



PRESS RELEASE

1775 Eye Street, NW • Suite 800 • Washington, DC • 20006 • P: 202.367.3000 • F: 202.367.3001

Contact: Joan Morgulec
Corporate Communications
202-362-2305

IRWIN FINANCIAL CORPORATION ANNOUNCES MAJOR STRATEGIC RESTRUCTURING TO REFOCUS ON SMALL BUSINESS AND LOCAL COMMUNITY BANKING

Columbus, Indiana – July 24, 2008 – Irwin Financial Corporation (NYSE:IFC) today announced transactions that, when completed in the third quarter, will accomplish a strategic restructuring of the Corporation and Irwin Union Bank. As the 137-year old institution returns to its core businesses, the restructuring will enable Irwin to re-focus on core banking services to small businesses and branch-based customers. The restructuring will cap Irwin's remaining exposure to the national home equity lending business, which has been a principal driver of recent losses.

“We are pleased to announce the execution of an agreement to sell our home equity residual interests to Roosevelt Management Company LLC, a New York based financial services firm focused on investments in, and servicing of, seasoned residential mortgage loans and securities. This will remove \$1.0 billion of home equity loans from our balance sheet. In addition, we have reached agreement with Roosevelt to deliver substantially all of the remaining loans in our home equity business into a securitization structure that will cap our remaining exposure at less than \$100 million.

To further strengthen our liquidity, we also entered into agreements to sell our small-ticket leasing business in Canada to RoyNat Inc., a subsidiary of Scotiabank Group, and in the United States to Equilease Financial Services, Inc. for \$600 million prior to associated costs.

The Corporation will keep its profitable franchise financing business.

“We believe these transactions will enhance Irwin Financial's capital and liquidity to support our focus on our traditional strengths in serving the banking needs of small businesses and our local communities. These transactions and the strategic restructuring actions they entail will return our core operations to profitability,” said Will Miller, Chairman and CEO of Irwin Financial.

“Together, these transactions are expected to remove approximately \$1.6 billion of home equity and small ticket assets from Irwin Financial's balance sheet by September 30, 2008. Although pricing on these transactions will result in losses and we expect to book additional restructuring costs (substantially all of which will be incurred by the end of 2008), we will continue to have capital ratios that exceed the statutory requirements for Well Capitalized. The asset sales will significantly enhance liquidity and help us return our core business to profitability. We anticipate having each of these transactions substantially completed by September 30, 2008,” said Mr. Miller.

“Going forward, we will focus on building more strength into our historic deposit and lending services and our commercial franchise services to small business, which we have been reporting as our ‘Commercial Banking’ and ‘Franchise Finance’ platforms. We will continue serving our community bank customers in our branch network communities with banking, trust, investment, and insurance services,” Mr. Miller said.

The Corporation will host a conference call at 1:00 EDT on Friday, July 25, 2008, to discuss these transactions. To join the call, dial either 1 (866) 825-3967 or outside the U.S. 1 (847) 413-3371 and provide confirmation number: 22334966. Irwin Financial expects to release its second quarter 2008 results and pro forma results that reflect the effect of these transactions when it files its next Form 10-Q.

Source: Irwin Financial

<http://www.irwinfinancial.com/investors/ne/ifc072408.htm>

