

MARLIN BUSINESS SERVICES CORP. COMPENSATION COMMITTEE CHARTER

Purposes

The primary purpose of the Compensation Committee (the “Committee”) is to (1) discharge the responsibilities of the Board of Directors (the “Board”) relating to compensation of the directors and executives of Marlin Business Services Corp. (the “Company”) and (2) prepare an annual report on executive compensation for inclusion in the Company's proxy statement in accordance with applicable laws, rules, regulations and requirements.

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 requirements of the Nasdaq Stock Market and the requirements of other applicable laws, rules and regulations. The Committee members and the Committee Chairman shall be appointed annually by the Board. Committee members may be removed by the Board in its discretion.

Meetings

The Committee shall meet as determined in 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 two times annually. 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.

- The Committee shall review and approve annually corporate goals and objectives relevant to Chief Executive Officer (“CEO”) compensation; evaluate the CEO’s performance in light of those goals and objectives; review and approve the CEO’s compensation levels based on this evaluation; and, in determining the long-term incentive component of CEO compensation, consider the Company’s performance and relative shareholder return, the value of similar incentive awards to CEOs at comparable companies and the awards given to the CEO in past years. The CEO shall not be present at any deliberations or voting related to his or her compensation.

- The Committee shall review and approve the CEO’s recommendations for compensation, including salary, bonus, incentive awards and other significant terms of employment, for individuals reporting directly to the CEO and holding a position classified as Senior Vice President or higher (the “Executive Officers”).
- The Committee shall prepare an annual report on executive compensation for inclusion in the Company’s proxy statement, in accordance with applicable laws, rules and regulations.
- The Committee shall review, at least annually, the competitiveness of the Company’s executive compensation programs to ensure (a) the attraction and retention of corporate officers, (b) the motivation of corporate officers to achieve the Company’s business objectives, and (c) to align the interests of corporate officers with the long-term interests of the Company’s shareholders.
- The Committee shall review trends in management compensation, oversee the development of new compensation plans and, when necessary, approve the revision of existing plans.
- The Committee shall review and make recommendations concerning long-term incentive compensation plans, including the use of stock options and other equity-based plans. Except as otherwise delegated by the Board, the Committee will act on behalf of the Board as the “Committee” established to administer equity-based and employee benefit plans, and as such will discharge any responsibilities imposed on the Committee under those plans.
- The Committee shall approve and ratify grants of stock or stock options to individuals eligible for such grants. The Committee may delegate to the CEO the authority, subject to any limitations determined by the Compensation Committee, to grant options to employees of the Company or any subsidiary of the Company who are not directors or Executive Officers of the Company.
- The Committee shall review and approve all employment agreements to which an Executive Officer, other than the CEO, is a party. Any employment agreement to which the CEO is a party shall be reviewed by the Committee so that a recommendation may be made to the Board regarding the approval of such agreement.
- The Committee shall review non-employee director compensation levels and practices, and recommend to the Board, from time to time, changes in such compensation levels and practices (with equity ownership in the Company encouraged).
- The Committee shall develop plans for managerial succession of the Company.
- The Committee shall annually review its own performance.
- The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

- The Committee shall have the ability to retain, at the Company's expense, compensation, legal, accounting or other advisers and shall have the responsibility to consider conflicts of interest before selecting any such advisors, taking into consideration the following factors:
 - the provision of other services to the Company by the person who employs the compensation, legal, accounting or other advisor (the "Firm");
 - the amount of fees received from the Company by the Firm as a percentage of total Firm revenue;
 - the Firm's policies and procedures designed to prevent conflicts of interest;
 - any business or personal relationship of a member of the Firm with a member of the Committee;
 - any Company stock owned by a member of the Firm; and
 - any business or personal relationship of a member of the Firm with an Executive Officer of the Company.
- 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 deems appropriate.