



Marlin Business Services Corp. Reports First Quarter 2007 Earnings

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MOUNT LAUREL, N.J., May 3, 2007 (PRIME NEWSWIRE) -- Marlin Business Services Corp. (Nasdaq:MRLN) today reported net income of \$5.0 million for the first quarter ended March 31, 2007, compared with net income of \$4.7 million for the same period in 2006. Diluted earnings per share was \$0.41 for the first quarter of 2007, an increase of 5% compared with \$0.39 for the same period in 2006. Annualized returns on average assets and equity for the first quarter of 2007 were 2.52% and 14.61% respectively.

"Asset growth continues to be strong," said Daniel P. Dyer, Chairman and CEO of Marlin Business Services Corp. "Our immediate focus is addressing the impact of higher interest rates on our margins."

Highlights for the quarter ended March 31, 2007 include:

Asset Origination

- \* Based on initial equipment cost, lease production increased 25.2% to \$102.7 million for the quarter ended March 31, 2007 compared to \$82.0 million for the first quarter of 2006.
- \* Growth from direct sales was 33% year over year and growth from the indirect channel was 12%.
- \* Average net investment in leases was \$687.4 million at March 31, 2007 compared to \$568.2 million for the first quarter of 2006. Average net investment in leases was up 4.5% or \$29.3 million from the prior quarter.
- \* Our end user customer base grew to more than 89,000 at March 31, 2007 compared with 83,000 for the first quarter of 2006 and 87,000 in the previous quarter. The number of active leases in our portfolio was approximately 111,000 at March 31, 2007.
- \* As of March 31, 2007 the Company had \$386,000 of outstanding purchased receivables balances for its factoring business "Marlin Trade Receivables."
- \* As of March 31, 2007 the Company had \$4.8 million of loan balances outstanding for its new Business Capital Loan product.

Net Interest and Fee Margin and Cost of Funds

- \* The portfolio yield was 12.40% as a percentage of average total finance receivables for the quarter ended March 31, 2007, a decrease of 14 basis points from the first quarter of 2006 and a decrease of 71 basis points from the quarter ended December 31, 2006. Higher interest income on free cash flow favorably impacted the prior quarter by 61 basis points. As a result of the debt proceeds raised in our third quarter 2006 term securitization, cash balances were higher entering the fourth quarter. These proceeds were used throughout the fourth quarter to fund originations and subsequently cash balances have returned to more normalized levels.
- \* Fee income as a percentage of average total finance receivables was 3.25% for the quarter ended March 31, 2007 compared to 3.45% for the first quarter of 2006 and 3.07% for the quarter ended

December 31, 2006. The increase from the previous quarter is due primarily to higher administrative and late fee realization.

- \* The average cost of funds as a percentage of average total finance receivables was 4.46% for the quarter ended March 31, 2007. This was a 59 basis point increase from the first quarter of 2006 and a 49 basis point decrease from the 4.95% reported in the quarter ended December 31, 2006. The average cost of funds in the previous quarter was negatively impacted 61 basis points by the assumption of higher debt balances, as a result of the prefunding feature of the term securitization completed late in the third quarter. As a result of the prefunding, average borrowings outstanding were a higher percentage of average total finance receivables at the end of the fourth quarter. The prefunding proceeds were used to finance fourth quarter originations. In the first quarter of 2007 outstanding average borrowings have returned to more normalized levels.
- \* Due to the factors discussed above, the net interest and fee margin was 11.19% as a percentage of average total finance receivables for the quarter ended March 31, 2007; a decrease of 4 basis points compared to 11.23% for the quarter ended December 31, 2006.
- \* The average implicit yield on new leases was 12.80% for the quarter ended March 31, 2007 compared to 12.84% in the first quarter of 2006 and 12.67% for the quarter ended December 31, 2006.
- \* Included in income for the quarter ended March 31, 2007 is \$146,000 of interest income related to the Company's factoring product and \$79,000 of interest income related to its Business Capital Loan product.

#### Credit Quality

- \* Net charge-offs totaled \$3.0 million for the quarter ended March 31, 2007 compared with \$2.4 million for the previous quarter. On an annualized basis, net charge-offs were 1.75% of average total finance receivables for the quarter ended March 31, 2007 compared to 1.64% for the first quarter of 2006 and 1.46% for the quarter ended December 31, 2006. Included in net charge-offs is \$103,000 related to the factoring product. Net charge-offs in our core leasing product are 1.69% of average net investment in leases as of March 31, 2007 compared to 1.64% in the first quarter of 2006 and 1.46% in the previous quarter. Included in charge-offs for the core leasing product is \$230,000 or 13 basis points related to a vendor fraud. Current net charge-offs reflect expected seasonality and credit levels.
- \* As of March 31, 2007, 0.76% of our total lease portfolio was 60 or more days delinquent, up from a record low 0.49% as of March 31, 2006 and a slight deterioration compared to 0.71% as of December 31, 2006. Delinquencies in the first quarter were impacted by interest-rate sensitive industries, including financial services, real estate and construction.
- \* As of March 31, 2007, 0.31% of our Business Capital Loan portfolio and 6.57% of our factoring receivables portfolio was 60 or more day's delinquent.
- \* The allowance for credit losses was \$8.6 million as of March 31, 2007, compared to \$7.9 million in the first quarter of 2006 and \$8.2 million in the previous quarter. Allowance for credit losses

as a percentage of total finance receivables was 1.21% at both March 31, 2007 and December 31, 2006.

- \* At March 31, 2007, the allowance for credit losses was 135.4% of total finance receivables 60 or more days delinquent compared to 238.1% as of March 31, 2006 and 143.5% at December 31, 2006. The prior year allowance included additional allowances booked for potential Hurricane Katrina exposure.
- \* In addition, during the first quarter of 2007 the Company refinanced a real estate related factoring receivable of \$469,000 into a 42-month fully amortizing term loan at a market interest rate of 14.00%.
- \* In conjunction with this release, static pool loss statistics have been updated as supplemental information on the investor relations section of our website at <http://www.marlincorp.com>.

#### Operating Expenses

- \* Salaries and benefits expense was \$5.7 million in the first quarter of 2007, up from \$5.1 million in the first quarter of 2006, but down from \$6.9 million in the previous quarter. In the previous quarter, salaries and benefits expense included a one time pretax charge of \$1.45 million related to the departure of the President of Marlin Business Services. Salaries and benefits were 3.31% as an annualized percentage of average total finance receivables for the first quarter of 2007 versus 3.62% in the first quarter of 2006 and 3.30% in the previous quarter, excluding the severance adjustment.
- \* Other general and administrative expenses were \$3.4 million in the first quarter of 2007 compared to \$2.7 million in the first quarter of 2006 and \$3.3 million in the prior quarter. Other general and administrative expenses as an annualized percentage of average total finance receivables were 1.94% for the first quarter of 2007 compared to 1.93% in the first quarter of last year and 1.98% for the prior quarter.

#### Funding and Liquidity

- \* Our debt to equity ratio was 4.49:1 at March 31, 2007 compared to 4.59:1 at December 31, 2006.
- \* Capital increased an additional \$2.1 million through the exercise of employee stock options and the related tax benefits during the first quarter of 2007.
- \* The Company had \$7.4 million in unrestricted cash balances as of March 31, 2007.

#### Conference Call and Webcast

We will host a conference call on Friday, May 4, 2007 at 9:00 a.m. EST to discuss our first quarter 2007. If you wish to participate, please call (877) 704-5380 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, <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 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 <http://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 (Dollars in thousands, except per-share data)		
	March 31, 2007 ----- (Unaudited)	December 31, 2006 -----
<b>Assets</b>		
Cash and cash equivalents	\$ 7,429	\$ 26,663
Restricted cash	63,640	57,705
Net investment in leases and loans	723,057	693,911
Property and equipment, net	3,331	3,430
Property tax receivables	7,000	257
Fair value of cash flow hedge derivatives	264	456
Other assets	12,682	13,030
	-----	-----
Total assets	\$ 817,403 =====	\$ 795,452 =====
<b>Liabilities and Stockholders' Equity</b>		
Revolving and term secured borrowings	\$ 632,197	\$ 616,322
Other liabilities:		
Fair value of cash flow hedge derivatives	2,328	1,607
Sales and property taxes payable	11,021	8,034
Accounts payable and accrued expenses	9,847	12,269
Deferred income tax liability	21,107	22,931
	-----	-----
Total liabilities	676,500 -----	661,163 -----
<b>Commitments and Contingencies</b>		
Stockholders' equity:		
Common Stock, \$0.01 par value;		
75,000,000 shares authorized;		
12,255,674 and 12,030,259 shares		
issued and outstanding, respectively		
	123	120
Preferred Stock, \$0.01 par value;		
5,000,000 shares authorized; none issued		
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Additional paid-in capital	84,396	81,850
Stock subscription receivable	(15)	(18)
Cumulative other comprehensive income	927	1,892

Retained earnings	55,472	50,445
	-----	-----
Total stockholders' equity	140,903	134,289
	-----	-----
Total liabilities and stockholders' equity	\$ 817,403	\$ 795,452
	=====	=====

MARLIN BUSINESS SERVICES CORP.  
AND SUBSIDIARIES  
Consolidated Statements of Operations  
(Dollars in thousands, except per-share data)  
(Unaudited)

	Three Months Ended March 31, 2007	2006
	-----	-----
Income:		
Interest income	\$ 21,437	\$ 17,819
Fee income	5,615	4,907
	-----	-----
Interest and fee income	27,052	22,726
Interest expense	7,711	5,495
	-----	-----
Net interest and fee income	19,341	17,231
Provision for credit losses	3,392	2,415
	-----	-----
Net interest and fee income after provision for credit losses	15,949	14,816
Insurance and other income	1,675	1,355
	-----	-----
Operating income	17,624	16,171
	-----	-----
Non-interest expense:		
Salaries and benefits	5,716	5,145
General and administrative	3,352	2,746
Financing related costs	247	455
	-----	-----
Non-interest expense	9,315	8,346
	-----	-----
Income before income taxes	8,309	7,825
Income taxes	3,282	3,091
	-----	-----
Net income	\$ 5,027	\$ 4,734
	=====	=====
Basic earnings per share	\$ 0.42	\$ 0.40
Diluted earnings per share	\$ 0.41	\$ 0.39
Shares used in computing basic earnings per share	11,957,024	11,702,161
Shares used in computing diluted earnings per share	12,257,484	12,042,436

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

Quarter Ended:	3/31/2006	6/30/2006	9/30/2006
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New Asset Production:			
No. of Sales Reps	101	103	100
No. of Leases	7,734	8,553	8,824
Leased Equipment Volume	\$ 82,049	\$ 97,871	\$ 100,950
Average monthly sources	1,219	1,333	1,321
Implicit Yield on New Leases	12.84%	12.68%	12.73%
Net interest and fee margin			
Interest Income Yield	12.54%	12.54%	12.57%
Fee Income Yield	3.45%	3.44%	3.35%
Interest and Fee Income Yield	15.99%	15.98%	15.92%
Cost of Funds	3.87%	4.06%	4.41%
Net interest and Fee Margin	12.12%	11.92%	11.51%
Average Total Finance			
Receivables	\$ 568,248	\$ 591,905	\$ 624,711
Average Net Investment			
in Leases	\$ 568,248	\$ 591,905	\$ 623,999
End of period Net Investment			
in Leases	\$ 588,644	\$ 622,815	\$ 655,871
End of period Loans	\$ 0	\$ 0	\$ 971
End of period Factoring			
Receivables	\$ 0	\$ 0	\$ 296
Portfolio Asset Quality:			
Total Finance Receivables			
60+ Days Past Due Delinquencies	0.49%	0.54%	0.58%
60+ Days Past Due Delinquencies	\$ 3,320	\$ 3,867	\$ 4,411
Leasing			
60+ Days Past Due Delinquencies	0.49%	0.54%	0.58%
60+ Days Past Due Delinquencies	\$ 3,320	\$ 3,867	\$ 4,411
Loans			
60+ Days Past Due Delinquencies	0.00%	0.00%	0.00%
60+ Days Past Due Delinquencies	\$ 0	\$ 0	\$ 0
Factoring Receivables			
60+ Days Past Due Delinquencies	0.00%	0.00%	0.00%
60+ Days Past Due Delinquencies	\$ 0	\$ 0	\$ 0
Net Charge-offs - Leasing	\$ 2,324	\$ 2,132	\$ 2,685
% on Average Net Investment in			
Leases Annualized	1.64%	1.44%	1.72%
Net Charge-offs - Other Finance			
Receivables	\$ 0	\$ 0	\$ 0
% on Average Other Finance			
Receivables Annualized	0.00%	0.00%	0.00%
Allowance for Credit Losses	\$ 7,904	\$ 7,370	\$ 7,767
% of 60+ Delinquencies	238.10%	190.59%	176.08%
90+ Day Delinquencies			
(Non-earning)	\$ 1,544	\$ 1,648	\$ 1,876
Balance Sheet:			
Assets			
Investment in Leases and Loans	\$ 577,219	\$ 609,359	\$ 642,113

Initial Direct Costs and Fees	19,329	20,826	22,496
Reserve for Credit Losses	(7,904)	(7,370)	(7,767)
Net Investment in Leases and Loans	\$ 588,644	\$ 622,815	\$ 656,842
Cash and Cash Equivalents	4,929	3,168	34,159
Restricted Cash	52,987	54,457	179,964
Other Assets	23,735	17,667	15,954
Total Assets	\$ 670,295	\$ 698,107	\$ 886,919
Liabilities			
Total Debt	\$ 504,459	\$ 526,286	\$ 712,355
Other Liabilities	46,645	45,580	44,963
Total Liabilities	\$ 551,104	\$ 571,866	\$ 757,318
Stockholders' Equity			
Common Stock	\$ 118	\$ 120	\$ 120
Paid-in Capital, net	78,308	79,583	80,548
Other Comprehensive Income	4,220	4,705	2,370
Retained Earnings	36,545	41,833	46,563
Total Stockholders' Equity	\$ 119,191	\$ 126,241	\$ 129,601
Total Liabilities and Stockholders' Equity	\$ 670,295	\$ 698,107	\$ 886,919
Capital and Leverage:			
Tangible Equity	\$ 119,191	\$ 126,241	\$ 129,601
Debt to Tangible Equity	4.23	4.17	5.50
Expense Ratios:			
Salaries and Benefits Expense	\$ 5,145	\$ 5,254	\$ 5,171
Salaries and Benefits Expense annualized % of Avg. Fin. Recbl	3.62%	3.55%	3.31%
Total personnel end of quarter	301	319	310
General and Administrative Expense	\$ 2,746	\$ 3,078	\$ 2,868
General and Administrative Expense annualized % of Avg. Fin. Recbl	1.93%	2.08%	1.84%
Efficiency Ratio	42.46%	44.16%	41.55%
Net Income:			
Net Income	\$ 4,734	\$ 5,288	\$ 4,730
Annualized Performance Measures:			
Return on Average Assets	2.82%	3.09%	2.55%
Return on Average Stockholders' Equity	16.34%	17.24%	14.79%
Per Share Data:			
Number of Shares - Basic	11,702,161	11,780,018	11,838,677
EPS- Basic	\$ 0.40	\$ 0.45	\$ 0.40
Number of Shares - Diluted	12,042,436	12,092,752	12,154,889
EPS- Diluted	\$ 0.39	\$ 0.44	\$ 0.39

Quarter Ended:	12/31/2006	3/31/2007
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New Asset Production:		
No. of Sales Reps	100	96
No. of Leases	8,985	8,639
Leased Equipment Volume	\$ 105,639	\$ 102,652
Average monthly sources	1,309	1,337
Implicit Yield on New Leases	12.67%	12.80%
Net interest and fee margin		
Interest Income Yield	13.11%	12.40%
Fee Income Yield	3.07%	3.25%
Interest and Fee Income Yield	16.18%	15.65%
Cost of Funds	4.95%	4.46%
Net interest and Fee Margin	11.23%	11.19%
Average Total Finance Receivables	\$ 660,529	\$ 691,253
Average Net Investment in Leases	\$ 658,120	\$ 687,442
End of period Net Investment in Leases	\$ 691,932	\$ 717,882
End of period Loans	\$ 1,979	\$ 5,175
End of period Factoring Receivables	\$ 1,760	\$ 386
Portfolio Asset Quality:		
Total Finance Receivables		
60+ Days Past Due Delinquencies	0.71%	0.76%
60+ Days Past Due Delinquencies	\$ 5,715	\$ 6,303
Leasing		
60+ Days Past Due Delinquencies	0.71%	0.76%
60+ Days Past Due Delinquencies	\$ 5,676	\$ 6,288
Loans		
60+ Days Past Due Delinquencies	0.00%	0.28%
60+ Days Past Due Delinquencies	\$ 0	\$ 15
Factoring Receivables		
60+ Days Past Due Delinquencies	2.20%	6.57%
60+ Days Past Due Delinquencies	\$ 39	\$ 26
Net Charge-offs - Leasing	\$ 2,405	\$ 2,907
% on Average Net Investment in Leases Annualized	1.46%	1.69%
Net Charge-offs - Other Finance Receivables	\$ 0	\$ 118
% on Average Other Finance Receivables Annualized	0.00%	12.38%
Allowance for Credit Losses	\$ 8,201	\$ 8,568
% of 60+ Delinquencies	143.50%	135.38%
90+ Day Delinquencies (Non-earning)	\$ 2,250	\$ 2,976
Balance Sheet:		
Assets		
Investment in Leases and Loans	\$ 677,848	\$ 705,739
Initial Direct Costs and Fees	24,264	25,886



Reserve for Credit Losses	(8,201)	(8,568)
Net Investment in Leases and Loans	\$ 693,911	\$ 723,057
Cash and Cash Equivalents	26,663	7,429
Restricted Cash	57,705	63,640
Other Assets	17,173	23,277
Total Assets	\$ 795,452	\$ 817,403
Liabilities		
Total Debt	\$ 616,322	\$ 632,197
Other Liabilities	44,841	44,303
Total Liabilities	\$ 661,163	\$ 676,500
Stockholders' Equity		
Common Stock	\$ 120	\$ 123
Paid-in Capital, net	81,832	84,381
Other Comprehensive Income	1,892	927
Retained Earnings	50,445	55,472
Total Stockholders' Equity	\$ 134,289	\$ 140,903
Total Liabilities and Stockholders' Equity	\$ 795,452	\$ 817,403
Capital and Leverage:		
Tangible Equity	\$ 134,289	\$ 140,903
Debt to Tangible Equity	4.59	4.49
Expense Ratios:		
Salaries and Benefits Expense	\$ 6,898	\$ 5,716
Salaries and Benefits Expense annualized % of Avg. Fin. Recbl	4.18%	3.31%
Total personnel end of quarter	314	311
General and Administrative Expense	\$ 3,264	\$ 3,352
General and Administrative Expense annualized % of Avg. Fin. Recbl	1.98%	1.94%
Efficiency Ratio	50.58%	43.15%
Net Income:		
Net Income	\$ 3,882	\$ 5,027
Annualized Performance Measures:		
Return on Average Assets	1.86%	2.52%
Return on Average Stockholders' Equity	11.77%	14.61%
Per Share Data:		
Number of Shares - Basic	11,889,262	11,957,024
EPS- Basic	\$ 0.33	\$ 0.42
Number of Shares - Diluted	12,231,808	12,257,484
EPS- Diluted	\$ 0.32	\$ 0.41

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

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