

IRWIN FINANCIAL CORPORATION
Form 8-K
April 24, 2003

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): April 22, 2003

IRWIN FINANCIAL CORPORATION

(Exact name of registrant as specified in its charter)

INDIANA	0-6835	35-1286807
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

500 Washington Street

Columbus, Indiana 47201

(Address of principal executive offices and Zip Code)

Registrant's telephone number, including area code: **(812) 376-1909**

ITEM 5. OTHER EVENTS

On April 22, 2003, Irwin Financial Corporation announced its First Quarter 2003 earnings as set forth in Item 12 below. Information contained in Item 12 and the news release attached as Exhibit 99.1 is incorporated by reference in

this Item 5.

ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS

(c) Exhibits.

99.1 News Release issued April 22, 2003.

ITEM 9. REGULATION FD DISCLOSURE

On April 22, 2003, Irwin Financial Corporation announced its First Quarter 2003 earnings. The information set forth below under "Item 12. Results of Operations and Financial Condition" is being furnished in this Item 9 of Form 8-K in accordance with SEC Release Nos. 33-8216 and 34-47583.

ITEM 12. RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On April 22, 2003, Irwin Financial Corporation announced its First Quarter 2003 earnings. The news release regarding this announcement is filed as Exhibit 99.1 hereto.

SUPPLEMENTAL INFORMATION REGARDING NON-GAAP FINANCIAL MEASURES (dollars in thousands) (segment reporting basis)

<u>Commercial Banking</u>	<u>1Q03</u>	<u>1Q02</u>	<u>4Q02</u>
Net interest margin as reported in press release ¹	4.04%	4.10%	3.91%
			3.90
Net interest margin without tax equivalent adjustment	4.03	4.09	
	\$48	\$52	\$50
Tax equivalent interest at 35% federal tax rate			
<u>Mortgage Banking</u>	\$ (1,633)	\$ 2,605	\$ (12,242)
Mortgage servicing rights impairment net of hedging as reported in press release ²			
	<u>321</u>	<u>(8,128)</u>	<u>7,121</u>
Less: Derivative gains (losses)			
	<u>\$(1,954)</u>	<u>\$10,733</u>	<u>\$(19,363)</u>
Mortgage servicing rights impairment (GAAP basis)			
<u>Home Equity Lending</u>	\$ 23,203	\$ 8,119	\$ 21,689
Allowance for loan losses			
	739,399	406,055	626,355
Loans on-balance sheet			

ITEM 9. REGULATION FD DISCLOSURE

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Allowance for loan losses to loans (GAAP basis)	3.14%	2.00%	3.46%
	\$ 80,610	\$ 133,818	\$ 79,746
Residual asset valuation allowance	987,279	1,588,055	1,123,440
Underlying off-balance sheet loans			
Valuation allowance as a percent of off-balance sheet loans	8.16%	8.43%	7.10%
	\$ 103,813	\$ 141,937	\$ 101,435
Allowance for loan losses plus residual asset valuation allowance	1,726,678	1,994,110	1,749,795
Loans on- and off- balance sheet			
Allowance to loans and leases as reported in press release ³	6.01%	7.12%	5.80%

1

We present the net interest margin for the commercial banking line of business on a tax equivalent basis, consistent with industry practice. On a prospective basis, we will begin showing the net interest margin without adjusting for tax equivalent interest. We believe the difference between the two methods for us is immaterial.

2

We actively manage the risk associated with the valuation of our mortgage servicing rights at the mortgage banking line of business by entering into various derivatives contracts. Therefore, we believe it is more useful to investors to disclose impairment on mortgage servicing rights net of derivative gains or losses.

3

At our home equity lending line of business, we manage credit risk on the entire managed portfolio which includes both on- and off-balance sheet credit risk. For our on-balance sheet loans, we record an allowance for loan losses on the balance sheet. We value our residual asset by modeling into our future cash flow models an embedded loss reserve. As we manage the credit risk associated with these two components together, we believe it is more useful to investors to disclose the total credit reserve associated with both pieces combined in our press release on a weighted average basis.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

SUPPLEMENTAL INFORMATION REGARDING NON-GAAP FINANCIAL MEASURES (dollars in thousands) (segment)

IRWIN FINANCIAL CORPORATION

(Registrant)

Date: April 24, 2003

By: /s/ GREGORY F. EHLINGER

GREGORY F. EHLINGER
*Senior Vice President and Chief
Financial Officer*

EXHIBIT INDEX

Exhibit No. Description

99.1 News Release issued April 22, 2003