



## Press Release

**MARLIN BUSINESS SERVICES CORP. (NASDAQ - MRLN)**

### Marlin Business Services Corp. Reports First Quarter 2008 Results

Company Release - 05/08/2008 17:56

- \* Strong Liquidity Position, \$197.1 million of Undrawn Capacity in Credit Facilities
- \* Strong Capital Position, Leverage of 4.6:1
- \* Opening of Marlin Business Bank Further Diversifies Liquidity
- \* Improved Pricing on New Originations

MOUNT LAUREL, N.J., May 8, 2008 (PRIME NEWSWIRE) -- Marlin Business Services Corp. (Nasdaq:MRLN) today reported first quarter 2008 net income of \$1.4 million or \$0.11 per diluted share.

"We continue to navigate through this challenging period for the economy and capital markets. Managing through this credit cycle is a priority and I am pleased to report progress with overall delinquencies," says Daniel P. Dyer, Marlin's Chairman and CEO. "I am also pleased to announce our new bank became operational this quarter."

For the first quarter of 2008, the average net investment in leases was \$730.0 million, compared to \$733.5 million for the fourth quarter of 2007 and \$687.4 million for the first quarter of 2007. First quarter 2008 lease production was \$70.6 million, based on initial equipment cost, compared to \$87.7 million for the fourth quarter of 2007 and \$102.7 million for the first quarter of 2007. Our decision to adopt more restrictive credit standards combined with greater pricing discipline led to the lower new origination levels in the quarter.

Reflecting the effect of our pricing discipline, the average implicit yield on new lease production was 13.29% in the quarter, an increase of 31 basis points from the fourth quarter of 2007 and up 49 basis points from the first quarter of 2007.

Included in average total finance receivables is \$15.0 million of the Company's Business Capital Loan product, an increase of \$3.8 million compared to fourth quarter of 2007 and \$12.4 million compared to first quarter 2007.

The net interest and fee margin for the quarter ended March 31, 2008 was 9.82%, down 35 basis points from 10.17% in the fourth quarter of 2007. The decline is due primarily from interest on free cash flow which has been impacted by the recent drop in the federal funds rate. Fee income improved slightly to 3.00% for the quarter ended March 31, 2008 from 2.96% in the fourth quarter of 2007. Cost of funds declined 18 basis points to 5.50% in the first quarter of 2008 versus 5.68% in the fourth quarter of 2007. The decline in cost of funds is due to a reduction in average debt outstanding as a percentage of average finance receivables resulting from the take-down of prefunding proceeds generated by the 2007-1 term securitization used to fund first quarter 2008 originations.

Leases over 30 days delinquent were 3.05% as of March 31, 2008, a 32 basis points improvement compared to 3.37% as of December 31, 2007. Leases over 60 days delinquent were 1.09% as of March 31, 2008 and 14 basis points higher compared to 0.95% as of December 31, 2007.

Net lease charge-offs in the first quarter were \$5.3 million, or 2.90% of average net investment in leases on an annualized basis compared to \$4.7 million or 2.55% of average net investment in leases on an annualized basis as of fourth quarter 2007.

Credit quality continues to be affected by weakness in the performance of leases in California and Florida and industries related to the housing sector.

The Company increased its allowance for credit losses to \$12.1 million as of March 31, 2008, raising the allowance as a percentage of total finance receivables to 1.63 percent from 1.47 percent at December 31, 2007.

Total operating expenses for the first quarter were \$10.5 million, up \$1.3 million compared to the fourth quarter of 2007. The increase is primarily related to investments in sales staff and marketing programs, seasonal timing of employment related taxes, additional professional fees, an increase in property taxes on leased equipment and lower cost deferrals resulting from lower origination volumes.

During the fourth quarter the Company repurchased 98,400 shares under the stock repurchase program announced in November.

The Company opened its Utah Industrial Bank, Marlin Business Bank, on March 12, 2008. The Bank has funded \$18.5 million of leases through its initial capitalization of \$12 million and its issuance of \$10 million in certificates of deposit at a weighted deposit rate of 4.17%. Additional information can be found on [www.fdic.gov](http://www.fdic.gov).

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](http://www.marlincorp.com).

#### Conference Call and Webcast

We will host a conference call on Friday, May 9, 2008 at 9:00 a.m. EDT to discuss our first quarter 2008 results. If you wish to participate, please call (877)-340-7913 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](http://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 70 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. In addition to its executive offices in Mount Laurel, NJ, Marlin has regional offices in or near Atlanta, Chicago, Denver, Philadelphia and Salt Lake City. For more information, visit [www.marlincorp.com](http://www.marlincorp.com) or call toll free at (888) 479-9111.

The Marlin Business Services Corp. logo is available at <http://www.primenewswire.com/newsroom/prs/?pkgid=4087>

#### 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

	March 31, ----- 2008 -----	December 31, ----- 2007 -----	
			(Dollars in thousands, except per-share data) (Unaudited)
<b>ASSETS</b>			
Cash and cash equivalents	\$ 24,089	\$ 34,347	
Restricted cash	64,894	141,070	
Net investment in leases and loans	753,535	765,938	
Property and equipment, net	3,359	3,266	
Property tax receivables	8,453	539	
Fair value of cash flow			

hedge derivatives	--	4
Other assets	18,503	14,490
	-----	-----
Total assets	\$ 872,833	\$ 959,654
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Revolving and term secured borrowings	\$ 680,256	\$ 773,085
Other liabilities:		
Fair value of cash flow hedge derivatives	10,107	4,760
Sales and property taxes payable	12,262	5,756
Accounts payable and accrued expenses	8,304	10,226
Deferred income tax liability	14,302	15,682
	-----	-----
Total liabilities	725,231	809,509
	-----	-----
Commitments and contingencies		
Stockholders' equity:		
Common Stock, \$0.01 par value; 75,000,000 shares authorized; 12,166,250 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	83,797	84,429
Stock subscription receivable	(5)	(7)
Accumulated other comprehensive loss	(6,402)	(3,130)
Retained earnings	70,090	68,731
	-----	-----
Total stockholders' equity	147,602	150,145
	-----	-----
Total liabilities and stockholders' equity	\$ 872,833	\$ 959,654
	=====	=====

MARLIN BUSINESS SERVICES CORP.  
AND SUBSIDIARIES  
Consolidated Statements of Operations

Three Months Ended March 31,

-----  
2008                      2007  
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(Dollars in thousands,  
except per-share data)  
(Unaudited)

Income:		
Interest income	\$ 22,953	\$ 21,437
Fee income	5,594	5,615
	-----	-----
Interest and fee income	28,547	27,052
Interest expense	10,247	7,711
	-----	-----
Net interest and fee income	18,300	19,341

Provision for credit losses	7,006	3,392
	-----	-----
Net interest and fee income after provision for credit losses	11,294	15,949
Insurance and other income	1,761	1,675
	-----	-----
Net interest and other revenue after provision for credit losses	13,055	17,624
	-----	-----
Non-interest expense		
Salaries and benefits	5,870	5,716
General and administrative	4,303	3,352
Financing related costs	366	247
	-----	-----
Non-interest expense	10,539	9,315
	-----	-----
Income before income taxes	2,516	8,309
Income taxes	1,157	3,282
	-----	-----
Net income	\$ 1,359	\$ 5,027
	=====	=====
Basic earnings per share	\$ 0.11	\$ 0.42
Diluted earnings per share	\$ 0.11	\$ 0.41
Weighted average shares used in computing basic earnings per share	12,033,523	11,957,024
Weighted average shares used in computing diluted earnings per share	12,133,159	12,257,484

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

Quarter Ended:	3-31-07	6-30-07	9-30-07	12-31-07	3-31-08
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New Asset Production:					
# of Sales Reps	96	97	105	118	108
# of Leases	8,639	8,423	7,609	7,615	6,836
Leased Equipment Volume	\$102,652	\$97,260	\$86,167	\$87,670	\$70,550
Approval Percentage	62%	58%	60%	56%	50%
Average Monthly Sources	1,337	1,279	1,180	1,186	1,091
Implicit Yield on New Leases	12.80%	13.04%	13.06%	12.98%	13.29%
Net Interest and Fee Margin:					
Interest Income Yield	12.40%	12.34%	12.34%	12.89%	12.32%
Fee Income Yield	3.25%	2.89%	3.10%	2.96%	3.00%
Interest and Fee Income Yield	15.65%	15.23%	15.44%	15.85%	15.32%
Cost of Funds	4.46%	4.60%	4.78%	5.68%	5.50%
Net Interest and Fee Margin	11.19%	10.63%	10.66%	10.17%	9.82%

Average Total Finance Receivables	\$691,253	\$717,893	\$733,304	\$745,150	\$745,175
Average Net Investment in Leases	\$687,442	\$710,587	\$724,933	\$733,461	\$729,951
End of Period Net Investment in Leases	\$717,882	\$740,021	\$746,889	\$752,562	\$737,301
End of Period Loans	\$5,175	\$8,118	\$9,038	\$13,376	\$16,234
End of Period Factoring Receivables	\$386	\$182	\$95	\$26	\$0
Total Loan and Lease Sales Personnel	100	101	114	124	117
Portfolio Asset Quality:					
Total Finance Receivables					
30+ Days Past Due Delinquencies	2.40%	2.59%	3.08%	3.36%	3.07%
30+ Days Past Due Delinquencies	\$20,014	\$22,292	\$26,770	\$29,548	\$26,535
60+ Days Past Due Delinquencies	0.76%	0.68%	0.91%	0.95%	1.10%
60+ Days Past Due Delinquencies	\$6,329	\$5,824	\$7,951	\$8,377	\$9,527
Leasing					
30+ Days Past Due Delinquencies	2.41%	2.60%	3.03%	3.37%	3.05%
30+ Days Past Due Delinquencies	\$19,960	\$22,211	\$26,054	\$29,101	\$25,831
60+ Days Past Due Delinquencies	0.76%	0.68%	0.91%	0.95%	1.09%
60+ Days Past Due Delinquencies	\$6,288	\$5,798	\$7,795	\$8,195	\$9,230
Loans					
30+ Days Past Due Delinquencies	0.53%	0.99%	7.74%	3.03%	4.24%
30+ Days Past Due Delinquencies	\$28	\$81	\$715	\$426	\$704
60+ Days Past Due Delinquencies	0.28%	0.32%	1.69%	1.23%	1.79%
60+ Days Past Due Delinquencies	\$15	\$26	\$156	\$173	\$297
Factoring Receivables					
30+ Days Past Due Delinquencies	6.57%	0.00%	1.01%	70.00%	0.00%
30+ Days Past Due Delinquencies	\$26	\$0	\$1	\$21	\$0
60+ Days Past Due Delinquencies	6.57%	0.00%	0.00%	30.00%	0.00%
60+ Days Past Due Delinquencies	\$26	\$0	\$0	\$9	\$0

Net Charge-offs - Leasing	\$2,907	\$3,176	\$3,351	\$4,680	\$5,289
% on Average Net Investment in Leases Annualized	1.69%	1.79%	1.85%	2.55%	2.90%
Net Charge-offs - Other Finance Receivables	\$118	\$31	\$49	\$122	\$631
% on Average Other Finance Receivables Annualized	12.38%	1.70%	2.34%	4.17%	16.58%
Allowance for Credit Losses	\$8,568	\$8,829	\$9,395	\$10,988	\$12,074
% of 60+ Delinquencies	135.38%	151.60%	118.16%	131.17%	126.73%
90+ Day Delinquencies (Non-earning)	\$2,976	\$2,449	\$3,438	\$3,695	\$3,940
Balance Sheet:					
Assets					
Investment in Leases and Loans	\$705,739	\$730,316	\$738,275	\$749,543	\$739,393
Initial Direct Costs and Fees	25,886	26,652	27,048	27,383	26,216
Reserve for Credit Losses	(8,568)	(8,829)	(9,395)	(10,988)	(12,074)
Net Investment in Leases and Loans	\$723,057	\$748,139	\$755,928	\$765,938	\$753,535
Cash and Cash Equivalents	7,429	8,060	10,964	34,347	24,089
Restricted Cash	63,640	64,660	68,634	141,070	64,894
Other Assets	23,277	21,343	16,031	18,299	30,315
Total Assets	\$817,403	\$842,202	\$851,557	\$959,654	\$872,833
Liabilities					
Total Debt	\$632,197	\$651,771	\$659,561	\$773,085	\$680,256
Other Liabilities	44,303	42,780	41,563	36,424	44,975
Total Liabilities	\$676,500	\$694,551	\$701,124	\$809,509	\$725,231
Stockholders' Equity					
Common Stock	\$123	\$123	\$123	\$122	\$122
Paid-in Capital, net	84,381	84,923	85,638	84,422	83,792
Other Comprehensive Income	927	1,955	(1,006)	(3,130)	(6,402)
Retained Earnings	55,472	60,650	65,678	68,731	70,090
Total Stockholders' Equity	\$140,903	\$147,651	\$150,433	\$150,145	\$147,602
Total Liabilities and Stockholders' Equity	\$817,403	\$842,202	\$851,557	\$959,654	\$872,833
Capital and Leverage:					
Tangible Equity	\$140,903	\$147,651	\$150,433	\$150,145	\$147,602
Debt to Tangible Equity	4.49	4.41	4.38	5.15	4.61

## Expense Ratios:

Salaries and Benefits Expense	\$5,716	\$5,113	\$5,257	\$5,243	\$5,870
Salaries and Benefits Expense Annualized % of Avg. Fin. Recbl.	3.31%	2.85%	2.87%	2.81%	3.15%
Total personnel end of quarter	311	324	331	357	354
General and Administrative Expense	\$3,352	\$3,281	\$3,447	\$3,553	\$4,303
General and Administrative Expense Annualized % of Avg. Fin. Recbl.	1.94%	1.83%	1.88%	1.91%	2.31%
Efficiency Ratio	43.15%	40.68%	41.06%	42.41%	50.71%
Net Income:					
Net Income	\$5,027	\$5,178	\$5,028	\$3,053	\$1,359
Annualized Performance Measures:					
Return on Average Assets	2.52%	2.49%	2.38%	1.25%	0.60%
Return on Average Stockholders' Equity	14.61%	14.36%	13.49%	8.10%	3.66%
Per Share Data:					
Number of Shares - Basic	11,957,024	12,106,482	12,155,152	12,138,824	12,033,523
EPS- Basic	\$0.42	\$0.43	\$0.41	\$0.25	\$0.11
Number of Shares - Diluted	12,257,484	12,341,182	12,355,484	12,283,142	12,133,159
EPS- Diluted	\$0.41	\$0.42	\$0.41	\$0.25	\$0.11

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

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