Marlin Business Services Corp. Reports Fourth Quarter and Fiscal Year 2008 Results

- Strong capital position; equity to assets ratio of 18.5%
- Pricing on new originations up 73 basis points year over year
- Issuance of $63.4 million of insured deposits through Marlin Business Bank
- Marlin Business Bank conversion to a state-chartered, Fed member commercial bank
- Stable asset quality; delinquencies and charge-offs in line with expectations
- Strengthening of loss reserves to $15.3 million

Mount Laurel, NJ, March 9, 2009 – Marlin Business Services Corp. (NASDAQ: MRLN) today reported a fourth quarter 2008 net loss of $7.3 million or $0.62 per diluted share and net income on an adjusted basis of $371,000, or $0.03 per diluted share (excluding the losses on interest rate hedges of $7.7 million). For the twelve months ended December 31, 2008, the net loss was $5.2 million or $0.44 per diluted share and net income on an adjusted basis was $4.5 million, or $0.37 per diluted share (excluding the losses on interest rate hedges of $9.7 million).

Net Income on an Adjusted Basis is defined as net income excluding the loss on derivatives and hedging activities net of tax. The Company believes that Net Income on an Adjusted Basis is a useful performance metric for management, investors and lenders, because it facilitates evaluation of the company without the effects of certain adjustments in accordance with GAAP that may not necessarily be indicative of current operating performance.

"2008 was a challenging year for the economy and I am pleased to report that despite these challenges the company delivered profitable net income on an adjusted basis," says Daniel P. Dyer, Marlin's Chairman and CEO. "We believe our strong operating model is a key factor behind this success. During this challenging period, we continue to focus and execute on the basic fundamentals of disciplined credit underwriting, productivity and maximizing profits while continuing to provide customers with exceptional service," says Dyer.

For the fourth quarter of 2008, the average net investment in leases was $667.2 million, compared to $691.0 million for the third quarter of 2008 and $733.5 million for the fourth quarter of 2007.

Fourth quarter 2008 lease production was $58.1 million, based on initial equipment cost, compared to $59.0 million for the third quarter of 2008 and $87.7 million for the fourth quarter of 2007. Approval rates on lease originations were 47% for the fourth quarter of 2008, versus 49% for the third quarter of 2008 and 56% for fourth quarter a year ago. Direct sales volume in the fourth quarter decreased 17% year over year, while indirect sales volume decreased by 64%. The lower lease production and approval rates in the fourth quarter reflect our decision to adopt more restrictive credit standards during a weakened credit environment and deliberate actions to reduce exposure in our indirect channel.

The average implicit yield on new lease production was 13.76% in the quarter, down slightly from the third quarter of 2008 and up 78 basis points from the fourth quarter of 2007. Yields on new originations in 2008 are the highest yields since 2004.

The net interest and fee margin for the quarter ended December 31, 2008 was 10.21%, down 5 basis points from the third quarter of 2008 and up 4 basis points from 10.17% for the quarter ended December 31, 2007.

Fee income at 3.32% for the quarter ended December 31, 2008 was flat from third quarter 2008 and an improvement of 36 basis points from 2.96% for the quarter ended December 31, 2007.

Interest expense as a percentage of average total finance receivables was flat at 4.99% in the fourth quarter of 2008 versus 4.98% in the third quarter of 2008.

Leases over 30 days delinquent were 3.72% as of December 31, 2008, an increase compared to 3.52% as of September 30, 2008. On a dollar basis, leases in the 30+ delinquency category totaled $28.1 million at December 31, 2008, up from $27.7 million at September 30, 2008 and an improvement from $29.1 million at December 31, 2007. Leases over 60 days delinquent were

1.53% as of December 31, 2008, an increase from 1.36% as of September 30, 2008 and 0.95% at December 31, 2007. On a dollar basis, leases over 60 days delinquent totaled $11.6 million at December 31, 2008, an increase compared to $10.7 million at September 30, 2008 and an increase compared to $8.2 million at December 31, 2007.

Net lease charge-offs in the fourth quarter were $7.9 million, or 4.71% of average net investment in leases on an annualized basis, compared to $6.7 million or 3.85% of average net investment in leases on an annualized basis during third quarter 2008.

The provision for credit losses was $9.4 million for the quarter ended December 31, 2008, up from $8.6 million for the third quarter 2008. The provision increase is primarily due to higher net charge-offs driven by a weakening credit environment.

The Company strengthened its allowance for credit losses to $15.3 million as of December 31, 2008, raising the allowance as a percentage of total finance receivables to 2.30% from 2.07% at September 30, 2008 and 1.47% as of December 31, 2007.

Salaries and benefits were $5.1 million for the fourth quarter ended December 31, 2008, down from $5.6 million for the third quarter 2008. The decrease is primarily due to a reduction in management incentive compensation for 2008.

General and administrative expenses were $3.6 million for the fourth quarter ended December 31, 2008, compared to $3.3 million for the third quarter 2008. The increase over the third quarter is primarily related to costs associated with increased investment spending in collections.

Effective July 1, 2008, the Company discontinued the use of hedge accounting for its derivative financial instruments used to hedge against interest rate risk under its securitization program. By discontinuing the use of hedge accounting, subsequent changes to the fair value of derivative instruments are recognized immediately in earnings rather than comprehensive income.

A $12.8 million loss was incurred on derivatives for the quarter due to losses caused by the precipitous decline in interest rates and the mark-to-market decrease in the value of forward "pay fixed" swaps. $10.6 million of the total loss recognized in the quarter was unrealized.

During the fourth quarter the Company repurchased 102,900 shares under the stock repurchase program announced in November 2007.

The Company opened its Utah Industrial Bank, Marlin Business Bank ("MBB"), on March 12, 2008 and the Bank has funded $79.3 million of leases and loans through its initial capitalization of $12 million and its issuance of $63.4 million in FDIC insured deposits at an average borrowing rate of 4.00%. Quarterly average deposit outstandings were $52.9 million at a weighted average interest rate of 4.14%.

On December 31, 2008, Marlin Business Bank received approval from the Federal Reserve Bank of San Francisco to convert from an industrial bank to a state-chartered commercial bank. The approval allows MBB to grow in size subject to the condition of additional invested capital. On January 13, 2009, MBB converted from an industrial bank to a commercial bank and became a member of the Federal Reserve System and Marlin Business Services Corp. became a bank holding company. On January 20, 2009 Marlin Business Bank submitted a modification request to the FDIC related to an outstanding Order that restricts the growth of the bank during its first three years of operations. At this time, we are awaiting a response from the FDIC on the modification request. Until we receive approval for this modification, we do not expect to have clear visibility on our overall funding options.

Our decision to adopt tighter underwriting standards, along with the general decline in the economy and related business activities, has led to lower overall anticipated lease originations. The lower expected originations, coupled with lack of clear visibility on our overall funding options, has resulted in our decision to proactively lower expenses in the first quarter of 2009, including reducing our workforce by 17% and closing our two smallest satellite offices (Chicago and Utah). A total of approximately 49 employees company-wide were affected as a result of the staff reductions. We expect to incur pretax severance costs in the three months ended March 31, 2009 of approximately $500,000 related to the staff reductions. The total annualized pretax salary cost savings that are expected to result from these reductions are estimated to be approximately $2.3 million. Although we believe that these estimates are appropriate and reasonable based on available information, actual results could differ from these estimates

In conjunction with this release, static pool loss statistics have been updated as supplemental information on the investor relations section of our website at www.marlincorp.com.

Conference Call and Webcast

We will host a conference call on Tuesday, March 10, 2009 at 9:00 a.m. ET to discuss our fourth quarter and fiscal year 2008 results. If you wish to participate, please call (877)879-6174 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 Marlin Business Services Corp. website, www.marlincorp.com. An audio replay will also be available on the Investor Relations section of Marlin’s website for approximately 90 days.

About Marlin Business Services Corp.

Marlin Business Services Corp. is a nationwide provider of equipment leasing and working capital solutions primarily to small businesses. The Company's principal operating subsidiary, Marlin Leasing Corporation, finances over 80 equipment categories in a segment of the market generally referred to as "small-ticket” leasing (i.e. leasing transactions less than $250,000). The Company was founded in 1997 and completed its initial public offering of common stock on November 12, 2003. For more information, 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 and Section 21E of the Securities Exchange Act of 1934. 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 SEC, 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
Consolidated Balance Sheets

	December 31, 2008	December 31, 2007
	(Dollars in thousands, except per-share data)	
	(Unaudited)	
ASSETS		
Cash and cash equivalents	$ 32,776	$ 34,347
Restricted cash	66,212	141,070
Net investment in leases and loans	670,494	765,938
Property and equipment, net	2,961	3,266
Property tax receivables	3,120	539
Fair value of cash flow hedge derivatives	—	4
Other assets	20,253	14,490
Total assets	$ 795,816	$ 959,654
LIABILITIES AND STOCKHOLDERS' EQUITY		
Revolving and term secured borrowings	$ 543,308	$ 773,085
Deposits	63,385	—
Other liabilities:		
Fair value of cash flow hedge derivatives	11,528	4,760
Sales and property taxes payable	6,540	5,756
Accounts payable and accrued expenses	7,926	10,226
Net deferred income tax liability	15,673	15,682
Total liabilities	648,360	809,509
Commitments and contingencies		
Stockholders' equity:		
Common Stock, $0.01 par value; 75,000,000 shares authorized; 12,246,405 and 12,201,304 shares issued and outstanding, respectively	122	122
Preferred Stock, $0.01 par value; 5,000,000 shares authorized; none issued	—	—
Additional paid-in capital	83,671	84,429
Stock subscription receivable	(5)	(7)
Accumulated other comprehensive income (loss)	167	(3,130)
Retained earnings	63,501	68,731
Total stockholders' equity	147,456	150,145
Total liabilities and stockholders' equity	$ 795,816	$ 959,654

MARLIN BUSINESS SERVICES CORP.
AND SUBSIDIARIES
Consolidated Statements of Operations

	Three Months Ended December 31, 2008	Three Months Ended December 31, 2007	Year Ended December 31, 2008	Year Ended December 31, 2007
	(Dollars in thousands, except per-share data) (Unaudited)			
Income:				
Interest income	$ 20,214	$ 24,021	$ 86,099	$ 90,231
Fee income	5,643	5,510	22,657	21,996
Interest and fee income	25,857	29,531	108,756	112,227
Interest expense	8,484	10,587	36,880	35,322
Net interest and fee income	17,373	18,944	71,876	76,905
Provision for credit losses	9,356	6,395	31,494	17,221
Net interest and fee income after provision for credit losses	8,017	12,549	40,382	59,684
Insurance and other income	1,660	1,797	6,841	6,684
Net interest and other income after provision for credit losses	9,677	14,346	47,223	66,368
Loss on derivatives and hedging activities	(12,759)	—	(16,039)	—
Non-interest expense				
Salaries and benefits	5,082	5,243	22,916	21,329
General and administrative	3,611	3,553	15,241	13,633
Financing related costs	451	383	1,418	1,045
Non-interest expense	9,144	9,179	39,575	36,007
Income (loss) before income taxes	(12,226)	5,167	(8,391)	30,361
Income tax (benefit) expense	(4,878)	2,114	(3,161)	12,075
Net income (loss)	$ (7,348)	$ 3,053	$ (5,230)	$ 18,286
Basic earnings (loss) per share	$ (0.62)	$ 0.25	$ (0.44)	$ 1.51
Diluted earnings (loss) per share	$ (0.62)	$ 0.25	$ (0.44)	$ 1.49
Weighted average shares used in computing basic earnings (loss) per share	11,799,939	12,138,824	11,874,647	12,079,172
Weighted average shares used in computing diluted earnings (loss) per share	11,799,939	12,283,142	11,874,647	12,299,051

MARLIN BUSINESS SERVICES CORP.
AND SUBSIDIARIES
Net Income on an Adjusted Basis Reconciliation to GAAP Results

	Three Months Ended December 31, 2008	Three Months Ended December 31, 2007	Year Ended December 31, 2008	Year Ended December 31, 2007
	(Dollars in thousands) (Unaudited)			
Net income (loss) as reported	$ (7,348)	$ 3,053	$ (5,230)	$ 18,286
Deduct:				
Loss on derivatives and hedging activities	(12,759)	—	(16,039)	—
Tax effect	5,040	—	6,335	—
Loss on derivatives and hedging activities, net of tax	(7,719)	—	(9,704)	—
Net Income on an Adjusted Basis	$ 371	$ 3,053	$ 4,474	$ 18,286

Net Income on an Adjusted Basis is defined as net income excluding the loss on derivatives and hedging activities, net of tax. The Company believes that Net Income on an Adjusted Basis is a useful performance metric for management, investors and lenders, because it facilitates evaluation of the Company without the effects of certain adjustments in accordance with GAAP that may not necessarily be indicative of current operating performance.

SUPPLEMENTAL QUARTERLY DATA
(dollars in thousands, except share amounts)
(unaudited)

Quarter Ended:	12/31/2007	3/31/2008	6/30/2008	9/30/2008	12/31/2008
New Asset Production:					
# of Sales Reps	118	108	92	91	86
# of Leases	7,615	6,836	6,276	5,837	5,558
Leased Equipment Volume	$87,670	$70,550	$62,467	$59,005	$58,098
Approval Percentage	56%	50%	49%	49%	47%
Average Monthly Sources	1,186	1,091	1,047	981	936
Implicit Yield on New Leases	12.98%	13.29%	13.90%	13.87%	13.76%
Net Interest and Fee Margin:					
Interest Income Yield	12.89%	12.32%	11.98%	11.92%	11.88%
Fee Income Yield	2.96%	3.00%	3.05%	3.32%	3.32%
Interest and Fee Income Yield	15.85%	15.32%	15.03%	15.24%	15.20%
Cost of Funds	5.68%	5.50%	5.13%	4.98%	4.99%
Net Interest and Fee Margin	10.17%	9.82%	9.90%	10.26%	10.21%
Average Total Finance Receivables	$745,150	$745,175	$730,267	$706,508	$680,645
Average Net Investment in Leases	$733,461	$729,951	$713,171	$690,973	$667,232
End of Period Net Investment in Leases	$752,562	$737,301	$715,677	$688,488	$659,042
End of Period Loans	$13,376	$16,234	$15,750	$13,607	$11,452
End of Period Factoring Receivables	$26	$0	$0	$0	$0
Total Loan and Lease Sales Personnel	124	117	95	94	88
Portfolio Asset Quality:					
Total Finance Receivables					
30+ Days Past Due Delinquencies	3.36%	3.07%	3.13%	3.58%	3.81%
30+ Days Past Due Delinquencies	$29,548	$26,535	$26,195	$28,734	$29,216
60+ Days Past Due Delinquencies	0.95%	1.10%	1.16%	1.41%	1.59%
60+ Days Past Due Delinquencies	$8,377	$9,527	$9,687	$11,320	$12,203
Leasing					
30+ Days Past Due Delinquencies	3.37%	3.05%	3.04%	3.52%	3.72%
30+ Days Past Due Delinquencies	$29,101	$25,831	$24,930	$27,739	$28,113
60+ Days Past Due Delinquencies	0.95%	1.09%	1.12%	1.36%	1.53%
60+ Days Past Due Delinquencies	$8,195	$9,230	$9,156	$10,735	$11,559
Loans					
30+ Days Past Due Delinquencies	3.03%	4.24%	7.62%	6.87%	8.91%
30+ Days Past Due Delinquencies	$426	$704	$1,265	$995	$1,103
60+ Days Past Due Delinquencies	1.23%	1.79%	3.20%	4.04%	5.20%
60+ Days Past Due Delinquencies	$173	$297	$531	$585	$644
Factoring Receivables					
30+ Days Past Due Delinquencies	70.00%	0.00%	0.00%	0.00%	0.00%
30+ Days Past Due Delinquencies	$21	$0	$0	$0	$0
60+ Days Past Due Delinquencies	30.00%	0.00%	0.00%	0.00%	0.00%
60+ Days Past Due Delinquencies	$9	$0	$0	$0	$0
Net Charge-offs - Leasing	$4,680	$5,289	$5,448	$6,653	$7,862
% on Average Net Investment in Leases Annualized	2.55%	2.90%	3.06%	3.85%	4.71%
Net Charge-offs - Other Finance Receivables	$122	$631	$283	$483	$550
% on Average Other Finance Receivables Annualized	4.17%	16.58%	6.62%	12.44%	16.40%
Allowance for Credit Losses	$10,988	$12,074	$12,873	$14,339	$15,283
% of 60+ Delinquencies	131.17%	126.73%	132.89%	126.67%	125.24%
90+ Day Delinquencies (Non-earning total finance receivables)	$3,695	$3,940	$4,704	$5,370	$6,380

SUPPLEMENTAL QUARTERLY DATA
(dollars in thousands, except share amounts)
(unaudited)

Quarter Ended:	12/31/2007	3/31/2008	6/30/2008	9/30/2008	12/31/2008
Balance Sheet:					
Assets					
Investment in Leases and Loans	$749,543	$739,393	$719,873	$693,626	$664,761
Initial Direct Costs and Fees	27,383	26,216	24,517	22,808	21,016
Reserve for Credit Losses	(10,988)	(12,074)	(12,873)	(14,339)	(15,283)
Net Investment in Leases and Loans	$765,938	$753,535	$731,427	$702,095	$670,494
Cash and Cash Equivalents	34,347	24,089	36,798	17,151	32,776
Restricted Cash	141,070	64,894	65,136	64,294	66,212
Other Assets	18,299	30,315	22,216	20,378	26,334
Total Assets	$959,654	$872,833	$855,577	$803,918	$795,816
Liabilities					
Total Debt	$773,085	$680,256	$618,330	$565,914	$543,308
Deposits	$0	$0	$43,618	$47,172	$63,385
Other Liabilities	36,424	44,975	41,234	38,383	41,667
Total Liabilities	$809,509	$725,231	$703,182	$651,469	$648,360
Stockholders' Equity					
Common Stock	$122	$122	$122	$122	$122
Paid-in Capital, net	84,422	83,792	83,319	83,661	83,666
Other Comprehensive Income	(3,130)	(6,402)	(2,836)	(2,182)	167
Retained Earnings	68,731	70,090	71,790	70,848	63,501
Total Stockholders' Equity	$150,145	$147,602	$152,395	$152,449	$147,456
Total Liabilities and Stockholders' Equity	$959,654	$872,833	$855,577	$803,918	$795,816
Capital and Leverage:					
Tangible Equity	$150,145	$147,602	$152,395	$152,449	$147,456
Debt to Tangible Equity	5.15	4.61	4.34	4.02	4.11
Equity to Assets	15.65%	16.91%	17.81%	18.96%	18.53%
Expense Ratios:					
Salaries and Benefits Expense	$5,243	$5,870	$6,344	$5,620	$5,082
Salaries and Benefits Expense Annualized % of Avg. Fin. Recbl.	2.81%	3.15%	3.47%	3.18%	2.99%
Total personnel end of quarter	357	354	291	286	284
General and Administrative Expense	$3,553	$4,303	$3,994	$3,333	$3,611
General and Administrative Expense Annualized % of Avg. Fin. Recbl.	1.91%	2.31%	2.19%	1.89%	2.12%
Efficiency Ratio	42.41%	50.71%	52.25%	45.13%	45.67%
Net Income:					
Net Income (Loss)	$3,053	$1,359	$1,700	($941)	($7,348)
Annualized Performance Measures:					
Return on Average Assets	1.25%	0.60%	0.79%	-0.46%	-3.71%
Return on Average Stockholders' Equity	8.10%	3.66%	4.50%	-2.47%	-19.64%
Per Share Data:					
Number of Shares - Basic	12,138,824	12,033,523	11,987,220	11,843,300	11,799,939
Basic Earnings (Loss) per Share	$0.25	$0.11	$0.14	($0.08)	($0.62)
Number of Shares - Diluted	12,283,142	12,133,159	12,061,843	11,843,300	11,799,939
Diluted Earnings (Loss) per Share	$0.25	$0.11	$0.14	($0.08)	($0.62)

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