

2007 Annual Report

10 Years Of Superior Service

MARLIN'S MISSION

MARLIN BUSINESS SERVICES CORP. IS A COMPANY OF DEDICATED EMPLOYEES COMMITTED TO THE DELIVERY OF QUALITY CREDIT PRODUCTS TO SMALL BUSINESSES WITH EXCEPTIONAL CUSTOMER SERVICE AND CONVENIENCE... ONE CUSTOMER AT A TIME.

Marlin Business Services Corp. invests in growth by building deeper relationships with our 23,000 equipment dealers and 187,000 small business customers. We serve our customers by providing equipment financing and working capital loans, which enable business expansion and the ability to invest in updated equipment or technology to help keep their businesses running efficiently.

Marlin Business Services Corp., with total assets of \$960 million at year-end 2007, is a solution oriented financing company who has served more than 23,000 equipment dealers and 187,000 small business customers nationwide. Marlin Business Services Corp. is the parent company of **Marlin Leasing Corporation**, which offers small-ticket (up to \$250,000) lease financing options to small businesses. Marlin Leasing focuses on the small business segment with personalized service, easy documentation and fast application processing. In addition to our headquarters in Mount Laurel, NJ, we maintain five regional offices located throughout the US, and a lease processing center in Philadelphia, PA. Our leasing strategy also includes dedicated sales teams for the Office Equipment and Healthcare customer segments.

Marlin Business Services Corp. also provides working capital loans to small businesses through **Marlin Business Lending**. This product is complementary to our lease financing product. Business lending enables us to partner with our customers with a different product, but with the same level of personalized customer service and expedient transaction processing.

In addition, the **Marlin Business Bank** is operational and will provide immediate benefits to our corporate funding strategy. The benefits include funding diversification and reduced cost of funds for our operations.

Marlin Business Services Corp. is headquartered in Mount Laurel, NJ and employs more than 357 people. Visit Marlin Business Services Corp. online at www.marlincorp.com.

BUSINESS PARTNER FOR THE SMALL BUSINESS OWNER

Since our inception, Marlin Business Services Corp. has quickly and steadily emerged as a leader in equipment financing, satisfying the financial needs of small business owners.

We understand small businesses sometimes get overlooked and underserved by traditional lenders. That's why we make it our business to focus on simple processes and fast turnaround times for the small business owner.

Marlin has never lost sight of what has made us successful – the small business owner. That's why we're constantly finding better ways to train our employees, streamline processes, and enhance services so as to ensure that the financial needs of our customers are met quickly and efficiently.





2007 OVERVIEW

Dear Fellow Shareholders:

2007 was a challenging year for the financial services industry starting with the sub-prime meltdown and a major, unprecedented dislocation in the capital markets. The economy, after five years of solid growth, began to slow down. Under the weight of so much uncertainty, businesses began to pull back on their capital investment spending plans. This hostile environment took a toll on our business; new asset growth slowed and a greater number of customers defaulted on their payments.

While performance in 2007 did not meet our overall expectations, we did take action to navigate through these uncertain times. For one, to protect asset quality, we became much more selective in our underwriting standards. Secondly, we successfully implemented our funding plans and received final approval for our Industrial Bank. During this past year we also strengthened our senior management team with several new hires. While there's more work to be done, I'm confident we are taking the necessary steps to build a stronger, more competitive company that will deliver opportunities for our business and returns to shareholders in the years ahead.

To recap our financial results, we delivered net income of \$18.3 million and diluted earnings per share of \$1.49. Our capital base grew to \$150.1 million; equal to \$12.31 of book value per share. For the year, we delivered a 12.57% return on average capital.

STRATEGY

Our business is all about serving the credit needs of small businesses. We do this in a number of ways: offering lease programs to equipment dealers and lease brokers, and offering equipment leases and working capital loans to businesses. We have been quite successful with this strategy, having grown into one of the largest small-ticket leasing companies operating in the U.S.

Our success is wrapped in the conviction that sustainable competitive strength comes from several key areas:

Delivering exceptional service to our customers – Convenience and delivering a personalized level of service is what we are all about. This basic principle attracts new customers and retains existing relationships.

Maintaining a disciplined operating culture – The foundation of our business is built on a strong credit and risk management culture that delivers consistent, predictable performance and allows us to navigate during times of uncertainty.

Offering customers value at reasonable prices – Our service proposition allows us to offer customers competitive pricing while producing attractive risk-adjusted margins for our business.

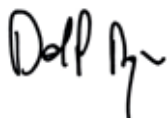
PEOPLE

Our business is a people business. For that reason, we seek to attract talented, energetic people who want to be a part of a success minded company. Our managers are expected to lead by example and make a difference in what they do. For the people we hire, we seek to create an environment where they can advance in their careers. Training, development and giving our employees the tools to be successful are of paramount importance. We strive to be an employer of choice.

LOOKING AHEAD

Looking out over the years to the come, we see tremendous opportunity to grow our business and better serve the borrowing needs of small businesses. The U.S. economy is resilient and while conditions are less than favorable at the moment, we believe business conditions will eventually improve, leading to a stronger, much healthier economy with increased demand for financing. For credit lenders, it is likely to lead to a new era in which well-managed, well-capitalized lenders will gain market share on terms that reward risk taking on the money they lend. We're poised to take advantage of these opportunities that lie right around the corner.

In closing, I wish to extend a heartfelt thank you to all our employees for their effort and dedication this past year. To our customers, thank you for your loyal support and we will continue to work hard to earn your business in the year ahead. And finally to our shareholders, our mission is to maintain your trust in creating long term value for you.



Daniel P. Dyer
Chairman and Chief Executive Officer





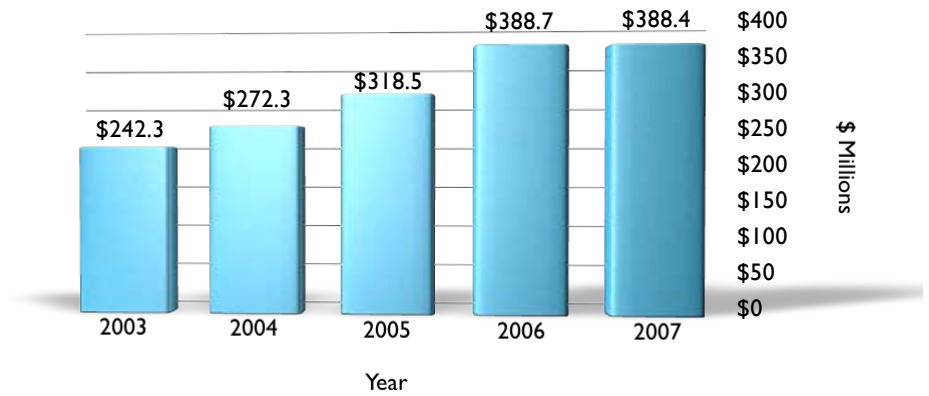
George D. Pelose

Chief Operating Officer

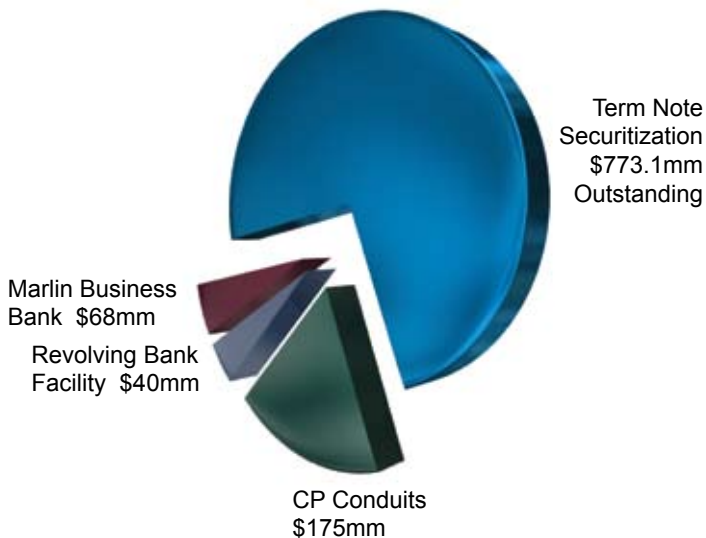
“Strength in Service”

Marlin’s strength lies in our dedication to serving the small business marketplace as a full service finance company. Our team of dedicated professionals has the knowledge and expertise to effectively originate thousands of financial transactions each month. Since we handle all aspects of each transaction internally, our commitment to provide “best-in-class” service to our vendor and broker partners, as well as our end-user customers, never waivers. Small businesses will always need financing to acquire equipment or otherwise fund their growth. Our experience and financial strength enables us to make sound business decisions to help satisfy the needs of our customers, regardless of the economic environment. In 2008 and beyond, Marlin will continue its commitment to being a premier finance company for small businesses, while providing the excellent customer service that our vendors, brokers and end-user customers have come to expect.

■ Total Originations (Leases and Loans)



Total Available Funding Sources



Lynne Wilson

Chief Financial Officer

“Strong Balance Sheet; Diversified Funding Strategy”

In these challenging times, Marlin is financially sound and stable. Our balance sheet is very strong, we are conservatively leveraged, and Marlin’s liquidity position is solid with committed funding through 2008. Additionally, we are pleased to announce we have opened our new Industrial Bank, Marlin Business Bank. The bank provides further funding flexibility and diversity, ensuring that we will continue to have the resources to help our small business customers meet their financing needs.

BUILDING DEEPER CUSTOMER RELATIONSHIPS

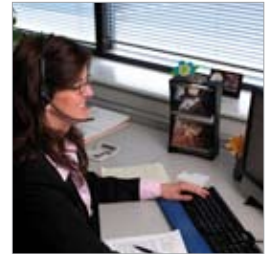
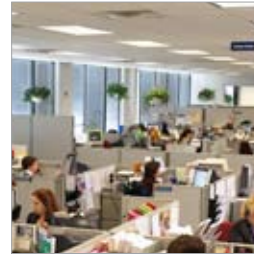
Marlin believes the best way to serve its customers is to know them, know their business, understand their goals and anticipate their needs. Our goal is to develop long-term relationships.

At Marlin Business Services Corp., we view every transaction as an opportunity to build deeper relationships with our customers. We do not pressure customers. Instead, we listen, we learn, and we try to better understand every customer. This is what sets us apart from other business financing companies.

Our customers' goals are our goals. Our employees are knowledgeable, responsive and thorough. They live our mission statement of being committed to providing exceptional one-on-one personal service. We realize that while our customers consist of small businesses, they are, in fact, comprised of individuals, each with their own unique set of needs.

We have developed new, more comprehensive reporting and tracking programs which enable our employees to understand a customer's full relationship with Marlin. This enables more advantageous financing solutions for the customer.

We have launched new incentive plans that encourage and reward our sales and customer service representatives to make Marlin the choice of every customer. We continually monitor and improve our service through feedback from "Voice of the Customer" surveys.



CUSTOMER SERVICE IS MARLIN

"Satisfying needs one customer at a time."

Marlin Business Services Corp. understands the challenges facing small business owners today. Whether it's billing, equipment issues, additional financing, or understanding buyout options, we handle their questions with speed and accuracy.

Our staff of professionals is trained to handle customer concerns immediately, and within the first call. This helps us maintain an unsurpassed level of service, and guarantees issues are always resolved quickly.

Obtaining a lease or loan from Marlin is simple. We assign a dedicated sales professional to work with our customers in every step of the process. We call it our "Single-Point-of-Contact"® model. Our customers have told us (through Voice of the Customer surveys) that our fast, simple, Single-Point-of-Contact® model is what sets us apart from competitors.

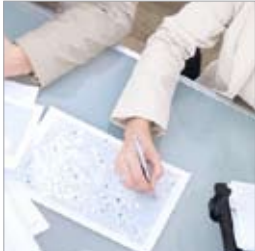
MARLIN EQUIPMENT LEASING

While the range of products and services we provide has expanded over the years, equipment leasing has consistently remained the proud cornerstone of Marlin Business Services Corp. Through our industry experience, we have created a highly effective strategy that encompasses all channels in the small ticket equipment leasing marketplace. This comprehensive approach has helped us secure and maintain our position as a leader in our field.

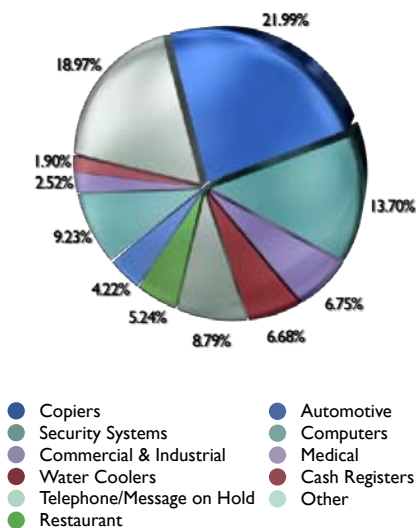
DEALERS

As with any good business strategy, we begin by going directly to the source of the business – the equipment dealer. We work on cultivating partnerships with our dealers that are increasingly beneficial to their sales and profit margin. We do this by acting as an extension of their sales force, readily providing tools and training that help them optimize their leasing activity.

Because we recognize the dealer as not only a vital component of the leasing transaction, but also as our initial conduit to the leasing customer, we emphasize superior service as a top priority with each of them. In fact, in a recent survey, over 90% of dealers cited our personalized service and ease of transaction as what they like most about their relationship with Marlin.



2007 EQUIPMENT TYPE



CUSTOMERS

While the majority of our customers acquire financing through equipment dealers, we place high importance on building trusting relationships with each of our customers directly. They are, themselves, small business owners who are often in need of additional business financing, be it for additional equipment, equipment upgrades or working capital. This direct line into our customer encourages them to come to us when these needs arise.

We offer the unique ability to finance a wide variety of equipment types, essentially creating a “one stop shop” for each of our customers. By actively cultivating the lessor/lessee relationship through direct mail, email, and phone, we create an environment where Marlin, the dealers, and our customers work together to promote small business growth.

BROKERS

Our brokers play an integral role in our continued success in the equipment leasing market. While our exceptional service and dependability offers them the support with which to expand their business, our proven track record provides the stability brokers want in a financing partner.

We view our brokers as not only our partners, but our customers as well. To that end, we extend to them the same one-on-one, personalized attention that our dealers and end-user customers receive. By actively participating in the broker community, we keep up with their consistently evolving needs, therefore enabling us to remain the first choice of so many in the industry.

MARLIN BUSINESS LENDING

"Building relationships to help your business succeed."

We view our working capital loan product as another way to meet the needs of our customers. While the majority of our business transactions center around equipment leasing, we recognize that our customers often have additional financing needs. Whether it's sudden expansion, or the need for new product development, our working capital loan can help get them to where they're going.



Our approach to working capital loans follows the same model as equipment leasing:

Dedicated team of sales professionals

Single-Point-of-Contact[®] service

Simple loan processing

Highlights of the working capital loan:

Loans from \$10,000-\$40,000

Fixed interest rates

Terms include 36 and 48 months

Low monthly payments

Simple documentation

Fast funding

Our business capital loan product is just another way we are anticipating the needs of the small business owner, and in turn, providing superior solutions with excellent service.

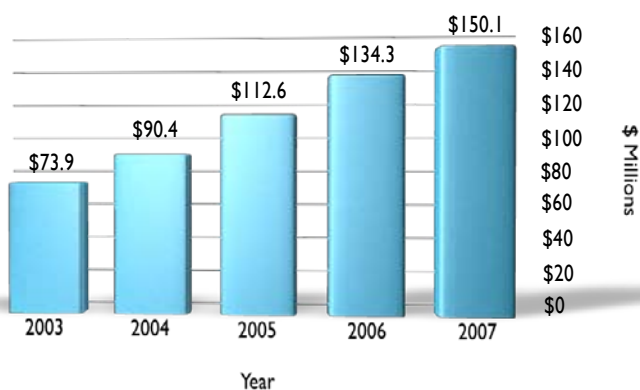
FINANCIAL HIGHLIGHTS

YEAR	2003	2004	2005	2006	2007
(\$ in Thousands)					
NET INCOME	\$2,847	\$13,459	\$16,248	\$18,634	\$18,286
REVENUES	\$59,826	\$75,551	\$90,211	\$103,456	\$118,911
NET INVESTMENT IN LEASES AND LOANS	\$419,160	\$489,678	\$572,581	\$693,911	\$765,938
TOTAL ASSETS	\$487,709	\$554,693	\$670,989	\$795,452	\$959,654
TOTAL STOCKHOLDERS' EQUITY	\$73,871	\$90,350	\$112,609	\$134,289	\$150,145
TOTAL ORIGINATIONS (LEASES AND LOANS)	\$242,278	\$272,271	\$318,413	\$388,661	\$388,376
TOTAL NUMBER OF NEW LEASES AND LOANS ORIGINATED	30,258	31,818	32,754	34,214	33,141
TOTAL NUMBER OF LEASES AND LOANS	81,503	95,096	103,278	109,511	115,883
NET INTEREST AND FEE MARGIN	10.53%	12.19%	12.35%	11.68%	10.65%
EFFICIENCY RATIO	43.15%	41.63%	43.36%	44.77%	41.83%
NET CHARGE-OFFS ⁽¹⁾	1.90%	1.99%	1.74%	1.56%	2.00%

(1) As a percentage of average net investment in direct financing leases and loans.

(2) Net Income in 2003 includes \$5.7 million of non-recurring expense relating to the change in fair value of warrants no longer outstanding

■ Total Stockholders' Equity



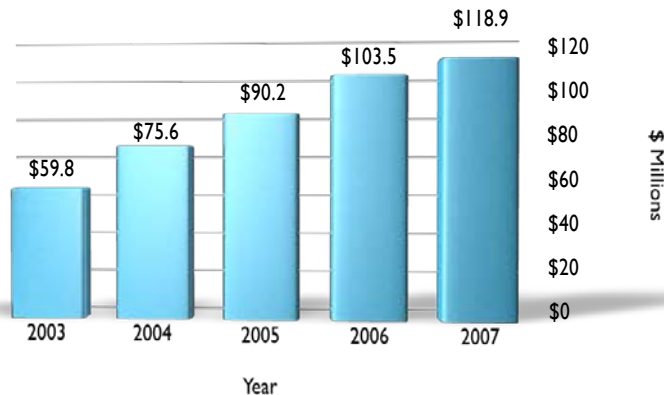
■ Net Income



■ Total Assets



■ Revenues



CORPORATE OFFICERS

DANIEL P. DYER
CHAIRMAN OF THE BOARD
CHIEF EXECUTIVE OFFICER

GEORGE D. PELOSE
EXECUTIVE VICE PRESIDENT, CHIEF OPERATING OFFICER,
GENERAL COUNSEL & SECRETARY

LYNNE C. WILSON
SENIOR VICE PRESIDENT
CHIEF FINANCIAL OFFICER & TREASURER

EDWARD J. SICILIANO
SENIOR VICE PRESIDENT
CHIEF SALES OFFICER

PHILIP A. BRUNO
SENIOR VICE PRESIDENT
CHIEF MARKETING OFFICER

VINCENT DROBNIAK
SENIOR VICE PRESIDENT-CREDIT UNDERWRITING &
OPERATIONS & CHIEF CREDIT OFFICER

MICHAEL H. MCGINLEY
SENIOR VICE PRESIDENT
ACCOUNT SERVICING

JOSEPH F. DYER
VICE PRESIDENT
TREASURY & ASSISTANT SECRETARY

KATHRYN LISTERMAN
VICE PRESIDENT
ACCOUNTING & CONTROLLER

JOHN C. FARRELL
VICE PRESIDENT
RETAIL CREDIT

DAVID E. LAFFERTY
VICE PRESIDENT
INDIRECT CREDIT

MARK E. SCARDIGLI
VICE PRESIDENT
HEALTHCARE

ROBERT A. HALEY
VICE PRESIDENT
SALES

RALPH P. MANGO
VICE PRESIDENT
BROKER SERVICES

JAMES J. SHERLOCK
VICE PRESIDENT
INFORMATION TECHNOLOGIES

BOARD OF DIRECTORS

DANIEL P. DYER

JOHN J. CALAMARI

LAWRENCE J. DEANGELO

KEVIN J. MCGINTY

EDWARD GRZEDZINSKI

MATTHEW J. SULLIVAN

JAMES W. WERT

Executive Offices & Northeastern Division
300 Fellowship Road
Mount Laurel, NJ 08054
P (888) 479-9111 F (888) 479-1100

Southeastern Division
6470 East Johns Crossing, Suite 430
Johns Creek, GA 30097
P (888) 479-9111 F (800) 535-8576

Mountain Division
6021 S. Syracuse Way, Suite 200
Greenwood Village, CO 80111
P (877) 479-9111 F (877) 479-1100

Midwestern Division
203 North La Salle Street, Suite 2310
Chicago, IL 60601
P (866) 462-7546 F (866) 627-5462

Western Division & Marlin Business Bank
2795 E. Cottonwood Pkwy., Suite 125
Salt Lake City, UT 84121
P (888) 479-9111 F (877) 870-6756

Lease Processing Center
520 Walnut Street, Suite 1150
Philadelphia PA, 19106
P (888) 479-9111 F (800) 303-9545