

ING GROEP NV
Form 6-K
November 07, 2012

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 6-K

Report of Foreign Private Issuer

**Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934**

For November 7, 2012

Commission File Number 1-14642

ING Groep N.V.

Bijlmerplein 888

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The Netherlands

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Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T rule 101(b)(7):

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b).

This Report contains a copy of the following:

- (1) The Press Release issued on November 7, 2012.

ING posts 3Q12 underlying net profit of EUR 719 million

ING Group's 3Q12 net result was EUR 609 million, or EUR 0.16 per share, including divestments and special items.

Bank underlying result before tax was solid at EUR 1,021 million despite the negative impact of CVA/DVA, de-risking losses and higher risk costs. The underlying interest margin rose to 1.33% from 1.26% in 2Q12.

Insurance operating result was EUR 238 million. Underlying result before tax declined to EUR 44 million, including negative results on hedges in place to protect regulatory capital.

Capital ratios strengthened: Bank core Tier 1 ratio increased to 12.1%; Insurance IGD solvency ratio rose to 249%.

Chairman's Statement

During the third quarter, ING continued to deliver on its restructuring plan amid a challenging operating environment. We announced the first three sales of our Asian Insurance/IM units, and Insurance US is making strides in its IPO preparations. At the same time, together with the Dutch State, we have made good progress in our constructive dialogue with the European Commission about revisions to the restructuring plan, said Jan Hommen, CEO of ING Group. At ING Bank, we announced the sales of ING Direct Canada and the UK as we sharpen our strategic focus. We also accelerated de-risking efforts, selling EUR 2.4 billion of European debt securities and releasing EUR 5 billion of RWA. The Bank posted a solid quarter, supported by a gain on the sale of our stake in Capital One. At Insurance we kept hedges in place to protect regulatory capital; however, losses on these hedges continued to affect results.

As we work to solidify strong stand-alone futures for Bank and Insurance, we are taking steps to increase our agility in this uncertain environment. At Insurance Europe we are accelerating a transformation programme at Nationale-Nederlanden to sharpen its strategic focus and improve processes and systems. These measures, together with delayering of support functions, will result in a reduction in the workforce of 1,350 FTEs and annual savings of approximately EUR 200 million by the end of 2014. At Commercial Banking, we conducted a strategic review and have decided to simplify our business model and exit some businesses outside of ING's home markets. These measures will reduce the workforce by 1,000 FTEs and lower expenses by EUR 260 million from 2015 onwards.

It is painful to announce such steps today, because throughout these challenging times employees at all levels have worked tirelessly to prepare businesses for divestment, secure strong stand-alone futures for Bank and Insurance, and ensure that we are prepared for industry changes and regulatory requirements. And while our employees have gone through a whirlwind of change during the last four years, they have consistently placed their highest priority on supporting our customers. I am grateful for these contributions and am confident that these efforts, combined with further streamlining, will strengthen our company for the long-term benefit of all stakeholders.

Key Figures¹

	3Q2012	3Q2011	Change	2Q2012	Change	9M2012	9M2011	Change
ING Group key figures (in EUR million)								
Underlying result before tax Group	1,065	1,347	20.9%	1,224	13.0%	3,181	4,744	32.9%
of which Bank	1,021	878	16.3%	995	2.6%	3,141	3,556	11.7%
of which Insurance	44	469	90.6%	229	80.8%	40	1,188	96.6%
Underlying net result	719	1,099	34.6%	1,045	31.2%	2,306	3,595	35.9%
Net result	609	1,692	64.0%	1,171	48.0%	2,460	4,580	46.3%
Net result per share (in EUR) ²	0.16	0.45	64.4%	0.31	48.4%	0.65	1.21	46.3%
Total assets (end of period, in EUR billion)				1,237	0.9%	1,248	1,282	2.7%
Shareholders' equity (end of period, in EUR billion)				51	4.7%	53	45	18.8%
Underlying return on equity based on IFRS-EU equity ⁴	5.6%	10.4%		8.5%		6.2%	11.7%	

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Banking key figures

Underlying interest margin	1.33%	1.33%	1.26%	1.30%	1.37%
Underlying cost/income ratio	58.7%	64.5%	58.4%	58.6%	60.1%
Underlying risk costs in bp of average RWA	75	49	72	69	42
Core Tier 1 ratio			11.1%	12.1%	9.6%
Underlying return on equity based on IFRS-EU equity ⁴	7.9%	7.1%	7.9%	8.1%	10.1%

Insurance key figures

Operating result (in EUR million)	238	392	39.3%	304	21.7%	800	1,309	38.9%
Investment margin / life general account invested assets (in bps) ³	130	126		133				
Administrative expenses / operating income (Life & ING IM)	47.6%	44.4%		46.9%		47.8%		42.4%
Underlying return on equity based on IFRS-EU equity ⁴	0.2%	9.7%		5.4%		0.6%		7.0%

The footnotes relating to 1-4 can be found on page 14 of this press release.

Note: Underlying figures are non-GAAP measures and are derived from figures according to IFRS-EU by excluding impact from divestments and special items.

ING GROUP CONSOLIDATED RESULTS

Operating conditions were persistently challenging during the third quarter due to weak economic fundamentals, the low interest rate environment and financial market volatility. Despite these circumstances, ING Group continued to execute its restructuring plan while focusing on the strategic priorities for the Bank and Insurance.

ING Group posted a third-quarter underlying net profit of EUR 719 million. ING Bank recorded a solid quarter, with underlying pre-tax results up both year-on-year and sequentially. The underlying result before tax of ING Insurance declined on both quarters, primarily due to negative results on hedges to protect regulatory capital.

The third-quarter underlying result before tax of ING Bank rose 16.3% from a year ago and 2.6% from the second quarter to EUR 1,021 million. Results in the current quarter included a EUR 323 million gain on the sale of ING's equity stake in Capital One, which largely offset the EUR 258 million impact of losses from proactive de-risking as well as the EUR 173 million negative impact of credit valuation and debt valuation adjustments (CVA/DVA) in Commercial Banking and the Corporate Line. The underlying interest margin increased to 1.33% from 1.26% in the second quarter, driven by higher interest results and a lower average balance sheet level during the quarter. Expenses were stable year-on-year, supported by ongoing cost-containment initiatives; however, expenses rose on a sequential basis as the second quarter included favourable non-recurring items. Risk costs increased 2.6% from the second quarter, but were 59.5% higher than a year ago, reflecting the weakening macroeconomic environment.

ING Bank made further progress with its Ambition 2015 priorities, recording EUR 11.0 billion in net growth of funds entrusted. Retail Banking generated EUR 6.1 billion in net inflow of funds entrusted and Commercial Banking attracted EUR 4.9 billion. Total net lending declined by EUR 2.9 billion, reflecting muted demand and pricing discipline.

Results at ING Insurance declined due to pressure on the investment margin from de-risking measures and low interest rates, as well as from lower Non-Life results in the Benelux, due to higher disability claims. Operating results for Insurance fell 21.7% sequentially and 39.3% compared with a year ago. Insurance sales (APE) declined both year-on-year and sequentially, on a constant currency basis, primarily due to lower sales in the Benelux. The third-quarter underlying result before tax was EUR 44 million, reflecting losses on hedges as Insurance continued to focus on protecting regulatory capital. Results also included a EUR 104 million charge for US Closed Block VA related to lapse rate assumption refinements following an annual review of policyholder behaviour assumptions.

ING Group's quarterly net profit, including divestments and special items, was EUR 609 million. The third-quarter underlying effective tax rate was 29.3%.

ING Group's third-quarter after-tax special items totalled EUR -108 million and related mainly to restructuring programmes, and separation and IPO preparation costs. After-tax separation and IPO preparation costs were EUR 26 million in the quarter and EUR 108 million year-to-date, out of an estimated total of EUR 150 million for 2012.

Third-quarter net results also include EUR 198 million in net earnings from Insurance and ING IM Asia, which are reported under discontinued operations, and EUR 200 million of net losses on divestments. The latter primarily consists of a goodwill write-off for ING Life Korea.

Insurance/IM Asia was classified as held for sale as of June 2012. In October, ING agreed to sell its insurance operations in Malaysia, Hong Kong, Macau and Thailand and its 33.3% stake in China Merchants Fund. These divestments are expected to deliver net transaction gains of approximately EUR 1.9 billion in the first half of 2013. The process for the remaining units is ongoing.

ING continues to discuss various options for ING Life Japan, including its closed block VA business. However, the closing of sales of ING's other Asian insurance units may trigger a charge to strengthen reserves for the Japanese closed block VA under ING's reserve adequacy policy. ING measures reserve adequacy at business line level, where excess reserves in other Asian business units currently offset a shortfall related to the Japanese closed block VA. As transactions close, if the aggregate reserves for the remaining businesses fall below the 50% confidence level, the shortfall must be recognised immediately in the profit & loss account. The reserve inadequacy for the Japanese insurance business, including the VA guarantees reinsured to ING Re, was approximately EUR 0.5 billion at the 50% confidence level at 30 September 2012. This is comprised of an inadequacy of approximately EUR 1.1 billion for the closed block VA, offset by a sufficiency of EUR 0.6 billion for the corporate-owned life insurance business. The nature and timing of any P&L charge from such reserve inadequacy depends on the closing of other divestments in Asia as well as various options currently under investigation for ING Life Japan. Further announcements will be made if and when appropriate.

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Following the announced divestments of ING Direct Canada and ING Direct UK in August and October, these units were transferred to held for sale in the third quarter. These two divestments are expected to yield net transaction gains totalling EUR 0.8 billion in the fourth quarter of 2012.

2 ING GROUP PRESS RELEASE 3Q2012

BANKING

Banking key figures

	3Q2012	3Q2011	Change	2Q2012	Change	9M2012	9M2011	Change
Profit and loss data (in EUR million)								
Underlying interest result	3,060	2,995	2.2%	2,953	3.6%	9,065	9,140	0.8%
Underlying income	3,813	3,451	10.5%	3,689	3.4%	11,303	11,151	1.4%
Underlying operating expenses	2,237	2,225	0.5%	2,154	3.9%	6,626	6,701	1.1%
Underlying addition to loan loss provision	555	348	59.5%	541	2.6%	1,536	895	71.6%
Underlying result before tax	1,021	878	16.3%	995	2.6%	3,141	3,556	11.7%
Key figures								
Underlying interest margin	1.33%	1.33%		1.26%		1.30%	1.37%	
Underlying cost/income ratio	58.7%	64.5%		58.4%		58.6%	60.1%	
Underlying risk costs in bp of average RWA	75	49		72		69	42	
Risk-weighted assets (end of period, in EUR billion, adjusted for divestm.)	286	284	0.7%	303	5.6%	286	284	0.7%
Underlying return on equity based on IFRS-EU equity ¹	7.9%	7.1%		7.9%		8.1%	10.1%	
Underlying return on equity based on 10% core Tier 1 ²	10.3%	8.6%		9.7%		10.1%	12.3%	

¹ Annualised underlying net result divided by average IFRS-EU equity.

² Annualised underlying, after-tax return divided by average equity based on 10% core Tier 1 ratio.

ING Bank posted solid third-quarter results as the gain on the sale of ING's equity stake in Capital One largely offset losses from de-risking and the negative impact from credit valuation and debt valuation adjustments (CVA/DVA). The underlying result before tax rose to EUR 1,021 million, up 16.3% from the third quarter of 2011 and 2.6% higher than in the second quarter of this year. The underlying interest margin improved on a sequential basis to 1.33%. Expenses were stable compared with a year ago, reflecting ongoing cost-containment efforts. Risk costs increased versus both comparable periods reflecting the weak macroeconomic environment.

Total underlying income rose 10.5% versus a year ago, supported by the EUR 323 million gain on the sale of ING's equity stake in Capital One. De-risking losses amounted to EUR 258 million as Retail Banking sold EUR 2.4 billion of European debt securities, leading to a EUR 5 billion risk-weighted assets release. Income also included EUR 173 million of negative impacts from CVA/DVA adjustments in Commercial Banking and the Corporate Line. Impairments were limited to EUR 10 million, whereas the third quarter of 2011 included EUR 311 million of impairments (mainly on Greek government bonds), EUR 58 million of de-risking losses and EUR 146 million of positive CVA/DVA adjustments. Total underlying income increased 3.4% from the second quarter of 2012, which included EUR 178 million of de-risking losses and EUR 52 million of positive CVA/DVA adjustments. Excluding the aforementioned items and other market-related impacts, income rose 6.5% on the same quarter a year ago and 3.2% quarter-on-quarter, primarily due to higher interest results.

The underlying interest margin rose to 1.33% from 1.26% in the second quarter, driven by both a higher interest result as well as a lower average balance sheet level during the quarter. The interest result rose 2.2% from a year ago and 3.6% sequentially, primarily due to strong interest results at Financial Markets. The interest result for lending activities improved versus both quarters, supported by moderate volume growth in mortgages and re-pricing. In savings, ING continued to attract strong retail deposit inflows. Although client rates were reduced in several countries, the interest result on savings declined due to lower returns from the investment portfolio, reflecting the low interest rate environment and the impact of de-risking.

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ING Bank's strong deposit-gathering capabilities generated EUR 11.0 billion in net funds entrusted growth during the quarter, demonstrating further progress on the Bank's Ambition 2015 priorities. Retail Banking generated EUR 6.1 billion of net funds entrusted inflow, of which EUR 4.6 billion was in Retail International and EUR 1.5 billion in the Benelux. The net inflow of funds entrusted at Commercial Banking was EUR 4.9 billion, mainly due to higher current accounts and corporate deposits. Total net lending declined by EUR 2.9 billion reflecting muted demand and pricing discipline. Although net production of residential mortgages was EUR 2.7 billion, lending at Commercial Banking showed a net decline of EUR 5.3 billion, and Other Retail Banking lending decreased by EUR 0.4 billion.

ING GROUP PRESS RELEASE 3Q2012 3

ING Bank continued to place high priority on cost-containment measures throughout the third quarter. Operating expenses increased marginally by 0.5% from the previous year, as strong cost control offset the impact of annual salary increases, higher bank levies, a one-time additional Dutch tax on employee salaries and negative currency effects. Compared with the second quarter of 2012, which included a EUR 38 million reimbursement from the old deposit guarantee scheme in Belgium and lower performance-related expenses, expenses rose 3.9%. The underlying cost/income ratio was 58.7%, or 56.9% excluding market impacts and CVA/DVA adjustments.

The restructuring provision announced today is related to an extensive strategic review of Commercial Banking's business portfolio, which was initiated earlier this year. Against the backdrop of increasing regulatory requirements and challenging operating conditions, ING has decided to accelerate the implementation of strategic adaptations including the run-off of certain leasing units, right-sizing the equities businesses, and further operational improvements in several businesses, including PCM. These measures, which are already being implemented, are expected to result in a reduction of the workforce by around 1,000 over a period of three years, for which an after-tax provision of approximately EUR 150 million is expected to be recorded as a special item in the fourth quarter of 2012. Cost savings corresponding to these actions are expected to reach an annual run-rate of approximately EUR 260 million by 2015. The review is ongoing and may lead to further changes in the future.

Weak economic and business fundamentals continued to contribute to elevated levels of risk costs in the third quarter. Although the net addition to the provision for loan losses rose only 2.6% to EUR 555 million from the second quarter of 2012, it increased 59.5% year-on-year. The modest increase compared with the second quarter was mainly attributable to Retail Benelux, particularly the midcorporate and SME segments, and by Retail International due to further provisioning for a CMBS position. Risk costs for the Dutch mortgage portfolio were modestly lower quarter-on-quarter, despite a slight increase of

non-performing loans to 1.3%. Commercial Banking's risk costs declined on a sequential basis, but remained elevated, notably in Real Estate Finance. Total third-quarter risk costs at ING Bank were 75 basis points of average risk-weighted assets. ING expects risk costs to remain elevated, reflecting the weakening of the economic climate.

Results at Retail Banking declined to EUR 394 million, as de-risking efforts were accelerated to free up capital and reduce the risk of rating migration. During the quarter, EUR 2.4 billion of European debt securities were sold, leading to EUR 258 million of losses and a EUR 5 billion risk-weighted assets release. Retail Banking continued to place high priority on balance sheet optimisation, recording another strong quarter of net deposit growth as well as moderate lending growth. The interest result rose for the second consecutive quarter, reflecting some easing in the competition for savings, which offset a lower return on the investment portfolio. Risk costs remained elevated and increased versus both comparable quarters, while operating expenses were stable.

Commercial Banking recorded an underlying result before tax of EUR 419 million, double the result in the third quarter of 2011 and stable from the second quarter. Market-related impacts continued to weigh on results, with negative credit and debt valuation adjustments of EUR 107 million in the third quarter of 2012 versus EUR 182 million impairments on Greek bonds in the third quarter of 2011. Excluding these items, income rose 21.3% from a year ago driven by an improvement in results at Financial Markets and Bank Treasury. Risk costs remained elevated, but declined sequentially, while operating expenses decreased slightly from last year.

The underlying result before tax of Corporate Line Banking increased both year-on-year and sequentially to EUR 207 million, reflecting the gain on the sale of ING's equity stake in Capital One and higher income on capital surplus, which were only partly offset by negative fair value changes on the Bank's own issued debt.

ING Bank's quarterly net result was EUR 670 million, including the impact of divestments and special items. On 29 August and 9 October the divestments of ING Direct Canada and ING Direct UK were announced. As a result, the assets and liabilities of both businesses have been transferred to held for sale. At ING Direct UK this led to a goodwill write-off of EUR 16 million, recorded within net losses on divestments in the third quarter. The remaining results on these two transactions are expected to be recorded in the fourth quarter of 2012. Special items after tax were EUR -46 million, mainly related to restructuring expenses in the Netherlands and costs for the separation of Bank and Insurance. The underlying return on IFRS-EU equity was 8.1% for the first nine months of 2012.

INSURANCE

Insurance key figures

	3Q2012	3Q2011		14,300	\$ 8,898
<i>Executive Vice President</i>	2003	278,333	267,900	26,400	6,000
	2002	260,000	282,433	19,300	6,000
Gregory F. Ehlinger	2004	\$ 278,333	\$ 181,203	18,900	\$ 6,756
<i>Senior Vice President</i>	2003	258,333	249,100	32,300	6,000
<i>and Chief Financial Officer</i>	2002	241,667	233,978	22,200	6,000

- (1) Amounts other than salary are reported on an accrual basis.
- (2) Includes amounts directed by the executive officer to be contributed on a pre-tax basis to our savings plans.
- (3) Includes short-term bonus payments and, for 2002, a one-time payout of deferred short-term incentive compensation. The amounts in this column include deferred amounts paid in 2002 to Messrs. Miller (\$238,378), Griffith (\$445,732), Washburn (\$78,383), Ehlinger (\$64,193), and Delgado (\$97,229).
- (4) With respect to each individual named in the Summary Compensation Table, other than as indicated, there were no perquisites or other personal benefits, securities or property paid in the years shown which, in the aggregate, exceeded either \$50,000 or 10% of the total of such individual's annual salary and bonus. Perquisites provided by the company include automobile allowances, financial planning services and the Chairman's use of aircraft.
- (5) See Redemption of Elena Delgado Minority Equity Interests in Irwin Home Equity following this table.
- (6) Reflects total amount payable to Mr. Griffith under an LTIP award covering the three-year performance period from January 1, 2000 through December 31, 2002. This LTIP award was granted in 2000 and was previously reflected in the separate LTIP awards table included in our proxy materials for prior annual meetings. Pursuant to the terms of the award, the payout vested 75% on January 1, 2003 and 25% on January 1, 2004 based on Mr. Griffith's continued employment on those dates.
- (7) Includes contributions by us or certain subsidiaries to qualified savings plans. Detailed information about 2004 plan contributions included in the All Other Compensation column is shown in the table below. These officers are also eligible to participate in our group life, health, hospitalization, medical reimbursement, and relocation plans that are offered to other employees on a non-discriminatory basis.
- (8) Represents the aggregate incremental cost to Irwin Financial in connection with personal use of aircraft.

- (9) See Redemption of Elena Delgado Minority Equity Interests in Irwin Home Equity following this table.

14.

Table of Contents

ALL OTHER COMPENSATION FOR 2004

Name	Qualified Savings Plans	Group Term Life Insurance	Supplemental Retirement Benefit Plan
William I. Miller	\$ 6,150	\$ 1,710	*
Elena Delgado	6,150	1,710	*
Robert H. Griffith	7,150	908	\$ 9,502
Thomas D. Washburn	6,150	2,748	*
Gregory F. Ehlinger	6,150	606	*

* Messrs. Ehlinger, Miller and Washburn participate in the Irwin Financial Corporation Employees Pension Plan and SERP. See Pensions Plans.

Redemption of Elena Delgado Minority Equity Interests in Irwin Home Equity

As discussed below in Interest of Management in Certain Transactions, as part of our incentive compensation programs, we have provided certain key managers of our lines of business with minority interests in the subsidiaries they manage. In 1996, we granted Elena Delgado, the President of Irwin Home Equity, five shares of common stock in Irwin Home Equity and entered into a shareholder agreement with Ms. Delgado and the other minority interest stockholders. This arrangement provided Ms. Delgado with a 5% minority interest (net of our preferred interest) in the home equity line of business. This ownership interest took the place of certain other long-term incentives senior managers of our companies typically receive.

In December 2004, we entered into a series of related agreements with Elena Delgado with respect to her interest in the home equity line of business. We amended the shareholder agreement relating to Ms. Delgado's ownership of the five shares of common stock in Irwin Home Equity to give Irwin Home Equity the right to call all or any portion of such shares of common stock at the then-prevailing fair market value of such common stock, to be determined pursuant to an independent appraisal process set forth in the amended shareholder agreement. The amended shareholder agreement also provides Ms. Delgado with the right to put her shares of Irwin Home Equity common stock to Irwin Home Equity at any time while employed by Irwin Home Equity and following any termination without serious cause or cause (as defined in the shareholder agreement) at the then-prevailing fair market value established pursuant to the same independent appraisal process referred to above. In the event that Ms. Delgado's employment is terminated for serious cause, any shares of Irwin Home Equity common stock that she may then hold shall be immediately forfeited back to Irwin Home Equity without any consideration payable to Ms. Delgado. The shareholder agreement also provides Ms. Delgado with certain anti-dilution rights and certain co-sale rights upon any transfer by us of any shares of Irwin Home Equity common stock.

In connection with the amendment to Ms. Delgado's shareholder agreement, we and Irwin Home Equity agreed to redeem 1.36 shares of Irwin Home Equity common stock from Ms. Delgado. The

purchase price for the 1.36 shares of common stock was \$2,461,600, which was the fair market value of such

15.

Table of Contents

shares as determined by an independent appraisal of such common stock as of December 31, 2004. Pursuant to the redemption and loan repayment agreement entered into by and among us, Irwin Home Equity and Ms. Delgado, we and Irwin Home Equity agreed to purchase 0.362 shares on December 31, 2004 for \$655,220 and to purchase 0.998 shares on January 28, 2005 for \$1,806,380. The proceeds from the redemption of the 1.36 shares were used primarily to repay a loan in the principal amount of \$1,025,000 that we made to Ms. Delgado in January 2002. The loan, which had a maturity date of January 29, 2005, bore interest at a rate of 2.710% compounded semiannually and was secured by a pledge of Ms. Delgado's ownership interest in the home equity line of business. The largest amount outstanding under the loan, including interest, was \$1,108,657 on December 31, 2004. The loan balance was repaid on January 28, 2005.

We, Irwin Home Equity and Ms. Delgado also entered into a deferred compensation arrangement under which Ms. Delgado irrevocably elected to defer receipt of any payments that are required to be made by Irwin Home Equity in respect of the remaining 3.64 shares of Irwin Home Equity common stock owned by Ms. Delgado, as well as any payments required to be made to Ms. Delgado under a separate tax gross-up agreement entered into in connection with the aforementioned agreements. In the event of Irwin Home Equity's exercise of its right to call the remaining shares of common stock, or Ms. Delgado's right to put the remaining shares of common stock to Irwin Home Equity, the parties agree that the payment of the purchase price and any related tax gross-up payments shall be deferred and paid in annual installments not to exceed \$600,000 beginning on January 31, 2006 and ending on January 31, 2009, with the remaining unpaid balance being paid in a lump sum on January 31, 2009. Portions of the common stock purchase price that remain unpaid shall accrue interest at a rate equal to 2.0% over the national prime rate, to be adjusted on each annual payment date.

Payment for the remaining shares of Irwin Home Equity common stock owned by Ms. Delgado will be accelerated in full upon (i) Ms. Delgado's separation from service with Irwin Home Equity for any reason, (ii) a change in control, (iii) Ms. Delgado's disability or death or (iv) the occurrence of an unforeseeable emergency, each as defined by regulations, notices or other interpretive guidance issued by the Internal Revenue Service under Section 409A of the Code. The parties agreed to amend the deferred compensation agreement as necessary before December 31, 2005 to the extent that such amendments are required to comply with Section 409A of the Code, and any subsequent regulations, notices or other interpretive guidance issued by the Internal Revenue Service. In the event that there is a final, non-appealable determination that the deferred compensation agreement violates Section 409A, thereby resulting in accelerated income tax, interest and penalties with respect to the deferred purchase price, the deferred compensation agreement shall be deemed to be void and of no effect, and Ms. Delgado shall be paid the full unpaid balance of the deferred purchase price within 30 business days following any such determination, together with a tax gross-up payment with respect to any such interest and penalties.

Due to a change in accounting treatment of this minority interest subsequent to grant which rendered it to be classified for tax purposes as a variable

Table of Contents

compensation interest rather than an equity ownership plan, we have also agreed to make Ms. Delgado whole to the extent that the proceeds from Ms. Delgado's sale of the shares of Irwin Home Equity common stock are treated as ordinary income and not capital gains. This make whole payment consists of (i) the amount by which Ms. Delgado's actual tax liability in respect to the income realized from the sale of the shares of common stock (up to but not exceeding \$5,210,000) exceeds the amount of Ms. Delgado's tax liability if the sale had been treated as a long-term capital gain and (ii) the amount of the tax liability imposed on Ms. Delgado with respect to the payment described in (i) above. This capital gains make whole payment is subject to certain terms, conditions and limitations in the tax gross-up agreement that we entered into with Ms. Delgado.

Stock Options

The following table contains information concerning the grant of stock options under our 2001 Stock Plan to each named executive officer during 2004:

OPTION GRANTS IN LAST FISCAL YEAR

Name	Options Granted ⁽¹⁾	Percent of Total Options Granted to Employees in Fiscal Year	Exercise or Base Price (\$/SH)	Expiration Date	Grant Date Present Value ⁽²⁾
William I. Miller	84,700	23.71%	\$ 23.89	4/28/14	\$ 874,951
Elena Delgado	17,600	4.93	23.89	4/28/14	181,808
Robert H. Griffith	6,300	1.76	23.89	4/28/14	65,079
Thomas D. Washburn	14,300	4.00	23.89	4/28/14	147,719
Gregory F. Ehlinger	18,900	5.29	23.89	4/28/14	195,237

- (1) All grants are subject to a vesting schedule where 25% of each grant is vested on the date of the grant and 25% of each grant vests on the grant's anniversary date in each of the three years following the grant. The exercise price for these options was the average of the closing bid and asked prices of our common stock reported on the grant date of April 29, 2004.
- (2) For the options expiring 4/28/2014, total option values shown in the far right-hand column were derived using the Binomial option pricing model. Assumptions used in the valuation included an expected volatility factor of .40, an expected future dividend yield of .01, a risk-free rate of return of .0451, and an expected life of 6.5 years. The Binomial model suggests an option valuation of \$10.33 per share under these assumptions. The Black-Scholes option pricing model would suggest an option valuation of \$10.26 per share under these same assumptions. The use of a single value as shown in the table above implies a precision to stock option valuation that we do not believe exists and that therefore may cause the above table to be misleading. Accordingly, there is no assurance that the value realized upon exercise of the options, if any, will be at or near the value

estimated by the Binomial option pricing model. Future compensation resulting from option exercises depends solely upon the performance of our stock price.

17.

Table of Contents

Option Holdings

The following table provides information, with respect to each named executive officer, concerning the exercise of options during 2004 and unexercised options held as of the end of 2004:

**AGGREGATED OPTIONS EXERCISED IN LAST FISCAL YEAR
AND FISCAL YEAR-END OPTION VALUES**

Name	Shares Acquired on Exercise (#)	Value Realized	Number of Securities Underlying Unexercised Options at Fiscal Year-End		Value of Unexercised In-the-Money Options at Fiscal Year-End ⁽¹⁾	
			Exercisable	Unexercisable	Exercisable	Unexercisable
William I. Miller	0	0	596,725	151,875	\$ 6,301,307	\$ 1,048,809
Elena Delgado	0	0	62,875	35,225	521,566	230,017
Robert H. Griffith	0	0	26,095	12,325	219,949	78,589
Thomas D. Washburn	0	0	115,990	28,750	1,321,764	188,009
Gregory F. Ehlinger	6,400	\$ 170,024	82,825	35,875	769,747	230,264

(1) The closing price of our common shares on December 31, 2004 was \$28.39 per share.

Pension Plans

The Irwin Financial Corporation Employees Pension Plan provides pension benefits to certain regular U.S. employees of the Company or its subsidiaries. Employees earn vested pension benefits after five years of service. Normal retirement is at age 65; however, employees who work beyond age 65 may continue to accrue benefits. In general, the annual pension benefit under the Employees Pension Plan equals the sum of (1) and (2), multiplied by (3), where:

(1) equals 1.3% of the participant's final average earnings (average of participant's five highest consecutive annual earnings) multiplied by the participant's projected years of service at age 65 (up to a maximum of 25 years);

(2) equals 0.65% of the excess of the participant's final average earnings over the Social Security covered compensation level, multiplied by the participant's projected years of service at age 65 (up to a maximum of 35 years); and

(3) equals a fraction, not to exceed 1, the numerator of which is the participant's years of service at retirement or termination, and the denominator of which is the participant's projected years of service at age 65.

The Employees Pension Plan limits the amount of pension benefits that may be provided to participants under this formula in accordance with certain limits under federal tax laws. To the extent that these limits apply to an executive officer, the Company provides an additional benefit

under an unfunded supplemental executive retirement plan (the SERP). In general, the SERP makes the participant whole for the benefits under the retirement formula described above that could not be provided under the Employees Pension Plan due to these limits.

18.

Table of Contents

The following table shows the estimated annual retirement benefits that would be payable from the Employees Pension Plan and the SERP to Messrs. Ehlinger, Miller, and Washburn. Ms. Delgado and Mr. Griffith are not covered by the Employees Pension Plan or the SERP.

Earnings	Years of Service				
	15	20	25	30	35
\$ 400,000	\$ 112,500	\$ 150,000	\$ 187,500	\$ 199,000	\$ 210,500
500,000	141,700	189,000	236,200	251,000	265,700
600,000	171,000	228,000	285,000	303,000	321,000
700,000	200,200	267,000	333,700	355,000	376,200
800,000	229,500	306,000	382,500	407,000	431,500
900,000	258,700	345,000	431,200	459,000	486,700
1,000,000	288,000	384,000	480,000	511,000	542,000
1,100,000	317,200	423,000	528,700	563,000	597,200
1,200,000	346,500	462,000	577,500	615,000	652,500
1,300,000	375,700	501,000	626,200	667,000	707,700
1,400,000	405,000	540,000	675,000	719,000	763,000

For purposes of the Employees Pension Plan and the SERP, covered earnings include base salary plus short-term or annual bonuses. Grants of stock options, grants of stock appreciation rights or other similar payments or grants under the terms of any long term incentive plan or stock option plan are not included in covered earnings for pension purposes. The current years of service at December 31, 2004 for the named executive officers are as follows: Messrs. Ehlinger (12), Miller (14), and Washburn (28). The illustrated benefits are payable in the form of a single life annuity beginning at the participant's normal retirement age (65). Actual pension payments are available in other annuity forms after making required actuarial adjustments. Employees may retire as early as age 55 with 5 years of service and begin receiving pension payments. The portion of the pension benefit in Part (1) of the formula above is unreduced for early commencement between the ages of 62 and 65. Pension benefits payable to the named executive officers are not subject to offset for Social Security benefits.

Table of Contents

Equity Compensation Plan Information

The following table sets forth information as of December 31, 2004 regarding shares of our common stock to be issued upon exercise and the weighted-average exercise price of all outstanding options, warrants and rights granted under our equity compensation plans as well as the number of shares available for issuance under such plans.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining for future issuance under equity compensation plans (excluding securities reflected in column (a) and (b)) (c)
Equity compensation plans approved by security holders	2,228,406	\$ 20.08	3,347,686
Equity compensation plans not approved by security holders ⁽¹⁾	0	0	254,871
Total	2,228,406	\$ 20.08	3,602,557

(1) Shares shown in column (c) for this category reflect securities available for future issuance under the Irwin Union Bank Business Development Board Compensation Program (see immediately below).

Equity Compensation Plans Adopted Without Approval of Security Holders

Irwin Union Bank Business Development Board Compensation Program. We established this program to assist our commercial banking line of business in developing its current and future markets by establishing business development boards composed of individuals knowledgeable about local market conditions. The program covers members of business development boards of Irwin Union Bank and Trust Company and Irwin Union Bank, F.S.B. Under the program, business development board members receive their retainer and meeting fees in Irwin Financial Corporation common stock in lieu of cash. Currently, business development board members receive annual retainer fees in the form of stock equal to \$1,000 per member and meeting fees of \$350 per meeting attended. We issued a total of 45,129 shares through the program from July 19, 2000 through December 31, 2004. We issue the shares on the last business day of the quarter preceding each

payment date, using the mean between the closing bid and asked prices of our common stock as reported by the New York Stock Exchange.

Compensation Committee Interlocks and Insider Participation

William I. Miller, our Chairman and Chief Executive Officer, became Co-Chair of the Board of Directors of the Central Indiana Corporate Partnership (the "CICP") on January 1, 2004. The CICP is a business league organization under Section 501(c)(6) of the Internal Revenue Code. During 2004, another of our directors, David W. Goodrich, was employed as the Chief Executive Officer of

20.

Table of Contents

the CICP. On March 1, 2004, the CICP Board of Directors established a compensation committee of the board. Mr. Miller has not (and currently does not) serve on the CICP compensation committee.

Board Compensation Committee Report on Executive Compensation

Executive compensation is reviewed and approved annually by the Compensation Committee of the Board of Directors. Each member of the Compensation Committee is a non-employee director. Set forth below is a report submitted by Ms. Dean (Committee Chair), Mr. Kling and Ms. Lauderback in their capacity as the Board's Compensation Committee addressing the Corporation's compensation policies for 2004. Our principal executive officer is the Chairman and Chief Executive Officer, Mr. William I. Miller. Under the terms of its Charter, which is available to shareholders on our website, the Compensation Committee establishes the compensation packages for Mr. Miller and certain other executive officers.

I. Compensation Policy for Executive Officers

We believe our compensation plans are only one element of an overall system of management and governance. Appropriate executive compensation policies are necessary, but are not sufficient to achieve our goals. We seek to align our compensation system with our Guiding Philosophy (what we believe), our mission (what we want to be), and our strategy (what we want to do). Our Guiding Philosophy and the people needed to bring this alignment to life are the starting points for developing our compensation philosophy and system.

Our executive compensation system focuses on the total compensation packages of our executive officers and seeks to provide competitive compensation that varies with our performance in achieving our financial and non-financial goals.

The elements of total compensation include base salary, annual short-term bonus, long-term incentives and benefit plans. Our compensation system is designed to:

Attract, retain and motivate executive officers;

Reward them at a level that is competitive for their positions and performance;

Link a substantial portion of their total compensation to the performance of the company; and,

Align their interests with our shareholders through equity-based long-term incentives.

Criteria used by the Committee in measuring an executive's performance include meeting financial, strategic or operational objectives. The Committee considers competitive pay practices, individual performance, key accomplishments, strengths, opportunities for improvement, and company performance. The Committee considers both objective and subjective factors.

The Compensation Committee engages the consulting firm Watson Wyatt Worldwide to advise it on executive compensation matters. The consultant advises the Committee with respect to executive compensation programs on an individual

Table of Contents

and aggregate basis as well as the short-term and long-term strategic objectives of our compensation programs. The Company also engages Watson Wyatt for other management compensation services.

II. The Elements of Executive Compensation and Corporate Performance

There are four elements of executive compensation and corporate performance: base salary, annual short-term bonus, long-term incentives and benefit plans.

A. Base Salary

Base salary is important in achieving the goal of attracting and retaining qualified executives. Base salary is generally targeted to be around the median of similar positions in the industry. Exceptions may exist when a higher level of base salary is required to attract or retain an especially qualified executive officer.

B. Annual Short-Term Bonus

The annual bonus is the component that provides a variable current cash compensation reward for current performance. Each executive officer participating in the annual bonus plan has a target opportunity expressed as a percentage of base salary. Payments are calculated as a multiple of the target opportunity, depending on company performance. We believe that this method, when combined with properly selected performance targets and our long-term incentives, rewards managers for balancing current performance with the need to make investments in future performance, and for managing risk.

Line-of-business presidents receive the majority of their target annual bonus awards based upon the performance of their respective companies and the remainder based upon consolidated performance of the Corporation. Thus, they have financial incentives to achieve synergies between lines of business.

We believe that the best performance targets are those that are objectively and consistently measured as well as easily understood by plan participants. The bonus plans of the parent company and its lines of business include return on equity or a proxy for return on equity as a key performance measure. The Compensation Committee approves specific performance targets each year. The performance targets for lines of business are consistent in methodology with that used by the parent company. The targets are based upon a variety of factors, including historical and expected industry performance, the estimated required rate of return by investors, and, in some instances, budgeted performance for the current year.

Bonus payments begin at a threshold level of minimum required performance and increase proportionately as performance increases.

Short-term bonus plan awards, when granted, are made to executives as a lump sum within sixty days after our annual earnings are released to the public.

C. Long-Term Incentives

Long-term incentive plans encourage building the value of the Corporation over the long term and balance the incentives provided by annual bonus plans. Line-of-business presidents receive the

majority of their long-term compensation based
22.

Table of Contents

upon growth in the value of their lines of business in the form of stock options, cash, phantom stock, or minority interest in the line of business.

Certain parent company executive officers and some line-of-business executive officers are provided with long-term incentive compensation through equity grants. The 2001 Irwin Financial Corporation Stock Plan includes the ability to grant non-qualified stock options, stock appreciation rights, incentive stock options, restricted stock and phantom stock. Grants made under this plan to executive officers in 2004 were made in the form of non-qualified stock options.

Our officers and employees could acquire up to 17.50% of the issued and outstanding shares of our common stock if:

all shares set aside for issuance under our stock option plans were granted; and

officers and employees who received grants under our plans exercised all of those grants; and

holders of options paid for option exercises without the use of previously issued shares.

However, several variables could significantly reduce the percentage of common stock that officers and employees could acquire. Acquisition percentage would decrease if:

officers and employees paid for stock options with previously issued shares; or

employees departed without exercising options previously granted to them; or

options were forfeited if, for example, the price of our common stock fell below the option exercise price. (As of February 18, 2005, the trading price of our common stock was above the exercise price of approximately 84% of all current outstanding options.)

The dilutive impact of stock options outstanding at December 31, 2004 was a \$.03 reduction to our 2004 basic earnings per share of \$2.47.

D. Benefit Plans

Our employee benefit plans, including pension plans, health, life, and disability insurance and other employee benefit programs, are an important component of our compensation system. Details of our pension plans are provided elsewhere in this proxy statement.

III. Formulation of the Chairman and CEO's Compensation

Mr. Miller's current compensation package includes a base salary of \$600,000 plus an annual bonus at target performance of 75% of base salary, or \$450,000. The total base salary paid to Mr. Miller in 2004 was \$577,000, up 9.5% from 2003.

Table of Contents

Four different market compensation comparisons were considered for the Chairman and CEO in 2004, including a proxy-based custom study of 20 bank holding companies conducted by the executive compensation consulting firm Watson Wyatt Worldwide. Based on these surveys, estimates of the 25th percentile, median, and 75th percentile points of base salary and total annual compensation were made for the Compensation Committee to consider in establishing Mr. Miller's compensation.

Mr. Miller received a short-term annual bonus award of \$520,200 for 2004 performance. Actual total cash compensation paid to Mr. Miller for 2004 was \$1,097,200, down 11% from 2003.

For long-term incentive compensation purposes, Mr. Miller received an option grant of 84,700 shares in 2004 at an exercise price of \$23.89 per share (representing the mean between the bid and asked closing prices on the grant date). Through employment of the binomial option pricing model, we estimate that the present value of the 2004 options at grant date was \$874,951.

Mr. Miller and certain other executives received a portion of their target long-term incentive based upon the performance of Irwin Ventures LLC, a wholly-owned venture capital subsidiary of Irwin Financial Corporation. Irwin Ventures began investing in early stage companies in 1997 and focuses on investments providing technologies that could transform the way financial services are delivered. To encourage synergies between Irwin Ventures and other Irwin companies, Mr. Miller and the other executives have the opportunity to participate in the Irwin Ventures LLC long-term compensation plan. Due to this opportunity, beginning in 2000, Mr. Miller's stock option grant was reduced by 5%. The Irwin Ventures plan pays participants only on occurrence of realized gains or losses by Irwin Ventures LLC. To date, there have been no payments to Mr. Miller under the terms of the Irwin Ventures plan.

IV. Internal Revenue Code §162(m) and Non-Qualified Deferred Compensation Legislation

Section 162(m) of the Internal Revenue Code disallows a tax deduction to certain public companies for compensation over \$1 million paid to the Company's Chief Executive Officer and its four other most highly compensated executive officers, but excludes performance-based compensation from this limit. The Irwin Financial Corporation Short Term Incentive Plans, which stockholders approved at the 2004 Annual Shareholders Meeting, are generally intended to comply with such requirements. There have been and may be, however, applications of our compensation plans that do not satisfy such requirements. The Committee monitors the requirements of the Internal Revenue Code and applicable Treasury Department regulations to determine what actions, if any, should be taken to minimize compensation that would be non-deductible under Section 162(m) while retaining flexibility to administer compensation plans consistent with our compensation philosophy.

Sally A. Dean

William H. Kling
24.

Brenda J. Lauderback

Table of Contents

Company Stock Performance

The following graph sets forth a comparison of total cumulative return for (i) the common stock of the Corporation, (ii) the Russell 2000 Index, and (iii) the Russell 2000 Financial Services Sector Index, from January 1 to December 31 in each of the past five years and for the five-year period ended December 31, 2004. It assumes \$100.00 invested on January 1, 1999 in each of the Corporation's common stock and the Russell 2000 and Russell 2000 Financial Services Sector indices. As required by Securities and Exchange Commission rules, total return in each case assumes the reinvestment of dividends paid. The Corporation is included in both the Russell 2000 and Russell 2000 Financial Services indices.

Return on average equity for the Corporation in 2004 was 14.8%, compared to 18.4% in 2003. Total shareholder return (including dividends and price appreciation) was 8.6% for 2004 and 92.0% for 2003. These returns compare to 20.7% in 2004 and 39.0% in 2003 for the Russell 2000 Financial Services Sector Index.

COMPARISON OF FIVE-YEAR CUMULATIVE TOTAL RETURN

	1999	2000	2001	2002	2003	2004
Irwin Financial	100	121	98	97	186	171
Russell 2000	100	97	100	79	117	138
Russell 2000 Financial Services Sector	100	115	125	129	180	218

Interest of Management in Certain Transactions

Certain of our directors and officers, and their family members and entities with which these individuals are affiliated, were customers of and had transactions with our subsidiaries in the ordinary course of business during the past year. All outstanding loans and commitments included in such transactions were made in

25.

Table of Contents

the ordinary course of business and on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons, and did not involve more than the normal risk of collectibility or present other unfavorable features.

Companies controlled by the Estate of J. Irwin Miller, the Estate of Clementine M. Tangeman, and William I. Miller purchased commercial paper from us from time to time. The maximum amount outstanding was \$17,332,996 until the end of May 2004. There was no outstanding balance at the end of 2004. In the opinion of management, the rates paid by us on these commercial paper transactions were comparable to the prevailing rates for such transactions at the time of the respective transactions.

Irwin Financial owns a 12.5% interest in a Hawker 800 aircraft in which Cummins Inc. owns the other 87.5%. Cummins provides maintenance and flight services for the aircraft. During 2004, \$179,284 was paid or payable to Cummins in connection with the aircraft. The costs and terms associated with the ownership interest and operation of the aircraft were considered at least as favorable as other alternative aircraft arrangements. We also have a timeshare agreement with Cummins for the use of a substitute aircraft when the jointly owned aircraft is undergoing major maintenance. During 2004, \$13,338 was paid or payable to Cummins under the timeshare agreement. The costs charged under the timeshare agreement are those permitted by Federal Aviation Regulations.

IFC has a timeshare agreement with Mr. Miller whereby he pays IFC for the cost of his personal flights and a portion of the cost of flights connected with his service on other for-profit boards in accordance with IFC's policy on the use of the aircraft. During 2004, \$38,772 was paid or payable by Mr. Miller for personal use of the aircraft under his timeshare agreement. The costs charged to Mr. Miller under the timeshare agreement with IFC are those permitted by Federal Aviation Regulations. Mr. Miller, our Chairman and Chief Executive Officer, is also a director of Cummins Inc. Mr. Solso, one of our directors, is Chairman, Chief Executive Officer and a director of Cummins Inc.

As part of our incentive compensation programs, we have provided certain key managers of our lines of business with minority interests in the subsidiaries they manage, including two of our executive officers—Elena Delgado, who heads our home equity lending line of business, and Joseph LaLeggia, who heads our commercial finance line of business. Under our arrangement with Mr. LaLeggia, he is entitled to a 5% minority interest in the common stock of our subsidiary Irwin Commercial Finance Corporation, the parent company of our leasing line of business. Mr. LaLeggia continues to own an indirect minority interest in Irwin Commercial Finance Canada Corporation (ICFCC) (formerly Onset Capital Corporation), our Canadian leasing subsidiary, which interest he held when we acquired Onset Capital in 2000. The description of our arrangements with Ms. Delgado is discussed above under Executive Compensation—Redemption of Elena Delgado Minority Equity Interests in Irwin Home Equity.

Irwin International Corporation is the subsidiary in our commercial finance line of business that owns approximately 78% of our Canadian leasing subsidiary, ICFCC. The minority shareholder of ICFCC is Onset Holdings, Inc., a Canadian company

Table of Contents

owned directly and indirectly by members of ICFCC's senior management. Irwin International entered into a shareholder agreement with Onset Holdings under which Irwin International, upon the occurrence of certain events, may exercise a call option for a specified number of ICFCC shares held by Onset Holdings. The purchase price for the shares subject to the call option is equal to the fair market value of such shares, as determined pursuant to an appraisal process set forth in the agreement.

If Irwin International proposes to sell any of its shares of ICFCC, Onset Holdings has certain co-sale rights under the agreement. Irwin International also has a conditional right to compel Onset Holdings to participate in a sale to a third party subject to Onset Holdings' right to purchase all of Irwin International's shares for a purchase price based on the aggregate transaction value set forth in the third party offer. In addition to the sale and purchase rights, the shareholder agreement provides that Onset Holdings' interest in the common stock of ICFCC is subject to certain anti-dilution provisions.

During 2001, Irwin Ventures entered into a management arrangement with certain members of senior management, including our Chairman and Chief Executive Officer, William I. Miller, and Executive Vice President, Thomas D. Washburn. Under the arrangement, participating individuals have a carried interest entitling them, in the aggregate, to up to 20% of the profits earned on venture investments made by Irwin Ventures. No amounts are currently accrued to the accounts of Messrs. Miller and Washburn under this carried interest arrangement. In addition, certain of our executive officers participate in a private fund organized to co-invest with Irwin Ventures. At the beginning of each calendar year, participants may elect to contribute to the fund a portion of their annual bonus to be received for that year, up to a current maximum limit of \$25,000. The agreement governing this fund originally authorized us, at the election of each individual participant, to make a matching contribution in the form of a non-recourse loan to fund up to 50% of the participant's annual investment in the co-investment fund. Following the adoption of the Sarbanes-Oxley Act of 2002, which imposes a prohibition on loans to executive officers, we amended this agreement to eliminate this non-recourse loan feature. The aggregate amount of the annual investment is contributed to the fund effective January 1 following the year in which the election is made. To date, Messrs. Ehlinger, Griffith, Souza and certain former executive officers have made co-investments with Irwin Ventures through this fund totaling \$440,000 through 2003, including \$10,000 contributed by the individual participants in 2003. The participants have elected to co-invest a total of an additional \$20,000 during 2004. These amounts invested through 2004 include non-recourse loans made to these individuals prior to July 30, 2002 in the aggregate amount of \$215,000. These loans bear interest at rates of 8.0% and 6.75% and are secured by a pledge of the participant's proportionate interest in the co-investments made during the applicable year. Information with regard to a pre- July 30, 2002 loan repaid by Ms. Delgado in 2005 is discussed above under Executive Compensation and Other Information Redemption of Elena Delgado Minority Equity Interests in Irwin Home Equity.

Table of Contents

Audit and Risk Management Committee Report

In assisting the Board of Directors, the Audit and Risk Management Committee has performed the following:

Reviewed and discussed the audited financial statements with management;

Discussed with the independent auditors the matters required to be discussed by Statement on Auditing Standard No. 61 (Communication with Audit Committees);

Received the written disclosures and letter from the independent accountants required by Independence Standards Board Standard No. 1 (Independence Discussion with Audit Committees), and has discussed with the auditors the auditors' independence.

Based on the reviews and discussion referred to above, the Audit and Risk Management Committee has recommended to the Board of Directors that the audited financial statements be included in our Annual Report on Form 10-K for the year ended December 31, 2004 for filing with the Securities and Exchange Commission.

Audit and Risk Management Committee members are John C. McGinty, Jr. (Committee Chair), Sally A. Dean, R. David Hoover and Brenda J. Lauderback.

Independent Public Accountants

PricewaterhouseCoopers LLP, a registered public accounting firm, will audit the books and accounts of the Corporation for 2005. Each professional service performed by PricewaterhouseCoopers LLP during 2004 was reviewed and the possible effect of such services on the independence of the public accounting firm was considered by the Audit and Risk Management Committee. No member of the firm has any material interest, financial or otherwise, in us or any of our subsidiaries.

We have invited representatives of PricewaterhouseCoopers LLP to be present at the Annual Shareholders Meeting. We expect the representatives will attend the meeting. If present, these representatives will have an opportunity to make a statement, if they so desire, and will be available to respond to appropriate questions from shareholders. See Director Meetings and Standing Committees for information regarding our Audit and Risk Management Committee.

The aggregate audit fees billed by PricewaterhouseCoopers for the years ended December 31, 2004 and 2003 are as follows:

	Audit Fees	Audit-Related Fees ⁽¹⁾	Tax Fees ⁽²⁾	All Other Fees ⁽³⁾
2004	\$ 2,055,490	\$ 101,706	\$ 80,240	\$ 11,000
2003	\$ 821,180	\$ 170,401	\$ 74,475	\$ 48,275

Table of Contents**(1) 2004 Audit-Related Fees include:**

\$	49,956	Accounting and audit services related to securitization activities
	32,350	Audit of the Company's benefit plans
	19,400	Various other audit-related consultation
\$	101,706	

2003 Audit-Related Fees include:

\$	66,345	Detail analysis of residual asset valuation model
	59,927	Accounting and audit services related to securitization activities
	32,350	Audit of the Company's benefit plans
	11,779	Various other audit-related consultation
\$	170,401	

(2) 2004 Tax Fees include:

\$	60,240	Tax consultation related to our Canadian operation
	20,000	Various tax-related consultation
\$	80,240	

2003 Tax Fees include:

\$	47,475	Tax consultation related to our Canadian operation
	27,000	Preparation and review of partnership tax returns related to home equity securitizations
\$	74,475	

(3) 2004 All Other Fees include:

\$	11,000	Various other consultation
\$	11,000	

2003 All Other Fees include:

\$	29,971	Consultation related to unclaimed property
	6,489	Sarbanes-Oxley 404 related consultation
	11,815	Various other consultation
\$	48,275	

In accordance with the SEC's rules issued pursuant to the Sarbanes-Oxley Act of 2002, the Audit and Risk Management Committee has adopted a formal policy on auditor independence requiring pre-approval by the Committee of all professional services rendered by the Company's independent auditors subject to specified monetary limits. Under the policy, pre-approval can be granted by the

Committee either on a case-by-case basis or, with regard to particular services for limited terms specified in detail in advance by the Committee in the policy or otherwise, pursuant to request and approval procedures set forth in the policy, provided that there is no delegation of Committee responsibility to management and any engagement of the auditors as to such particular services is reported to the Committee. If the cost of a proposed service is \$50,000 or less, the policy delegates authority to the Chairman of the Committee to pre-approve the service on behalf of the Committee and report the approval to the Committee at its next scheduled meeting. All of the audit, audit-related, tax and other services provided by the Company's independent auditors to the Company in 2004 were pre-approved by the Audit and Risk Management Committee pursuant to the policy.

2. Proposal to Amend a Section of the Corporation's Restated Articles of Incorporation regarding the Indemnification of Directors, Officers and Employees.

We are asking our shareholders to approve a proposal to amend Section 9.05 of the Irwin Financial Corporation's Restated Articles of Incorporation. Section 9.05

Table of Contents

of the Restated Articles currently contains detailed provisions regarding the indemnification of directors, officers and employees. The Board proposes to move the indemnification provisions currently found in Section 9.05 of the Restated Articles to the Corporation's By-laws and to replace Section 9.05 of the Restated Articles with a general provision authorizing the Board to provide for indemnification of directors, officers, employees and agents to the fullest extent provided by law.

The text of the proposed amendment to Section 9.05 of the Restated Articles is set forth below:

9.05 Indemnification. The Board of Directors is authorized to adopt and amend, as it shall determine in its discretion from time to time, By-Law provisions, resolutions or contracts providing for the indemnification of any director, officer, employee or agent of the Corporation to the full extent permitted by the Indiana Business Corporation Law or other applicable law.

If this proposal to amend Section 9.05 is approved by the shareholders, the Restated Articles would no longer include detailed indemnification provisions; instead, those provisions would be found in the Corporation's By-Laws. The Board would have the authority to amend the indemnification provisions in the By-Laws and also to adopt resolutions and approve contracts providing for indemnification of any director, officer, employee or agent. Since shareholder approval is not required for the Board of Directors to amend the By-Laws, adopt resolutions or approve contracts, shareholder approval of this proposal would permit the Board to adopt indemnification provisions and to amend those provisions from time to time without first obtaining shareholder approval.

In recent years there has been an increase in the amount of litigation seeking to impose liability on directors and officers of publicly held corporations. The costs of defending or settling these actions, whether or not the actions are well founded, may be substantial. Even in proceedings in which a director, officer, employee or agent is not named as a defendant, an individual may incur substantial expenses or attorneys' fees if he or she is called as a witness or becomes involved in the proceeding in any other way. As a result, an individual may conclude that potential exposure to the costs and risks of proceedings in which he or she may become involved exceeds any benefit to him or her from serving as a director, officer, employee or agent of the Corporation. Although the Corporation has not experienced significant difficulty in attracting and retaining well qualified directors, officers and employees in the past, the Board believes that the continued success of the Corporation in attracting and retaining qualified directors, officers and employees is dependent, at least in part, on the Corporation's ability to be competitive with other corporations that have adopted provisions providing for the fullest indemnification protection available. The Board of Directors believes that the proposed amendment to Section 9.05 of the Restated Articles to grant the Board of Directors the authority to adopt and update indemnification provisions and contracts will help enable the Corporation to remain competitive in recruiting directors, officers and employees.

If the amendment of the Restated Articles is adopted, an amendment to the By-Laws will become effective that will add to the By-Laws the current text of the

Table of Contents

indemnification provisions contained in the charter. The Governance Committee of the Board of Directors plans to conduct a review and evaluation of such indemnification provisions and may propose modifications to the full board to be adopted by further amendment of the By-Laws or other arrangements. The Governance Committee has not completed that evaluation and has not yet recommended any particular provisions or modifications.

The Board of Directors recognizes that current and future directors and officers could benefit from the approval of the proposed amendment and, in this connection, the directors and officers may be considered to have a conflict of interest. The Board believes, however, that the proposed amendment is in the best interests of the Corporation.

The proposed indemnification amendment is being made to permit the Board to adopt such indemnification provisions or other arrangements as the Board may deem to be in the best interests of the Corporation. The proposed amendment is not being made in response to any proposed or threatened shareholder derivative actions involving the Corporation or other attempt to impose liability on the directors or officers of the Corporation.

The proposed indemnification amendment will be approved if more common shares are cast in favor of the proposal than are cast against the proposal. Proxies received will be voted for approval of the proposed indemnification amendment unless shareholders designate otherwise. If the proposed amendment is approved by the shareholders, it will become effective upon filing with the Indiana Secretary of State, which is expected to be accomplished as soon as practicable after shareholder approval is obtained.

The Board of Directors recommends that shareholders vote FOR this proposal to amend Section 9.05 of the Corporation's Restated Articles of Incorporation.

Voting Procedures

Shareholders owning a majority of all the common shares outstanding must be present in person or represented by proxy in order to constitute a quorum for the transaction of business. Thus, approximately 14,253,483 shares will be required at the meeting for such quorum. The three nominees receiving the greatest number of votes at the meeting, either in person or by proxy, will be elected as directors for the ensuing three-year term, as indicated. Adoption of the proposal to amend the indemnification provision of Irwin Financial Corporation's Restated Articles of Incorporation requires the affirmative vote of a majority of the shares represented in person or by proxy and voted at the Annual Meeting. Proxies returned by brokers as non-votes on behalf of shares held in street name because the beneficial owner has withheld voting instructions, and proxies returned with abstentions, will be treated as present for purposes of determining a quorum but will not be counted as voting on any matter as to which a non-vote or abstention is indicated on the proxy.

If you are a participant in the Irwin Financial Corporation Employees Savings Plan and/or the Irwin Mortgage Corporation Retirement and Profit Sharing Plan (collectively, the Plans), you have the right to direct Fidelity Management

Table of Contents

Trust Company (Fidelity), as trustee of the Plans, regarding how to vote the shares of Irwin Financial Corporation attributable to your individual account under the Plans. Your instructions to Fidelity will be tabulated confidentially. If your voting directions are not received by April 4, 2005, the shares attributable to your account will not be voted.

Annual Report on Form 10-K and Code of Conduct

We are providing all shareholders with a copy of our Annual Report on Form 10-K for 2004, together with all financial statements, schedules, and a list of the exhibits filed with the Form 10-K. If any shareholder wishes a copy of the exhibits filed with our Annual Report on Form 10-K, we will furnish the exhibits without charge. Our Code of Conduct, which is applicable to our directors, officers and employees, is attached as an exhibit to our Form 10-K for 2004, is available on our website, www.irwinfinancial.com, and is available in print to any shareholder who requests it. All requests for copies of the Form 10-K for 2004 or our Code of Conduct should be in writing and directed to Sue Elliott, Finance Department, Irwin Financial Corporation, 500 Washington Street, Columbus, Indiana 47201.

Deadline for Shareholder Proposals for the 2006 Annual Meeting

Any proposals of shareholders that are otherwise eligible for inclusion in our proxy material must be received at our principal executive offices, 500 Washington Street, Columbus, Indiana 47201, prior to November 18, 2005, in order for the proposals to be considered for inclusion in our proxy statement and form of proxy for the 2006 Annual Meeting pursuant to Rule 14a-8 under the Securities and Exchange Act of 1934. Proposals of shareholders submitted outside the process of Rule 14a-8 (Non-Rule 14a-8 Proposals) in connection with the 2006 Annual Meeting must be received by February 1, 2006 or such proposals will be considered untimely. Our proxy for the 2006 Annual Meeting will give discretionary authority to the proxy holders to vote on all Non-Rule 14a-8 Proposals we receive after February 1, 2006.

Shareholder Communication with the Board of Directors

Our independent directors have unanimously approved a process for shareholders and other interested parties to send communications to the Board of Directors. As a result, shareholders who wish to communicate with the Lead Director or the Board may do so by directing their correspondence in writing to Mr. Lance Odden, currently our Lead Director, in care of Irwin Financial Corporation, 500 Washington Street, Columbus, Indiana 47201.

The Board welcomes, but does not require, directors to attend the Annual Meeting of Shareholders. At the 2004 Annual Meeting, six of the ten members of the Board then serving were in attendance.

Table of Contents

Miscellaneous

As of the date of this proxy statement, our Board of Directors has no knowledge of any matters to be presented for consideration at the meeting other than the matters described in this proxy statement. If (a) any matters not within the knowledge of the Board of Directors as of the date of this proxy statement should properly come before the meeting; (b) a person not named in this proxy statement is nominated at the meeting for election as a director because a nominee named in this proxy statement is unable to serve or for good cause will not serve; (c) any proposals properly omitted from this proxy statement and the form of proxy should come before the meeting; or (d) any matters should arise incident to the conduct of the meeting, then the proxies will be voted in accordance with the recommendation of our Board of Directors.

MATT SOUZA, *Secretary*

March 18, 2005

33.

Table of Contents

Appendix A

**IRWIN FINANCIAL CORPORATION
AUDIT & RISK MANAGEMENT COMMITTEE CHARTER**

PURPOSE

The primary function of the Audit & Risk Management Committee (the Committee or ARMC) is to assist the Board of Directors in fulfilling its oversight of (i) the integrity of the Corporation's financial statements, (ii) the Corporation's compliance with legal and regulatory requirements, (iii) the qualifications and independence of the Corporation's independent accountants, and (iv) the performance of the Corporation's internal audit function and independent accountants.

The Committee meets these responsibilities by reviewing the financial reports and other financial information provided by the Corporation to shareholders and others; reviewing the Corporation's processes for the oversight and management of financial and operational risks, including the system of internal control that management and the Board of Directors have established; and reviewing the Corporation's auditing, accounting and financial reporting processes generally.

The Committee derives its authority from the by-laws of Irwin Financial Corporation (the Corporation) and is hereby given all resources and authority necessary to properly discharge its responsibilities. The Audit & Risk Management Committee's primary duties and responsibilities are to:

Provide an open avenue of communication among management, the internal auditors, the independent accountants, and the Board of Directors.

Serve as an independent and objective party to monitor the Corporation's financial reporting process and internal control system.

Review and appraise the qualifications and audit efforts of the Corporation's independent accountants and internal auditing department.

The Audit & Risk Management Committee will primarily fulfill these responsibilities by carrying out the activities enumerated below in the section titled Duties and Responsibilities. To the extent permitted by applicable regulations and listing requirements, the Committee may obtain assistance from management or staff in accomplishing these responsibilities.

COMPOSITION AND QUALIFICATIONS

The Audit & Risk Management Committee will be comprised of three or more directors. All members of the Committee will be independent directors, as determined by the Board of Directors in accordance with guidelines of the New York Stock Exchange and other applicable regulations. No member of the Committee may, other than in his or her capacity as a member of the Committee, the Board of Directors, or any other committee of the Corporation: (i) accept directly or indirectly any consulting, advisory or other compensatory fee from the Corporation or any of its subsidiaries, or (ii) be an affiliated person of the Corporation or any of its subsidiaries. Any director of the Corporation who is determined to be independent by the Board of Directors but who also holds 20% or more of the Corporation's outstanding shares (or who is a general partner, controlling shareholder or officer of any such holder) cannot be the Chair or a voting member of the Committee.

All members of the Committee will be financially literate, as that qualification is interpreted by the Board of Directors in its business judgment in accordance with listing standards of the New York Stock Exchange. Without

Table of Contents

limiting the generality of the foregoing sentence, each member of the Committee will have a working familiarity with basic finance and accounting practices, such as the ability to read and understand fundamental financial statements. The Chair of the Committee will have accounting or related financial management expertise, as determined by the Board of Directors in its business judgment in accordance with guidelines of the New York Stock Exchange, and at least one member of the Committee (who may also be the Chair) shall be an audit committee financial expert, as defined in regulations promulgated by the Securities and Exchange Commission from time to time.

As provided in the Corporation's Corporate Governance Principles, no director will be eligible for service on the Committee while he or she serves on the audit committee of more than two other public companies, unless the Board determines that such simultaneous service would not impair the ability of such director to serve effectively on the Committee.

Committee appointments and selection of the committee chairperson will be approved annually by the Board of Directors.

MEETINGS

The Committee will meet at least four times 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 will meet with the independent accountants, management, and the director of internal auditing in separate executive sessions to discuss any matters that the Committee or each of these groups believe should be discussed privately. In addition, the Committee, or at least its Chair, will discuss with the independent accountants and management any matters of the types described in the Statement of Auditing Standards No. 61, *Communications with Audit Committees*, which are identified in connection with the accountants reviews of the interim financial statements.

DUTIES AND RESPONSIBILITIES

To fulfill its duties and responsibilities, the Audit & Risk Management Committee shall perform the following:
General

The Committee will report its activities to the full Board of Directors on a regular basis so that the Board is kept informed of its activities on a current basis. The Committee will perform all duties determined by the Board.

The Committee has the power to conduct or authorize investigations into matters within the Committee's scope of responsibilities. The Committee is authorized to retain independent counsel, accountants or other advisors as it deems necessary to carry out its duties.

The Committee will prepare an audit committee report as required by rules of the Securities and Exchange Commission to be included in the Corporation's annual proxy statement.

The Committee will do whatever else the law, applicable listing standards, the Corporation's charter or bylaws or the Board of Directors may require or direct.

Engagement of Independent Accountants and Internal Auditor

The Committee will have sole authority for the appointment, compensation, retention and oversight of the work of the Corporation's independent accountants (including resolution of disagreements between management and

Table of Contents

the independent accountants regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attestation services for the Corporation. The Committee will consult with the Board of Directors in making such decisions concerning the appointment, compensation and retention of the independent accountants. The Committee will establish an arrangement pursuant to which the independent accountants report directly to the Committee.

The Committee will have the sole authority to approve all audit engagement fees and terms, as well as non-audit engagements of the independent accountants. Authority to pre-approve non-audit engagements may be assigned to the Chairman of the Audit Committee with communication to, and ratification of, the full Committee at the subsequent meeting.

The Committee will oversee the independence of the independent accountants by reviewing, at least annually, all relationships the accountants have with the Corporation, including consideration of non-audit services provided by the independent accountants and the fees paid for such services.

The Committee will, at least annually, obtain and review a report by the independent accountant describing (i) the independent accounting firm's internal quality control procedures; and (ii) any material issues raised in internal quality control reviews, or peer reviews, of the accounting firm, or by any inquiry or investigation by governmental or professional authorities (within the preceding five years) respecting one or more independent audits carried out by the firm, any steps taken to deal with any such issues.

The Committee will review and concur, by majority vote, in the appointment, replacement, reassignment, or dismissal of the Director of Internal Auditing.

The Committee will oversee the internal audit function. The Committee will provide internal audit the authority to examine all records and issue independent reports in order to provide objectivity to the internal audit function.

The Committee will consider, in consultation with the independent accountants and the director of internal auditing, the audit scope and plans prepared by the internal auditors and the independent accountants.

The Committee will request that the director of internal auditing and the independent accountants coordinate the internal and external audits of the Corporation in order to avoid duplication of efforts.

Review of Internal and External Audit Work, and the Quarterly and Annual Financial Statements

The Committee will ascertain that the independent accountants view the Board of Directors as their client, that they will be available to the full Board at least annually, and that they will provide the Committee with a timely analysis of significant financial reporting issues.

The Committee will review and discuss the following with management, the director of internal audit and the independent accountants:

- a) The adequacy of the Corporation's risk assessment and risk management processes, policies and guidelines, including any significant weaknesses in the system of internal control for detecting and reporting financial errors, defalcations, legal violations, and noncompliance with the Corporation's code of conduct.
- b) Management's report concerning significant deficiencies in internal controls, and any fraud by persons with a significant role in the system of internal controls.
- c) The independent accountant's report concerning its review of management's assessment of the Corporation's internal controls, control structure and material weaknesses.
- d) Management's responses indicating action taken or planned to address such weaknesses.

Table of Contents

The Committee will review and discuss the following with management and the independent accountant:

- a) The Corporation's annual audited financial statements and related footnotes, as well as the annual Form 10-K filing with the Securities and Exchange Commission (including the disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations included therein) and whether the information in the filing is consistent with the information in the financial statements.
- b) The independent accountant's audit of and report on the financial statements.
- c) The external accountant's report of all critical accounting policies and practices to be used, alternative treatments of financial information that have been discussed with management (and the ramifications of such alternative treatments), and the accountant's preferred treatment. The Committee will have final authority to resolve disagreements between management and the external accountant regarding financial reporting.
- d) The auditor's qualitative judgements about the quality, not just the acceptability, of accounting principles and financial disclosures.
- e) Any serious difficulties encountered during the course of the audit, including any significant disagreements with management.
- f) Other matters related to the conduct of the audit that are to be communicated to the Committee under generally accepted auditing standards.
- g) To the extent not covered by the foregoing categories, any other material written communications between the external accountant and management, such as any management letter or schedule of unadjusted differences.
- h) The disclosures made to the Audit Committee by the Corporation's Chief Executive Officer and Chief Financial Officer during their certification process for the Form 10-K and Form 10-Q about any significant deficiency in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Corporation's internal controls.
- i) The rotation of the audit partner as required by law.
- j) The independent auditor assurance that Section 10A(b) of the Exchange Act has not been implicated. This section requires the independent auditor, if it detects or becomes aware of any illegal acts, to assure that the Committee is adequately informed.

The Committee or its Chair will review and discuss with management and the independent accountants:

- a) The quarterly Form 10-Q filings with the Securities and Exchange Commission (including the financial statements and the disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations included therein) prior to their submission.
- b) The quarterly press releases announcing earnings results prior to their release to the public, as well as financial information and earnings guidance provided to analysts and rating agencies.

The Committee will consider, review and discuss with management and the director of internal audit:

- a) The quarterly report provided by the director of internal audit which summarizes audit activities during the period, including any significant findings concerning the Corporation's risk management, financial reporting or compliance systems, as well as management's responses to them.
- b) The internal audit department's annual audit plan, staffing, and professional education of the internal audit staff for each calendar year.

Table of Contents

c) The internal audit department's policy statement.

Other Responsibilities

The Audit & Risk Management Committee will establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters, and the confidential, anonymous submissions by employees of concerns regarding questionable accounting or auditing matters.

Approve any changes to the Corporation's code of conduct and any waiver of the code of conduct for executive officers and directors.

Establish clear policies to be followed by the Corporation in connection with its hiring of employees and former employees of the independent accountants.

Review and update the Audit Committee Charter annually.

Review with management the results of regulatory examinations of the Corporation and management's responses to such reports.

Review the substance of legal and regulatory matters that may have a material effect on the Corporation's financial statements, including significant issues raised by internal or outside counsel concerning litigation, contingencies, claims, or assessments.

The Committee will receive a briefing of changes in accounting standards or rules promulgated by the Financial Accounting Standards Board, Securities and Exchange Commission or other regulatory bodies, that may have a material effect on the financial statements.

Perform an annual self-assessment which takes into account the purpose and responsibilities and the Committee and an evaluation of its performance of those responsibilities.

Provide for appropriate funding for the payment of:

compensation of the independent accountants engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attestation services for the Corporation;

compensation to any other advisers retained by the Committee to assist it in carrying out its duties;

ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

LIMITATION OF AUDIT & RISK MANAGEMENT COMMITTEE'S ROLE

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits (independent auditor's responsibility) or to determine that the Corporation's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations (management's responsibility).

Table of Contents

Irwin Financial Corporation
Annual Shareholder Meeting
April 7, 2005 4:00 p.m. (E.S.T.)
Holiday Inn Conference Center
2480 Jonathan Moore Pike (Route 46)

Table of Contents

c/o National City Bank
Corporate Trust Operations
Locator 5352
P. O. Box 92301
Cleveland, OH 44101-4301

YOUR VOTE IS IMPORTANT

Regardless of whether you plan to attend the Annual Meeting of Shareholders, you can be sure your shares are represented at the meeting by promptly returning your proxy in the enclosed envelope.

ê **Please fold and detach card at perforation before mailing.** ê

IRWIN FINANCIAL CORPORATION

Proxy for Annual Meeting of Shareholders

Proxy Solicited on Behalf of the Board of Directors

The undersigned does hereby nominate, constitute, and appoint William I. Miller and Thomas D. Washburn and each of them, (with full power to act without the other), with full power of substitution to each, the true and lawful Proxies of the undersigned to attend the Annual Meeting of the Shareholders of the Corporation, to be held at the Holiday Inn Conference Center, 2480 Jonathan Moore Pike, Columbus, Indiana, on Thursday, April 7, 2005, at 4:00 p.m. (Columbus time), or at any adjournment of the meeting, and to vote all shares of the Corporation that the undersigned is entitled to vote upon the matters referred to in this proxy and in the notice of the meeting to the same extent and with all the powers the undersigned would possess if personally present and voting at the meeting or at any adjournment of it. The undersigned acknowledges receipt of notice of the meeting and the accompanying proxy

statement and hereby revokes all proxies heretofore given by the undersigned for the meeting.

Dated : _____
_____, 2005

Signature(s)

Signature(s)

Please sign exactly as name(s) appear(s) here, date, and return this proxy promptly in the enclosed envelope. If there are two or more co-owners, all must sign. No postage required if mailed in the United States



Table of Contents

ê Please fold and detach card at perforation before mailing. ê

IRWIN FINANCIAL CORPORATION

PROXY

This proxy will be voted as you specify on this proxy card. **If no specification is made, the Shares represented by the proxy will be voted FOR the Directors named in the proxy statement, FOR the approval of the amendment to the Irwin Financial Corporation Restated Articles of Incorporation, and the Proxies may vote in their discretion upon such other matters as properly may come before the meeting or any adjournment of it.** This proxy may be revoked at any time prior to voting it.

1. Election of three Directors

o **FOR** all nominees listed below

o **WITHHOLD** Authority to vote for all the nominees

R. David Hoover

William I. Miller

Theodore M. Solso

Instruction: To withhold authority to vote for any individual nominee, write that nominee's name below.

2. To approve a proposal to amend the Restated Articles of Incorporation regarding the indemnification of directors, officers and employees, by moving the current indemnification provisions from the Restated Articles to the By-laws and replacing the indemnification provisions in the Restated Articles with a general provision authorizing indemnification to the fullest extent of the law

o **FOR**

o **AGAINST**

o **ABSTAIN**

3. To vote in their discretion upon such other business as may properly come before the meeting or any adjournment thereof

PLEASE MARK, DATE AND SIGN THIS PROXY AND RETURN IT IN THE ENCLOSED ENVELOPE.

(Continued on other side)

Table of Contents

c/o National City Bank
Corporate Trust Operations
Locator 5352
P. O. Box 92301
Cleveland, OH 44101-4301

YOUR VOTE IS IMPORTANT

Only the Trustee can vote your shares represented on this ballot. To ensure that your shares are represented at the meeting, please mark, sign, and return this voting instruction form promptly in the enclosed envelope.

ê **Please fold and detach card at perforation before mailing.** ê

IRWIN FINANCIAL CORPORATION

Voting Instruction Form for Annual Meeting of Shareholders

As a participant in the Irwin Financial Corporation Employees Savings Plan and/or the Irwin Mortgage Corporation Retirement and Profit Sharing Plan (collectively, the Plans), you have the right to direct Fidelity Management Trust Company (Fidelity), as trustee of the Plans, regarding how to vote the shares of Irwin Financial Corporation attributable to your individual account under the Plans. Your instructions to Fidelity will be tabulated confidentially. **If your voting directions are not received by April 4, 2005, the shares attributable to your account will not be voted.**

Dated: _____, 2005

Signature

Please sign exactly as name appears here, date, and return this voting instruction form promptly in the enclosed envelope. No postage required if mailed in the United States

Table of Contents

ê Please fold and detach card at perforation before mailing. ê

IRWIN FINANCIAL CORPORATION

Voting Instruction Form

This Voting Instruction when properly executed will be voted in the manner directed by the undersigned shareholder. **If no directions are given, if the card is not signed, or if the card is not received by April 4, 2005, the shares credited to your account will not be voted.**

1. Election of three Directors

- o **FOR** all nominees listed below
- o **WITHHOLD** Authority to vote for all the nominees

R. David Hoover

William I. Miller

Theodore M. Solso

Instruction: To withhold authority to vote for any individual nominee, write that nominee's name below.

2. To approve a proposal to amend the Restated Articles of Incorporation regarding the indemnification of directors, officers and employees, by moving the current indemnification provisions from the Restated Articles to the By-laws and replacing the indemnification provisions in the Restated Articles with a general provision authorizing indemnification to the fullest extent of the law

- o **FOR**
- o **AGAINST**
- o **ABSTAIN**

3. To vote in their discretion upon such other business as may properly come before the meeting or any adjournment thereof

PLEASE MARK, DATE AND SIGN THIS VOTING INSTRUCTION FORM AND RETURN IT IN THE ENCLOSED ENVELOPE.

(Continued on other side)