



moving FORWARD

2008 Annual Report



At Marlin Business Services Corp., we believe that success is a journey, not a destination. While we are proud of past accomplishments, our focus remains on the road ahead.

In 2008, we improved our operations, increased our focus on service quality to customers and opened a state-chartered commercial bank. Despite challenging economic conditions, we've mapped out a future that includes opportunities to grow our business, enhance efficiencies, offer new financial products and improve shareholder value.

Serving small businesses ACROSS THE COUNTRY

*Today's small businesses are at a crossroad.
Each day brings new challenges and new opportunities.*

Partnering with Small Businesses & Equipment Suppliers

Since 1997, **Marlin Business Services Corp.** has been a national leader in the small-ticket equipment financing industry. Over the past 11 years, we have supported more than 200,000 customers and extended over \$2.5 billion in financing to small businesses. We finance over 80 categories of commercial equipment and work with small to mid-sized equipment suppliers and the end user customer. Our focus is to provide high quality, convenient point-of-sale lease financing.

Equipment vendors and suppliers depend on Marlin to serve as their primary financing partner. They know we have the resources and experience to help them better serve their customers, and that we are renowned for our flexibility and customized approach. However, we also realize we must earn their business every day. From telecommunications and medical equipment to industrial and restaurant equipment, Marlin provides the financing options to support small businesses.

For our small business customers, we provide direct financing for equipment, giving them an economical option that preserves working capital. Our competitively priced financing products, coupled with our exceptional and convenient customer service, have made us the partner of choice for businesses in virtually every industry. And because we work closely with small businesses every day, we understand their unique needs and requirements.

A Focused Approach

We focus on serving the small business segment through personalized service, easy documentation and fast application processing. Our acclaimed **Single Point of Contact**® service model provides customers with a dedicated professional who provides invaluable assistance and advice. From billing and equipment upgrades to additional financing or buyout options, our customer-oriented employees are trained to make life easier for small businesses everywhere.

Forward Thinking

Our business is centered around providing commercial financing solutions to small businesses and equipment suppliers. Therefore, our funding strategy is a key aspect of our business. Several years ago we formulated a new funding diversification strategy that included the creation of Marlin Business Bank – an industrial bank, which opened in March, 2008.

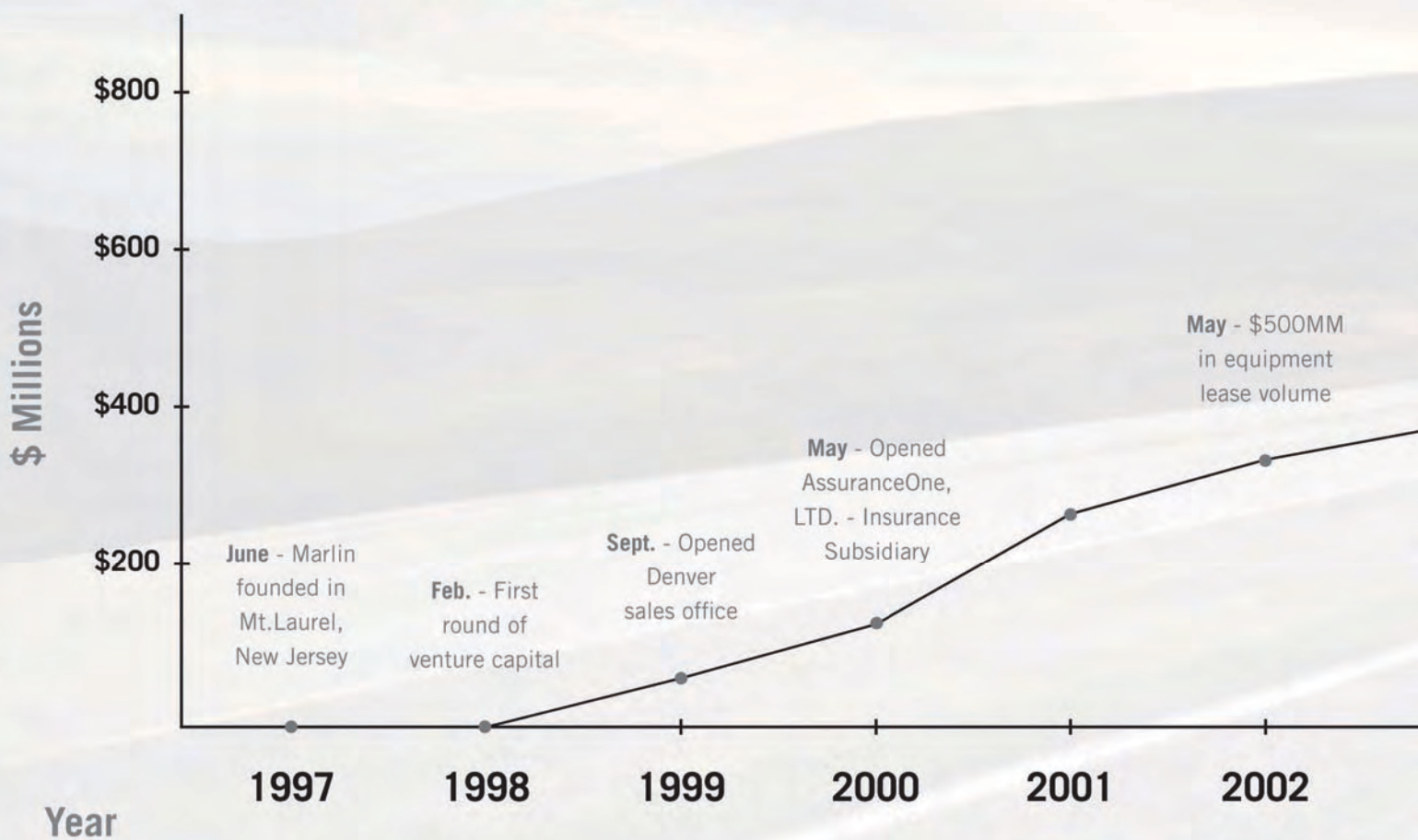
As the capital markets deteriorated in 2008, we converted our charter to become a commercial bank, affording us additional strength and flexibility. Marlin Business Bank will provide us with greater funding options, lower our funding costs, and enhance our ability to provide continued financing to our equipment vendors and small business customers. ●



MILES^{of} Accomplishment

For the Past Eleven Years
We have been Charting
A Course of Success

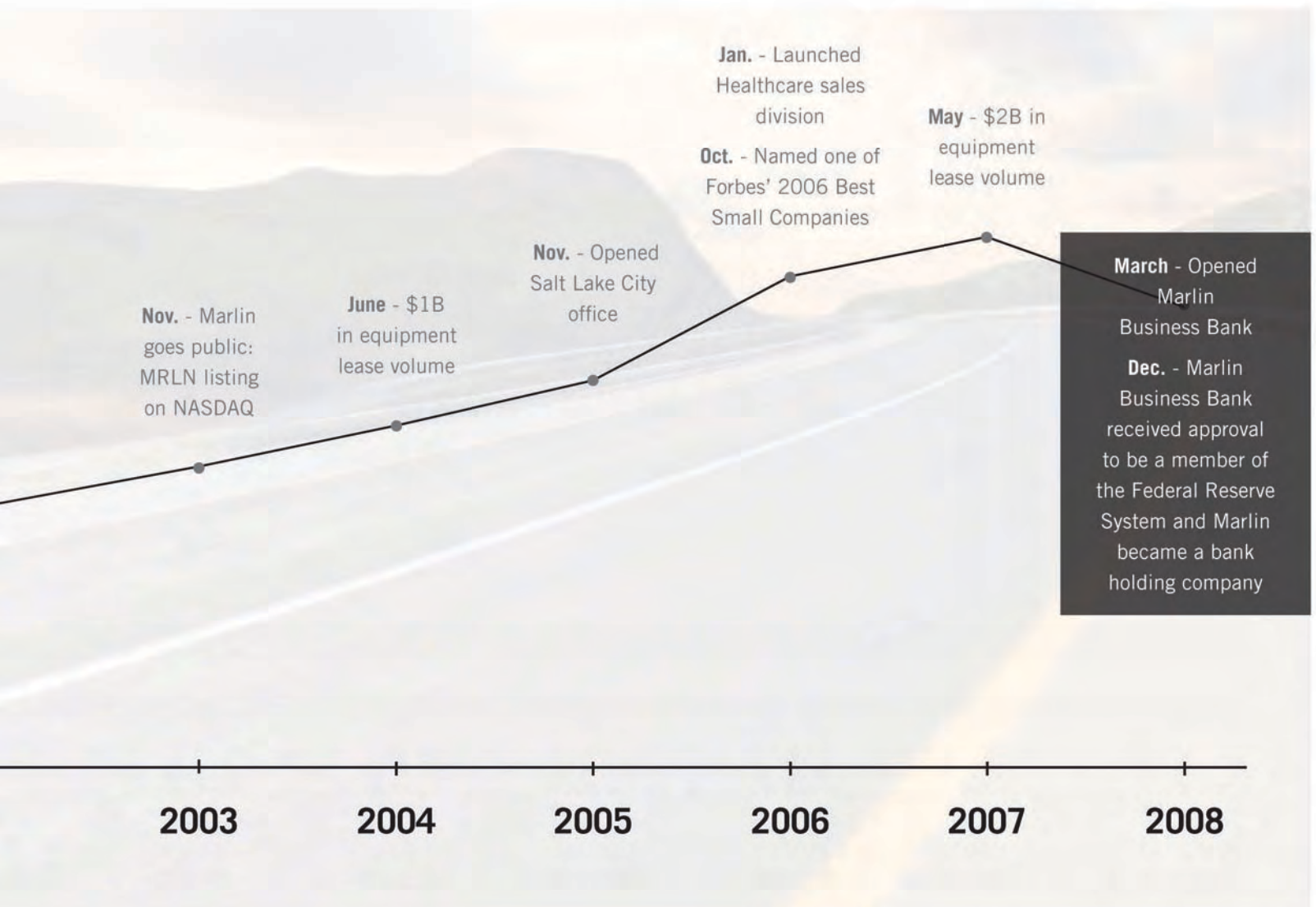
Portfolio Net Investment (Leases and Loans)



COMPANY Profile

- » Founded in June, 1997
- » Nationwide provider of small-ticket commercial equipment financing
- » Since Inception:
Over 270,000 leases booked
Over \$2.5 billion in leasing volume
- » Serviced over 200,000 customers
- » NASDAQ: MRLN
- » Corporate Headquarters located in Mount Laurel, New Jersey
 - Regional offices: Atlanta, Denver & Salt Lake City
- » 59th Largest Equipment Leasing Company in the US*
 - 8th Largest Independent Leasing Company*
- » Marlin Business Bank, Member of the Federal Reserve System and Utah State-Chartered Commercial Bank

* Per Monitor, Inc. (June '08)



Notes from THE road

A letter from
the CEO

Dear Fellow Shareholders,

2008 was an extraordinary year of change. The rapid slowdown in economic growth and prosperity culminated with negative GDP growth of 6.3% posted in the fourth quarter of 2008. Not since the 1981 recession have we witnessed such a steep decline in economic activity. What began as a housing slowdown has grown into a more widespread issue, impacting the overall economy. Consumers are spending less and saving more. Businesses are less confident about the future, leading to a significant decline in capital spending. Further compounding the economic woes is the credit crunch in both the banking and asset-backed markets. While these events are worrisome, Marlin is well prepared to deal with the challenges in front of us.



*“Managing credit risk is
a part of our culture and
something we do very well.”*

Credit Quality

Managing credit risk is a part of our culture and something we do very well. We take an analytical, disciplined approach to portfolio risk management. Our diversified portfolio provides a buffer against severe credit losses tied to a prolonged economic slump or other unanticipated events. Our credit policies are established to approve customers that fit a well-defined risk profile.

Throughout 2008, we have taken the necessary, appropriate actions to reduce risk and improve credit quality. Early on, we clamped down on regions hardest hit by the slowdown, such as Florida and California. We also took decisive action and reduced exposure in those industries hardest hit by the housing crisis. And lastly, we scaled back originations in underperforming channels and strengthened the acceptance credit criteria for customers across the board. I'm confident that these actions and other steps we are taking will effectively allow us to steer through the current climate and strengthen credit quality.

Access to Stable Funding

The non-functioning credit markets have created challenges for all financial services companies. Here, the company's solution is the expanded role of Marlin Business Bank. With the unprecedented disruption in the capital markets and the uncertainty it brings to stable funding, our plan is to have Marlin Business Bank play an even greater role in the overall funding platform of the company.

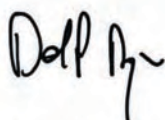
Since the bank's opening in March 2008, the company has raised \$63.4 million of insured FDIC deposits to fund assets.

Looking forward, our intent is to grow the funding capacity of the bank, and we have been working closely with the regulatory authorities to achieve that objective. On December 31, 2008, we received regulatory approval to convert Marlin Business Bank from an industrial bank to a commercial bank. Effective January 13, 2009, we converted the existing industrial bank to a state-chartered commercial bank that is a member of the Federal Reserve System, and Marlin Business Services Corp. became a bank holding company. The next and final step in the bank expansion process is to receive final approval from the FDIC to permit growth in accordance with our new business plan.

Maintaining Financial Strength

We are very strong financially with tangible net worth of \$147 million and an equity to asset ratio of 18.53%. We have a strong, flexible profit model that allows us to maintain operating profitability during turbulent times. Our strategy is to continue to do what is necessary to preserve this financial strength and position Marlin to take advantage of growth opportunities once the economy returns to a more stable environment.

In closing, I wish to extend a heartfelt thank you to all our employees for their dedication. To our customers, thank you for your loyal support. And finally to our shareholders, we will continue to work hard to maintain your trust and deliver long-term value.



Daniel P. Dyer
Chief Executive Officer

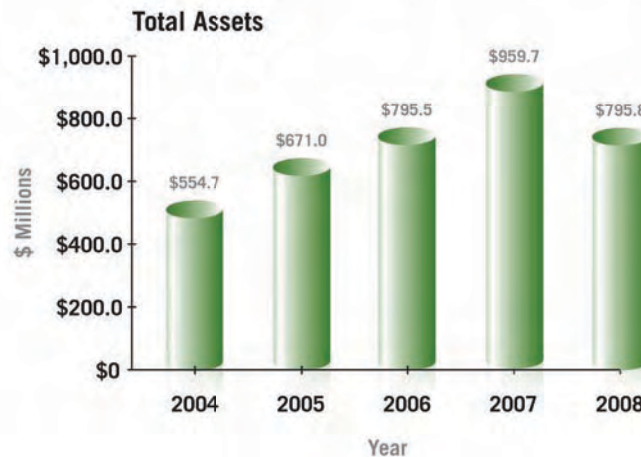
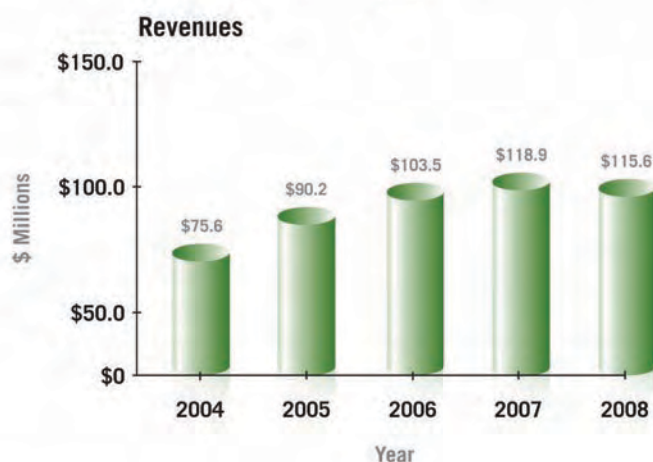
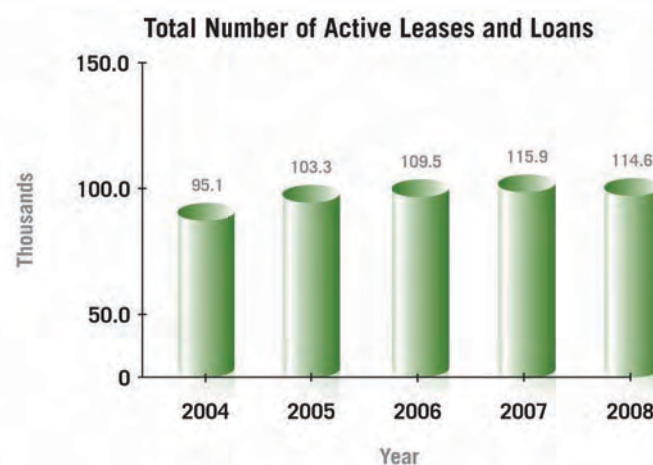


financial HIGHLIGHTS

YEAR (\$ in Thousands)	2004	2005	2006	2007	2008
Net Income (Loss)	\$13,459	\$16,248	\$18,634	\$18,286	\$(5,230)
Net Income – Adjusted ⁽¹⁾	\$13,459	\$16,248	\$18,634	\$18,286	\$4,474
Revenues	\$75,551	\$90,211	\$103,456	\$118,911	\$115,597
Net Investment in Leases and Loans	\$489,678	\$572,581	\$693,911	\$765,938	\$670,494
Total Assets	\$554,693	\$670,989	\$795,452	\$959,654	\$795,816
Total Stockholders' Equity	\$90,350	\$112,609	\$134,289	\$150,145	\$147,456
Total Originations (Leases and Loans)	\$272,271	\$318,413	\$388,661	\$388,376	\$256,554
Total Number of New Leases and Loans Originated	31,818	32,754	34,214	33,141	24,869
Total Number of Active Leases and Loans	95,096	103,278	109,511	115,883	114,608
Net Interest and Fee Margin	12.19%	12.35%	11.68%	10.65%	10.04%
Efficiency Ratio	41.63%	43.36%	44.77%	41.83%	48.47%
Net Charge-Offs ⁽²⁾	1.99%	1.74%	1.56%	2.00%	3.80%

(1) Net Income – Adjusted represents net income excluding the loss on derivatives and hedging activities, net of tax. This measure excludes the volatility resulting from derivatives activities subsequent to discontinuing hedge accounting in mid-2008.

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



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.

VALUES

- integrity without compromise
- open honest communication
- respect all customers and employees
- personal accountability
- teamwork and collaboration
- 100% effort every day
- set high expectations and accept nothing less



Senior corporate OFFICERS

Daniel P. Dyer

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

Kerri O'Connor

Senior Vice President
Chief Risk Officer

Robert P. Majka

President & Chief Executive Officer
Marlin Business Bank

board of DIRECTORS

Kevin J. McGinty

Chairman of the Board

John J. Calamari

Lawrence J. DeAngelo

Daniel P. Dyer

Edward Grzedzinski

Matthew J. Sullivan

James W. Wert



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& Northeastern Division**

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Southeastern Division

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Mountain Division

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