
MRLN 8-K 11/2/2015

Section 1: 8-K (FORM 8-K FILING DOCUMENT)

**UNITED STATES
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) **November 2, 2015**

Marlin Business Services Corp.

(Exact name of registrant as specified in its charter)

Pennsylvania
(State or other jurisdiction
of incorporation)

000-50448
(Commission File Number)

38-3686388
(IRS Employer Identification No.)

300 Fellowship Road, Mount Laurel, NJ
(Address of principal executive offices)

08054
(Zip Code)

Registrant's telephone number, including area code: **(888) 479-9111**

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

Item 2.02. Results of Operations and Financial Condition.

The Registrant issued a press release on November 2, 2015, announcing its results of operations for the third quarter ended September 30, 2015. A copy of the press release is being furnished as Exhibit 99.1 to this report.

The information in this Current Report, including the Exhibit hereto, is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that Section. The information in this Current Report shall not be incorporated by reference into any registration statement or other document filed with the Securities and Exchange Commission.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

99.1 Press Release issued by Marlin Business Services Corp. on November 2, 2015 in connection with Item 2.02.

SIGNATURE

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

Marlin Business Services Corp.

Date: November 2, 2015

/s/ EDWARD R. DIETZ
Edward R. Dietz
Senior Vice President & General Counsel

INDEX TO EXHIBITS

99.1 Press Release issued by Marlin Business Services Corp. on November 2, 2015 in connection with Item 2.02.

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Section 2: EX-99 (PRESS RELEASE)

EXHIBIT 99.1

Marlin Business Services Corp. Reports Third Quarter 2015 Earnings and a Cash Dividend of \$0.14 Per Share

Third Quarter Highlights:

- Net income of \$4.8 million, EPS of \$0.38 per share
- Net investments in leases and loans of \$659 million, up 6.6% year-over-year
- Return on average equity of 10.95% for the third quarter
- Risk adjusted net interest and fee margin of 10.72% for the quarter
- \$100.5 million of lease and loan volume originated, up 22% year-over-year
- \$580 million of insured deposits, up 8.4% year-over-year

- \$2.00 per share special dividend declared during the third quarter
- Capital position remains strong, equity to assets ratio of 19.14%

MOUNT LAUREL, N.J., Nov. 2, 2015 (GLOBE NEWSWIRE) -- Marlin Business Services Corp. (NASDAQ:MRLN) today reported third quarter 2015 net income of \$4.8 million, or \$0.38 per diluted share, compared to \$4.9 million and \$0.38 per share for third quarter 2014.

"We are pleased with our results across the board in the third quarter, in particular surpassing \$100 million in new originations," said Edward Siciliano, Interim CEO and Chief Sales Officer. "We are well-positioned to continue to execute on our growth plan heading into the fourth quarter of 2015," said Siciliano.

Lease and loan origination volume was \$100.5 million for the third quarter 2015, compared to \$92.6 million for the quarter ended June 30, 2015. Third quarter lease origination volume was \$98.2 million, an increase of \$6.3 million compared to second quarter 2015 and \$15.8 million compared to the comparable prior year period. Loan origination volume was \$2.3 million for the third quarter, compared to \$0.7 million for the quarter ended June 30, 2015.

The yield on new lease and loan originations for the quarter was 11.06%, compared to 11.16% for the second quarter ended June 30, 2015.

Net interest and fee margin of 11.96% was down 9 basis points from the second quarter of 2015 due, in part, to the competitive interest rate environment and a slight increase in cost of funds, partially offset by higher fee income. The Company's third quarter 2015 cost of funds was 89 basis points, compared to 85 basis points for second quarter 2015 and 82 basis points for the comparable 2014 period.

The allowance for credit losses as a percentage of total finance receivables was 1.31% at September 30, 2015, and represents 270% of total 60+ day delinquencies.

Finance receivables over 30 days delinquent were 0.75% of the Company's portfolio as of September 30, 2015, 5 basis points higher than the second quarter of 2015 and 6 basis points lower than third quarter 2014. Finance receivables over 60 days delinquent were 0.43% of the Company's portfolio as of September 30, 2015, versus 0.40% at June 30, 2015 and 0.47% at September 2014.

Third quarter net charge-offs were 1.23% of total finance receivables down from 1.84% of total finance receivables for the second quarter ended June 30, 2015 and down from 1.36% a year ago.

The Company's efficiency ratio was 54% for the quarter ended September 30, 2015 compared to 56% for the quarter ended June 30, 2015 and 48% for the quarter ended September 30, 2014.

In conjunction with this release, static pool loss statistics and a vintage delinquency analysis have been updated as supplemental information on the Investor Relations section of the Company's website at www.marlinfinance.com.

The Company continued to execute on its stock repurchase plan and repurchased 196,196 shares of its common stock during the third quarter ended September 30, 2015. Through the third quarter, the Company has repurchased 406,719 shares in 2015.

On September 14, 2015, the Company declared a \$2.00 per share special dividend to shareholders. Capital levels remain strong with an equity to assets ratio of 19.14% at September 30, 2015.

The Board of Directors of Marlin Business Services Corp. today declared a \$0.14 per share regular quarterly dividend. The dividend is payable November 23, 2015, to shareholders of record on November 12, 2015. Based on the closing stock price on October 30, 2015, the annualized dividend yield on the Company's common stock is 3.17%.

Conference Call and Webcast

We will host a conference call on Tuesday, November 3, 2015 at 9:00 a.m. ET to discuss the Company's third quarter 2015 results. If you wish to participate, please call 877-312-5414 approximately 10 minutes in advance of the call time. The conference

ID will be: "Marlin." The call will also be webcast on the Investor Relations page of the Company's website, www.marlinfinance.com. An audio replay will also be available on the Investor Relations section of Marlin's website for approximately 45 days.

About Marlin Business Services Corp.

Marlin Business Services Corp. is a nationwide provider of commercial lending solutions for small and mid-size businesses. Through its wholly-owned operating subsidiary, Marlin Business Bank, Marlin provides innovative commercial financing programs. Our equipment financing and loan products are offered directly to businesses, and through third party vendor programs, which includes manufacturers, distributors, independent dealers and brokers. Since its inception in 1997, Marlin has extended credit to over a quarter of a million business customers. Our mission is to offer convenient financing products while providing the highest level of personalized customer service. Marlin is publicly traded (NASDAQ:MRLN). For more information about Marlin, visit www.marlincorp.com or call toll free at (888) 479-9111.

Forward-Looking Statements

This release contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended. All forward-looking statements (including statements regarding future financial and operating results) involve risks, uncertainties and contingencies, many of which are beyond our control, which may cause actual results, performance or achievements to differ materially from anticipated results, performance or achievements. All statements contained in this release that are not clearly historical in nature are forward-looking, and the words "anticipate," "believe," "expect," "estimate," "plan," "may," "intend" and similar expressions are generally intended to identify forward-looking statements. Economic, business, funding, market, competitive, legal and/or regulatory factors, among others, affecting our business are examples of factors that could cause actual results to differ materially from those described in the forward-looking statements. More detailed information about these factors is contained in our filings with the Securities and Exchange Commission, including the sections captioned "Risk Factors" and "Business" in the Company's Form 10-K filed with the Securities and Exchange Commission. We are under no obligation to (and expressly disclaim any such obligation to) update or alter our forward-looking statements, whether as a result of new information, future events or otherwise.

**MARLIN BUSINESS SERVICES CORP.
AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(Unaudited)**

| | <u>September 30,</u> | <u>December 31,</u> |
|---|----------------------|---------------------|
| | <u>2015</u> | <u>2014</u> |
| (Dollars in thousands, except per-share data) | | |
| ASSETS | | |
| Cash and due from banks | \$ 4,366 | \$ 2,437 |
| Interest-earning deposits with banks | 100,852 | 108,219 |
| Total cash and cash equivalents | 105,218 | 110,656 |
| Time deposits with banks | 7,368 | — |
| Restricted interest-earning deposits with banks | 389 | 711 |
| Securities available for sale (amortized cost of \$6.1 million and \$5.8 million at September 30, 2015 and December 31, 2014, respectively) | 6,048 | 5,722 |
| Net investment in leases and loans | 659,253 | 629,507 |
| Property and equipment, net | 4,003 | 2,846 |
| Property tax receivables | 885 | 690 |
| Other assets | 7,290 | 8,317 |
| Total assets | <u>\$ 790,454</u> | <u>\$ 758,449</u> |

LIABILITIES AND STOCKHOLDERS' EQUITY

| | | |
|---------------------------------------|----------------|----------------|
| Deposits | \$ 579,625 | \$ 550,119 |
| Other liabilities: | | |
| Dividends payable | 25,508 | — |
| Sales and property taxes payable | 5,409 | 2,739 |
| Accounts payable and accrued expenses | 13,279 | 14,406 |
| Net deferred income tax liability | <u>15,319</u> | <u>17,221</u> |
| Total liabilities | <u>639,140</u> | <u>584,485</u> |

Stockholders' equity:

| | | |
|---|-------------------|-------------------|
| Common Stock, \$0.01 par value; 75,000,000 shares authorized; 12,617,269 and 12,838,449 shares issued and outstanding at September 30, 2015 and December 31, 2014, respectively | 126 | 128 |
| Preferred Stock, \$0.01 par value; 5,000,000 shares authorized; none issued | — | — |
| Additional paid-in capital | 84,004 | 89,130 |
| Stock subscription receivable | (2) | (2) |
| Accumulated other comprehensive loss | (27) | (17) |
| Retained earnings | <u>67,213</u> | <u>84,725</u> |
| Total stockholders' equity | <u>151,314</u> | <u>173,964</u> |
| Total liabilities and stockholders' equity | <u>\$ 790,454</u> | <u>\$ 758,449</u> |

**MARLIN BUSINESS SERVICES CORP.
AND SUBSIDIARIES**
Condensed Consolidated Statements of Operations
(Unaudited)

Three Months Ended September 30, Nine Months Ended September 30,

| | <u>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> |
|--|-------------|-------------|-------------|-------------|
|--|-------------|-------------|-------------|-------------|

(Dollars in thousands, except per-share data)

| | | | | |
|---|---------------|---------------|---------------|---------------|
| Interest income | \$ 16,690 | \$ 16,705 | \$ 49,665 | \$ 50,182 |
| Fee income | <u>3,915</u> | <u>3,881</u> | <u>11,762</u> | <u>11,016</u> |
| Interest and fee income | 20,605 | 20,586 | 61,427 | 61,198 |
| Interest expense | <u>1,433</u> | <u>1,250</u> | <u>4,087</u> | <u>3,647</u> |
| Net interest and fee income | 19,172 | 19,336 | 57,340 | 57,551 |
| Provision for credit losses | <u>1,986</u> | <u>2,706</u> | <u>7,542</u> | <u>6,562</u> |
| Net interest and fee income after provision for credit losses | <u>17,186</u> | <u>16,630</u> | <u>49,798</u> | <u>50,989</u> |
| Other income: | | | | |
| Insurance income | 1,470 | 1,341 | 4,294 | 3,996 |
| Other income | <u>572</u> | <u>400</u> | <u>1,336</u> | <u>1,176</u> |
| Other income | <u>2,042</u> | <u>1,741</u> | <u>5,630</u> | <u>5,172</u> |
| Other expense: | | | | |
| Salaries and benefits | 7,058 | 6,313 | 21,290 | 19,962 |
| General and administrative | 4,357 | 3,818 | 12,780 | 11,975 |
| Financing related costs | <u>34</u> | <u>297</u> | <u>184</u> | <u>881</u> |

| | | | | |
|-----------------------------------|-----------------|-----------------|------------------|------------------|
| Other expense | 11,449 | 10,428 | 34,254 | 32,818 |
| Income before income taxes | 7,779 | 7,943 | 21,174 | 23,343 |
| Income tax expense | 2,982 | 3,039 | 8,173 | 8,860 |
| Net income | <u>\$ 4,797</u> | <u>\$ 4,904</u> | <u>\$ 13,001</u> | <u>\$ 14,483</u> |
| Basic earnings per share | \$ 0.38 | \$ 0.38 | \$ 1.01 | \$ 1.12 |
| Diluted earnings per share | \$ 0.38 | \$ 0.38 | \$ 1.01 | \$ 1.12 |
| Cash dividends declared per share | \$ 2.14 | \$ 0.13 | \$ 2.39 | \$ 0.35 |

SUPPLEMENTAL QUARTERLY DATA

(Dollars in thousands, except share amounts)

(Unaudited)

| <u>Quarter Ended:</u> | <u>9/30/2014</u> | <u>12/31/2014</u> | <u>3/31/2015</u> | <u>6/30/2015</u> | <u>9/30/2015</u> |
|--|------------------|-------------------|------------------|------------------|------------------|
| Net Income: | | | | | |
| Net Income | \$4,904 | \$4,867 | \$4,055 | \$4,149 | \$4,797 |
| Annualized Performance Measures: | | | | | |
| Return on Average Assets | 2.67% | 2.64% | 2.17% | 2.18% | 2.51% |
| Return on Average Stockholders' Equity | 11.50% | 11.21% | 9.33% | 9.47% | 10.95% |
| EPS Data: | | | | | |
| Net Income Allocated to Common Stock | \$4,762 | \$4,731 | \$3,932 | \$4,031 | \$4,661 |
| Number of Shares - Basic | 12,487,968 | 12,466,264 | 12,487,241 | 12,450,283 | 12,406,767 |
| Basic Earnings per Share | \$0.38 | \$0.38 | \$0.31 | \$0.32 | \$0.38 |
| Number of Shares - Diluted | 12,539,717 | 12,515,904 | 12,523,258 | 12,464,638 | 12,413,497 |
| Diluted Earnings per Share | \$0.38 | \$0.38 | \$0.31 | \$0.32 | \$0.38 |
| Cash Dividends Declared per share | \$0.125 | \$0.125 | \$0.125 | \$0.125 | \$2.14 |
| New Asset Production: | | | | | |
| Leased Equipment Volume | \$82,459 | \$89,362 | \$80,084 | \$91,981 | \$98,237 |
| Loan Origination Volume | <u>\$0</u> | <u>\$0</u> | <u>\$235</u> | <u>\$654</u> | <u>\$2,264</u> |
| New Originations | \$82,459 | \$89,362 | \$80,319 | \$92,635 | \$100,501 |
| Syndication Volume | <u>\$0</u> | <u>\$91</u> | <u>\$1,272</u> | <u>\$606</u> | <u>\$1,394</u> |
| Total Asset Origination | \$82,459 | \$89,453 | \$81,591 | \$93,241 | \$101,895 |
| Implicit Yield on New Lease Originations | 11.06% | 10.89% | 10.78% | 11.04% | 10.48% |
| Implicit Yield on New Loan Originations | n/a | n/a | 35.61% | 27.73% | 36.00% |
| Total Implicit Yield on New Originations | 11.06% | 10.89% | 10.85% | 11.16% | 11.06% |
| # of Sales Reps | 116 | 115 | 125 | 127 | 131 |
| # of Leases | 6,130 | 6,290 | 5,691 | 6,366 | 6,476 |

| | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|
| Lease Approval Percentage | 65% | 66% | 63% | 64% | 66% |
| Average Monthly Lease Sources | 1,125 | 1,147 | 1,015 | 1,143 | 1,106 |
| Net Interest and Fee Margin: | | | | | |
| Interest Income Leasing | \$16,633 | \$16,500 | \$16,405 | \$16,347 | \$16,473 |
| Interest Income Loans | \$11 | \$15 | \$17 | \$62 | \$139 |
| Interest Income Yield | 10.98% | 10.80% | 10.60% | 10.52% | 10.41% |
| Fee Income Yield | <u>2.55%</u> | <u>2.54%</u> | <u>2.65%</u> | <u>2.38%</u> | <u>2.44%</u> |
| Interest and Fee Income Yield | 13.53% | 13.34% | 13.25% | 12.90% | 12.85% |
| Cost of Funds | <u>0.82%</u> | <u>0.86%</u> | <u>0.85%</u> | <u>0.85%</u> | <u>0.89%</u> |
| Net Interest and Fee Margin | 12.71% | 12.48% | 12.40% | 12.05% | 11.96% |
| Average Total Finance Receivables | \$608,290 | \$614,068 | \$622,120 | \$627,079 | \$641,020 |
| Average Net Investment in Leases | \$607,055 | \$612,910 | \$620,937 | \$625,347 | \$638,358 |
| Average Loans | \$1,235 | \$1,158 | \$1,183 | \$1,732 | \$2,662 |
| End of Period Net Investment in Leases | \$617,518 | \$628,384 | \$626,617 | \$639,065 | \$655,458 |
| End of Period Loans | \$1,173 | \$1,123 | \$1,402 | \$2,017 | \$3,795 |
| Portfolio Asset Quality: | | | | | |
| Total Finance Receivables | | | | | |
| 30+ Days Past Due Delinquencies | 0.81% | 0.85% | 0.87% | 0.70% | 0.75% |
| 30+ Days Past Due Delinquencies | \$5,668 | \$5,997 | \$6,208 | \$5,053 | \$5,562 |
| 60+ Days Past Due Delinquencies | 0.47% | 0.51% | 0.57% | 0.40% | 0.43% |
| 60+ Days Past Due Delinquencies | \$3,290 | \$3,602 | \$4,057 | \$2,899 | \$3,186 |
| Net Charge-offs - Total Finance Receivables | \$2,060 | \$2,388 | \$2,646 | \$2,880 | \$1,965 |
| % on Average Total Finance Receivables | | | | | |
| Annualized | 1.36% | 1.56% | 1.70% | 1.84% | 1.23% |
| Net Charge-offs - Leasing | \$2,060 | \$2,388 | \$2,646 | \$2,880 | \$1,954 |
| % on Average Net Investment in Leases | | | | | |
| Annualized | 1.36% | 1.56% | 1.71% | 1.84% | 1.22% |
| Net Charge-offs - Loans | \$0 | \$0 | \$0 | \$0 | \$11 |
| % of Average Loans | | | | | |
| Annualized | n/a | n/a | n/a | n/a | 1.65% |
| Allowance for Credit Losses | \$8,371 | \$8,537 | \$9,231 | \$8,567 | \$8,588 |
| % of 60+ Delinquencies | 254.44% | 237.01% | 227.53% | 295.52% | 269.55% |
| 90+ Day Delinquencies (Non-earning total finance receivables) | \$1,903 | \$1,742 | \$1,975 | \$1,433 | \$1,684 |
| Expense Ratios: | | | | | |
| Salaries and Benefits Expense | \$6,313 | \$6,666 | \$6,967 | \$7,265 | \$7,058 |
| Salaries and Benefits Expense | | | | | |
| Annualized % of Avg. Fin. Recl. | 4.15% | 4.34% | 4.48% | 4.63% | 4.40% |

| | | | | | |
|---|---------|---------|---------|---------|---------|
| Total personnel end of quarter | 279 | 285 | 296 | 302 | 307 |
| General and Administrative Expense | \$3,818 | \$3,630 | \$4,093 | \$4,330 | \$4,357 |
| General and Administrative Expense Annualized % of Avg. Fin. Recl. | 2.51% | 2.36% | 2.63% | 2.76% | 2.72% |
| Efficiency Ratio | 48.07% | 48.86% | 52.37% | 56.19% | 53.81% |

Balance Sheet:

Assets

| | | | | | |
|------------------------------------|-----------|-----------|-----------|-----------|-----------|
| Investment in Leases and Loans | \$616,916 | \$627,922 | \$627,167 | \$639,333 | \$657,143 |
| Initial Direct Costs and Fees | 10,146 | 10,122 | 10,083 | 10,316 | 10,697 |
| Reserve for Credit Losses | (8,371) | (8,537) | (9,231) | (8,567) | (8,588) |
| Net Investment in Leases and Loans | \$618,691 | \$629,507 | \$628,019 | \$641,082 | \$659,252 |
| Cash and Cash Equivalents | 104,211 | 110,656 | 113,129 | 90,740 | 105,218 |
| Restricted Cash | 945 | 711 | 1,545 | 543 | 389 |
| Other Assets | 16,338 | 17,575 | 26,536 | 32,607 | 25,595 |
| Total Assets | \$740,185 | \$758,449 | \$769,229 | \$764,972 | \$790,454 |

Liabilities

| | | | | | |
|-------------------|-----------|-----------|-----------|-----------|-----------|
| Deposits | 534,556 | 550,119 | 557,835 | 554,190 | 579,625 |
| Other Liabilities | 35,583 | 34,366 | 36,305 | 34,292 | 59,515 |
| Total Liabilities | \$570,139 | \$584,485 | \$594,140 | \$588,482 | \$639,140 |

Stockholders' Equity

| | | | | | |
|-----------------------------------|-----------|-----------|-----------|-----------|-----------|
| Common Stock | \$128 | \$128 | \$128 | \$128 | \$126 |
| Paid-in Capital, net | 88,543 | 89,128 | 87,832 | 86,723 | 84,002 |
| Other Comprehensive Income (Loss) | (84) | (17) | (35) | (75) | (27) |
| Retained Earnings | 81,459 | 84,725 | 87,164 | 89,714 | 67,213 |
| Total Stockholders' Equity | \$170,046 | \$173,964 | \$175,089 | \$176,490 | \$151,314 |

**Total Liabilities and
Stockholders' Equity**

| | | | | | |
|--|-----------|-----------|-----------|-----------|-----------|
| | \$740,185 | \$758,449 | \$769,229 | \$764,972 | \$790,454 |
|--|-----------|-----------|-----------|-----------|-----------|

Capital and Leverage:

| | | | | | |
|------------------|-----------|-----------|-----------|-----------|-----------|
| Equity | \$170,046 | \$173,964 | \$175,089 | \$176,490 | \$151,314 |
| Debt to Equity | 3.14 | 3.16 | 3.19 | 3.14 | 3.83 |
| Equity to Assets | 22.97% | 22.94% | 22.76% | 23.07% | 19.14% |

Regulatory Capital Ratios:

| | | | | | |
|---|--------|--------|--------|--------|--------|
| Tier 1 Leverage Capital | 23.06% | 23.43% | 23.21% | 23.07% | 19.72% |
| Common Equity Tier 1 Risk-based Capital | | | 26.00% | 25.72% | 21.54% |
| Tier 1 Risk-based Capital | 26.11% | 26.14% | 26.00% | 25.72% | 21.54% |
| Total Risk-based Capital | 27.36% | 27.39% | 27.25% | 26.97% | 22.76% |

Notes:

Net investment in total finance receivables includes net investment in direct financing leases and loans.

Common Equity Tier 1 Risk-based Capital became effective on January 1, 2015.

CONTACT: Investor Relations Dept.
(877) 864-MRLN (6756)
investorrelations@marlincorp.com

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