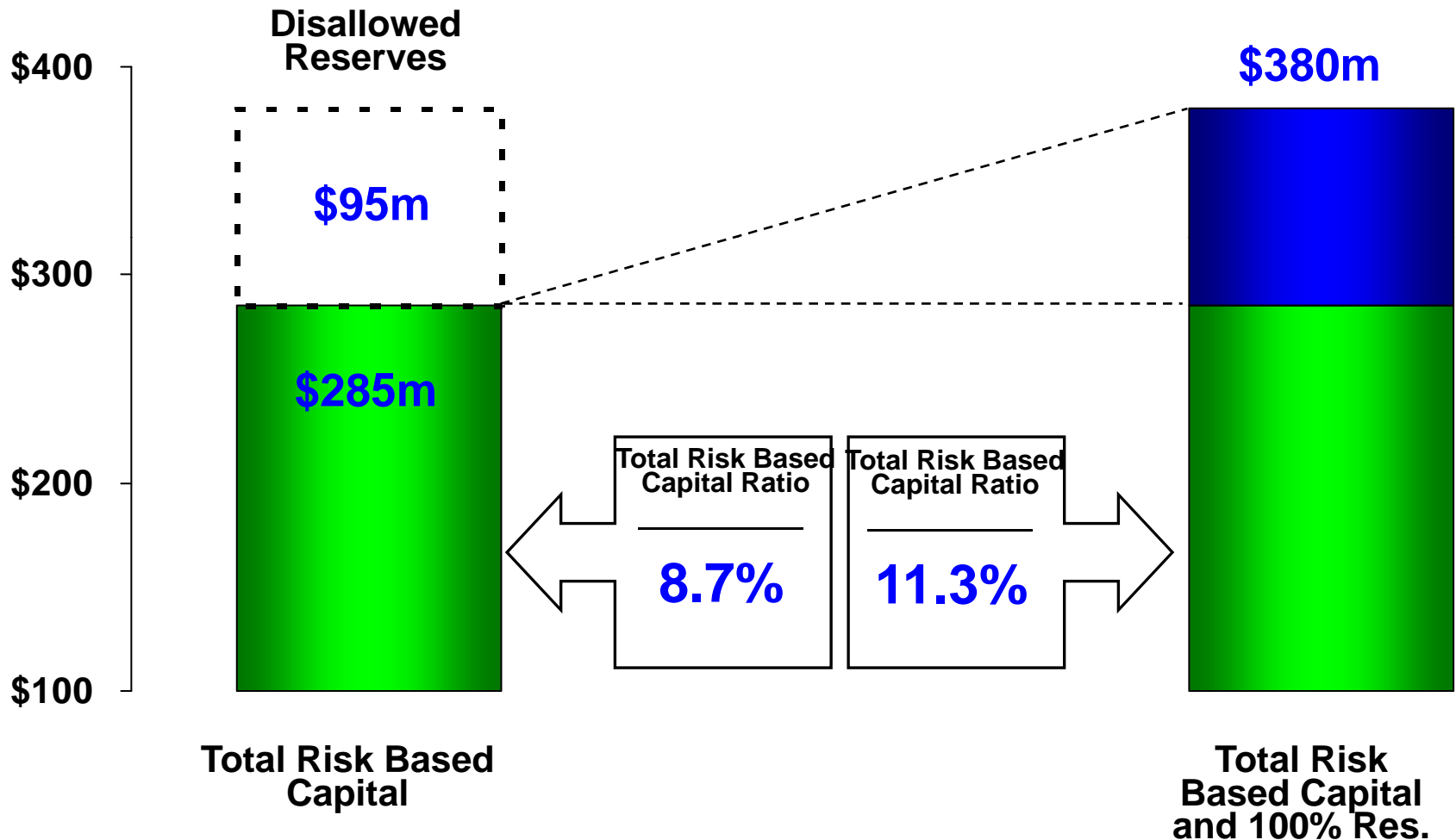
Irwin Union Bank & Trust

Capital and Allowance Levels as of 3/31/09



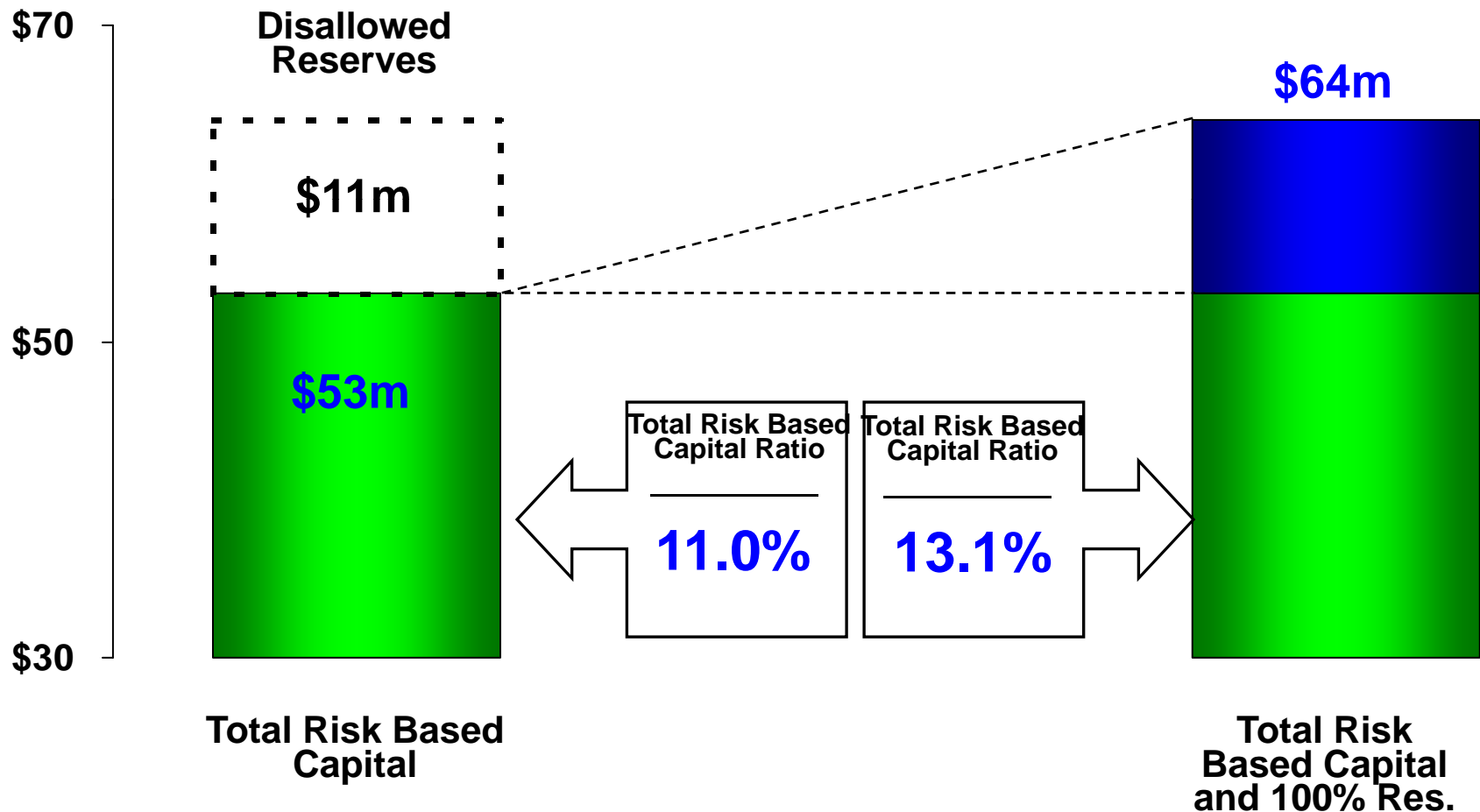
Irwin Union Bank & Trust

Capital and Allowance Levels as of 3/31/09



Irwin Union Bank, F.S.B.

Capital and Allowance Levels as of 3/31/09



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Recapitalization Plan

- Announced plans to raise additional equity before the TARP program was created
- \$34 million in continuing commitments

Background on TARP

- Original TARP Capital Purchase Program (CPP) Criteria
 - Post-TARP viability test for large banks; pre-TARP viability test for smaller ones
- Not achieving its full potential
 - Additional requirements imposed after the fact
 - Numerous banks declining or returning CPP investments
- Stress tests of largest banks with requirement to raise private capital
 - Capital Assistance Program (CAP)

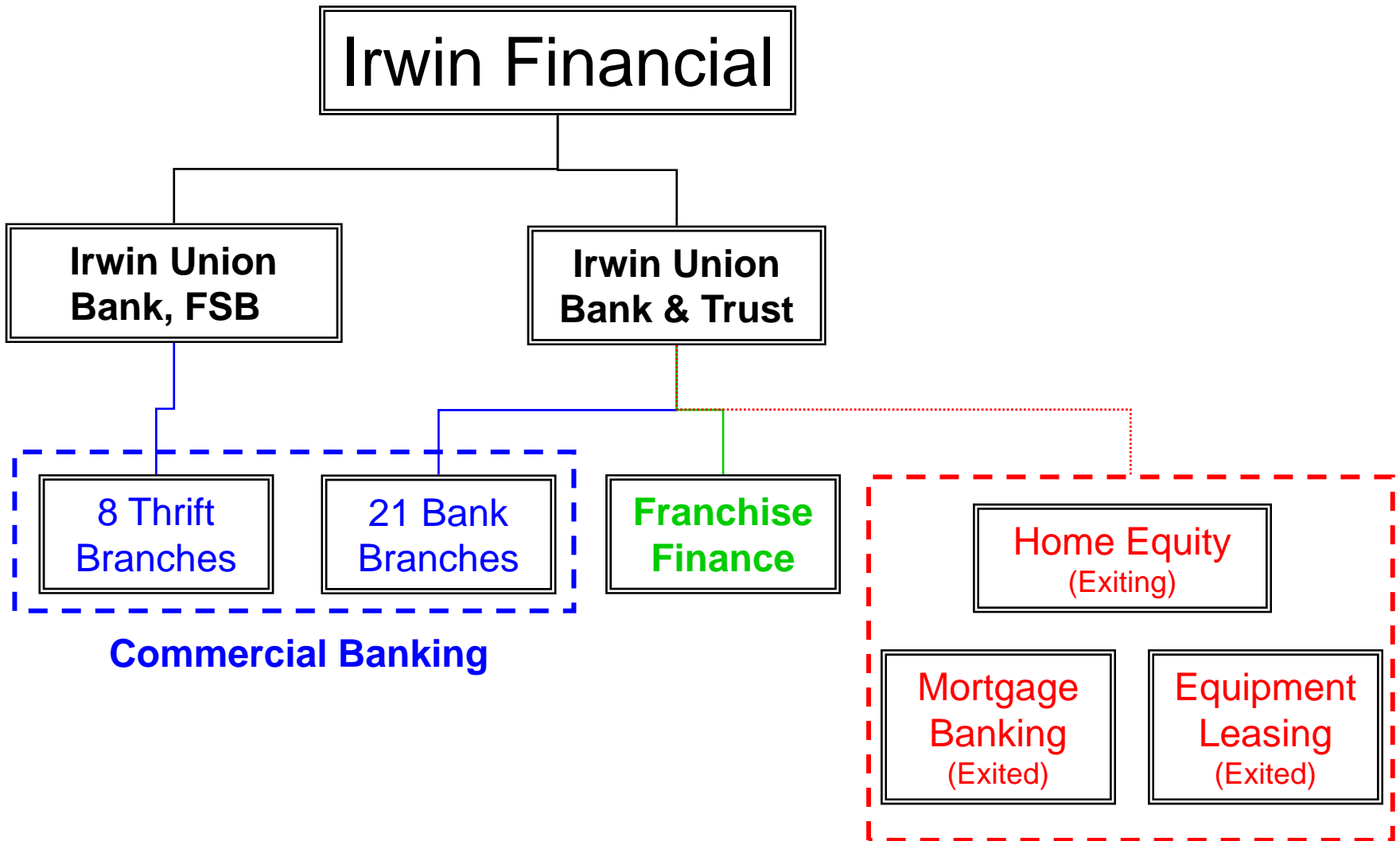
Proposal to Treasury

- Expand CPP criteria for smaller banks to include:
 - A post-TARP viability test of those that can raise 25% of the required capital from the private sector
- Benefits
 - Encouraging private capital investment in the banking industry through a public-private partnership program
 - Increasing lending to small businesses and outside the major urban areas where largest banks concentrate, and
 - Creating an equitable approach for all banks

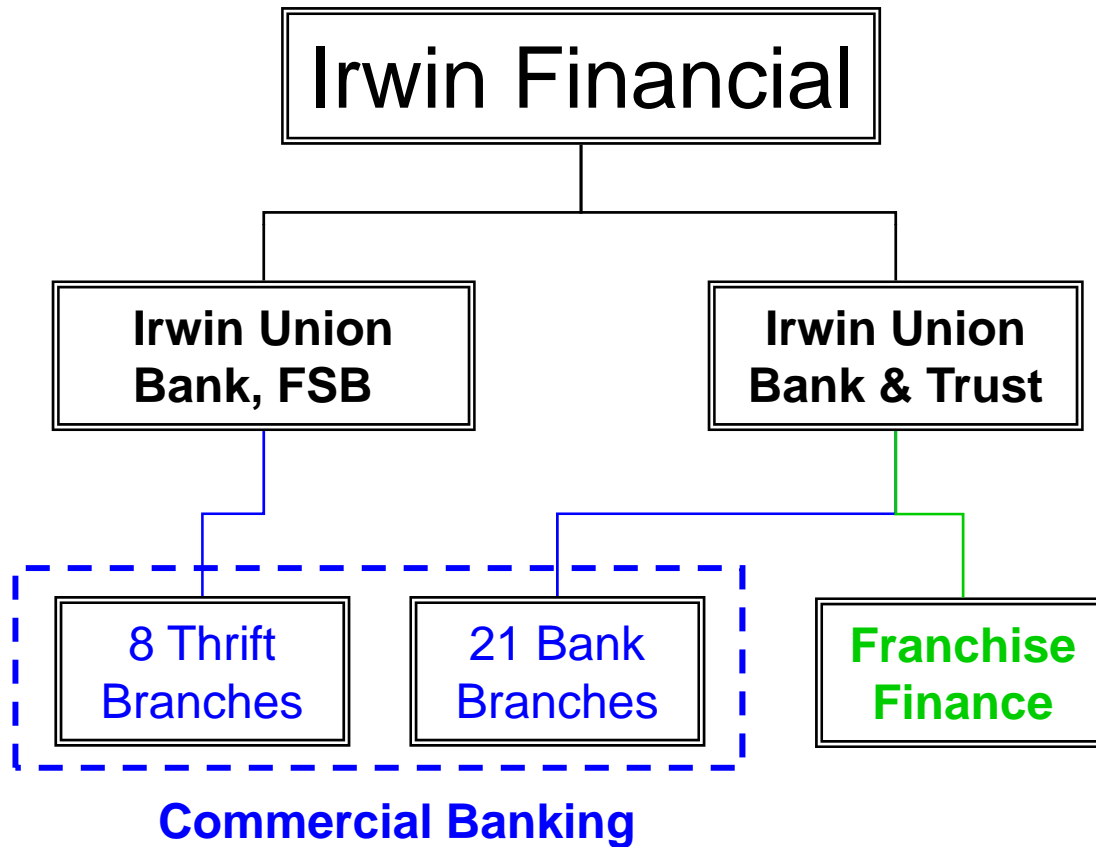
Specifics for Irwin

- We believe we can raise \$50m in private capital
 - We have \$34m of commitments in hand and confidence we can raise additional money, especially if the Treasury commits to invest
- A 25% private / 75% public partnership would raise up to \$200m of new capital for Irwin
- Our proposal also includes conversion of ~\$100m of Trust Preferred to equity of the Company

Previous Organizational Structure



Simplified Organizational Structure



Strong Customer Franchise

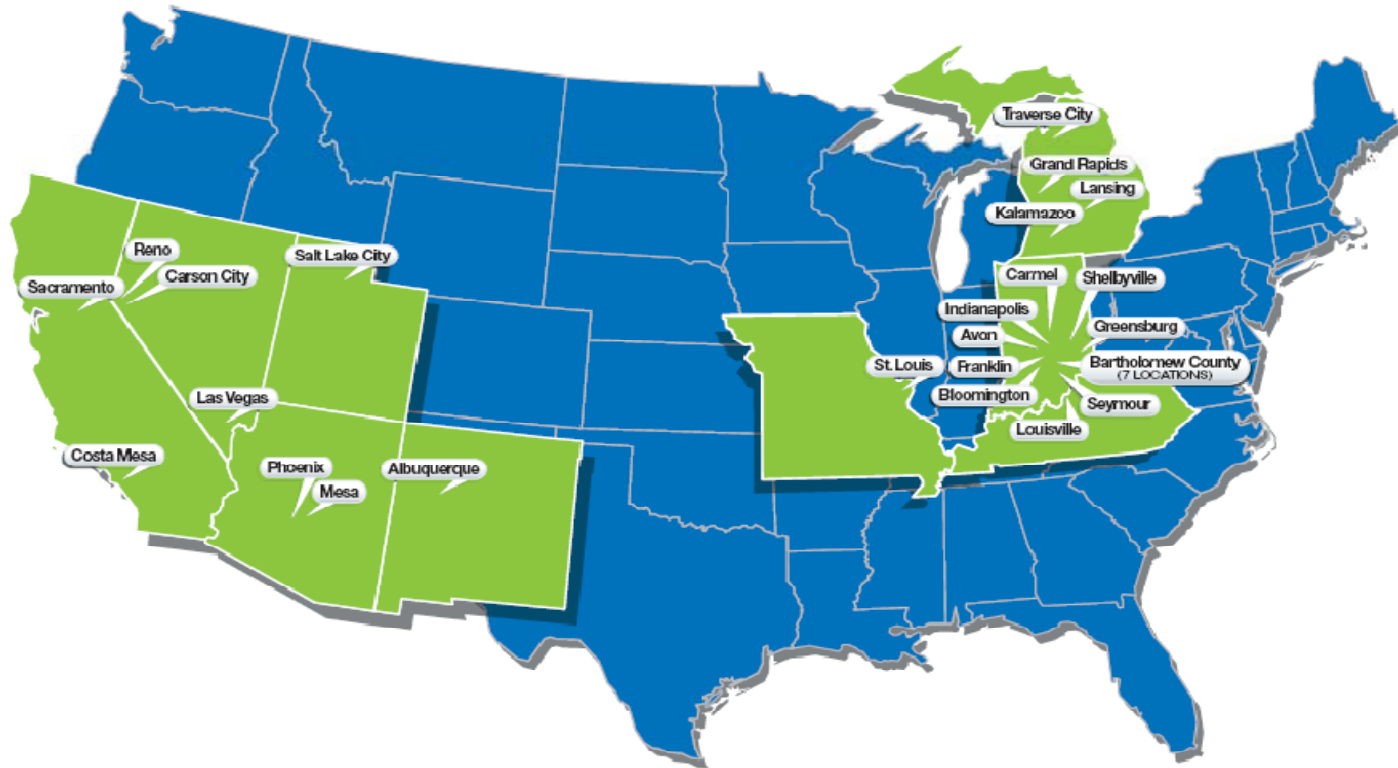
- Surveys of Irwin Union customers in the summer of 2008 showed how we rank versus Gallop Poll's data base of banks in the U.S. and other countries:
 - 95th percentile for overall customer satisfaction
 - 84th percentile for intent to continue to use/choose again
 - 81st percentile for likelihood to recommend us to their peers
- Gallop called these “world class” customer satisfaction results
- Customer loyalty in our south central Indiana markets is a key strength

Strong Customer Franchise

- In an independent market survey of franchisees served by our franchise finance operation, Irwin Franchise Finance had 33% *unaided brand recognition nationally*
- Post-closing franchise customer surveys show
 - 92% perceive that we delivered what was promised, and
 - 99% would do business with us again.

Looking Forward

Irwin Union Bank



LOCAL SPIRIT. NATIONAL RESOURCES.



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