

**MARLIN BUSINESS SERVICES CORP.  
AUDIT AND RISK COMMITTEE CHARTER**

*Purpose*

The primary purpose of the Audit and Risk Committee (the “Committee”) is to assist the Board of Directors (the “Board”) of Marlin Business Services Corp. (the “Company”) in fulfilling its responsibility to oversee:

Audit and Financial Statement Reporting:

- the integrity of the Company’s financial reports and financial information provided to the public and to governmental and regulatory agencies;
- the adequacy of internal accounting systems and financial controls;
- the annual independent audit of the Company’s financial statements, including the independent auditor’s qualifications and independence;

Compliance and Ethics:

- the Company’s compliance with law and ethics programs as established by management and the Board; and

Risk Management:

- the Company’s risk management framework in the areas of credit, interest rate, liquidity, operational, legal/regulatory/reputational, and asset (residual) risks.

The Committee shall oversee the functions of both the Company’s independent and internal auditors. In discharging its oversight role, the Committee shall be solely responsible for the hiring, compensation and termination of the independent and internal auditors and is empowered to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Company. The Committee has the ability to retain, at the Company's expense, outside counsel or other experts and advisors. In addition, in carrying out its duties, the Committee shall communicate and meet separately and periodically with the Company’s management, independent auditors, internal auditors, and the compliance officer.

With respect to risk management, the Committee shall monitor management’s reports on credit, interest rate, liquidity and investment risk and select a risk area topic (credit, interest rate, liquidity, operational, legal/regulatory/reputational, and asset residual risks) for management to review with the Board at each Board meeting. The Committee believes that the participation of the full Board in discussions of key risk area topics provides the most effective means of risk management oversight.

The Committee will review the adequacy of this Charter on an annual basis and update it as necessary.

The Committee shall report regularly to the Board.

### ***Membership***

The Committee shall be comprised of at least three directors who meet the independence and experience requirements of the Nasdaq Stock Market and the requirements of other applicable laws, rules and regulations. At least one member of the Committee shall be an “audit committee financial expert” as defined by the Securities and Exchange Commission. The Committee members shall be appointed annually by the Board. The Board will designate a Committee Chairman who will be the primary contact to management, the independent auditors and the internal auditors during the time periods between the formal Audit Committee meetings. Committee members serve at the pleasure of the Board.

### ***Meetings***

The Committee shall meet as determined at the discretion of the Chairman or a majority of its members, as circumstances dictate or as may be required by applicable legal or listing requirements; provided, however, that the Committee shall meet at least four times annually (prior to the Company's release of quarterly financial information). Participation in the meetings can be in person or telephonic.

### ***Key Responsibilities & Duties***

The following functions shall be the common recurring activities of the Committee in carrying out its duties. These functions are set forth as a guide with the understanding that the Committee may diverge from this guide under appropriate circumstances, as permitted or required by law and the rules of the Nasdaq Stock Market.

#### **Audit and Financial Statement Reporting:**

- The Committee shall have the sole authority to select, evaluate and, where appropriate, terminate and replace the independent auditors (subject, if applicable, to shareholder ratification).
- The Committee shall have the sole authority to consider and approve in advance any non-audit related work to be performed for the Company by the independent auditors.
- The Committee shall have the sole authority (with input of management) to approve all audit and non-audit engagement fees and terms with the independent auditors (or its affiliates).
- The Committee, in consultation with Company management, shall review the activities, plan, scope of authority, organizational structure and qualifications of the internal auditors.
- The Committee shall establish clear policies regarding the hiring by the Company of any employees or former employees of the independent auditors.

- The Committee shall review with Company management and the independent auditors the Company's audited financial statements to be included in the Company's Annual Report on Form 10-K (or the Annual Report to Shareholders if distributed prior to the filing of Form 10-K), as well as the disclosure under "Management's Discussion and Analysis of Financial Condition and Results of Operations" to be included in the Form 10-K, and review and consider with management and the independent auditors the matters required to be discussed by applicable accounting standards; this review will occur prior to the Company's filing of the Form 10-K.
- The Committee shall review with Company management and the independent auditors the Company's interim financial results, as well as the disclosure under "Management's Discussion and Analysis of Financial Condition and Results of Operations," to be included in the Company's quarterly reports on Form 10-Q, and review and consider with management and the independent auditors the matters required to be discussed by applicable accounting standards; this review will occur prior to the Company's filing of the Form 10-Q.
- Prior to publication or issuance, the Committee shall review the Company's earnings press releases, as well as financial information and earnings guidance, if any, provided to analysts and rating agencies.
- The Committee shall review major changes to the Company's auditing and accounting principles and practices as suggested by the Company's independent or internal auditors or Company management.
- The Committee shall review with Company management and the independent and internal auditors the quality and adequacy of internal controls and the Company's response to recommendations for the improvement thereof.
- From time to time, the Committee may discuss with the independent and internal auditors, if contacted by either of the auditors or at its own behest, any items of a sensitive nature that may impact the accuracy of the Company's financial reporting, as well as any significant issues relating to the overall responsibility of the Board that have been communicated by the auditors to Company management, but have not been addressed.
- The Committee shall establish procedures for the receipt and consideration of complaints relating to accounting, internal accounting controls or auditing matters, including a process by which employees of the Company may confidentially and anonymously submit complaints or concerns regarding accounting practices.
- With respect to the independent auditors, the Committee shall:
  - Request annually from the independent auditors a formal written statement describing: the independent auditors' internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the independent auditors, or by any inquiry or investigation by

governmental or professional authorities, within the preceding five (5) years, respecting one or more independent audits carried out by the independent auditors, and steps taken to deal with such issues; and all relationships between the independent auditors and the Company consistent with Public Company Accounting Oversight Board Rule 3526.

- Discuss with the independent auditors any such disclosed relationships and their impact on the independent auditors' independence.
- Review with the independent and internal auditors any problems or difficulties the auditors may have encountered with management's response to its inquiries or otherwise, and any management letter provided by the auditors, and the Company's response to that letter. Such review should include (i) any difficulties encountered in the course of the audit work, including any restrictions on scope of activities or access to required information and (ii) any changes required in the planned scope of the internal audit.
- Recommend that the Board take appropriate action in response to the independent auditors' report to satisfy itself of the auditors' independence.

#### **Compliance and Ethics:**

- In coordination with the Nominating and Governance Committee, the Committee shall review and investigate, as and when it deems appropriate, matters pertaining to the integrity of Company management and key employees, including without limitation conflicts of interest, use of Company assets and adherence to the standards of business conduct required by the policies of the Company, including without limitation any business conduct or ethics codes maintained by the Company.
- The Committee shall meet regularly with the compliance officer responsible for administering the compliance program of the Company.

#### **Risk Management:**

- The Committee shall review with Company management the Company's policies with respect to risk assessment and risk management.
- The Committee shall monitor management's reports on credit, interest rate, liquidity, and investments risks.
- The Committee shall select risk area topics (credit, interest rate, liquidity, operational, legal/regulatory/reputational, and asset residual risks) for management to review with the Board at each Board meeting.

#### **Other:**

- The Committee shall annually review its own performance.

- The Committee may, as and when it deems appropriate, designate one or more of its members to perform certain of its duties on behalf of and with the full authority of the Committee, subject to reporting to or ratification by the Committee if the Committee so directs.
- The Committee shall keep such minutes or other records of its meetings and deliberations as it deems appropriate.
- The Committee shall perform any other activities consistent with this Charter, the Company's By-laws and governing law as the Committee or the Board deem appropriate.

The Company's management is responsible for preparing, in consultation with the internal auditors, the Company's financial statements and the independent auditors are responsible for auditing those financial statements. Additionally, the Committee recognizes that the Company's financial management, as well as the independent and internal auditors, have more time, knowledge and detailed information concerning the Company than Committee members. Consequently, in carrying out its oversight responsibilities, the Committee is not providing any expert or special assurance as to the Company's financial statements or any professional certification as to the independent or internal auditors' work.

### ***Performance Evaluation***

From time to time, but no less than annually, the Committee shall, in addition to its other responsibilities as set forth above, review (1) major issues regarding accounting principles and financial statement presentation, including any significant changes in the Company's selection or application of accounting principles, and major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies, (2) analyses prepared by management, the independent auditors and or the internal auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative generally accepted accounting principals (GAAP) methods on the financial statements, and (3) the effect of regulatory and accounting initiatives on the financial statements of the Company.