

August 5, 2019

## Marlin Business Services Corp.

### In-Line Quarter; Lack of Operating Efficiency Ratio Improvement Has Been Disappointing but Tide Could Be Turning

Second-quarter adjusted EPS of \$0.51 were in line with our estimate and \$0.01 below consensus. Higher gain on sale and a lower tax rate more than offset higher loss provisions, higher expenses, and lower net interest and fee income. The higher operating expenses were tied to an increase in sales personnel over the past couple of quarters and acquisition related costs. It takes 6-12 months for a sales rep to become productive. The company cited steady competition and a macro environment.

Management reiterated its full-year adjusted EPS guidance range of \$2.30-\$2.40. The earnings cadence continues to be heavily back-end loaded given the productivity ramp, the shift in asset and funding mix over the course of the year (i.e., NIM expansion), and asset sales volumes. Considering these factors, we expect the net interest and fee income margin to expand over the course of the year and are modeling 9.58% for the full year, within management's 9.5%-10.0% guidance range. Management has tweaked its direct loan offering to drive increased demand, but the company does not expect to loosen underwriting standards to obtain the growth. Over 80% of loan originations are to existing customers.

**We maintained our adjusted EPS estimates of \$2.31 in 2019, \$2.63 in 2020, and \$3.00 in 2021.** Our estimates translate to 13% growth in 2019 and 14% growth in 2020 and 2021. The acceleration in 2020 is driven mostly by improving operating efficiency as it leverages its scalable origination platform as well as its net interest and fee income margin expansion tied to the origination mix shift and funding mix shift. Our estimates translate into a 15% return on tangible equity in 2019, 2020, and 2021, with a slightly upward bias.

**We maintain our Market Perform rating, though the valuation has become more attractive considering the ROE expansion and midteens long-term earnings growth potential.** We believe the company is investing in attractive return-enhancing growth initiatives that have increased its growth opportunities in both its core leasing business and its new ventures. The company has made progress on its new initiatives but it will take time to become more meaningful. As the company leverages its origination platform, the ROE should continue to improve over the next several years. The decline in the company's net interest margin over the past couple of years while credit losses have risen has given us some concern; however, there are indications the margin is starting to improve and credit quality has stabilized. Shares trade at about 1.4 times our 2019 year-end tangible book value estimate of \$16.60 per share, which is reasonable, in our view, considering our midteens ROE outlook for the company over the next couple of years and a low-teens long-term growth rate. Shares are valued at about 9 times our 2020 EPS estimate.

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Stock Rating:

**Market Perform**

Symbol: MRLN (NASDAQ)  
Price: \$23.66 (52-Wk.: \$18-\$31)  
Market Value (M): \$290  
Dividend/Yield: \$0.56/2.37%  
Fiscal Year End: December

		2018A	2019E	2020E
<b>Estimates</b>				
EPS	Q1	\$0.50	\$0.40	\$0.52
	Q2	\$0.52	\$0.51	\$0.62
	Q3	\$0.51	\$0.61	\$0.69
	Q4	\$0.51	\$0.79	\$0.80
	FY	\$2.04	\$2.31	\$2.63
Sales (M)	Q1	\$24.5	\$31.5	\$34.8
	Q2	\$24.5	\$26.6	\$28.7
	Q3	\$23.4	\$28.2	\$29.8
	Q4	\$25.0	\$31.1	\$31.7
	FY	\$97.4	\$117.4	\$125.0
<b>Valuation</b>				
FY P/E		11.6x	10.2x	9.0x
CY P/E		11.6x	10.2x	9.0x

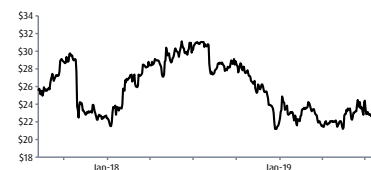
#### Trading Data (FactSet)

Shares Outstanding (M):	12.2
Float (M):	11.4
Avg. Daily Volume (90-day):	14,275

#### Financial Data (FactSet)

Book Value Per Share (MRQ):	\$16.33
Return on Equity (TTM):	12.2%
Enterprise Value (M):	\$239

#### Two-Year Price Performance Chart



Sources: FactSet, William Blair & Company estimates

Marlin Business Services provides equipment financing solutions primarily to small businesses.

Please refer to important disclosures on pages 14 – 15. Analyst certification is on page 14.

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**The adjusted operating efficiency (operating expenses excluding one-time items as a percentage of revenues) remains elevated; investment in growth initiatives and people have been keeping Marlin's operating leverage elevated over the past couple of years.** We believe the company is close to being "fully staffed" and that productivity improvement from the less tenured employees could help drive efficiency improvements. We believe Marlin has a highly scalable origination platform and a relatively high fixed cost base. The adjusted operating efficiency ratio inclusive of sales commissions of acquisitions was 58.0% in the second quarter, up from 55.6% a year ago. Excluding the lumpy gain-on-sale income, the adjusted operating efficiency ratio would have been 64.9%, up from 57.4% a year ago and from 67.2% in the prior quarter. We forecast an adjusted efficiency ratio of 55.0% in 2019, 53.2% in 2020, and 51.4% in 2021. Marlin's current asset base is over 50% larger than in 2014, yet its operating efficiency ratio is roughly 500 basis points higher. Over time, we believe the efficiency ratio could improve to the upper 40s from its investments in digital, scale benefits, and improvement in productivity.

Marlin's leverage (debt-to-tangible equity) was 5.2 times at the end the second quarter, consistent with the prior quarter but up from 4.6 times a year earlier due to the FFR acquisition in September 2018. We forecast leverage to slightly decline over the next couple of years given our midteens ROE forecast and high-single-digit asset growth. We believe Marlin is well-positioned to grow organically, repurchase shares, and/or make strategic acquisitions similar to Horizon Keystone and FFR.

Loss provisions of \$4.8 million were \$0.3 million above our estimate, driven primarily by growth and higher delinquencies, we believe. Management expects credit quality to remain reasonably steady at levels experienced over the past 12 months, which is at the upper end of its historical range. The reserve ratio was 1.59%, down from 1.66% in the prior quarter and down from 1.62% a year earlier. We forecast reasonably steady credit losses over the next several years considering the general steady trends in the U.S. economy.

**Lease asset yields have declined while credit losses have remained relatively steady.** One would generally expect yields and loss rates to trend in the same direction. The company has had limited success at raising rates commensurate with the increase in the funding costs. We expect asset yield overall to increase over the next several quarters due to the origination mix shift to a greater portion of higher yielding loans. The combination of rising yields with reasonably steady losses should support ROE expansion.

**Marlin announced the resignation of General Counsel and Chief Compliance Officer Ed Dietz.** Mr. Dietz is staying with Marlin through the end of 2019 to assist in transition to a yet-to-be-named successor.

## Guidance

Management's 2019 adjusted EPS guidance range of \$2.30-\$2.40 reflects 15% growth at the midpoint. Predicated on a stable economic environment, total sourced originations are expected to grow at least 20% year-over-year, driven mostly by the addition of FFR in late third quarter 2018.

Marlin Business Services				WB Estimate
Guidance				
Date issued	2/1/2019	5/2/2019	8/2/2019	
Period	2019	2019	2019	2019
Sourced Origination Growth	20%	20%	20%	25.8%
FFR	~\$90m			
Syndication Volume			\$250-\$280m	\$268
Gain on Sale Yield			6.0%-7.0%	6.15%
Credit Quality	In line with past 12 months	In line with past 12 months	In line with past 12 months	
Net interest margin	9.5%-10.0%	9.5%-10.0%	9.5%-10.0%	9.58%
ROE	Improve with scale	Improve with scale	Improve with scale	14.9%
EPS	\$2.30-\$2.40	\$2.30-\$2.40	\$2.30-\$2.40	\$2.31

Sources: Company reports and William Blair

## Lease and Loan Originations and Portfolio

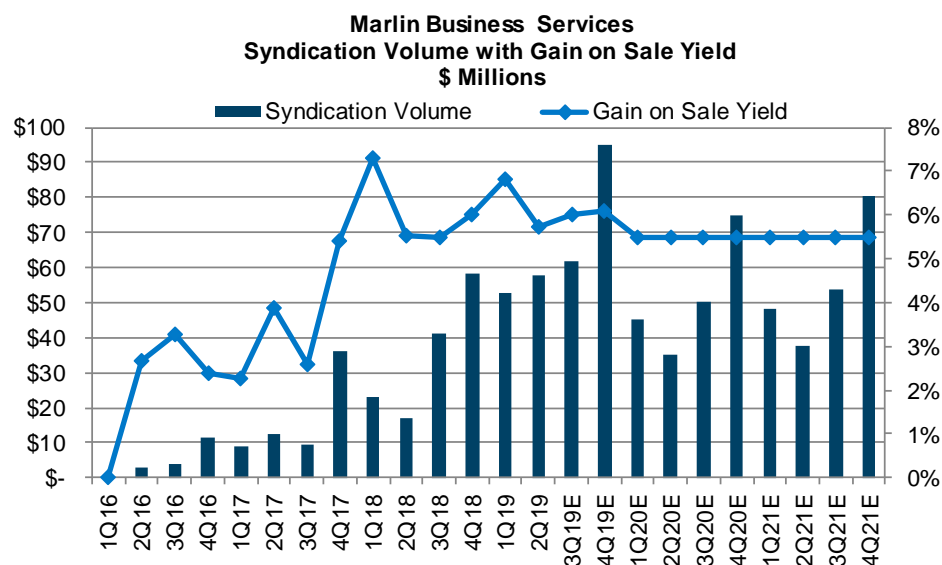
**The consolidated lease and loan portfolio grew 3.8% from the prior quarter and 10.3% year-over-year.** We believe demand remains strong and competition is reasonably stable at the lower end (less than \$50,000 ticket), which is Marlin's core market. We believe competition in the larger ticket market has increased somewhat, mostly on price rather than credit.

### Total sourced originations grew 29% year-over-year in the quarter, driven in part by the late third quarter 2018 acquisition of FFR.

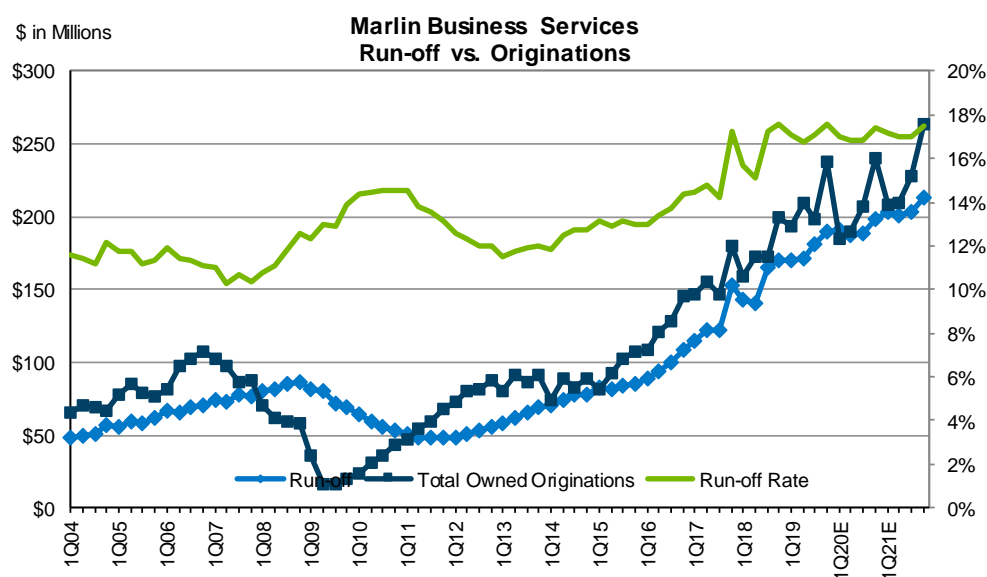
We forecast 26% sourced origination growth in 2019 and 1% in 2020. The deceleration is primarily driven by a decline in asset sales. Marlin anticipates \$250 million-\$280 million in asset sales in 2019, up from \$139 million in 2018, driven in part by its FFR acquisition as well as optimizing its balance sheet. We forecast 2019 sales of \$268 million, including about \$80 million from pure origination to sell and referrals, at a 6.1% average yield. Our 2020 forecast is for \$205 million of asset sales, including \$114 million of pure origination to sell and referrals, at a 5.5% average yield.

Syndication volume, which is lumpy in nature, was \$58 million, above our \$30 million estimate as Marlin took advantage of an attractive market. Marlin earned \$3.3 million on the sale (5.7% yield) to third parties. Management anticipates yields on 2019 sales to be 6%-7%, which feel is reasonable based on the recent past, and as long as credit quality holds up. The syndication volume is used to leverage Marlin's scalable origination platform. Marlin sells both higher-quality loans that Marlin does not fund itself due to capital leverage constraints as well as lower-quality, higher-yielding loans that Marlin does not fund due to its underwriting criteria.

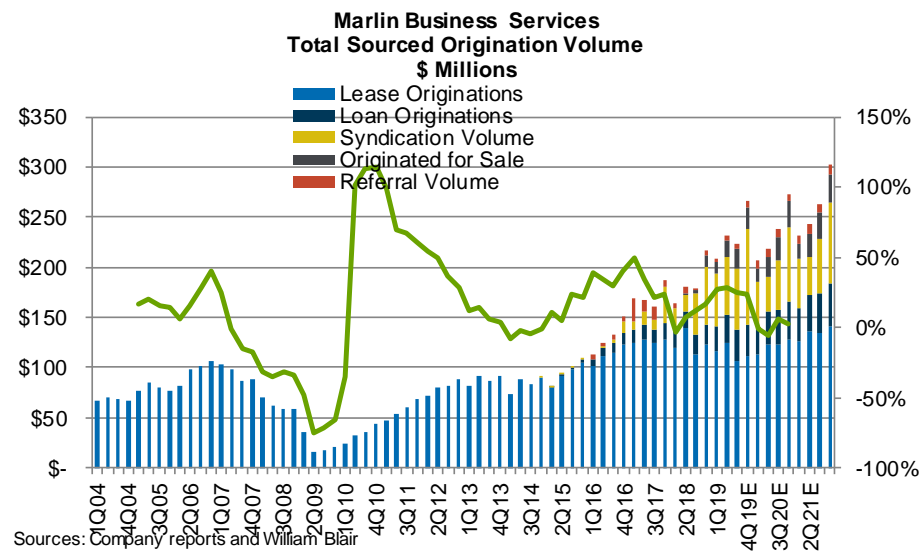
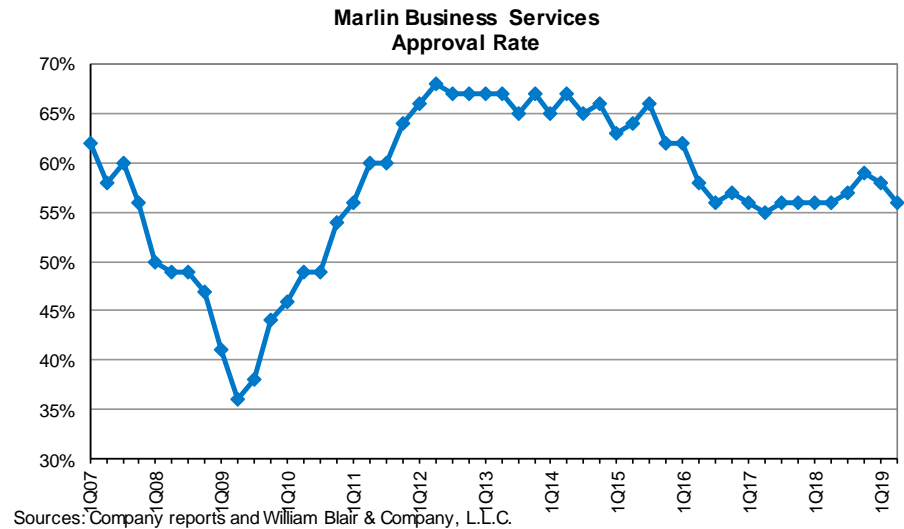
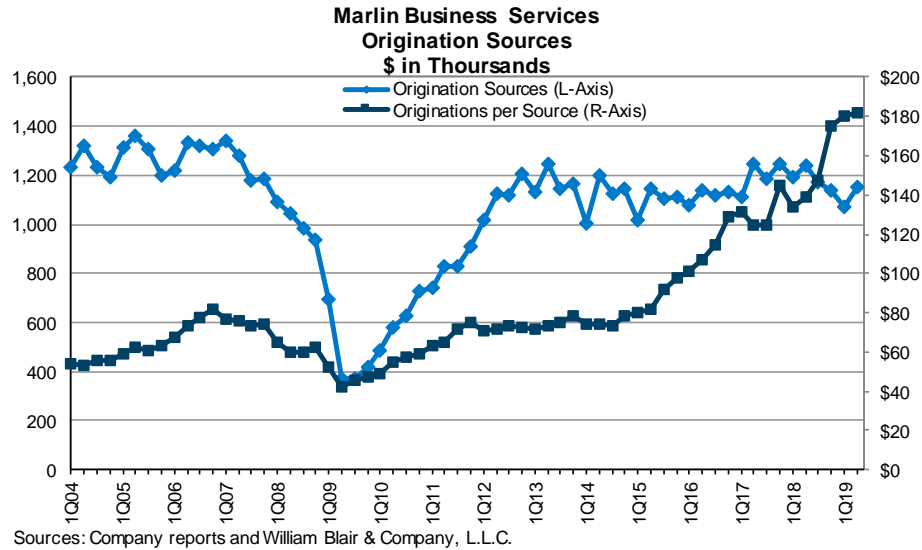
Marlin maintains the servicing on the loans it sells to third parties. The serviced asset portfolio totaled \$214 million at the end of the second quarter, up 20% year-over-year.

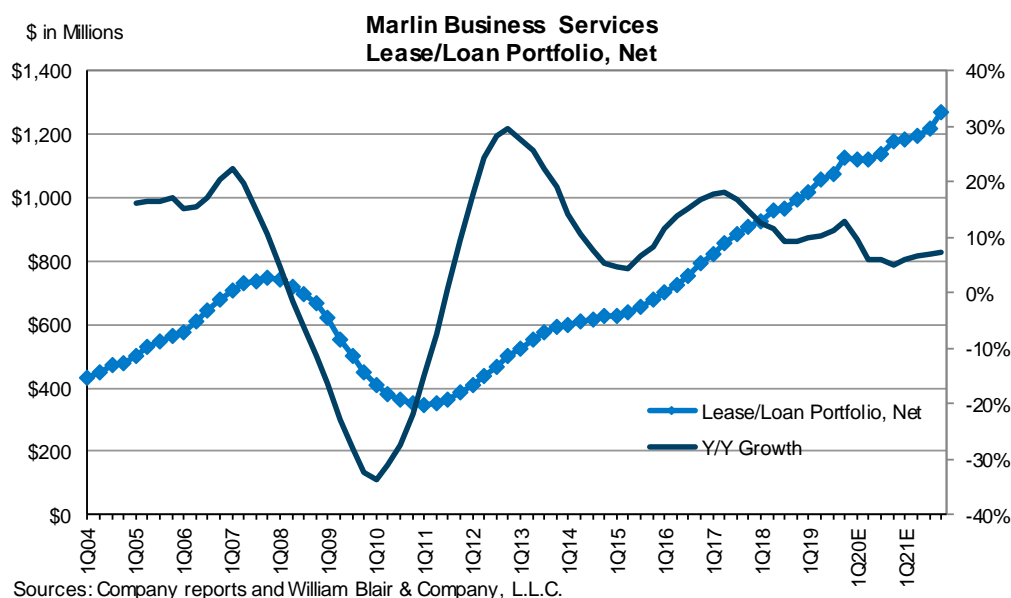


Sources: Company reports and William Blair & Company, L.L.C.



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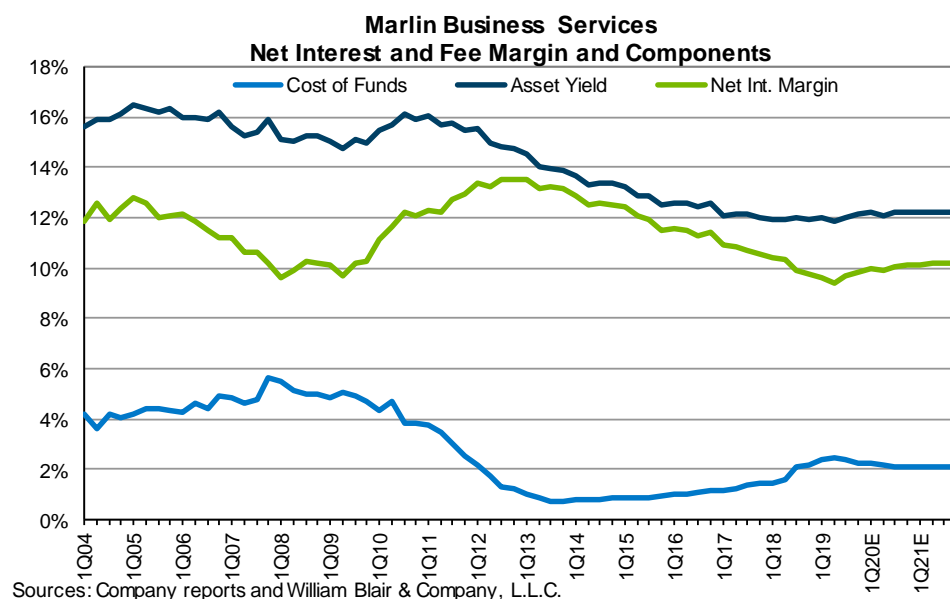


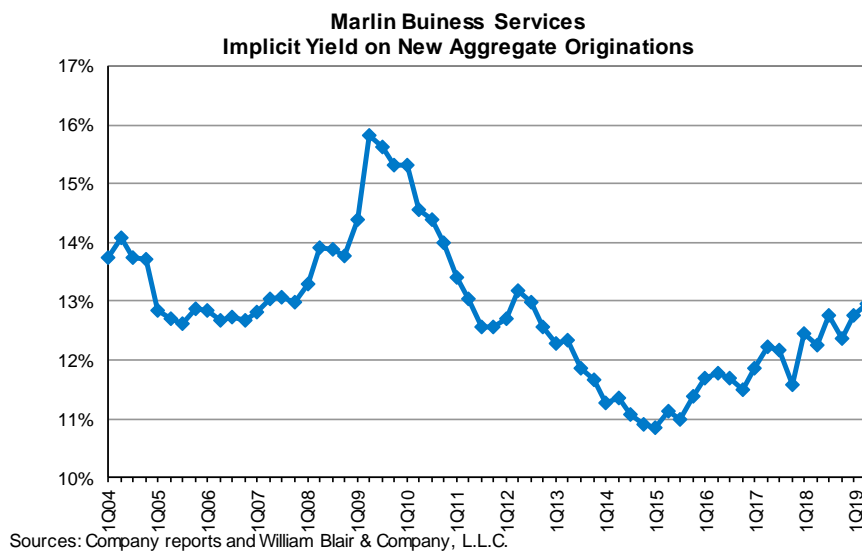
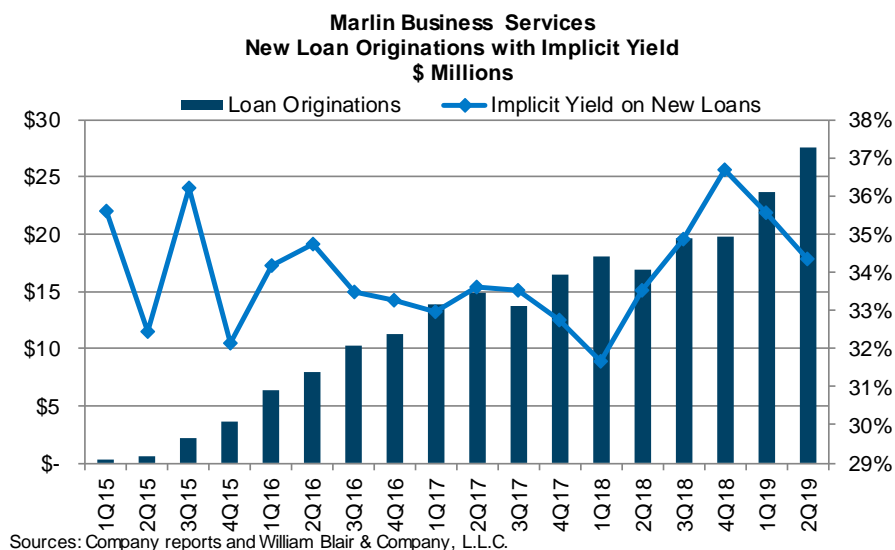
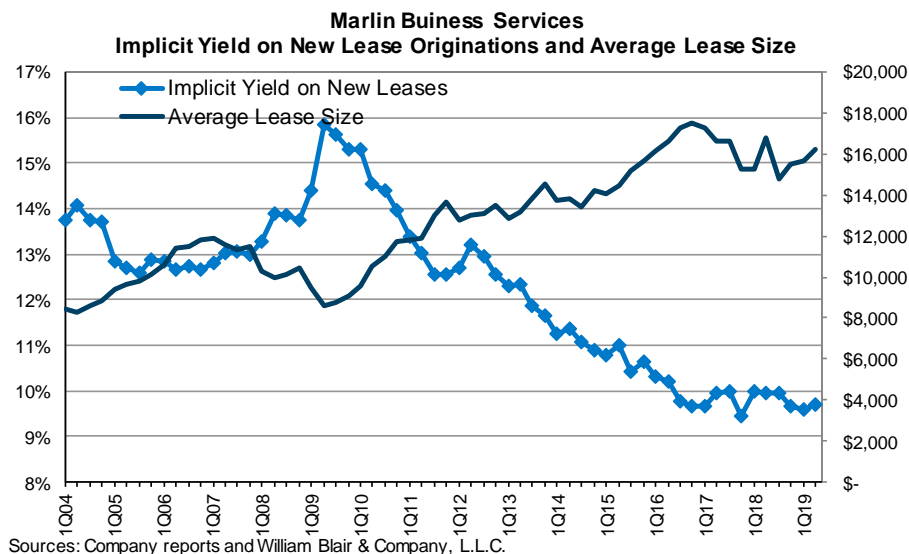


## Net Interest and Fee Income

Net interest and fee income of \$24.2 million was \$1.1 million shy our estimate; the shortfall was primarily due higher debt levels and funding costs as well as lower fee income. The asset yield of 11.86% was down 12 basis points from the prior quarter and 4 basis points a year earlier, while the cost of funds (percent of receivables) has increased from 1.59% to 2.48%. We believe business mix (stronger growth of higher yielding loans) should push the overall yield higher from here while the run-off of the securitized funding being replaced with lower cost deposits should reduce cost of funds. Repricing of lower cost deposits is a slight offset.

The yield on new business in aggregate was 12.95%, which compares with 12.24% a year ago and 12.76% in the prior quarter, driven primarily by mix. Historically, Marlin has shown ability to pass on the rate increases to customers, though at a slight lag. Management stated it continues to pass through the base rate increases when possible but business mix (size, vertical, channel, etc.) and competition have an adverse impact on the reported yield.

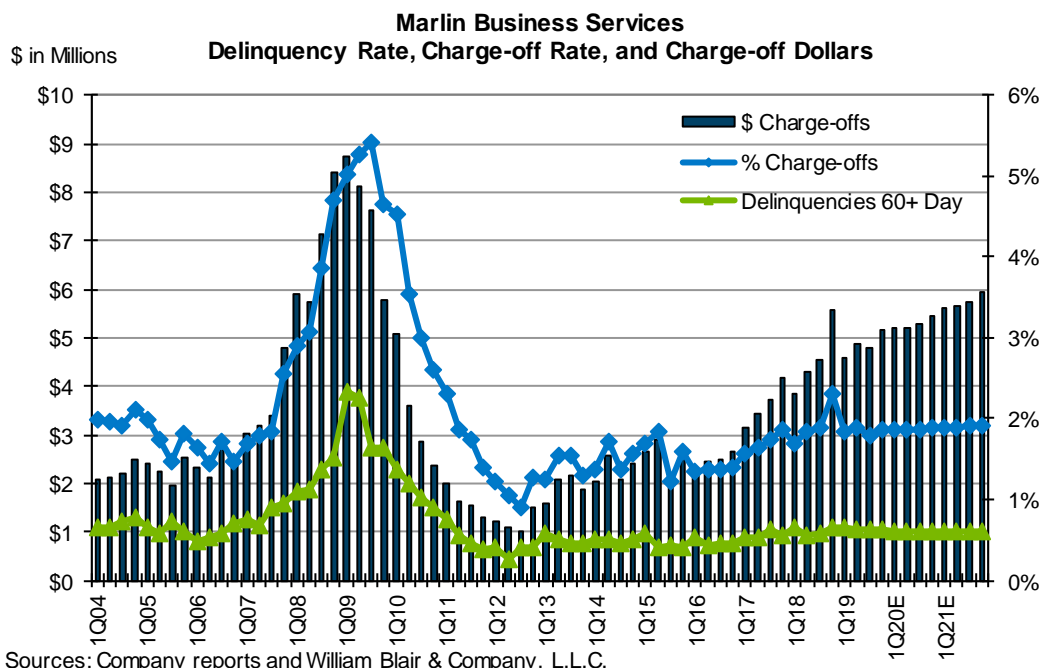


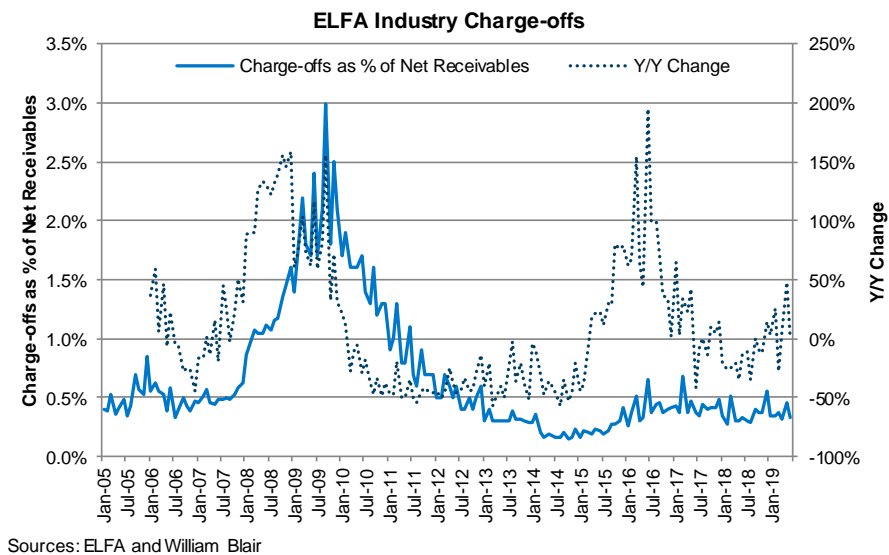
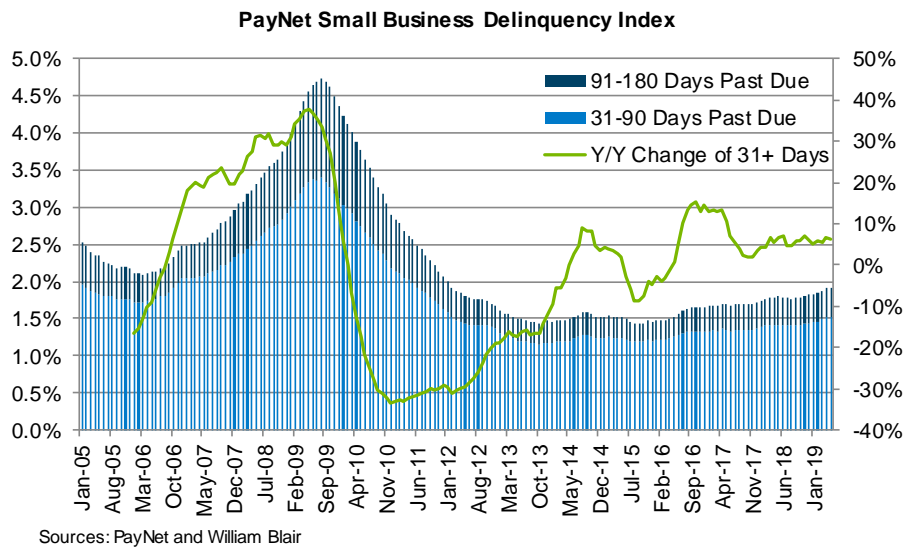
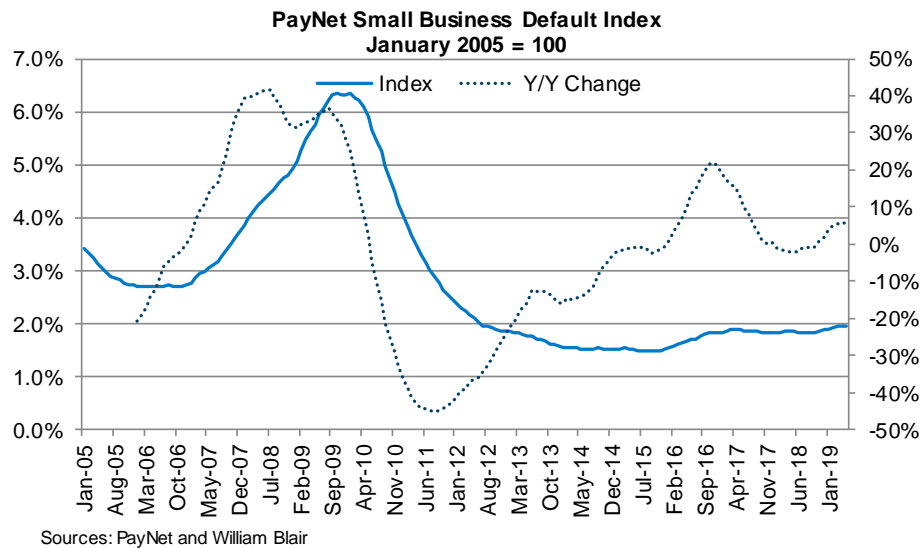


## Credit Quality, Provisions, and Reserves

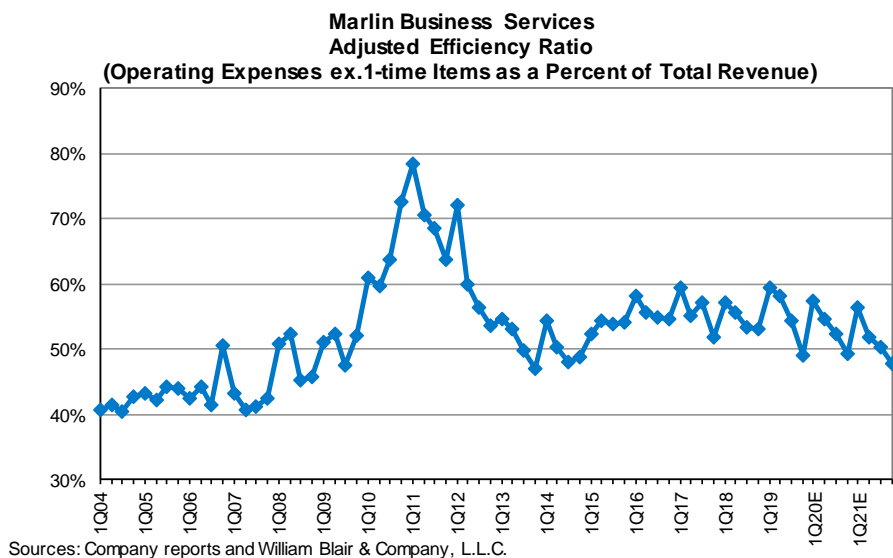
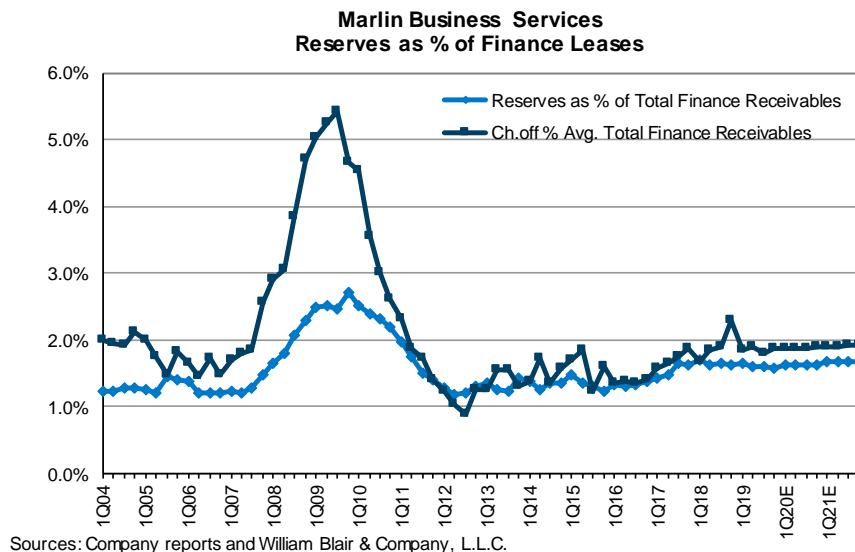
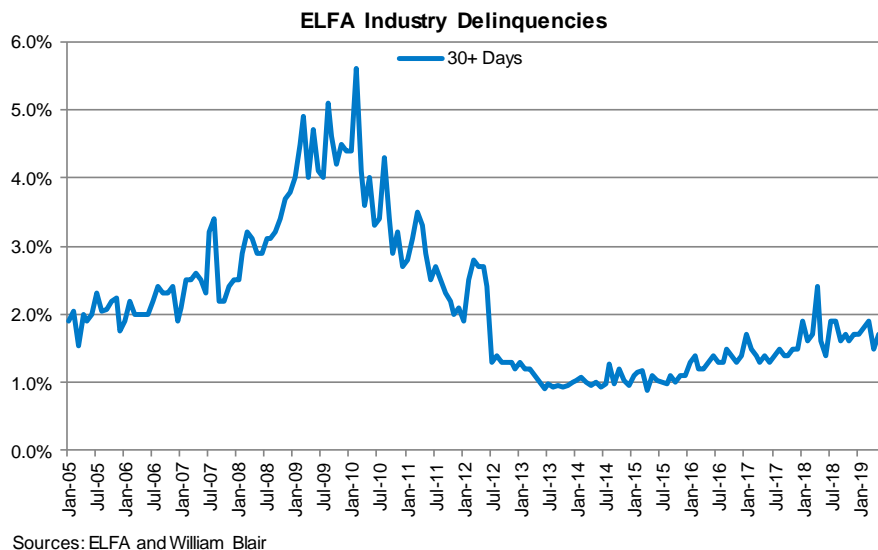
Marlin Business Services Credit Quality Analysis of Total Finance Receivables														
	3/31/2016	6/30/2016	9/30/2016	12/31/2016	3/31/2017	6/30/2017	9/30/2017	12/31/2017	3/31/2018	6/30/2018	9/30/2018	12/31/2018	3/31/2019	3/31/2019
Leases	\$ 693.5	\$ 718.6	\$ 743.9	\$ 777.6	\$ 806.3	\$ 837.5	\$ 861.1	\$ 887.3	\$ 900.8	\$ 933.3	\$ 937.9	\$ 965.4	\$ 981.7	\$ 1,012.5
Loans	\$ 8.6	\$ 12.1	\$ 15.5	\$ 19.1	\$ 22.5	\$ 25.2	\$ 25.3	\$ 27.1	\$ 29.9	\$ 29.8	\$ 32.5	\$ 35.4	\$ 41.5	\$ 49.8
Total Leases and Loans	\$ 702.1	\$ 730.8	\$ 759.4	\$ 796.7	\$ 828.8	\$ 862.7	\$ 886.4	\$ 914.4	\$ 930.6	\$ 963.1	\$ 970.4	\$ 1,000.7	\$ 1,023.2	\$ 1,062.3
30+ Day Delinquencies	\$ 6.7	\$ 5.9	\$ 6.8	\$ 7.2	\$ 8.2	\$ 9.0	\$ 11.4	\$ 10.6	\$ 11.0	\$ 10.4	\$ 11.3	\$ 12.3	\$ 12.8	\$ 12.6
60+ Day Delinquencies	\$ 4.1	\$ 3.5	\$ 3.9	\$ 4.1	\$ 4.7	\$ 5.1	\$ 6.2	\$ 5.6	\$ 6.7	\$ 6.0	\$ 6.2	\$ 7.3	\$ 7.6	\$ 7.7
90+ Day Delinquencies	\$ 2.4	\$ 1.8	\$ 2.0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Charge-offs - Leasing	\$ 2.2	\$ 2.3	\$ 2.5	\$ 2.5	\$ 2.8	\$ 3.1	\$ 3.5	\$ 3.9	\$ 3.6	\$ 3.9	\$ 4.2	\$ 5.1	\$ 3.9	\$ 4.3
Net Charge-offs - Loans	\$ 0.1	\$ 0.1	\$ 0.0	\$ 0.1	\$ 0.3	\$ 0.4	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.5	\$ 0.4	\$ 0.4	\$ 0.7	\$ 0.6
Net Charge-offs	\$ 2.3	\$ 2.4	\$ 2.5	\$ 2.7	\$ 3.1	\$ 3.4	\$ 3.7	\$ 4.2	\$ 3.8	\$ 4.3	\$ 4.5	\$ 5.6	\$ 4.6	\$ 4.9
30+ Day Delinquencies	0.95%	0.80%	0.89%	0.91%	0.99%	1.04%	1.28%	1.16%	1.18%	1.08%	1.16%	1.23%	1.26%	1.19%
60+ Day Delinquencies	0.59%	0.49%	0.51%	0.52%	0.57%	0.59%	0.69%	0.62%	0.72%	0.62%	0.64%	0.73%	0.75%	0.72%
90+ Day Delinquencies	0.33%	0.24%	0.27%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Net Charge-offs - Leasing	1.32%	1.34%	1.37%	1.35%	1.46%	1.51%	1.69%	1.82%	1.64%	1.70%	1.81%	2.19%	1.64%	1.75%
Net Charge-offs - Loans	4.39%	3.77%	1.11%	3.40%	5.50%	6.19%	3.05%	3.31%	3.10%	6.00%	4.42%	5.28%	6.72%	4.82%
Net Charge-offs	1.35%	1.38%	1.36%	1.40%	1.57%	1.65%	1.73%	1.87%	1.68%	1.84%	1.90%	2.30%	1.83%	1.88%
<b>Sequential Growth</b>														
Total Leases and Loans	2.9%	4.1%	3.9%	4.9%	4.0%	4.1%	2.8%	3.2%	1.8%	3.5%	0.8%	3.1%	2.2%	3.8%
30+ Day Delinquencies	19.2%	-12.7%	15.4%	7.0%	13.6%	9.4%	26.6%	-7.1%	4.1%	-5.1%	8.0%	9.1%	4.5%	-2.0%
60+ Day Delinquencies	30.1%	-13.8%	9.5%	6.5%	14.3%	8.0%	20.5%	-8.3%	19.3%	-10.8%	3.9%	16.8%	4.6%	0.8%
90+ Day Delinquencies	40.3%	-24.7%	14.2%											
Net Charge-offs - Leasing	-15.5%	5.0%	5.4%	2.6%	12.7%	7.8%	15.5%	11.5%	-8.3%	6.4%	8.9%	22.4%	-23.5%	9.8%
Net Charge-offs - Loans														
Net Charge-offs	-12.6%	5.7%	2.7%	7.1%	17.4%	9.8%	8.5%	11.6%	-7.8%	12.1%	5.5%	22.7%	-17.9%	6.1%
<b>Y/Y Growth</b>														
Total Leases and Loans	11.8%	14.0%	15.2%	16.7%	13.4%	13.6%	11.3%	10.3%	5.0%	5.3%	4.3%	3.9%	2.2%	3.8%
30+ Day Delinquencies	7.9%	15.8%	21.4%	28.6%	40.3%	33.0%	57.3%	28.7%	-3.3%	-1.2%	2.5%	17.8%	4.5%	-2.0%
60+ Day Delinquencies	1.4%	22.4%	21.9%	30.8%	33.3%	31.5%	48.8%	19.4%	9.4%	6.4%	-7.3%	21.4%	4.6%	0.8%
90+ Day Delinquencies	19.1%	23.6%	20.1%											
Net Charge-offs - Leasing	-16.1%	-19.1%	25.8%	-4.1%	21.8%	24.7%	40.3%	38.9%	2.3%	-2.4%	15.9%	33.3%	-23.5%	9.8%
Net Charge-offs - Loans														
Net Charge-offs	-13.2%	-15.7%	26.9%	1.6%	29.0%	38.0%	39.9%	33.0%	2.9%	3.3%	18.3%	29.5%	-17.9%	6.1%
<b>Total Finance Receivables by Bucket</b>														
Current	\$ 695.4	\$ 724.9	\$ 752.7	\$ 789.5	\$ 820.6	\$ 853.7	\$ 875.1	\$ 903.9	\$ 919.6	\$ 952.7	\$ 959.2	\$ 988.4	\$ 1,010.3	\$ 1,049.7
30-59 Day Delinquent	\$ 2.6	\$ 2.3	\$ 2.9	\$ 3.1	\$ 3.5	\$ 3.9	\$ 5.2	\$ 4.9	\$ 4.3	\$ 4.4	\$ 5.0	\$ 5.0	\$ 5.2	\$ 4.9
60-89 Day Delinquent	\$ 1.8	\$ 1.8	\$ 1.9	\$ 4.1	\$ 4.7	\$ 5.1	\$ 6.2	\$ 5.6	\$ 6.7	\$ 6.0	\$ 6.2	\$ 7.3	\$ 7.6	\$ 7.7
90+ Days Delinquent	\$ 2.4	\$ 1.8	\$ 2.0											
Net Charge-offs	\$ 2.3	\$ 2.4	\$ 2.5	\$ 2.7	\$ 3.1	\$ 3.4	\$ 3.7	\$ 4.2	\$ 3.8	\$ 4.3	\$ 4.5	\$ 5.6	\$ 4.6	\$ 4.9
<b>Roll Rates</b>														
30-59 Days as % of Prior Current	0.4%	0.3%	0.4%	0.4%	0.4%	0.5%	0.6%	0.6%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
60-89 Days as % of 30-59	71.8%	68.8%	80.9%	144.3%	153.1%	146.8%	159.1%	108.3%	136.9%	141.0%	140.9%	145.1%	152.4%	147.2%
90+ Days as % of 60-89	158.3%	100.5%	113.8%											
Net Charge-offs as % of Prior 90+	137.0%	103.3%	140.8%	132.0%										

Sources: Company reports and William Blair









## ROE

Marlin's ROE has the potential to increase several hundred basis points over the next few years if management's strategy pans out. We forecast a return on tangible equity of 14.9% in 2019, up from 14.0% in 2018 and 11.4% in 2017. We believe the ROTE has the potential to meaningfully improve over the next several years as the platform and strategy is just starting to scale, all under the condition that credit quality remains controlled. Our earnings forecasts translate into a 15.2% ROTE in 2020 and 15.4% in 2021. Management is targeting ROE in the mid- to upper teens over the long term. We believe we could be conservative on our ROE given management's efforts to reduce its capital ratios via expansion of its funding sources to include securitization funding.

## Dividend and Share Repurchases

Marlin declared a \$0.14-per-share quarterly dividend, which equates to a 2.4% yield; we believe Marlin may opportunistically repurchase shares. Marlin repurchased 0.07 million shares in the second quarter at an average price of \$23.44. The average share count was flat year-over-year in the second quarter but the ending share count was down about 1.2% year-over-year. We forecast modest repurchases going forward to keep the share count flat but would not be surprised by a larger repurchase. At quarter-end, the company had about \$3 million remaining on its repurchase authorization; however, the company's board of directors authorized an incremental \$10 million repurchases, bringing the total authorization remaining to about \$13 million. We believe the company is primarily focused on re-investing in its business but would not be surprised by small tuck-in acquisitions of brokers that Marlin knows well, similar to the Horizon Keystone and FFR acquisitions.

## Capital Ratios

Strong asset growth has meaningfully lowered Marlin's excess capital; the balance sheet is slightly underleveraged, in our view; asset growth is likely to be primary use of capital, though there could be modest opportunistic share repurchases and/or a portfolio or small acquisition, most likely of one of its broker partners. Marlin's tangible capital ratio of 14.9% is down from 16.8% from a year earlier due to the securitization. The bank's required regulatory level in the bank is still 15%, though we believe Marlin could get some relief in due time. We believe Marlin's leasing business is mostly self-funding given its scale.

**Key risks include** interest rate sensitivity, elevated charge-offs, increased competition, and a weak economic environment.

**Marlin Business Services, Inc.**  
(\$ in mil., Except Per Share)  
8/5/19 9:29 AM

*William Blair*

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Income Statement	2015	2016	2017	1Q18	2Q18	3Q18	4Q18	2018	1Q19	2Q19	3Q19E	4Q19E	2019E	1Q20E	2Q20E	3Q20E	4Q20E	2020E	2021E
<b>Revenue:</b>																			
Interest Income	\$ 66.7	\$ 74.7	\$ 87.5	\$ 23.3	\$ 24.0	\$ 24.8	\$ 24.9	\$ 97.0	\$ 25.9	\$ 27.1	\$ 28.1	\$ 29.1	\$ 110.2	\$ 29.7	\$ 29.7	\$ 29.9	\$ 30.7	\$ 120.1	\$ 128.4
Fee Income	15.3	15.5	14.9	4.0	3.9	3.9	4.1	15.8	4.0	3.5	4.0	4.3	15.8	4.5	4.2	4.5	4.8	18.0	19.3
Interest and Fee Income	82.0	90.3	102.3	27.2	27.8	28.8	29.0	112.9	29.9	30.6	32.1	33.4	126.0	34.2	33.9	34.5	35.5	138.1	147.7
Interest Expense	5.7	7.8	11.2	3.4	3.7	5.0	5.3	17.4	6.0	6.4	6.3	6.3	25.0	6.3	6.1	6.0	6.1	24.4	25.1
<b>Net Interest and Fee Income</b>	<b>\$ 76.3</b>	<b>\$ 82.5</b>	<b>\$ 91.1</b>	<b>\$ 23.8</b>	<b>\$ 24.1</b>	<b>\$ 23.8</b>	<b>\$ 23.7</b>	<b>\$ 95.5</b>	<b>\$ 24.0</b>	<b>\$ 24.2</b>	<b>\$ 25.8</b>	<b>\$ 27.1</b>	<b>\$ 101.0</b>	<b>\$ 27.9</b>	<b>\$ 27.8</b>	<b>\$ 28.4</b>	<b>\$ 29.5</b>	<b>\$ 113.6</b>	<b>\$ 122.6</b>
y/y growth	-0.6%	8.2%	10.5%	9.8%	6.3%	2.9%	0.4%	4.7%	0.5%	0.2%	8.2%	14.4%	5.8%	16.6%	14.9%	10.3%	8.8%	12.5%	7.9%
Insurance Premiums Written and Earned	5.9	6.4	7.2	1.9	2.0	2.0	2.1	8.1	2.1	2.2	2.2	2.3	8.8	2.4	2.5	2.5	2.6	10.0	10.8
Gain on Sale		0.5	2.9	1.7	0.9	2.2	3.5	8.4	3.6	3.3	3.7	5.8	16.5	2.5	1.9	2.8	4.1	11.3	12.1
Pass-through Lease Rev									5.6	-	-	-	5.6	5.8	-	-	-	5.8	6.0
Other Income	1.9	2.9	6.7	1.6	1.7	0.2	1.5	5.0	1.6	1.7	1.6	1.7	6.6	1.7	1.7	1.7	1.7	6.8	7.2
<b>Non-Interest Income</b>	<b>7.8</b>	<b>9.8</b>	<b>16.7</b>	<b>5.2</b>	<b>4.6</b>	<b>4.4</b>	<b>7.1</b>	<b>21.4</b>	<b>12.9</b>	<b>7.2</b>	<b>7.5</b>	<b>9.8</b>	<b>37.5</b>	<b>12.4</b>	<b>6.1</b>	<b>7.0</b>	<b>8.4</b>	<b>33.9</b>	<b>36.1</b>
<b>Total Revenue</b>	<b>\$ 84.1</b>	<b>\$ 92.2</b>	<b>\$ 107.9</b>	<b>\$ 29.1</b>	<b>\$ 28.8</b>	<b>\$ 28.3</b>	<b>\$ 30.8</b>	<b>\$ 116.9</b>	<b>\$ 36.9</b>	<b>\$ 31.4</b>	<b>\$ 33.3</b>	<b>\$ 36.9</b>	<b>\$ 138.5</b>	<b>\$ 40.4</b>	<b>\$ 33.9</b>	<b>\$ 35.4</b>	<b>\$ 37.8</b>	<b>\$ 147.5</b>	<b>\$ 158.7</b>
y/y growth	0.3%	9.7%	17.0%	14.1%	7.4%	5.7%	6.7%	8.4%	27.0%	9.1%	17.8%	19.7%	18.5%	9.4%	8.1%	6.3%	2.6%	6.5%	7.6%
<b>Provision for Credit Losses</b>	<b>10.0</b>	<b>12.4</b>	<b>18.4</b>	<b>4.6</b>	<b>4.3</b>	<b>4.9</b>	<b>5.8</b>	<b>19.5</b>	<b>5.4</b>	<b>4.8</b>	<b>5.1</b>	<b>5.8</b>	<b>21.1</b>	<b>5.6</b>	<b>5.3</b>	<b>5.6</b>	<b>6.1</b>	<b>22.6</b>	<b>25.0</b>
<b>Risk Adjusted Revenue, Net</b>	<b>74.1</b>	<b>79.8</b>	<b>89.5</b>	<b>24.5</b>	<b>24.5</b>	<b>23.4</b>	<b>25.0</b>	<b>97.4</b>	<b>31.5</b>	<b>26.6</b>	<b>28.2</b>	<b>31.1</b>	<b>117.4</b>	<b>34.8</b>	<b>28.7</b>	<b>29.8</b>	<b>31.7</b>	<b>125.0</b>	<b>133.7</b>
y/y growth	-0.8%	7.8%	12.1%	13.3%	9.1%	10.9%	2.8%	8.8%	29.0%	8.7%	20.6%	24.0%	20.6%	10.3%	7.6%	5.8%	2.1%	6.4%	6.9%
<b>Operating Expenses:</b>																			
Salaries and Benefits	31.2	31.9	37.0	10.0	9.5	10.3	9.9	39.8	11.5	12.5	12.0	12.0	47.9	12.5	12.2	12.3	12.3	49.3	51.1
SG&A	17.5	19.5	23.1	6.6	6.4	5.4	6.5	24.9	7.1	6.1	6.1	6.1	25.4	7.3	6.3	6.2	6.3	26.1	27.3
Pass-through Lease Exp.									6.2	0.0	0.0	0.1	6.4	6.4	0.1	0.1	0.1	6.8	7.0
One-time Items			5.7					-					-					-	-
<b>Total SG&amp;A</b>	<b>48.6</b>	<b>51.4</b>	<b>65.8</b>	<b>16.6</b>	<b>16.0</b>	<b>15.7</b>	<b>16.4</b>	<b>64.7</b>	<b>24.8</b>	<b>18.5</b>	<b>18.2</b>	<b>18.2</b>	<b>79.7</b>	<b>26.2</b>	<b>18.6</b>	<b>18.6</b>	<b>18.7</b>	<b>82.1</b>	<b>85.3</b>
Financing Related Costs	0.2	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenses</b>	<b>48.8</b>	<b>51.5</b>	<b>65.8</b>	<b>16.6</b>	<b>16.0</b>	<b>15.7</b>	<b>16.4</b>	<b>64.7</b>	<b>24.8</b>	<b>18.5</b>	<b>18.2</b>	<b>18.2</b>	<b>79.7</b>	<b>26.2</b>	<b>18.6</b>	<b>18.6</b>	<b>18.7</b>	<b>82.1</b>	<b>85.3</b>
y/y growth	12.5%	5.5%	27.8%	-15.2%	5.2%	0.2%	6.3%	-1.8%	49.5%	16.0%	15.5%	11.1%	23.2%	5.6%	0.2%	2.5%	3.0%	3.1%	3.9%
<b>Pretax Operating Income</b>	<b>25.2</b>	<b>28.3</b>	<b>23.6</b>	<b>7.9</b>	<b>8.5</b>	<b>7.6</b>	<b>8.7</b>	<b>32.7</b>	<b>6.7</b>	<b>8.1</b>	<b>10.0</b>	<b>12.9</b>	<b>37.7</b>	<b>8.6</b>	<b>10.1</b>	<b>11.2</b>	<b>13.0</b>	<b>42.8</b>	<b>48.3</b>
y/y growth	-19.3%	12.2%	-16.5%	287.7%	17.0%	42.5%	-3.2%	38.4%	-14.3%	-5.1%	31.1%	48.5%	15.4%	27.3%	24.7%	11.8%	0.8%	13.6%	12.8%
Pretax Margin	34%	35%	26%	32%	35%	33%	35%	34%	21%	30%	36%	42%	32%	25%	35%	38%	41%	34%	36%
<b>Income Taxes</b>	<b>9.3</b>	<b>11.0</b>	<b>(1.7)</b>	<b>1.7</b>	<b>2.1</b>	<b>1.7</b>	<b>2.3</b>	<b>7.7</b>	<b>1.6</b>	<b>2.0</b>	<b>2.5</b>	<b>3.2</b>	<b>9.2</b>	<b>2.1</b>	<b>2.5</b>	<b>2.7</b>	<b>3.2</b>	<b>10.5</b>	<b>11.8</b>
Tax Rate	36.7%	38.9%	-7.0%	21.4%	24.1%	22.6%	26.0%	23.6%	23.8%	24.4%	24.5%	24.5%	24.3%	24.5%	24.5%	24.5%	24.5%	24.5%	24.5%
<b>Net Operating Income</b>	<b>\$ 16.0</b>	<b>\$ 17.3</b>	<b>\$ 25.3</b>	<b>\$ 6.2</b>	<b>\$ 6.5</b>	<b>\$ 5.9</b>	<b>\$ 6.4</b>	<b>\$ 25.0</b>	<b>\$ 5.1</b>	<b>\$ 6.1</b>	<b>\$ 7.6</b>	<b>\$ 9.7</b>	<b>\$ 28.5</b>	<b>\$ 6.5</b>	<b>\$ 7.6</b>	<b>\$ 8.4</b>	<b>\$ 9.8</b>	<b>\$ 32.3</b>	<b>\$ 36.5</b>
Y/Y Growth	-17.5%	8.2%	48.4%	301.6%	42.0%	78.7%	-59.6%	-1.2%	-16.9%	-5.4%	27.9%	51.5%	14.3%	26.1%	24.5%	11.8%	0.8%	13.3%	12.8%
<b>GAAP Earnings per Share</b>	<b>\$ 1.29</b>	<b>\$ 1.42</b>	<b>\$ 2.06</b>	<b>\$ 0.51</b>	<b>\$ 0.53</b>	<b>\$ 0.48</b>	<b>\$ 0.52</b>	<b>\$ 2.04</b>	<b>\$ 0.42</b>	<b>\$ 0.50</b>	<b>\$ 0.62</b>	<b>\$ 0.79</b>	<b>\$ 2.33</b>	<b>\$ 0.53</b>	<b>\$ 0.62</b>	<b>\$ 0.69</b>	<b>\$ 0.81</b>	<b>\$ 2.66</b>	<b>\$ 3.03</b>
Y/Y Growth	-16.2%	10.3%	45.2%	300.9%	41.8%	78.1%	-59.8%	-1.4%	-16.9%	-5.4%	28.2%	52.1%	14.4%	26.4%	25.3%	12.8%	1.7%	14.1%	13.9%
Non-recurring items, net of tax	2.2	-	(6.4)			0.5		0.5	(0.2)	0.2			0.1					-	-
<b>Pro Forma Net Operating Income</b>	<b>\$ 18.2</b>	<b>\$ 17.3</b>	<b>\$ 18.9</b>	<b>\$ 6.2</b>	<b>\$ 6.5</b>	<b>\$ 6.4</b>	<b>\$ 6.4</b>	<b>\$ 25.4</b>	<b>\$ 5.0</b>	<b>\$ 6.3</b>	<b>\$ 7.6</b>	<b>\$ 9.7</b>	<b>\$ 28.6</b>	<b>\$ 6.5</b>	<b>\$ 7.6</b>	<b>\$ 8.4</b>	<b>\$ 9.8</b>	<b>\$ 32.3</b>	<b>\$ 36.5</b>
<b>Diluted Pro Forma EPS</b>	<b>\$ 1.47</b>	<b>\$ 1.42</b>	<b>\$ 1.54</b>	<b>\$ 0.51</b>	<b>\$ 0.53</b>	<b>\$ 0.52</b>	<b>\$ 0.52</b>	<b>\$ 2.07</b>	<b>\$ 0.41</b>	<b>\$ 0.52</b>	<b>\$ 0.62</b>	<b>\$ 0.79</b>	<b>\$ 2.33</b>	<b>\$ 0.53</b>	<b>\$ 0.62</b>	<b>\$ 0.69</b>	<b>\$ 0.81</b>	<b>\$ 2.66</b>	<b>\$ 3.03</b>
Y/Y Growth	-4.6%	-3.1%	8.3%	45.0%	34.4%	63.6%	8.0%	34.6%	-19.5%	-1.8%	18.7%	52.1%	12.6%	30.5%	20.7%	12.8%	1.7%	13.8%	13.9%
N.I. Adjustment for Non-vested Shares	(0.5)	(0.5)	(0.6)	(0.1)	(0.1)	(0.1)	(0.1)	(0.4)	(0.1)	(0.1)	(0.1)	(0.1)	(0.3)	(0.1)	(0.1)	(0.1)	(0.1)	(0.3)	(0.3)
<b>Adjusted Net Income for Non-vested Sh</b>	<b>17.7</b>	<b>16.8</b>	<b>18.3</b>	<b>6.1</b>	<b>6.4</b>	<b>6.3</b>	<b>6.3</b>	<b>25.0</b>	<b>4.9</b>	<b>6.3</b>	<b>7.5</b>	<b>9.7</b>	<b>28.3</b>	<b>6.4</b>	<b>7.5</b>	<b>8.4</b>	<b>9.7</b>	<b>32.1</b>	<b>36.2</b>
Y/Y Growth	-5.7%	-5.4%	9.0%	44.0%	35.3%	65.0%	13.7%	36.9%	-19.1%	-1.2%	19.2%	52.8%	13.2%	30.6%	20.2%	11.9%	0.8%	13.2%	12.9%
<b>EPS - Adjusted for Non-vested Share</b>	<b>\$ 1.43</b>	<b>\$ 1.38</b>	<b>\$ 1.49</b>	<b>\$ 0.50</b>	<b>\$ 0.52</b>	<b>\$ 0.51</b>	<b>\$ 0.51</b>	<b>\$ 2.04</b>	<b>\$ 0.40</b>	<b>\$ 0.51</b>	<b>\$ 0.61</b>	<b>\$ 0.79</b>	<b>\$ 2.31</b>	<b>\$ 0.52</b>	<b>\$ 0.62</b>	<b>\$ 0.69</b>	<b>\$ 0.80</b>	<b>\$ 2.63</b>	<b>\$ 3.00</b>
Y/Y Growth	-4.3%	-3.6%	8.2%	43.7%	35.1%	64.5%	13.2%	36.5%	-19.1%	-1.2%	19.4%	53.3%	13.3%	30.9%	21.0%	12.9%	1.7%	14.0%	14.0%
<b>Fully Diluted Shares</b>	<b>12.38</b>	<b>12.15</b>	<b>12.25</b>	<b>12.25</b>	<b>12.27</b>	<b>12.30</b>	<b>12.29</b>	<b>12.67</b>	<b>12.25</b>	<b>12.27</b>	<b>12.27</b>	<b>12.24</b>	<b>12.26</b>	<b>12.22</b>	<b>12.19</b>	<b>12.16</b>	<b>12.13</b>	<b>12.17</b>	<b>12.05</b>
Y/Y Growth	-1.5%	-1.9%	0.8%	0.2%	0.2%	0.3%	0.5%	0.2%	0.1%	0.0%	-0.2%	-0.3%	-0.1%	-0.3%	-0.6%	-0.9%	-0.9%	-0.7%	-1.0%
FD Shares ex non-vested shares	12.4	12.2	12.2	12.2	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.2	12.3	12.2	12.2	12.2	12.1	12.2	12.1
Dividend per Share	\$ 2.53	\$ 0.56	\$ 0.56	\$ 0.14	\$ 0.14	\$ 0.14	\$ 0.14	\$ 0.56	\$ 0.14	\$ 0.14	\$ 0.14	\$ 0.14	\$ 0.56	\$ 0.14	\$ 0.14	\$ 0.14	\$ 0.14	\$ 0.56	\$ 0.56
Dividends Paid	\$30.82	\$6.80	\$6.85	\$1.71	\$1.72	\$1.72	\$1.72	\$6.87	\$1.72	\$1.72	\$1.72	\$1.71	\$6.86	\$1.71	\$1.71	\$1.70	\$1.70	\$6.82	\$6.75
Dividend Payout Ratio	172.4%	39.4%		27.7%	26.6%	27.0%	26.8%	27.0%	34.5%	27.1%	22.7%	17.6%	24.0%	26.4%	22.4%	20.2%	17.3%	21.1%	18.5%

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# Marlin Business Services, Inc. - Key Statistics

(\$ Millions, Except Per Share)

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	2015	2016	2017	1Q18	2Q18	3Q18	4Q18	2018	1Q19	2Q19	3Q19E	4Q19E	2019E	1Q20E	2Q20E	3Q20E	4Q20E	2020E	2021E
<b>Return Stats:</b>																			
Pretax Income / Avg. Loans	3.96%	3.93%	2.78%	3.44%	3.64%	3.19%	3.58%	3.46%	2.70%	3.14%	3.75%	4.69%	3.58%	3.06%	3.60%	3.96%	4.48%	3.77%	3.99%
Net Income / Avg. Loans	2.85%	2.40%	2.22%	2.71%	2.76%	2.66%	2.65%	2.69%	1.99%	2.46%	2.83%	3.54%	2.71%	2.31%	2.72%	2.99%	3.38%	2.85%	3.02%
Pretax Income	\$ 25.2	\$ 28.3	\$ 23.6	\$ 7.9	\$ 8.5	\$ 7.6	\$ 8.7	\$ 32.7	\$ 6.7	\$ 8.1	\$ 10.0	\$ 12.9	\$ 37.7	\$ 8.6	\$ 10.1	\$ 11.2	\$ 13.0	\$ 42.8	\$ 48.3
Proforma Net Income	\$ 16.0	\$ 17.3	\$ 25.3	\$ 6.2	\$ 6.5	\$ 5.9	\$ 6.4	\$ 25.0	\$ 5.1	\$ 6.1	\$ 7.6	\$ 9.7	\$ 28.5	\$ 6.5	\$ 7.6	\$ 8.4	\$ 9.8	\$ 32.3	\$ 36.5
EPS	\$1.47	\$1.42	\$1.54	\$0.51	\$0.53	\$0.52	\$0.52	\$2.07	\$0.41	\$0.52	\$0.62	\$0.79	\$2.33	\$0.53	\$0.62	\$0.69	\$0.81	\$2.66	\$3.03
Pretax ROE	15.3%	18.2%	14.2%	17.3%	18.3%	15.9%	17.7%	17.3%	13.5%	15.9%	19.2%	24.1%	18.2%	15.6%	18.0%	19.5%	22.0%	18.8%	19.2%
Return on Equity	11.0%	11.1%	11.3%	13.6%	13.8%	13.3%	13.1%	13.5%	10.0%	12.5%	14.5%	18.2%	13.8%	11.8%	13.6%	14.7%	16.6%	14.2%	14.5%
Return on Tangible Equity	11.0%	11.1%	11.4%	13.8%	14.0%	14.0%	14.2%	14.0%	10.8%	13.4%	15.6%	19.5%	14.9%	12.6%	14.5%	15.7%	17.7%	15.2%	15.4%
<b>Book Value and Leverage:</b>																			
Book Value/Share	\$12.38	\$13.33	\$14.69	\$15.02	\$15.46	\$15.74	\$16.16	\$16.16	\$16.46	\$16.76	\$17.15	\$17.79	\$17.79	\$18.13	\$18.59	\$19.11	\$19.74	\$19.74	\$22.08
Tangible Book Value / Share	\$12.38	\$13.33	\$14.50	\$14.84	\$15.28	\$14.48	\$14.91	\$14.91	\$15.24	\$15.56	\$15.97	\$16.60	\$16.60	\$16.96	\$17.42	\$17.94	\$18.58	\$18.58	\$20.94
Debt/Equity	3.9	4.3	4.5	4.5	4.6	4.5	4.6	4.6	4.8	4.9	4.7	4.8	4.8	4.6	4.5	4.5	4.5	4.5	4.3
Debt/Tang. Equity	3.9	4.3	4.6	4.6	4.6	4.9	4.9	4.9	5.2	5.2	5.1	5.1	5.1	4.9	4.9	4.7	4.8	4.8	4.6
Tangible Equity/Tang. Mgd. Assets	19.4%	18.2%	17.1%	17.0%	16.8%	15.8%	15.7%	15.7%	15.0%	14.9%	15.3%	15.2%	15.2%	15.7%	15.9%	16.2%	16.2%	16.2%	16.8%
Leverage Adjusted for BS Cash	3.51	3.92	4.13	4.07	4.03	4.01	4.00	4.00	4.04	4.14	4.10	4.15	4.15	4.03	3.93	3.89	3.91	3.91	3.76
<b>Lease Assets:</b>																			
Net Total Finance Receivables	\$ 682.4	\$ 796.7	\$ 914.4	\$ 930.6	\$ 963.1	\$ 970.4	\$ 1,000.7	\$ 1,000.7	\$ 1,023.2	\$ 1,062.3	\$ 1,080.3	\$ 1,129.2	\$ 1,129.2	\$ 1,123.0	\$ 1,125.1	\$ 1,143.5	\$ 1,185.5	\$ 1,185.5	\$ 1,273.1
Seq. Pd. Growth	8.4%	16.7%	14.8%	1.8%	3.5%	0.8%	3.1%	9.4%	2.2%	3.8%	1.7%	4.5%	12.8%	-0.6%	0.2%	1.6%	3.7%	5.0%	7.4%
Y/Y Growth Fin. Recv.	8.4%	16.7%	14.8%	12.3%	11.6%	9.5%	9.4%	9.4%	9.9%	10.3%	11.3%	12.8%	12.8%	9.8%	5.9%	5.9%	5.0%	5.0%	7.4%
Avg. Total Finance Receivables	\$ 636.8	\$ 720.1	\$ 849.1	\$ 913.8	\$ 936.0	\$ 957.8	\$ 970.8	\$ 944.6	\$ 999.4	\$ 1,031.8	\$ 1,066.7	\$ 1,100.0	\$ 1,054.7	\$ 1,121.6	\$ 1,119.8	\$ 1,130.0	\$ 1,160.1	\$ 1,136.9	\$ 1,209.6
Seq. Pd. Growth	5.8%	13.1%	17.9%	7.6%	2.4%	2.3%	1.4%	11.2%	5.8%	3.2%	3.4%	3.1%	11.7%	6.3%	-0.2%	0.9%	2.7%	7.8%	6.4%
Y/Y Growth	5.8%	13.1%	17.9%	14.7%	12.0%	11.0%	8.9%	11.2%	9.4%	10.2%	11.4%	13.3%	11.7%	12.2%	8.5%	5.9%	5.5%	7.8%	6.4%
Lease Originations	374.4	450.4	503.8	118.7	138.5	112.5	122.0	491.7	117.0	124.2	106.8	111.1	459.0	112.2	123.4	122.2	128.3	486.0	537.0
Capital Loan Originations	6.7	35.8	58.9	18.1	16.8	19.6	19.8	74.2	23.6	27.5	30.0	32.0	113.1	28.3	31.6	34.5	36.8	131.2	152.4
Syndication Volume	3.6	18.1	66.7	23.0	16.9	41.0	58.1	139.0	52.9	57.6	62.0	95.0	267.5	45.0	35.0	50.0	75.0	205.0	219.4
Total Owned Originations	\$ 384.7	\$ 504.3	\$ 629.4	\$ 159.7	\$ 172.2	\$ 173.1	\$ 199.9	\$ 704.9	\$ 193.4	\$ 209.3	\$ 198.8	\$ 238.1	\$ 839.6	\$ 185.5	\$ 190.0	\$ 206.7	\$ 240.1	\$ 822.3	\$ 908.7
Seq. Pd. Growth	14.9%	31.1%	24.8%	-11.3%	7.8%	0.5%	15.5%	12.0%	-3.2%	8.2%	-5.0%	19.8%	19.1%	-22.1%	2.4%	8.8%	16.2%	-2.1%	10.5%
Y/Y Growth	14.9%	31.1%	24.8%	9.0%	10.8%	17.4%	11.0%	12.0%	21.1%	21.6%	14.9%	19.1%	19.1%	-4.1%	-9.2%	4.0%	0.8%	-2.1%	10.5%
Originations for Sale	-	-	-	-	1.8	3.9	11.9	17.6	11.3	18.0	20.0	22.0	71.3	13.0	20.7	23.0	25.3	82.0	94.3
Referral Volume	-	17.7	54.1	4.2	5.6	2.5	4.5	16.8	3.6	4.1	5.0	6.0	18.8	8.0	8.0	8.0	8.0	32.0	38.0
Total Sourced Originations	\$ 384.7	\$ 504.3	\$ 629.4	\$ 163.9	\$ 179.6	\$ 179.5	\$ 216.3	\$ 739.3	\$ 208.4	\$ 231.5	\$ 223.8	\$ 266.1	\$ 929.7	\$ 206.5	\$ 218.7	\$ 237.7	\$ 273.4	\$ 936.3	\$ 1,041.0
Y/Y Growth	14.9%	35.7%	30.9%	-2.9%	7.1%	11.9%	15.9%	8.2%	27.1%	28.9%	24.7%	23.0%	25.8%	-0.9%	-5.5%	6.2%	2.7%	0.7%	11.2%
<b>Net Interest Spread/Margin:</b>																			
Interest and Fee Income/Avg. Net Invest.	12.87%	12.53%	12.05%	11.92%	11.90%	12.01%	11.96%	11.95%	11.98%	11.86%	12.04%	12.13%	11.94%	12.20%	12.10%	12.20%	12.25%	12.15%	12.21%
Int. Exp. / Avg. lease assets	0.89%	1.08%	1.32%	1.49%	1.59%	2.07%	2.20%	1.84%	2.39%	2.48%	2.38%	2.28%	2.37%	2.23%	2.17%	2.14%	2.09%	2.15%	2.07%
Net Int./Fee Spread	11.86%	11.33%	10.59%	10.27%	10.15%	9.73%	9.56%	9.92%	9.43%	9.25%	9.49%	9.66%	9.40%	9.78%	9.73%	9.86%	9.95%	9.80%	9.92%
Net Int./Fee Margin	11.98%	11.45%	10.73%	10.44%	10.31%	9.94%	9.75%	10.11%	9.59%	9.37%	9.66%	9.85%	9.58%	9.97%	9.93%	10.06%	10.16%	9.99%	10.14%
Implicit yield on all new business	11.13%	11.66%	11.95%	12.44%	12.24%	12.77%	12.36%	12.45%	12.76%	12.95%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Credit Quality:</b>																			
Ch. Off % Leases	1.59%	1.35%	1.63%	1.64%	1.70%	1.81%	2.19%	1.84%	1.64%	1.75%	1.65%	1.72%	1.68%	1.70%	1.70%	1.70%	1.70%	1.69%	1.71%
Ch. Off % Loans	0.31%	2.97%	4.04%	3.10%	6.00%	4.42%	5.28%	4.73%	6.72%	4.82%	5.00%	5.00%	5.49%	5.15%	5.15%	5.15%	5.15%	5.11%	5.11%
Ch.off % Avg. Net Invstmnt (Rptd)	1.59%	1.37%	1.71%	1.68%	1.84%	1.90%	2.30%	1.93%	1.83%	1.88%	1.80%	1.87%	1.84%	1.86%	1.86%	1.87%	1.88%	1.86%	1.90%
12 Month Lagged Charge Off's	1.71%	1.53%	2.07%	1.82%	1.84%	1.94%	2.30%	2.30%	1.72%	1.84%	1.76%	1.86%	1.86%	1.82%	1.76%	1.71%	1.70%	1.70%	1.74%
60+ Percent Delinquent - MLP	0.41%	0.47%	0.56%	0.66%	0.56%	0.57%	0.65%	0.65%	0.66%	0.64%	0.64%	0.64%	0.64%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%
Reserves % Invest. In DFL	1.24%	1.38%	1.63%	1.68%	1.62%	1.65%	1.62%	1.58%	1.66%	1.59%	1.59%	1.58%	1.58%	1.62%	1.62%	1.62%	1.62%	1.62%	1.67%
Reserves % 60+ Delinqu.	266%	264%	263%	232%	259%	255%	221%	221%	221%	218%	259%	258%	258%	282%	283%	283%	284%	284%	294%
NPA's (90+)	0.25%																		
<b>Efficiency Statistics</b>																			
Op. Exp / Risk Adj. Revenue	65.9%	64.5%	73.6%	67.8%	65.2%	67.3%	65.3%	66.4%	78.6%	69.6%	64.5%	58.5%	67.9%	75.3%	64.8%	62.5%	59.0%	65.7%	63.9%
Op. Exp. / Avg. Loans	7.7%	7.2%	7.8%	7.3%	6.8%	6.6%	6.7%	6.8%	9.9%	7.2%	6.8%	6.6%	7.6%	9.3%	6.6%	6.6%	6.5%	7.2%	7.1%
Adj. Efficiency Ratio (Op.Exp. ex 1-1m)	53.6%	55.8%	55.8%	57.1%	55.6%	53.5%	53.1%	54.8%	59.4%	58.0%	54.5%	49.0%	55.0%	57.3%	54.5%	52.3%	49.2%	53.2%	51.4%
Adj. Efficiency Ratio (Op.Exp. ex 1-1m)	53.6%	56.1%	57.3%	60.6%	57.4%	58.1%	59.9%	59.0%	67.2%	64.9%	61.3%	58.1%	62.7%	61.7%	57.8%	56.7%	55.2%	57.8%	55.8%
<b>Employees and Sales Productivity</b>																			
Total employees	314	318	330	326	320	339	341	341	352	356	-	-	-	-	-	-	-	-	-
Avg. Monthly Orig. Sources	1,093	1,116	1,198	1,190	1,240	1,174	1,140	1,186	1,074	1,149	-	-	-	-	-	-	-	-	-
Approval Rate	63%	58%	56%	56%	56%	57%	59%	57%	58%	56%	-	-	-	-	-	-	-	-	-
Originations /sources (000's)	\$ 348.1	\$ 456.6	\$ 544.0	\$ 134.2	\$ 138.9	\$ 147.4	\$ 175.4	\$ 591.4	\$ 180.1	\$ 182.2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Avg. Lease Size	\$ 15,290	\$ 18,935	\$ 20,515	\$ 15,284	\$ 16,812	\$ 14,799	\$ 15,493	\$ 22,393	\$ 15,664	\$ 16,237	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Seq. Change	10.63%	23.84%	8.34%	0.03%	10.00%	-11.97%	4.69%	9.15%	1.10%	3.66%	-	-	-	-	-	-	-	-	-
y/y change	10.6%	23.8%	8.3%	-11.4%	1.0%	-11.1%	1.4%	9.2%	2.5%	-3.4%	-	-	-	-	-	-	-	-	-

**Marlin Business Services, Inc. - Balance Sheet**

(\$ Millions, Except Per Share)  
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	2015	2016	2017	1Q18	2Q18	3Q18	4Q18	2018	1Q19	2Q19	3Q19E	4Q19E	2019E	1Q20E	2Q20E	3Q20E	4Q20E	2020E	2021E
<b>Assets</b>																			
Cash and due from Banks	\$ 4.9	\$ 4.1	\$ 3.5	\$ 4.4	\$ 4.4	\$ 5.4	\$ 5.1	\$ 5.1	\$ 4.7	\$ 5.2									
Interest -earning deposits with banks	55.2	57.7	63.6	80.5	94.8	83.0	92.1	92.1	136.2	134.6									
Cash and Equivalents	\$ 60.1	\$ 61.8	\$ 67.1	\$ 84.9	\$ 99.2	\$ 88.4	\$ 97.2	\$ 97.2	\$ 141.0	\$ 139.7	\$ 118.5	\$ 133.0	\$ 133.0	\$ 122.8	\$ 130.7	\$ 123.4	\$ 129.9	\$ 129.9	\$ 144.9
Time Deposits with Banks	7.4	9.6	8.1	7.7	8.4	9.4	9.7	9.7	11.2	12.7	12.7	12.7	12.7	12.7	12.7	12.7	12.7	12.7	12.7
Restricted Cash	0.2	-	-	-	-	10.0	14.0	14.0	13.2	8.2	8.2	8.2	8.2	8.2	8.2	8.2	8.2	8.2	8.2
Securities Available for Sale	6.4	5.9	11.5	10.9	10.8	11.0	11.0	11.0	10.7	10.6	10.6	10.6	10.6	10.6	10.6	10.6	10.6	10.6	10.6
Due from Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment in DFLeases and Loans	679.7	793.3	911.2	927.8	959.5	966.7	996.4	996.4	1,019.3	1,057.7	1,075.7	1,124.4	1,124.4	1,118.8	1,120.8	1,139.2	1,181.1	1,181.1	1,268.9
Initial Direct Costs (IDC)	11.1	14.4	18.0	18.5	19.2	19.7	20.5	20.5	20.8	21.3	21.7	22.6	22.6	22.4	22.4	22.8	23.6	23.6	25.4
IDC % Invest. in DFLs and Loans	1.6%	1.8%	2.0%	2.0%	2.0%	2.0%	2.1%	2.1%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Allowance For Lease Losses	(8.4)	(10.9)	(14.9)	(15.6)	(15.6)	(15.9)	(16.1)	(16.1)	(16.9)	(16.8)	(17.1)	(17.8)	(17.8)	(18.1)	(18.2)	(18.5)	(19.1)	(19.1)	(21.2)
Allow. % Investment in Leases and Loans	1.24%	1.38%	1.63%	1.68%	1.62%	1.65%	1.62%	1.62%	1.66%	1.59%	1.59%	1.58%	1.58%	1.62%	1.62%	1.62%	1.62%	1.62%	1.67%
<b>Net Total Finance Receivables</b>	<b>682.4</b>	<b>796.7</b>	<b>914.4</b>	<b>930.6</b>	<b>963.1</b>	<b>970.4</b>	<b>1,000.7</b>	<b>1,000.7</b>	<b>1,023.2</b>	<b>1,062.3</b>	<b>1,080.3</b>	<b>1,129.2</b>	<b>1,129.2</b>	<b>1,123.0</b>	<b>1,125.1</b>	<b>1,143.5</b>	<b>1,185.5</b>	<b>1,185.5</b>	<b>1,273.1</b>
Intangible Assets			1.1	1.1	1.0	8.1	7.9	7.9	8.1	7.9	7.8	7.7	7.7	7.6	7.5	7.4	7.3	7.3	6.9
Goodwill			1.2	1.2	1.2	7.4	7.4	7.4	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7
Operating lease right-of-use assets									6.0	8.6	8.6	8.6	8.6	8.6	8.6	8.6	8.6	8.6	8.6
Premises and equipment	3.9	3.5	4.2	4.0	3.9	3.9	4.3	4.3	4.0	4.0	4.2	4.3	4.3	4.5	4.7	4.8	5.0	5.0	5.8
Other assets	12.6	14.7	32.5	30.8	25.7	18.0	14.9	14.9	22.6	19.2	19.2	19.2	19.2	19.2	19.2	19.2	19.2	19.2	19.2
<b>Total Assets</b>	<b>\$ 773.0</b>	<b>\$ 892.2</b>	<b>\$ 1,040.2</b>	<b>\$ 1,071.2</b>	<b>\$ 1,113.3</b>	<b>\$ 1,126.7</b>	<b>\$ 1,167.0</b>	<b>\$ 1,167.0</b>	<b>\$ 1,246.7</b>	<b>\$ 1,280.0</b>	<b>\$ 1,276.8</b>	<b>\$ 1,340.3</b>	<b>\$ 1,340.3</b>	<b>\$ 1,324.0</b>	<b>\$ 1,334.0</b>	<b>\$ 1,345.2</b>	<b>\$ 1,393.8</b>	<b>\$ 1,393.8</b>	<b>\$ 1,496.7</b>
<b>Liab. And Equity:</b>																			
Revolving bank facility	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bank deposits	587.9	697.4	809.3	833.1	863.6	700.1	755.8	755.8	840.2	888.6	900.0	975.0	975.0	975.0	1,000.0	1,025.0	1,075.0	1,075.0	1,150.0
CP warehouse facility	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Term Note Securitization	-	-	-	-	-	174.5	150.1	150.1	129.2	109.6	89.6	69.6	69.6	49.6	29.6	9.6	-	-	-
<b>Total Debt &amp; Deposits</b>	<b>\$ 587.9</b>	<b>\$ 697.4</b>	<b>\$ 809.3</b>	<b>\$ 833.1</b>	<b>\$ 863.6</b>	<b>\$ 874.6</b>	<b>\$ 905.8</b>	<b>\$ 905.8</b>	<b>\$ 969.3</b>	<b>\$ 998.2</b>	<b>\$ 989.6</b>	<b>\$ 1,044.6</b>	<b>\$ 1,044.6</b>	<b>\$ 1,024.6</b>	<b>\$ 1,029.6</b>	<b>\$ 1,034.6</b>	<b>\$ 1,075.0</b>	<b>\$ 1,075.0</b>	<b>\$ 1,150.0</b>
Fair Value of cash flow hedge derivative	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sales & Prop. Taxes Payable/Other	2.7	2.6	3.0	7.8	7.6	6.2	3.8	3.8	8.6	7.8	7.8	7.8	7.8	7.8	7.8	7.8	7.8	7.8	7.8
Accrued Expenses	15.4	14.8	31.5	27.8	31.9	34.6	36.4	36.4	34.1	32.6	32.6	32.6	32.6	32.6	32.6	32.6	32.6	32.6	32.6
Operating Lease Liabilities	-	-	-	-	-	-	-	-	9.1	9.1	9.1	9.1	9.1	9.1	9.1	9.1	9.1	9.1	9.1
Deferred Income Tax Liability	16.8	15.1	16.7	18.6	20.6	17.7	22.6	22.6	23.9	26.7	27.2	28.4	28.4	28.3	28.3	28.8	29.8	29.8	32.1
Warrants to Purchase Common St.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accrued Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>622.8</b>	<b>729.9</b>	<b>860.5</b>	<b>887.3</b>	<b>923.7</b>	<b>933.2</b>	<b>968.5</b>	<b>968.5</b>	<b>1,045.1</b>	<b>1,074.4</b>	<b>1,066.3</b>	<b>1,122.6</b>	<b>1,122.6</b>	<b>1,102.4</b>	<b>1,107.5</b>	<b>1,112.9</b>	<b>1,154.3</b>	<b>1,154.3</b>	<b>1,231.6</b>
Redeem. Convertible Pref.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Stockholders Equity:</b>																			
Class A Common Stock	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Class B Common Stock	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Additional Paid in Capital	81.7	83.5	82.6	82.5	83.5	83.3	83.5	83.5	83.2	82.7	82.7	82.7	82.7	82.7	82.7	82.7	82.7	82.7	82.7
Stock Subscription	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Deferred Comp.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Comprehensive Income	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.0)	(0.0)	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Retained Earnings	68.4	78.8	97.0	101.4	106.1	110.3	114.9	114.9	118.3	122.7	128.5	136.5	136.5	141.3	147.2	153.9	162.0	162.0	191.8
Stockholder Equity Before Treasury	150.1	162.3	179.6	183.9	189.6	193.5	198.5	198.5	201.7	205.6	211.4	219.4	219.4	224.2	230.1	236.8	244.9	244.9	274.7
Treasury Stock	-	-	-	-	-	-	-	-	-	-	0.9	1.6	1.6	2.6	3.5	4.5	5.5	5.5	9.5
<b>Total Stockholders Equity</b>	<b>\$ 150.1</b>	<b>\$ 162.3</b>	<b>\$ 179.6</b>	<b>\$ 183.9</b>	<b>\$ 189.6</b>	<b>\$ 193.5</b>	<b>\$ 198.5</b>	<b>\$ 198.5</b>	<b>\$ 201.7</b>	<b>\$ 205.6</b>	<b>\$ 210.5</b>	<b>\$ 217.8</b>	<b>\$ 217.8</b>	<b>\$ 221.6</b>	<b>\$ 226.5</b>	<b>\$ 232.3</b>	<b>\$ 239.4</b>	<b>\$ 239.4</b>	<b>\$ 265.1</b>
<b>Total Liabilities &amp; Equity</b>	<b>\$ 773.0</b>	<b>\$ 892.2</b>	<b>\$ 1,040.2</b>	<b>\$ 1,071.2</b>	<b>\$ 1,113.3</b>	<b>\$ 1,126.7</b>	<b>\$ 1,167.0</b>	<b>\$ 1,167.0</b>	<b>\$ 1,246.7</b>	<b>\$ 1,280.0</b>	<b>\$ 1,276.8</b>	<b>\$ 1,340.3</b>	<b>\$ 1,340.3</b>	<b>\$ 1,324.0</b>	<b>\$ 1,334.0</b>	<b>\$ 1,345.2</b>	<b>\$ 1,393.8</b>	<b>\$ 1,393.8</b>	<b>\$ 1,496.7</b>
Tangible Equity	150	162	177	182	187	178	183	183	187	191	196	203	203	207	212	218	225	225	251
Debt to Tangible Equity	3.92	4.30	4.56	4.59	4.61	4.91	4.94	4.94	5.19	5.23	5.05	5.14	5.14	4.94	4.85	4.74	4.77	4.77	4.57
TCE/Total Mgd. Assets	19.4%	18.2%	17.1%	17.0%	16.8%	15.8%	15.7%	15.7%	15.0%	14.9%	15.3%	15.2%	15.2%	15.7%	15.9%	16.2%	16.2%	16.2%	16.8%
Debt to Total Capitalization	0.80	0.81	0.82	0.82	0.82	0.82	0.82	0.82	0.83	0.83	0.82	0.83	0.83	0.82	0.82	0.82	0.82	0.82	0.81
Cash per Share	4.86	5.08	5.48	6.93	8.09	7.19	7.91	7.92	11.50	11.39	9.66	10.86	10.85	10.05	10.72	10.15	10.71	10.67	12.02
BS Check	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
BV per share	\$12.38	\$13.33	\$14.69	\$15.02	\$15.46	\$15.74	\$16.16	\$16.16	\$16.46	\$16.76	\$17.15	\$17.79	\$17.79	\$18.13	\$18.59	\$19.11	\$19.74	\$19.74	\$22.08
Tang. BV per share	\$12.38	\$13.33	\$14.50	\$14.84	\$15.28	\$14.48	\$14.91	\$14.91	\$15.24	\$15.56	\$15.97	\$16.60	\$16.60	\$16.96	\$17.42	\$17.94	\$18.58	\$18.58	\$20.94

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DOW JONES: 26485.00

S&P 500: 2932.05

NASDAQ: 8004.07

### Marlin Business Services Corp. Rating History as of 08/02/2019

powered by: BlueMatrix



OP:Outperform Mkt:Market Perform UP:Under Perform NR:Not Rated I:Initiation of Coverage D:Dropped Coverage

Source: FactSet & William Blair

Additional information is available upon request.

### Current Rating Distribution (as of August 5, 2019):

Coverage Universe	Percent	Inv. Banking Relationships *	Percent
Outperform (Buy)	67	Outperform (Buy)	17
Market Perform (Hold)	32	Market Perform (Hold)	6
Underperform (Sell)	1	Underperform (Sell)	0

\*Percentage of companies in each rating category that are investment banking clients, defined as companies for which William Blair has received compensation for investment banking services within the past 12 months.

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