

MARLIN BUSINESS SERVICES CORP.®

2012 ANNUAL REPORT



CONSOLIDATED FINANCIAL SUMMARY

YEAR (\$ in Thousands)	2008	2009	2010	2011	2012
Revenues	\$115,597	\$90,299	\$66,738	\$62,227	\$70,921
Net Income (Loss)	(\$5,230)	\$1,036	\$5,668	\$6,175	\$11,697
Net Income – Adjusted ⁽¹⁾	\$4,474	\$2,221	\$5,738	\$6,207	\$11,701
Net Investment in Leases and Loans	\$669,109	\$448,610	\$351,569	\$387,840	\$503,017
Total Assets	\$794,431	\$565,803	\$468,062	\$485,969	\$602,348
Deposits ⁽²⁾	\$63,385	\$80,288	\$92,919	\$198,579	\$378,188
Total Stockholders' Equity	\$150,272	\$151,885	\$160,003	\$164,101	\$174,250
Total Originations (Leases and Loans)	\$256,554	\$88,935	\$134,030	\$229,014	\$322,198
Total Number of New Leases and Loans Originated	24,869	9,763	12,407	18,102	24,557
Net Interest and Fee Margin	9.86%	10.05%	11.75%	12.59%	13.42%
Net Charge-Offs ⁽³⁾	3.80%	5.42%	3.58%	1.81%	1.11%

REGULATORY CAPITAL RATIOS:⁽⁴⁾

Tier 1 Leverage Capital	24.89%	34.87%	33.74%	29.35%
Tier 1 Risk-based Capital	30.19%	39.58%	37.94%	31.76%
Total Risk-based Capital	31.45%	40.84%	39.19%	32.95%

(1) Net Income - Adjusted represents net income excluding the loss on derivatives and hedging activities, net of tax, and is provided to evaluate the Company's core business performance without such activities. The Company believes that Net Income - Adjusted 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.

(2) FDIC insured deposits.

(3) As a percentage of average total finance receivables.

(4) Effective in 2009 upon conversion to bank holding company status.

To Our Shareholders:

During 2012, the company delivered a successful year led by strong asset and profit growth and a higher total return on capital. Our financial performance is a result of our disciplined, well executed strategy and the delivery of products and services that meet the marketplace and customer expectations.

Our core products and services have remained essentially the same over the company's history. We offer leases and loans to small and mid-size businesses which are seeking financing to acquire commercial essential use equipment. We offer these loan products through a network of equipment manufacturers, distributors and dealers and provide a customized, value-added service by providing a convenient, point of sale financing option to businesses seeking to finance their equipment purchase. Over our sixteen-year operating history, our performance success rests on a focused strategy and set of capabilities and principles evolving around:

- An understanding and ability to efficiently operate a high volume transaction business with a high degree of personalized attention provided to customers. Our origination and servicing platform, developed over many years, gives us a competitive edge over the less capable, inexperienced providers we compete against.
- A company-wide culture striving to exceed customer expectations helps differentiate us in the eyes of customers. We do this in many ways starting with assisting the customer (the manufacturer, distributor or dealer) with whom we have a relationship sell more equipment. By offering a comprehensive suite of products and services we're confident customers receive a tailored value-added solution to help their business grow. Our nationwide sales force and Single Point-of-Contact® service model delivers the solutions customers are seeking in a financing partner.
- An ability to execute credit strategy built on the vast amount of customer data accumulated during the company's sixteen-year operating history. This data and the knowledge gained from it provide the foundation for the disciplined, analytics based credit culture at the company.
- Having in place a strong seasoned management team with many years of history at the company builds a strong foundation to execute our strategy. Our success in retaining key management helps sustain the culture of performance success as we grow and add talent to the organization.
- A financially strong, well-capitalized, conservatively leveraged balance sheet and access to inexpensive insured deposit funding through our bank subsidiary, Marlin Business Bank, provides the financial resources required to invest and grow our business profitably. Attractive returns and earnings results also provide the company with the opportunity to return excess capital to shareholders and the flexibility to reinvest retained capital for long-term growth.

In closing, I wish to offer a sincere thank you to all our loyal customers for giving us the opportunity to serve you. To our committed, dedicated employees, your efforts make the difference in the success of our company. Lastly, our pledge is to continue to work to maintain the trust and confidence of our shareholders.



Daniel P. Dyer
Co-Founder & Chief Executive Officer

MISSION STATEMENT

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.

SENIOR CORPORATE OFFICERS

DANIEL P. DYER
*Co-Founder
Chief Executive Officer*

GEORGE D. PELOSE
*Executive Vice President
Chief Operating Officer
& Secretary*

LYNNE C. WILSON
*Senior Vice President
Chief Financial Officer*

EDWARD J. SICILIANO
*Executive Vice President
Chief Sales Officer*

EDWARD R. DIETZ, JR.
*Vice President &
General Counsel*

BOARD OF DIRECTORS

KEVIN J. MCGINTY
Chairman

JOHN J. CALAMARI
LAWRENCE J. DEANGELO

DANIEL P. DYER
EDWARD GRZEDZINSKI

MATTHEW J. SULLIVAN
J. CHRISTOPHER TEETS

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