Press Release

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.

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 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. 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 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

<table>
<thead>
<tr>
<th></th>
<th>March 31, 2008</th>
<th>December 31, 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASSETS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$24,089</td>
<td>$34,347</td>
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<tr>
<td>Restricted cash</td>
<td>64,894</td>
<td>141,070</td>
</tr>
<tr>
<td>Net investment in leases and loans</td>
<td>753,535</td>
<td>765,938</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>3,359</td>
<td>3,266</td>
</tr>
<tr>
<td>Property tax receivables</td>
<td>8,453</td>
<td>539</td>
</tr>
<tr>
<td>Fair value of cash flow</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

(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)

<table>
<thead>
<tr>
<th>Quarter Ended:</th>
<th>3-31-07</th>
<th>6-30-07</th>
<th>9-30-07</th>
<th>12-31-07</th>
<th>3-31-08</th>
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<tbody>
<tr>
<td>New Asset Production:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td># of Sales Reps</td>
<td>96</td>
<td>97</td>
<td>105</td>
<td>118</td>
<td>108</td>
</tr>
<tr>
<td># of Leases</td>
<td>8,639</td>
<td>8,423</td>
<td>7,609</td>
<td>7,615</td>
<td>6,836</td>
</tr>
<tr>
<td>Leased Equipment Volume</td>
<td>$102,652</td>
<td>$97,260</td>
<td>$86,167</td>
<td>$87,670</td>
<td>$70,550</td>
</tr>
<tr>
<td>Approval Percentage</td>
<td>62%</td>
<td>58%</td>
<td>60%</td>
<td>56%</td>
<td>50%</td>
</tr>
<tr>
<td>Average Monthly Sources</td>
<td>1,337</td>
<td>1,279</td>
<td>1,180</td>
<td>1,186</td>
<td>1,091</td>
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<tr>
<td>Implicit Yield on New Leases</td>
<td>12.80%</td>
<td>13.04%</td>
<td>13.06%</td>
<td>12.98%</td>
<td>13.29%</td>
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</tbody>
</table>
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:

<table>
<thead>
<tr>
<th></th>
<th>30+ Days Past Due</th>
<th>60+ Days Past Due</th>
<th>90+ Days Past Due</th>
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<tbody>
<tr>
<td>Total Finance Receivables</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Delinquencies</td>
<td>2.40%</td>
<td>0.76%</td>
<td>0.76%</td>
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<tr>
<td>Delinquencies</td>
<td>$20,014</td>
<td>$6,329</td>
<td>$6,288</td>
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<tr>
<td>Delinquencies</td>
<td>$22,292</td>
<td>$5,824</td>
<td>$5,798</td>
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<tr>
<td>Delinquencies</td>
<td>$26,770</td>
<td>$7,951</td>
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<td>$29,548</td>
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<tr>
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Leasing

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<th>30+ Days Past Due</th>
<th>60+ Days Past Due</th>
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<tbody>
<tr>
<td>Delinquencies</td>
<td>2.41%</td>
<td>0.76%</td>
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<tr>
<td>Delinquencies</td>
<td>$19,960</td>
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<td>Delinquencies</td>
<td>$22,211</td>
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<td>$26,054</td>
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<td>$7,795</td>
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<td>Delinquencies</td>
<td>$29,101</td>
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<tr>
<td>Delinquencies</td>
<td>$25,831</td>
<td>$9,230</td>
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Loans

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<th>30+ Days Past Due</th>
<th>60+ Days Past Due</th>
<th>90+ Days Past Due</th>
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</thead>
<tbody>
<tr>
<td>Delinquencies</td>
<td>0.53%</td>
<td>0.28%</td>
<td>0.28%</td>
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<tr>
<td>Delinquencies</td>
<td>$28</td>
<td>$15</td>
<td>$26</td>
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<td>$81</td>
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<td>$715</td>
<td>$173</td>
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<td>Delinquencies</td>
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<td>$297</td>
<td>$0</td>
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<td>$704</td>
<td>$297</td>
<td>$0</td>
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Factoring Receivables

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<th>60+ Days Past Due</th>
<th>90+ Days Past Due</th>
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<tbody>
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<td>Delinquencies</td>
<td>6.57%</td>
<td>6.57%</td>
<td>6.57%</td>
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<tr>
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<td>$26</td>
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<td>Delinquencies</td>
<td>$0</td>
<td>$0</td>
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<tr>
<td>Delinquencies</td>
<td>$0</td>
<td>$0</td>
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</tr>
<tr>
<td>Delinquencies</td>
<td>$9</td>
<td>$9</td>
<td>$9</td>
</tr>
</tbody>
</table>

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.

CONTACT: Marlin Business Services Corp. Lynne Wilson
1-888-479-9111 ext. 4108

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