Marlin Business Services Corp. Reports First Quarter 2009 Results

- Strong capital position, equity to assets leverage ratio of 19.1%
- Total risk-based capital of 22.86%
- Pricing on new originations improved 111 basis points year over year
- Completed modification of warehouse facilities
- Converted to a Bank Holding Company

Mount Laurel, NJ, May 7, 2009 – Marlin Business Services Corp. (NASDAQ: MRLN) today reported a first quarter 2009 GAAP net loss of $879,000 or $0.08 per diluted share and net loss on an adjusted basis of $88,000 or $0.01 per share. Included in net income is an after-tax severance charge of $300,000 related to a previously announced workforce reduction. Excluding this charge, net loss for the first quarter ended March 31, 2009 is $579,000 and net income on an adjusted basis is $212,000.

"This past quarter was extremely difficult for the economy and the capital markets and I am quite pleased with the steps we have taken to manage through this challenging period and position ourselves for the future," said Daniel P. Dyer, Marlin's CEO. "These results demonstrate clearly the resiliency and strength of our business model during even the most difficult of times. Our capital position remains very strong and is a significant source of financial strength to Marlin Business Bank and our lenders. On the funding side we continue our efforts working with the FDIC toward a final decision on our order modification request to grow Marlin Business Bank," said Dyer.

For the first quarter of 2009, the average net investment in leases was $634.3 million, compared to $667.2 million for the fourth quarter of 2008 and $730.0 million for the first quarter of 2008.

Reflecting management's deliberate actions to maintain conservative underwriting standards, first quarter 2009 lease production was $36.3 million, based on initial equipment cost, compared to $58.1 million for the fourth quarter of 2008 and $70.6 million for the first quarter of 2008.

Approval rates on lease originations were 41% for the first quarter of 2009, versus 47% for the fourth quarter of 2008 and 50% for the first quarter a year ago. Direct sales volume decreased 37% year over year, while indirect sales volume decreased by 87%. The lower lease production and approval rates in the first quarter reflect our decision to adopt more restrictive credit standards during a weakened economic environment in order to closely manage growth.

The average implicit yield on new lease production continues to improve and was 14.40% in the quarter, up 64 basis points from the fourth quarter of 2008 and up 111 basis points from the first quarter of 2008.

The net interest and fee margin for the quarter ended March 31, 2009 was 10.08%, up 6 basis points from the fourth quarter of 2008 and up 45 basis points from 9.63% for the quarter ended March 31, 2008.

Fee income at 3.12% for the quarter ended March 31, 2009 was flat from fourth quarter 2008 and up 31 basis points from 2.81% as of the quarter ended March 31, 2008. Certain fee income categories have been reclassed to "Other Income" to conform to the Securities and Exchange Commission's Regulation S-X, Article 9, applicable to bank holding companies. The impact of this reclassification on fee income was a reduction of 20 basis points for the quarter ended March 31, 2009, 19 basis points for the fourth quarter 2008 and 19 basis points for the first quarter of 2008.

Interest expense as a percentage of average total finance receivables was 4.86% in the first quarter of 2009 versus 4.99% in the fourth quarter of 2008. The decrease was primarily due a shift in mix from long-term borrowings to less expensive short-term borrowings and deposits.

Leases over 30 days delinquent were 4.87% as of March 31, 2009, an increase compared to 3.72% at December 31, 2008. On a dollar basis, leases in the 30+ delinquency category totaled $33.9 million at March 31, 2009, up from $28.1 million at December 31, 2008 and $25.8 million at March 31, 2008. Leases over 60 days delinquent were 2.34% as of March 31, 2009, an increase from 1.53% as of December 31, 2008 and 1.09% at March 31, 2008. On a dollar basis, leases over 60 days delinquent totaled $16.3 million at March 31, 2009, an increase compared to $11.6 million at December 31, 2008 and $9.2 million at March 31, 2008.

Net lease charge-offs in the first quarter were $8.0 million, or 5.03% of average net investment in leases on an annualized basis, compared to $7.9 million or 4.71% of average net investment in leases on an annualized basis during fourth quarter 2008.

The provision for credit losses was $8.7 million for the quarter ended March 31, 2009, down from $9.4 million for the fourth quarter of 2008. The provision reflects management's estimate of future charge-offs inherent in the portfolio. The allowance as a percentage of total finance receivables increased to 2.47% at March 31, 2009 versus 2.30% at December 31, 2008 and 1.63% at March 31, 2008.

A $1.3 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. $188,000 of the total loss recognized in the quarter was unrealized.

Salaries and benefits were $5.9 million for the first quarter ended March 31, 2009, up from $5.1 million for the fourth quarter of 2008. The increase is primarily due to seasonal withholding taxes and $500,000 of severance costs related to a previously announced reduction in work force occurring in the first quarter of 2009. The total annualized pretax savings that are expected to result from the reductions are estimated to be approximately $2.3 million.

The current limitation on asset growth at Marlin Business Bank has led to lower lease originations and an overall decline in our portfolio size, which has required us to further proactively lower expenses in the second quarter of 2009, including reducing our workforce and closing our satellite office in Denver. A total of approximately 53 employees company-wide were affected as a result of this recent staff reduction. We expect to incur pretax severance costs in the quarter ended June 30, 2009 of approximately $700,000 related to this staff reduction. The total annualized pretax salary cost savings that are expected to result from this reduction are estimated to be approximately $2.8 million. Although we believe that these estimates are appropriate and reasonable based on available information, actual results could differ from these estimates

General and administrative expenses were $3.4 million for the first quarter ended March 31, 2009, compared to $3.6 million for the fourth quarter 2008. The decrease from the fourth quarter is primarily related to reductions in discretionary spending.

During the first quarter the Company repurchased 88,894 shares under the stock repurchase program announced in November 2007.

On January 13, 2009, the Company officially converted its Utah Industrial Bank to a state-chartered commercial bank and became a member of the Federal Reserve System. At that time Marlin Business Services Corp. became a bank holding company. Through March 31, 2009, the Bank has funded $93.7 million of leases and loans through its initial capitalization of $12 million and its issuance of $78.1 million in FDIC insured deposits at an average borrowing rate of 4.06%. First quarter 2009 average deposit outstandings were $67.2 million at a weighted average interest rate of 3.86%.

Marlin Business Bank is currently seeking a modification to its existing FDIC order issued when it became an industrial bank. If the FDIC approves the modification request, then Marlin Business Services Corp. intends to inject additional capital into Marlin Business Bank and begin executing against the business plan approved by the FRB.

In conjunction with this release, static pool loss statistics and vintage delinquency analysis 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 Friday, May 8, 2009 at 9:00 a.m. ET to discuss our first quarter 2009 results. If you wish to participate, please call 877-856-1969 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 90 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
(Unaudited)

	March 31, 2009	December 31, 2008
	(Dollars in thousands, except per-share data)	
ASSETS		
Cash and due from banks	$ 1,704	$ 1,604
Interest-earning deposits with banks	48,762	38,666
Total cash and cash equivalents	50,466	40,270
Restricted interest-earning deposits with banks	71,382	66,212
Net investment in leases and loans	622,319	670,494
Property and equipment, net	2,927	2,961
Property tax receivables	7,493	3,120
Other assets	10,437	12,759
Total assets	$ 765,024	$ 795,816
LIABILITIES AND STOCKHOLDERS' EQUITY		
Short-term borrowings	$ 116,314	$ 101,923
Long-term borrowings	383,538	441,385
Deposits	74,853	63,385
Other liabilities:		
Fair value of cash flow hedge derivatives	11,716	11,528
Sales and property taxes payable	10,430	6,540
Accounts payable and accrued expenses	7,750	7,926
Net deferred income tax liability	13,936	15,673
Total liabilities	618,537	648,360
Commitments and contingencies		
Stockholders' equity:		
Common Stock, $0.01 par value; 75,000,000 shares authorized; 12,615,840 and 12,246,405 shares issued and outstanding, respectively	126	122
Preferred Stock, $0.01 par value; 5,000,000 shares authorized; none issued	—	—
Additional paid-in capital	83,566	83,671
Stock subscription receivable	(5)	(5)
Accumulated other comprehensive income	178	167
Retained earnings	62,622	63,501
Total stockholders' equity	146,487	147,456
Total liabilities and stockholders' equity	$ 765,024	$ 795,816

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

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008
	(Dollars in thousands, except per-share data)	
Interest income	$ 19,072	$ 22,953
Fee income	5,034	5,235
Interest and fee income	24,106	28,188
Interest expense	7,832	10,247
Net interest and fee income	16,274	17,941
Provision for credit losses	8,748	7,006
Net interest and fee income after provision for credit losses	7,526	10,935
Other income:		
Insurance income	1,543	1,562
Loss on derivatives and hedging activities	(1,307)	—
Other income	407	558
Other income	643	2,120
Other expense:		
Salaries and benefits	5,885	5,870
General and administrative	3,399	4,303
Financing related costs	255	366
Other expense	9,539	10,539
Income (loss) before income taxes	(1,370)	2,516
Income tax (benefit) expense	(491)	1,157
Net income (loss)	$ (879)	$ 1,359
Basic earnings (loss) per share	$ (0.08)	$ 0.11
Diluted earnings (loss) per share	$ (0.08)	$ 0.11
Weighted average shares used in computing basic earnings (loss) per share	11,677,264	12,191,991
Weighted average shares used in computing diluted earnings (loss) per share	11,677,264	12,267,071

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

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008
	(Dollars in thousands) (Unaudited)	
Net income (loss) as reported	$ (879)	$ 1,359
Deduct:		
Loss on derivatives and hedging activities	(1,307)	—
Tax effect	516	—
Loss on derivatives and hedging activities, net of tax	(791)	—
Net Income (Loss) on an Adjusted Basis	$ (88)	$ 1,359

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 excludes the volatility resulting from derivatives activities subsequent to discontinuing hedge accounting in mid-2008.

SUPPLEMENTAL QUARTERLY DATA
(Dollars in thousands, except share amounts)
(Unaudited)

Quarter Ended:	3/31/2008	6/30/2008	9/30/2008	12/31/2008	3/31/2009
New Asset Production:					
# of Sales Reps	108	92	91	86	58
# of Leases	6,836	6,276	5,837	5,558	3,811
Leased Equipment Volume	$70,550	$62,467	$59,005	$58,098	$36,280
Approval Percentage	50%	49%	49%	47%	41%
Average Monthly Sources	1,091	1,047	981	936	692
Implicit Yield on New Leases	13.29%	13.90%	13.87%	13.76%	14.40%
Net Interest and Fee Margin:					
Interest Income Yield	12.32%	11.98%	11.92%	11.88%	11.82%
Fee Income Yield	2.81%	2.88%	3.14%	3.13%	3.12%
Interest and Fee Income Yield	15.13%	14.86%	15.06%	15.01%	14.94%
Cost of Funds	5.50%	5.13%	4.98%	4.99%	4.86%
Net Interest and Fee Margin	9.63%	9.73%	10.08%	10.02%	10.08%
Average Total Finance Receivables	$745,175	$730,267	$706,508	$680,645	$645,570
Average Net Investment in Leases	$729,951	$713,171	$690,973	$667,232	$634,314
End of Period Net Investment in Leases	$737,301	$715,677	$688,488	$659,042	$613,159
End of Period Loans	$16,234	$15,750	$13,607	$11,452	$9,160
Total Loan and Lease Sales Personnel	117	95	94	88	58
Portfolio Asset Quality:					
Total Finance Receivables					
30+ Days Past Due Delinquencies	3.07%	3.13%	3.58%	3.81%	4.94%
30+ Days Past Due Delinquencies	$26,535	$26,195	$28,734	$29,216	$34,910
60+ Days Past Due Delinquencies	1.10%	1.16%	1.41%	1.59%	2.38%
60+ Days Past Due Delinquencies	$9,527	$9,687	$11,320	$12,203	$16,824
Leasing					
30+ Days Past Due Delinquencies	3.05%	3.04%	3.52%	3.72%	4.87%
30+ Days Past Due Delinquencies	$25,831	$24,930	$27,739	$28,113	$33,895
60+ Days Past Due Delinquencies	1.09%	1.12%	1.36%	1.53%	2.34%
60+ Days Past Due Delinquencies	$9,230	$9,156	$10,735	$11,559	$16,281
Loans					
30+ Days Past Due Delinquencies	4.24%	7.62%	6.87%	8.91%	10.04%
30+ Days Past Due Delinquencies	$704	$1,265	$995	$1,103	$1,015
60+ Days Past Due Delinquencies	1.79%	3.20%	4.04%	5.20%	5.37%
60+ Days Past Due Delinquencies	$297	$531	$585	$644	$543
Net Charge-offs - Leasing	$5,289	$5,448	$6,653	$7,862	$7,973
% on Average Net Investment in Leases Annualized	2.90%	3.06%	3.85%	4.71%	5.03%
Net Charge-offs - Other Finance Receivables	$631	$283	$483	$550	$749
% on Average Other Finance Receivables Annualized	16.58%	6.62%	12.44%	16.40%	26.62%
Allowance for Credit Losses	$12,074	$12,873	$14,339	$15,283	$15,309
% of 60+ Delinquencies	126.73%	132.89%	126.67%	125.24%	91.00%
90+ Day Delinquencies (Non-earning total finance receivables)	$3,940	$4,704	$5,370	$6,380	$8,263

SUPPLEMENTAL QUARTERLY DATA
(Dollars in thousands, except share amounts)
(Unaudited)

Quarter Ended:	3/31/2008	6/30/2008	9/30/2008	12/31/2008	3/31/2009
Balance Sheet:					
Assets					
Investment in Leases and Loans	$739,393	$719,873	$693,626	$664,761	$618,988
Initial Direct Costs and Fees	26,216	24,517	22,808	21,016	18,640
Reserve for Credit Losses	(12,074)	(12,873)	(14,339)	(15,283)	(15,309)
Net Investment in Leases and Loans	$753,535	$731,427	$702,095	$670,494	$622,319
Cash and Cash Equivalents	32,237	44,981	25,367	40,270	50,466
Restricted Cash	64,894	65,136	64,294	66,212	71,382
Other Assets	22,167	14,033	12,162	18,840	20,857
Total Assets	$872,833	$855,577	$803,918	$795,816	$765,024
Liabilities					
Total Debt	$680,256	$618,330	$565,914	$543,308	$499,852
Deposits	$0	$43,618	$47,172	$63,385	$74,853
Other Liabilities	44,975	41,234	38,383	41,667	43,832
Total Liabilities	$725,231	$703,182	$651,469	$648,360	$618,537
Stockholders' Equity					
Common Stock	$122	$122	$122	$122	$126
Paid-in Capital, net	83,792	83,319	83,661	83,666	83,561
Other Comprehensive Income	(6,402)	(2,836)	(2,182)	167	178
Retained Earnings	70,090	71,790	70,848	63,501	62,622
Total Stockholders' Equity	$147,602	$152,395	$152,449	$147,456	$146,487
Total Liabilities and Stockholders' Equity	$872,833	$855,577	$803,918	$795,816	$765,024
Capital and Leverage:					
Tangible Equity	$147,602	$152,395	$152,449	$147,456	$146,487
Debt to Tangible Equity	4.61	4.34	4.02	4.11	3.92
Equity to Assets	16.91%	17.81%	18.96%	18.53%	19.15%
Regulatory Capital Ratios:					
Tier 1 Leverage Capital	n/a	n/a	n/a	n/a	19.30%
Tier 1 Risk-based Capital	n/a	n/a	n/a	n/a	21.60%
Total Risk-based Capital	n/a	n/a	n/a	n/a	22.86%
Expense Ratios:					
Salaries and Benefits Expense	$5,870	$6,344	$5,620	$5,082	$5,885
Salaries and Benefits Expense Annualized % of Avg. Fin. Recbl.	3.15%	3.47%	3.18%	2.99%	3.65%
Total personnel end of quarter	354	291	286	284	230
General and Administrative Expense	$4,303	$3,994	$3,333	$3,611	$3,399
General and Administrative Expense Annualized % of Avg. Fin. Recbl.	2.31%	2.19%	1.89%	2.12%	2.11%
Efficiency Ratio	50.71%	52.25%	45.13%	45.67%	50.94%
Net Income:					
Net Income (Loss)	$1,359	$1,700	($941)	($7,348)	($879)
Annualized Performance Measures:					
Return on Average Assets	0.60%	0.79%	-0.46%	-3.71%	-0.45%
Return on Average Stockholders' Equity	3.66%	4.50%	-2.47%	-19.64%	-2.39%
Per Share Data:					
Number of Shares - Basic	12,191,991	12,185,532	11,843,300	11,799,939	11,677,264
Basic Earnings (Loss) per Share	$0.11	$0.14	($0.08)	($0.62)	($0.08)
Number of Shares - Diluted	12,267,071	12,239,736	11,843,300	11,799,939	11,677,264
Diluted Earnings (Loss) per Share	$0.11	$0.14	($0.08)	($0.62)	($0.08)

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