

2013

ANNUAL REPORT



LEADING LENDER TO SMALL
BUSINESSES SINCE 1997

CONSOLIDATED FINANCIAL SUMMARY

YEAR (\$ in Thousands)	2009	2010	2011	2012	2013
Revenues	\$90,299	\$66,738	\$62,227	\$70,921	\$83,675
Net Income (Loss)	\$1,036	\$5,668	\$6,175	\$11,697	\$16,231
Net Income – Adjusted ⁽¹⁾	\$2,221	\$5,738	\$6,207	\$11,701	\$16,232
Net Investment in Leases and Loans	\$448,610	\$351,569	\$387,840	\$503,017	\$597,075
Total Assets	\$565,803	\$468,062	\$485,969	\$602,348	\$702,207
Deposits ⁽²⁾	\$80,288	\$92,919	\$198,579	\$378,188	\$503,038
Total Stockholders' Equity	\$151,885	\$160,003	\$164,101	\$174,250	\$163,038
Total Originations (Leases and Loans)	\$88,935	\$134,030	\$229,014	\$322,198	\$349,461
Total Number of New Leases and Loans Originated	9,763	12,407	18,102	24,557	25,712
Net Interest and Fee Margin	10.05%	11.75%	12.59%	13.42%	13.42%
Net Charge-Offs ⁽³⁾	5.42%	3.58%	1.81%	1.11%	1.41%

REGULATORY CAPITAL RATIOS:

Tier 1 Leverage Capital	24.89%	34.87%	33.74%	29.35%	23.46%
Tier 1 Risk-based Capital	30.19%	39.58%	37.94%	31.76%	25.90%
Total Risk-based Capital	31.45%	40.84%	39.19%	32.95%	27.15%

(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.

TO OUR SHAREHOLDERS:

2013

2013 capped a year of solid growth and financial performance. Our portfolio of managed assets grew 19% and we successfully added to the account base of customers with whom we have a relationship. For the year, 39% profit growth was achieved by originating high quality assets along with adhering to a disciplined operating formula and effectively managing credit risk. New asset growth and account development were driven by effectively penetrating our core market segments and by delivering value-added financing solutions and quality service to our customers.

For the year, we reported net income of \$16.2 million and \$1.25 per diluted share, an increase from the \$.91 per diluted share earned for 2012. The company's financial performance and strong capital position allowed us to return capital to shareholders through cash dividends. 2013's dividends per share of \$2.42 included a one-time special dividend of \$2.00. Returns on assets was 2.45% and returns on equity capital increased to 9.3%.

Future Outlook

As we look ahead, the company is well positioned to capitalize on the opportunity to grow our small business lending franchise. Our operating platform, starting with our sales origination platform and servicing standards, positions us to continue to grow and gain market share. Our vast repository of customer information and capabilities to mine such data is another valuable resource to capitalize on. Our core value proposition of assisting small and mid-size businesses access credit in a convenient, hassle-free manner to finance their capital equipment purchases, combined with the delivery of customized, value-added products and services to our manufacturer, distributor and equipment dealer channel partners, is a winning strategy to generating attractive, risk adjusted returns and increase value for shareholders.

Going forward, we will look to continue to execute on our growth strategy by following a disciplined operating approach and growing our market footprint within both our core markets and adjacent new equipment and industry segments where we see opportunities to exploit our core capabilities and competitive strengths. Marlin Business Bank® will continue to be an instrumental part of our success by providing access to inexpensive funding and a trusted financing source for the small business community we serve.

Of course, our success will continue to be led through the efforts and dedication of all our employees who work tirelessly to deliver on our mission of serving customers. I would also like to thank Kevin J. McGinty for his 16 years of dedicated service on Marlin's Board of Directors.

On behalf of all our employees, I wish to thank you for your continued support.



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*

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

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

EDWARD R. DIETZ, JR.
*Senior Vice President
of Administration and
General Counsel*

BOARD OF DIRECTORS

KEVIN J. MCGINTY
Chairman

JOHN J. CALAMARI

LAWRENCE J. DEANGELO

DANIEL P. DYER

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