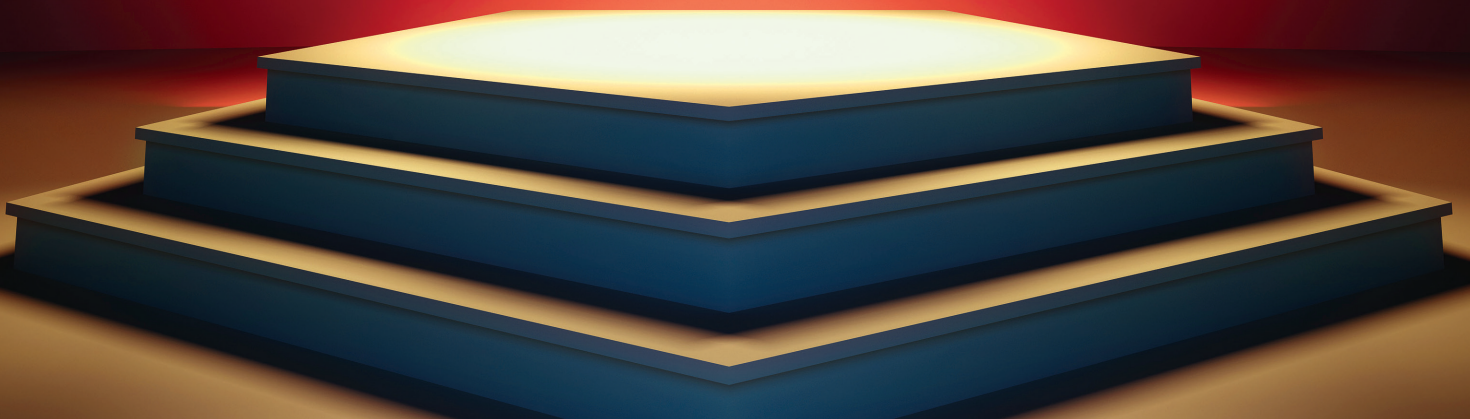


monitor

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**Top (25) Independents
Set New Volume Record**



“The year 2015 was very positive in terms of portfolio growth and performance. We continued to see pricing pressures in the marketplace due to the abundance of liquidity. Over time, our value proposition resonated and allowed us to achieve the results.”

— 2015 retrospective from a survey participant

Monitor Top Private Independents

RANKED BY FUNDED NEW BUSINESS VOLUME

(\$ IN MILLIONS)

RANK		COMPANY	NEW BUSINESS VOLUME			
'15	'14		2015	2014	VARIANCE +/-	% +/-
1	1	CSI Leasing ¹	1,048.8	984.2	64.6	6.6%
2	2	GreatAmerica Financial Services	816.2	737.7	78.5	10.6%
3	3	Ascentium Capital	686.3	440.0	246.3	56.0%
4	5	LEAF Commercial Capital	388.1	321.1	67.0	20.9%
5	10	ENGS Commerical Finance	267.0	206.0	61.0	29.6%
6	7	Nations Equipment Finance	218.5	238.1	-19.6	-8.2%
7	15	Axis Capital	213.9	137.2	76.7	55.9%
8	12	Crossroads Equipment Lease & Finance	206.5	166.5	40.0	24.0%
9	11	Kingsbridge Holdings	204.5	180.2	24.3	13.5%
10	--	SQN Capital Management	198.9	207.3	-8.4	-4.1%
11	9	Somerset Capital Group	190.7	214.6	-23.9	-11.1%
12	13	Trans Lease	180.2	157.7	22.5	14.3%
13	14	Wallwork Financial	148.7	144.0	4.7	3.3%
14	19	Lease Corporation of America ²	148.5	117.7	30.8	26.2%
15	17	United Leasing (Indiana)	137.0	125.0	12.0	9.6%
16	20	Northland Capital Financial ³	130.5	115.3	15.2	13.2%
17	--	Equify	129.3	124.3	5.0	4.0%
18	18	Jules and Associates	122.2	117.8	4.4	3.7%
19	22	CCA Financial	115.6	106.7	8.9	8.3%
20	--	VAR Technology Finance	115.6	100.2	15.4	15.4%
21	23	Forsythe Technology	105.5	100.0	5.5	5.5%
22	16	Med One Capital	98.9	132.6	-33.7	-25.4%
23	24	Great Atlantic Capital	95.9	81.0	14.9	18.4%
24	21	First Financial Corporate	67.9	114.5	-46.6	-40.7%
25	--	GSG Financial	61.1	48.2	12.9	26.8%
See footnotes on page 23.			6,096.3	5,417.9	678.4	12.5%

RANK: 3	VOLUME: \$686.3	AVERAGE DEAL SIZE: \$59.7
ESTABLISHED: 2011	EMPLOYEES: 187	WEB: ascentiumcapital.com



Rising Above Regulation: Ascentium Stands By Small Business

BY RITA E. GARWOOD

Faced with losing small business customers due to regulatory requirements, Tom Depping yielded Main Street Bank's charter in 2011 and launched Ascentium Capital, an independent finance company that caters to the needs of its small business clients. After five years in business, Ascentium has surpassed Depping's initial goal for the company and achieved 56% year-over-year growth in new business volume last year.



TOM DEPPING
CEO,
Ascentium Capital

RICHARD BACCARO
Chief Sales and
Marketing Officer,
Ascentium Capital

If small businesses have a true friend in the financial industry, it's Tom Depping. In 2011, providing financing to small businesses was so important to Depping, then chairman of Main Street Bank, he decided to opt out of the banking industry.

Rising From Regulatory Shackles

When regulators elevated oversight in response to the financial crisis, Main Street came under scrutiny due to its large concentration of small business loans. According to the *Wall Street Journal*, the FDIC issued an enforcement order against Main Street in July 2010, ordering the bank to "boost its capital, strengthen its controls and bring in a new top executive." Additionally, regulators required the bank to reduce small business lending, from 90% of its portfolio to 25%.

Instead, Depping did something unusual: he surrendered Main Street's banking charter and sold the bank's four branches. Depping believed small businesses in the U.S. needed financing options, so with the backing of Vulcan Capital and LKCM Capital Group, he launched

Ascentium Capital, an independent finance company specifically designed to provide small businesses with an effortless financing process.

"We designed everything we do for speed and ease of doing business," Depping says. "It's a very difficult process for these small businesses to head down to the bank and try to get financing."

When Depping created Ascentium in 2011, he told the *Journal* that his ultimate goal was to grow the company's loan portfolio to \$500 million. In 2014, Ascentium surpassed that goal, reporting net assets of \$590 million in the Monitor 100.

The Ascent Continues

Today Ascentium's target markets are small businesses and small- to medium-sized business vendors. "We want to serve those markets as if they were Fortune 100 vendors," says Richard Baccaro, Ascentium's chief sales and marketing officer.

Although competition has been a common woe of the industry in recent years, Ascentium increased its new business volume to \$686.3 million in 2015, a 56% increase from its 2014 volume of \$440 million. Baccaro attributes this success to the company's culture, which makes the process simple for its sales team and, in turn, friendly and flexible for customers.

"We made it simple by streamlining the entire finance process so we could compete and surpass the competition," Baccaro says. "Even though the competition is fierce, we provided a breath of fresh air to vendors who were working with other lenders that don't have our speed or flexibility. We felt that if we were nimble, fast and cost effective, we could take market share from our competitors."

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— Richard Baccaro, Chief Sales and Marketing Officer, Ascentium Capital

Due to flat GDP in recent years, Ascentium's growth strategy has helped it do just that. "We're extremely easy to do business with," Depping says. "We created a culture where the best sales people in our industry have a home to maximize productivity. A typical sales person who joins our team can easily double their production in the first year and continue to develop and expand their vendor and client base."

"If we can take care of the sales people, the sales people help take care of the business," Baccaro says. "It's in everything we do, from providing them with marketing expertise, state-of-the-art technology and exceptional operational support from all departments. This combined effort and talent helps us win vendors and keep clients coming back, which drives repeat business. The entire Ascentium Capital team is focused on the success of our customers."

"Our culture is to treat the sales person like a customer," Depping says. "When we started in 2011, we had no sales people and now we have approximately 100 specialized sales professionals. These sales people have brought many of their relationships to the company, and we view it as our responsibility to make sure that the salesperson can maximize those relationships."

Innovative Technology

One of the ways Ascentium keeps its sales team and customers happy is utilizing advanced technology to automate processes. "Technology is the key," Depping says. "We essentially have end-to-end automation from entry to booking. We have significant customization technology from automated online apps to our vendor and partner portal that allow our vendors to enter transactions, view real-time transaction statuses, as well as providing access to in-depth reporting and portfolio statistics."

Ascentium can approve transactions instantaneously, which has improved operating efficiency. "If you think about small businesses, it's a large market and extremely fragmented," Depping says. "You can be dealing with a doctor one day and a truck driver the next. It's all over the place, and you have to be able to deal with all this diversity efficiently."

The Team, The Team, The Team

Another essential component of Ascentium's success is its management team. Most of the team has been with Depping since his time with First Sierra, a *de novo* small-ticket equipment finance business he formed in 1994 and led until 2001. Many stuck with Depping when he moved to Main Street and then Ascentium. "There are only a couple of people that haven't been here the entire time, but they have at some point in their careers done business with Tom or worked with or for Tom," Baccaro says. "I think that's a testament to Tom's ability to have the vision, and for us to carry out the execution."

"The management team has a ton of continuity with each other. I think Richard and I have been together, off and on, for 18 years," Depping says. "Additionally, this is the case across all departments including technology, credit, marketing and operations."

"To borrow a quote from my favorite football coach, Bo Schembechler, it's really about 'the team, the team, the team,'" Depping comments. "It goes with being together for so long. There are no politics. There's no blaming one person when things go wrong. I just feel fortunate to be the coach of an extremely talented team."

Depping says the team's transition from Main Street to Ascentium demonstrates its ability to stick together no matter what. "It was extremely difficult, but we were able to pull ourselves up from the ashes and create a truly great company," Depping says.

Aiming for the Sky

Ascentium's short-term goals include continually improving efficiency and customer experience, while expanding the vendor business long term. "We're working very hard on our direct business and the actual chemistry between the vendor business and the direct business," Depping says. "The working capital business that we started in 2014 is starting to pay dividends for us,

"Our culture is to treat the sales person like a customer. When we started in 2011, we had no sales people and now we have approximately 100 specialized sales professionals. These sales people have brought many of their relationships to the company, and we view it as our responsibility to make sure that the salesperson can maximize those relationships."

— Tom Depping, CEO, Ascentium Capital

and during 2016 we're going to be entering into macro-ticket leasing through a merchant finance product."

"From a long-term prospective, we want to be the best small-ticket, small business finance company in the country," Baccaro adds.

Depping says, "The opportunity is enormous because, for the most part, banks just don't want to do it. They really can't take the time to do a lot of small business lending, where that's our bread and butter. That's what we excel at."

"There's probably a \$100 billion opportunity, and nobody has more than 1% to 2% of that business," Baccaro says. "That's really what gets us up in the morning. We're very excited that it's such a vast opportunity."

Industry Outlook

Baccaro says the strength of the industry definitely helps Ascentium's cause. "It's nice to have a good house in a great neighborhood; the industry as a whole is doing well," he says. "I think the industry has learned a lot since the economic downturn. We're probably better for it. We tend to learn more from failures than from success."

Looking at the industry as a whole, Depping says his biggest concerns are the economy and the capital markets. "As an independent finance company, capital markets matter a lot to us," Depping says. "There have been a lot of problems around the globe. The U.S. has been able to avoid many of them, and although we've had slow growth, there has been growth and it has been a decent environment for small businesses. As the Fed increases rates, it puts a lot of stress on small businesses and the capital markets."

Despite Depping's concern, Ascentium has continued to perform well in the capital markets. On February 24, Moody's Investors Service upgraded and affirmed \$265 million of Ascentium's small-ticket equipment lease backed securities — a result of strong collateral, credit enhancement and portfolio performance.

"The capital markets have been very friendly to us for the past few years," Depping says. "It's just been a very wide-open, frothy market. New banking regulations can have a major impact on these markets."

As an example, Depping points to a 2015 regulation that affected the underwriters of bond security, which made it more difficult and expensive for smaller companies to get securitizations done. "It's things like that that come out of the blue that you have to worry about," he says.

"I think that 2016 is going to be a great year," Depping says. "I think the credit quality is going to be OK, but I don't think it's going to be as good as it's been for the past few years."

"Slow revenue growth does not put you out of business," Baccaro says. "But you really need to keep a keen eye on your delinquency and your bad debt. We all learn that credit quality is probably always one of the things that keeps you up at night." ■

RITA E. GARWOOD is editor of *Monitor*.