UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(MARK ONE)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2018

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE TRANSITION PERIOD FROM TO

Commission File Number 001-36779

On Deck Capital, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**42-1709682**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
1400 Broadway, 25th Floor, New York, New York	**10018**
(Address of principal executive offices)	**(Zip Code)**

(888) 269-4246
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES ☒ NO ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data file required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES ☒ NO ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐		Accelerated filer	☒
Non-accelerated filer	☐	(Do not check if a smaller reporting company)	Smaller reporting company	☐
			Emerging growth company	☒
			If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.	☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.

YES ☐ NO ☒

The number of shares of the registrant’s common stock outstanding as of April 30, 2018 was 74,269,812.

On Deck Capital, Inc.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

ON DECK CAPITAL, INC. AND SUBSIDIARIES

Unaudited Condensed Consolidated Balance Sheets
(in thousands, except share and per share data)

	March 31, 2018	December 31, 2017
Assets		
Cash and cash equivalents	$ 70,415	$ 71,362
Restricted cash	44,709	43,462
Loans held for investment	1,010,944	952,796
Less: Allowance for loan losses	(118,921)	(109,015)
Loans held for investment, net	892,023	843,781
Property, equipment and software, net	17,455	23,572
Other assets	15,824	13,867
Total assets	$ 1,040,426	$ 996,044
Liabilities and equity		
Liabilities:		
Accounts payable	$ 3,038	$ 2,674
Interest payable	2,429	2,330
Funding debt	730,024	684,269
Corporate debt	7,969	7,985
Accrued expenses and other liabilities	29,499	32,730
Total liabilities	772,959	729,988
Commitments and contingencies (Note 9)		
Stockholders' equity (deficit):		
Common stock—$0.005 par value, 1,000,000,000 shares authorized and 77,752,143 and 77,284,266 shares issued and 74,264,491 and 73,822,001 outstanding at March 31, 2018 and December 31, 2017, respectively.	389	386
Treasury stock—at cost	(8,083)	(7,965)
Additional paid-in capital	496,588	492,509
Accumulated deficit	(224,752)	(222,833)
Accumulated other comprehensive loss	(118)	(52)
Total On Deck Capital, Inc. stockholders' equity	264,024	262,045
Noncontrolling interest	3,443	4,011
Total equity	267,467	266,056
Total liabilities and equity	$ 1,040,426	$ 996,044

The accompanying notes are an integral part of these condensed consolidated financial statements.

ON DECK CAPITAL, INC. AND SUBSIDIARIES

Unaudited Condensed Consolidated Statements of Operations and Comprehensive Income
(in thousands, except share and per share data)

	Three Months Ended March 31,	
	2018	**2017**
Revenue:		
Interest income	$ 86,369	$ 87,111
Gain on sales of loans	—	1,484
Other revenue	3,911	4,297
Gross revenue	90,280	92,892
Cost of revenue:		
Provision for loan losses	36,293	46,180
Funding costs	11,821	11,277
Total cost of revenue	48,114	57,457
Net revenue	42,166	35,435
Operating expense:		
Sales and marketing	10,598	14,819
Technology and analytics	11,007	15,443
Processing and servicing	5,221	4,535
General and administrative	17,725	11,887
Total operating expense	44,551	46,684
Income (loss) from operations	(2,385)	(11,249)
Other expense:		
Interest expense	(51)	(353)
Total other expense	(51)	(353)
Loss before provision for income taxes	(2,436)	(11,602)
Provision for income taxes	—	—
Net income (loss)	(2,436)	(11,602)
Net loss attributable to noncontrolling interest	518	544
Net income (loss) attributable to On Deck Capital, Inc. common stockholders	$ (1,918)	$ (11,058)
Net income (loss) per share attributable to On Deck Capital, Inc. common shareholders:		
Basic and diluted	$ (0.03)	$ (0.15)
Weighted-average common shares outstanding:		
Basic and diluted	73,977,241	71,854,287
Comprehensive loss:		
Net loss	$ (2,436)	$ (11,602)
Other comprehensive loss:		
Foreign currency translation adjustment	(113)	400
Comprehensive loss	(2,549)	(11,202)
Comprehensive loss attributable to noncontrolling interests	50	(180)
Net loss attributable to noncontrolling interest	518	544
Comprehensive loss attributable to On Deck Capital, Inc. common stockholders	$ (1,981)	$ (10,838)

The accompanying notes are an integral part of these condensed consolidated financial statements.

ON DECK CAPITAL, INC. AND SUBSIDIARIES

Unaudited Condensed Consolidated Statements of Cash Flows
(in thousands)

	Three Months Ended March 31,	
	2018	**2017**
Cash flows from operating activities		
Net income (loss)	$ (2,436)	$ (11,602)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Provision for loan losses	36,293	46,180
Depreciation and amortization	2,174	2,596
Amortization of debt issuance costs	1,230	797
Stock-based compensation	3,210	3,491
Amortization of net deferred origination costs	12,399	11,883
Changes in servicing rights, at fair value	131	701
Gain on sales of loans	—	(1,484)
Unfunded loan commitment reserve	171	119
Gain on extinguishment of debt	—	(229)
Loss on disposal of fixed assets	5,713	—
Gain on lease termination	(1,481)	—
Changes in operating assets and liabilities:		
Other assets	(3,484)	1,120
Accounts payable	364	(1,231)
Interest payable	99	488
Accrued expenses and other liabilities	(471)	(8,053)
Originations of loans held for sale	—	(33,042)
Capitalized net deferred origination costs of loans held for sale	—	(911)
Proceeds from sale of loans held for sale	—	33,326
Principal repayments of loans held for sale	—	722
Net cash provided by operating activities	53,912	44,871
Cash flows from investing activities		
Purchases of property, equipment and software	(313)	(145)
Proceeds from sale of fixed assets	(45)	—
Capitalized internal-use software	(1,398)	(1,219)
Originations of term loans and lines of credit, excluding rollovers into new originations	(499,775)	(469,913)
Proceeds from sale of loans held for investment	—	10,008
Payments of net deferred origination costs	(14,193)	(12,314)
Principal repayments of term loans and lines of credit	417,034	389,976
Purchase of loans	—	(13,518)
Net cash used in investing activities	(98,690)	(97,125)
Cash flows from financing activities		
Investments by noncontrolling interests	—	3,443
Purchase of treasury shares	(119)	(205)
Proceeds from exercise of stock options and warrants	39	195
Issuance of common stock under employee stock purchase plan	764	1,246
Proceeds from the issuance of funding debt	59,373	66,119
Proceeds from the issuance of corporate debt	10,000	—
Payments of debt issuance costs	(74)	(2,488)

	Three Months Ended March 31,			
	2018		2017	
Repayments of funding debt principal		(14,602)		(2,794)
Repayments of corporate debt principal		(10,000)		—
Net cash provided by financing activities		45,381		65,516
Effect of exchange rate changes on cash and cash equivalents		(303)		421
Net increase (decrease) in cash, cash equivalents, and restricted cash		300		13,683
Cash, cash equivalents, and restricted cash at beginning of year		114,824		123,986
Cash, cash equivalents, and restricted cash at end of period	$	115,124	$	137,669
Reconciliation to amounts on consolidated balance sheets				
Cash and cash equivalents	$	70,415	$	72,997
Restricted cash		44,709		64,672
Total cash, cash equivalents and restricted cash	$	115,124	$	137,669
Supplemental disclosure of other cash flow information				
Cash paid for interest	$	10,483	$	10,257
Supplemental disclosures of non-cash investing and financing activities				
Stock-based compensation included in capitalized internal-use software	$	68	$	92
Unpaid principal balance of term loans rolled into new originations	$	90,810	$	70,059

The accompanying notes are an integral part of these condensed consolidated financial statements.

ON DECK CAPITAL, INC. AND SUBSIDIARIES

Notes to Unaudited Condensed Consolidated Financial Statements

1. Organization and Summary of Significant Accounting Policies

On Deck Capital, Inc.'s principal activity is providing financing to small businesses located throughout the United States, as well as Canada and Australia, through term loans and lines of credit. We use technology and analytics to aggregate data about a business and then quickly and efficiently analyze the creditworthiness of the business using our proprietary credit-scoring model. We originate most of the loans in our portfolio and also purchase loans from an issuing bank partner. We subsequently transfer most of our loan volume into one of our wholly-owned subsidiaries and also have the option to sell them through *OnDeck Marketplace ®* .

Basis of Presentation and Principles of Consolidation

We prepare our condensed consolidated financial statements and footnotes in accordance with accounting principles generally accepted in the United States of America, or GAAP, as contained in the Financial Accounting Standards Board, or FASB, Accounting Standards Codification, or ASC. All intercompany transactions and accounts have been eliminated in consolidation. Certain reclassifications have been made to the prior year amounts to conform to the current year presentation. When used in these notes to condensed consolidated financial statements, the terms "we," "us," "our" or similar terms refers to On Deck Capital, Inc. and its consolidated subsidiaries.

We consolidate the financial position and results of operations of these entities. The noncontrolling interest, which is presented as a separate component of our consolidated equity, represents the minority owners' proportionate share of the equity of the jointly owned entities. The noncontrolling interest is adjusted for the minority owners' share of the earnings, losses, investments and distributions.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts in the condensed consolidated financial statements and accompanying notes. Significant estimates include allowance for loan losses, stock-based compensation expense, capitalized software development costs, the useful lives of long-lived assets, servicing assets/liabilities, loans purchased, and valuation allowance for deferred tax assets. We base our estimates on historical experience, current events and other factors we believe to be reasonable under the circumstances. These estimates and assumptions are inherently subjective in nature; actual results may differ from these estimates and assumptions.

Recently Adopted Accounting Standards

In May 2014, the FASB issued ASU 2014-09, *Revenue Recognition* , which creates ASC 606, *Revenue from Contracts with Customers* , and supersedes ASC 605, *Revenue Recognition* . ASU 2014-09 requires revenue to be recognized in an amount that reflects the consideration to which the entity expects to be entitled in exchange for goods or services and also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows from customer contracts. The FASB subsequently issued numerous amendments including ASU 2016-08 - *Principal versus Agent Considerations* , ASU 2016-10 - *Identifying Performance Obligations and Licensing* , and ASU 2016-12 - *Narrow-Scope Improvements and Practical Expedients* . Each amendment has the same effective date and transition requirements as the new revenue recognition standard. We adopted the new standard effective January 1, 2018 and applied the modified retrospective method of adoption. The adoption of ASC 606 did not have a material effect on our condensed consolidated financial statements and disclosures, nor did it result in a cumulative effect adjustment at the date of initial application.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash* . ASU 2016-18 intends to reduce diversity in practice for the classification and presentation of changes in restricted cash on the statement of cash flows. ASU 2016-18 clarifies that transfers between cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents are not part of the entity's operating, investing, and financing activities, and details of those transfers should not be reported as cash flow activities in the statement of cash flows. It requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. We adopted the new standard effective January 1, 2018 and no longer present restricted cash as a reconciling item in our consolidated statement of cash flows. For the three months ended March 31, 2017, cash flows from investing activities increased $20.2 million and the net decrease in cash and cash equivalents of $6.6 million became a net increase in cash, cash equivalents and restricted cash of $13.6 million .

Recent Accounting Pronouncements Not Yet Adopted

In February 2016, the FASB issued ASU 2016-02, *Leases* , which creates ASC 842, *Leases* , and supersedes ASC 840, *Leases* . ASU 2016-02 requires lessees to recognize a right-of-use asset and lease liability for all leases with terms of more than 12 months. Recognition, measurement and presentation of expenses will depend on classification as a finance or operating lease. The new guidance will be effective for annual reporting periods beginning after December 15, 2018, including interim periods within that reporting period and is applied retrospectively. Early adoption is permitted. We are currently assessing the impact that the adoption of this guidance will have on our consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, *Measurement of Credit Losses on Financial Instruments* . ASU 2016-13 will change the impairment model and how entities measure credit losses for most financial assets. The standard requires entities to use the new expected credit loss impairment model which will replace the incurred loss model used today. The new guidance will be effective for annual reporting periods beginning after December 15, 2019. Early adoption is permitted, but not prior to December 15, 2018. We are currently assessing the impact that the adoption of this guidance will have on our consolidated financial statements.

2. Net Loss Per Common Share

Basic and diluted net loss per common share is calculated as follows (in thousands, except share and per share data):

	Three Months Ended March 31,	
	2018	**2017**
Numerator:		
Net loss	$ (2,436)	$ (11,602)
Less: net loss attributable to noncontrolling interest	518	544
Net loss attributable to On Deck Capital, Inc. common stockholders	$ (1,918)	$ (11,058)
Denominator:		
Weighted-average common shares outstanding, basic and diluted	73,977,241	71,854,287
Net loss per common share, basic and diluted	$ (0.03)	$ (0.15)

Diluted loss per common share is the same as basic loss per common share for all periods presented because the effects of potentially dilutive items were anti-dilutive given our net losses. The following common share equivalent securities have been excluded from the calculation of weighted-average common shares outstanding because the effect is anti-dilutive for the periods presented:

	Three Months Ended March 31,	
	2018	**2017**
Anti-dilutive common share equivalents		
Warrants to purchase common stock	22,000	22,000
Restricted stock units	3,874,666	3,487,022
Stock options	8,234,689	10,056,752
Employee stock purchase program	32,449	51,491
Total anti-dilutive common share equivalents	12,163,804	13,617,265

The weighted-average exercise price for warrants to purchase 2,007,846 shares of common stock was $10.70 as of March 31, 2018 . For the three months ended March 31, 2018 and 2017 , a warrant to purchase 1,985,846 and 1,985,846 shares of common stock, respectively, was excluded from anti-dilutive common share equivalents as performance conditions had not been met.

3. Loans Held for Investment and Allowance for Loan Losses

Loans Held for Investment and Allowance for Loan Losses

Loans held for investment consisted of the following as of March 31, 2018 and December 31, 2017 (in thousands):

	March 31, 2018	December 31, 2017
Term loans	$ 847,403	$ 804,227
Lines of credit	145,192	132,012
Total unpaid principal balance	992,595	936,239
Net deferred origination costs	18,349	16,557
Total loans held for investment	$ 1,010,944	$ 952,796

We include both loans we originate and loans originated by our issuing bank partners and later purchased by us as part of our originations. During the three months ended March 31, 2018 and 2017 we purchased loans in the amount of $139.2 million and $145.0 million , respectively.

The change in the allowance for loan losses for the three months ended March 31, 2018 and 2017 consisted of the following (in thousands):

	Three Months Ended March 31,	
	2018	2017
Balance at beginning of period	$ 109,015	$ 110,162
Recoveries of loans previously charged off	3,345	2,617
Loans charged off	(29,732)	(40,884)
Provision for loan losses	36,293	46,180
Allowance for loan losses at end of period	$ 118,921	$ 118,075

When loans are charged-off, we typically continue to attempt to recover amounts from the respective borrowers and guarantors, including, when we deem it appropriate, through formal legal action. Alternatively, we may sell previously charged-off loans to a third-party debt collector. The proceeds from these sales are recorded as a component of the recoveries of loans previously charged off. For the three months ended March 31, 2018 and 2017 , previously charged-off loans sold accounted for $0.5 million and $1.9 million , respectively, of recoveries of loans previously charged off.

As of March 31, 2018 and December 31, 2017 , our off-balance sheet credit exposure related to the undrawn line of credit balances was $209.6 million and $204.6 million , respectively. The related reserve on unfunded loan commitments was $4.6 million and $4.4 million as of March 31, 2018 and December 31, 2017 , respectively. Net adjustments to the accrual for unfunded loan commitments are included in general and administrative expense.

The following table contains information, on a combined basis, regarding the unpaid principal balance of loans we originated and the amortized cost of loans purchased from third parties other than our issuing bank partner related to current, paying and non-paying delinquent loans as of March 31, 2018 and December 31, 2017 (in thousands):

	March 31, 2018	December 31, 2017
Current loans	$ 904,660	$ 850,060
Delinquent: paying (accrual status)	50,338	49,252
Delinquent: non-paying (non-accrual status)	37,597	36,927
Total	$ 992,595	$ 936,239

The portion of the allowance for loan losses attributable to current loans was $79.5 million and $74.0 million as of March 31, 2018 and December 31, 2017 , respectively, while the portion of the allowance for loan losses attributable to delinquent loans was $39.4 million and $35.0 million as of March 31, 2018 and December 31, 2017 , respectively.

The following table shows an aging analysis of the unpaid principal balance related to loans held for investment by delinquency status as of March 31, 2018 and December 31, 2017 (in thousands):

	March 31, 2018	December 31, 2017
By delinquency status:		
Current loans	$ 904,660	$ 850,060
1-14 calendar days past due	21,080	23,611
15-29 calendar days past due	12,068	12,528
30-59 calendar days past due	19,557	22,059
60-89 calendar days past due	13,850	12,809
90 + calendar days past due	21,380	15,172
Total unpaid principal balance	$ 992,595	$ 936,239

4. Servicing Rights

As of March 31, 2018 and December 31, 2017 , the remaining unpaid principal balance of term loans we serviced that previously were sold was $ 191.0 million and $181.0 million , respectively. No loans were sold during the three months ended March 31, 2018. During the three months ended March 31, 2017, we sold through OnDeck *Marketplace* loans with an unpaid principal balance of $41.1 million .

For the three months ended March 31, 2018 and 2017 , we earned $0.3 million and $0.3 million of servicing revenue, respectively.

The following table summarizes the activity related to the fair value of our servicing assets for the three months ended March 31, 2018 and 2017 (in thousands):

	Three Months Ended March 31,	
	2018	2017
Fair value at the beginning of period	$ 154	$ 1,131
Addition:		
Servicing resulting from transfers of financial assets	52	430
Changes in fair value:		
Change in inputs or assumptions used in the valuation model	—	—
Other changes in fair value [1]	(131)	(701)
Fair value at the end of period (Level 3)	$ 75	$ 860

[1] Represents changes due to collection of expected cash flows through March 31, 2018 and 2017 .

5. Debt

The following table summarizes our outstanding debt as of March 31, 2018 and December 31, 2017 (in thousands):

	Type	Maturity Date	Weighted Average Interest Rate at March 31, 2018	Outstanding March 31, 2018	Outstanding December 31, 2017
Funding Debt:					
ODAST II Agreement	Securitization	May 2020 [(1)]	4.7%	$ 250,000	$ 250,000
ODART Agreement	Revolving	March 2019	4.4%	112,499	102,058
RAOD Agreement	Revolving	November 2018	5.1%	98,983	86,478
ODAC Agreement	Revolving	May 2019	9.0%	75,454	62,350
ODAF Agreement	Revolving	February 2020 [(2)]	8.9%	75,000	75,000
PORT II Agreement	Revolving	December 2018	4.3%	72,630	63,851
Other Agreements	Various	Various [(3)]	Various	50,378	50,706
				734,944	690,443
Deferred debt issuance cost				(4,920)	(6,174)
Total Funding Debt				730,024	684,269
Corporate Debt:					
Square 1 Agreement	Revolving	October 2018	6.0%	8,000	8,000
Deferred debt issuance cost				(31)	(15)
Total Corporate Debt				7,969	7,985

(1) In April 2018, we issued $225 million of debt in a new securitization transaction. The net proceeds were used, together with other available funds, to voluntarily prepay in full all $250 million of the prior ODAST II Notes. See Note 10, "Subsequent Events" of Notes to Unaudited Condensed Consolidated Financial Statements.
(2) The period during which new borrowings may be made under this debt facility expires in February 2019.
(3) Maturity dates range from April 2018 through November 2020.

In April 2018, Loan Assets of OnDeck, LLC, a wholly-owned subsidiary of the Company, established a new asset-backed revolving debt facility with a commitment amount of $100 million . For additional information, see Note 10, "Subsequent Events" of Notes to Unaudited Condensed Consolidated Financial Statements.

Certain of our loans held for investment are pledged as collateral for borrowings in our funding debt facilities. These loans totaled $904.7 million and $852.3 million as of March 31, 2018 and December 31, 2017 , respectively. Our corporate debt facility is collateralized by substantially all of our assets.

6. Fair Value of Financial Instruments

Assets and Liabilities Measured at Fair Value on a Recurring Basis Using Significant Unobservable Inputs (Level 3)

We evaluate our financial assets and liabilities subject to fair value measurements on a recurring basis to determine the appropriate level at which to classify them for each reporting period. Due to the lack of transparency and quantity of transactions related to trades of servicing rights of comparable loans, we utilize an income valuation technique to estimate fair value. We utilize industry-standard modeling, such as discounted cash flow models, to arrive at an estimate of fair value and may utilize third-party service providers to assist in the valuation process. This determination requires significant judgments to be made.

The following tables present information about our assets and liabilities that are measured at fair value on a recurring basis as of March 31, 2018 and December 31, 2017 (in thousands):

	March 31, 2018			
	Level 1	Level 2	Level 3	Total
Assets :				
Servicing assets	$ —	$ —	$ 75	$ 75
Total assets	$ —	$ —	$ 75	$ 75

	December 31, 2017			
	Level 1	Level 2	Level 3	Total
Assets :				
Servicing assets	$ —	$ —	$ 154	$ 154
Total assets	$ —	$ —	$ 154	$ 154

There were no transfers between levels for the three months ended March 31, 2018 or December 31, 2017 .

The following tables presents quantitative information about the significant unobservable inputs used for certain of our Level 3 fair value measurement as of March 31, 2018 and December 31, 2017 :

	March 31, 2018			
	Unobservable input	Minimum	Maximum	Weighted Average
Servicing assets	Discount rate	30.00%	30.00%	30.00%
	Cost of service (1)	0.04%	0.13%	0.13%
	Renewal rate	41.06%	51.83%	49.29%
	Default rate	10.63%	10.92%	10.71%

(1) Estimated cost of servicing a loan as a percentage of unpaid principal balance.

	December 31, 2017			
	Unobservable input	Minimum	Maximum	Weighted Average
Servicing assets	Discount rate	30.00%	30.00%	30.00%
	Cost of service (1)	0.04%	0.13%	0.12%
	Renewal rate	41.06%	51.83%	49.59%
	Default rate	10.63%	10.92%	10.70%

(1) Estimated cost of servicing a loan as a percentage of unpaid principal balance.

Changes in certain of the unobservable inputs noted above may have a significant impact on the fair value of our servicing asset. The following table summarizes the effect adverse changes in estimate would have on the fair value of the servicing asset as of March 31, 2018 and December 31, 2017 given a hypothetical changes in default rate and cost to service (in thousands):

	March 31, 2018	December 31, 2017
	Servicing Assets	
Default rate assumption:		
Default rate increase of 25%	$ (23)	$ (40)
Default rate increase of 50%	$ (43)	$ (76)
Cost to service assumption:		
Cost to service increase by 25%	$ (36)	$ (63)
Cost to service increase by 50%	$ (71)	$ (126)

Assets and Liabilities Disclosed at Fair Value

Because our loans held for investment, loans held for sale and fixed-rate debt are not measured at fair value, we are required to disclose their fair value in accordance with ASC 825. Due to the lack of transparency and comparable loans, we utilize an income valuation technique to estimate fair value. We utilize industry-standard modeling, such as discounted cash flow models, to arrive at an estimate of fair value and may utilize third-party service providers to assist in the valuation process. This determination requires significant judgments to be made. The following tables summarize the carrying value and fair value of our loans held for investment and fixed-rate debt (in thousands):

	March 31, 2018				
	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Assets:					
Loans held for investment	$ 892,023	$ 989,477	$ —	$ —	$ 989,477
Total assets	$ 892,023	$ 989,477	$ —	$ —	$ 989,477
Liabilities:					
Fixed-rate debt	$ 300,377	$ 293,408	$ —	$ —	$ 293,408
Total fixed-rate debt	$ 300,377	$ 293,408	$ —	$ —	$ 293,408

	December 31, 2017				
	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Assets:					
Loans held for investment	$ 843,781	$ 932,343	$ —	$ —	$ 932,343
Total assets	$ 843,781	$ 932,343	$ —	$ —	$ 932,343
Liabilities:					
Fixed-rate debt	$ 300,706	$ 293,512	$ —	$ —	$ 293,512
Total fixed-rate debt	$ 300,706	$ 293,512	$ —	$ —	$ 293,512

7. Noncontrolling Interest

The following tables summarize changes in equity, including the equity attributable to noncontrolling interests, for the three months ended March 31, 2018 and 2017 (in thousands):

	Three Months Ended March 31, 2018		
	On Deck Capital, Inc's stockholders' equity	Noncontrolling interest	Total
Balance as of January 1, 2018	262,045	4,011	266,056
Net income (loss)	(1,918)	(518)	(2,436)
Stock based compensation	3,122	—	3,122
Exercise of options and warrants	39	—	39
Employee stock purchase plan	918	—	918
Cumulative translation adjustment	(63)	(50)	(113)
Purchase of shares for treasury	(119)	—	(119)
Balance at March 31, 2018	264,024	3,443	267,467
Comprehensive loss:			
Net loss	(1,918)	(518)	(2,436)
Other comprehensive income (loss):			
Foreign currency translation adjustment	(63)	(50)	(113)
Comprehensive income (loss):	(1,981)	(568)	(2,549)

	Three Months Ended March 31, 2017		
	On Deck Capital, Inc.'s stockholders' equity	Noncontrolling interest	Total
Balance as of January 1, 2017	$ 259,525	$ 4,072	$ 263,597
Net income (loss)	(11,058)	(544)	(11,602)
Stock based compensation	3,309	—	3,309
Exercise of options and warrants	195	—	195
Employee stock purchase plan	1,541	—	1,541
Cumulative translation adjustment	220	180	400
Purchase of shares for treasury	(205)	—	(205)
Investments by noncontrolling interests	—	3,443	3,443
Balance at March 31, 2017	253,527	7,151	260,678
Comprehensive loss:			
Net loss	(11,058)	(544)	(11,602)
Other comprehensive income (loss):			
Foreign currency translation adjustment	220	180	400
Comprehensive income (loss):	$ (10,838)	$ (364)	$ (11,202)

8. Stock-Based Compensation and Employee Benefit Plans

Options

The following is a summary of option activity for the three months ended March 31, 2018 :

	Number of Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding at January 1, 2018	7,918,853	$ 5.75	—	—
Granted	595,861	$ 5.19	—	—
Exercised	(205,768)	$ 0.45	—	—
Forfeited	(5,853)	$ 13.08	—	—
Expired	(68,404)	$ 12.15	—	—
Outstanding at March 31, 2018	8,234,689	$ 5.79	6.5	$ 16,370
Exercisable at March 31, 2018	6,121,753	$ 5.42	5.8	$ 15,507
Vested or expected to vest as of March 31, 2018	8,119,911	$ 5.79	6.5	$ 16,329

Total compensation cost related to nonvested option awards not yet recognized as of March 31, 2018 was $5.2 million and will be recognized over a weighted-average period of approximately 1.9 years. The aggregate intrinsic value of employee options exercised during the three months ended March 31, 2018 and 2017 was $1.0 million and $2.3 million , respectively.

Restricted Stock Units

The following table summarizes our activities of Restricted Stock Units ("RSUs") and Performance Restricted Stock Units ("PRSUs") during the three months ended March 31, 2018 :

	Number of RSUs	Weighted-Average Grant Date Fair Value
Unvested at January 1, 2018	3,342,640	$ 6.18
RSUs and PRSUs granted	703,492	$ 5.09
RSUs vested	(75,213)	$ 6.27
RSUs forfeited/expired	(96,253)	$ 5.70
Unvested at March 31, 2018	3,874,666	$ 5.99
Expected to vest after March 31, 2018	3,267,046	$ 6.12

As of March 31, 2018 , there was $15 million of unrecognized compensation cost related to unvested RSUs and PRSUs, which is expected to be recognized over a weighted-average period of 2.7 years.

Stock-based compensation expense related to stock options, RSUs, PRSUs and the ESPP are included in the following line items in our accompanying consolidated statements of operations for the three months ended March 31, 2018 and 2017 (in thousands):

	March 31, 2018		March 31, 2017
Sales and marketing	535		$ 771
Technology and analytics	597		783
Processing and servicing	105		173
General and administrative	1,973		1,764
Total	$ 3,210	—	$ 3,491

9. Commitments and Contingencies

Commitments under Operating Leases

Effective February 1, 2018, we terminated our lease obligation for the 12th floor of our New York office which accounted for approximately 32% of our total New York office space. The lease of the 12th floor was previously scheduled to continue through December 2026. As part of the termination, we paid the landlord a cash surrender fee of approximately $2.6 million and recorded a net charge of approximately $3.2 million in the quarter ending March 31, 2018. The net charge includes the surrender fee and approximately $4.0 million related to the impairment of leasehold improvements and other fixed assets in the surrendered space, which were partially offset by other deferred credits.

On March 29, 2018, we terminated our lease obligation with respect to a portion of our Denver office which accounted for approximately 38% of our total Denver office space. Our lease of that space was previously scheduled to continue through April 2026. As part of the termination, we paid a surrender fee and related charges of approximately $900,000 and recorded a net charge of approximately $1 million in the quarter ended March 31, 2018. The net charge includes the surrender fee and the impairment of leasehold improvements and other fixed assets in the surrendered space, which were partially offset by other deferred credits.

The net charges related to these lease terminations were allocated to each of our operating expense line items on our condensed consolidated statement of operations with the exception of the aggregate impairment charges of leasehold improvements and other fixed assets in the surrendered spaces of approximately $5.7 million which were included in general and administrative expense.

In the aggregate, the termination of these two leases reduced future required rental payments by approximately $23 million through 2026.

Concentrations of Credit Risk

Financial instruments that potentially subject us to significant concentrations of credit risk consist principally of cash, cash equivalents, restricted cash and loans. We hold cash, cash equivalents and restricted cash in accounts at regulated domestic financial institutions in amounts that exceed or may exceed FDIC insured amounts and at non-U.S. financial institutions where deposited amounts may be uninsured. We believe these institutions to be of recognized standing and we have not experienced any related losses to date.

We are exposed to default risk on loans we originate and hold and that we purchase from our issuing bank partner. We perform an evaluation of each customer's financial condition and during the term of the customer's loan(s), we have the contractual right to limit a customer's ability to take working capital loans or other financing from other lenders that may cause a material adverse change in the financial condition of the customer.

Contingencies

From time to time we are subject to legal proceedings and claims in the ordinary course of business. The results of such matters cannot be predicted with certainty. However, we believe that the final outcome of any such current matters will not result in a material adverse effect on our consolidated financial condition, consolidated results of operations or consolidated cash flows.

10. Subsequent Events

On April 13, 2018, Loan Assets of OnDeck, LLC, a wholly-owned subsidiary of the Company, established a new asset-backed revolving debt facility with a commitment amount of $100 million and a 1 month LIBOR + 2.0% interest rate. The period during which new borrowings may be made under this facility expires on April 13, 2022 and the final maturity date is October 13, 2022.

On April 17, 2017, our wholly-owned subsidiary, OnDeck Asset Securitization Trust II LLC, issued $225 million in initial principal amount of fixed-rate asset backed offered notes in a securitization transaction. The notes were issued in four classes with a weighted average fixed interest rate of 3.75% . The revolving period expires on March 31, 2020 and the final maturity date is April 2022. The net proceeds of this transaction were used, together with other available funds, to voluntarily prepay in full all $250 million of notes from a prior securitization.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion and analysis of our financial condition and results of operations together with our condensed consolidated financial statements and the related notes and other financial information included elsewhere in this report. Some of the information contained in this discussion and analysis, including information with respect to our plans and strategy for our business, includes forward-looking statements that involve risks and uncertainties. You should review the “Cautionary Note Regarding Forward-Looking Statements” and Part II - Item 1A. "Risk Factors" sections of this report for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and other legal authority. These forward-looking statements concern our operations, economic performance, financial condition, goals, beliefs, future growth strategies, objectives, plans and current expectations.

Forward-looking statements appear throughout this report including in Item 1. Business, Item 1A. Risk Factors, Item 3. Legal Proceedings and Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations. Forward-looking statements can generally be identified by words such as “will,” “enables,” “expects,” "intends," "may," “allows,” "plan," “continues,” “believes,” “anticipates,” “estimates” or similar expressions.

Forward-looking statements are neither historical facts nor assurances of future performance. They are based only on our current beliefs, expectations and assumptions regarding the future of our business, anticipated events and trends, the economy and other future conditions. As such, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and in many cases outside our control. Therefore, you should not rely on any of these forward-looking statements. Our expected results may not be achieved, and actual results may differ materially from our expectations.

Important factors that could cause or contribute to such differences include risks relating to: our ability to attract potential customers to our platform and broaden our distribution capabilities and offerings; the degree to which potential customers apply for loans, are approved and borrow from us; anticipated trends, growth rates, loan originations, volume of loans sold and challenges in our business and in the markets in which we operate; the ability of our customers to repay loans and our ability to accurately assess creditworthiness; our ability to adequately reserve for loan losses; the impact of our decision to tighten our credit policies; our liquidity and working capital requirements, including the availability and pricing of new debt facilities, extensions and increases to existing debt facilities, increases in our corporate line of credit, securitizations and *OnDeck Marketplace* ® sales to fund our existing operations and planned growth, including the consequences of having inadequate resources to fund additional loans or draws on lines of credit; our reliance on our third-party service providers and the effect on our business of originating loans without third-party funding sources; the impact of increased utilization of cash or incurred debt to fund originations; the effect on our business of utilizing cash for voluntary loan purchases from third parties ; the effect on our business of the current credit environment and increases in interest rate benchmarks; our ability to hire and retain necessary qualified employees in a competitive labor market; practices and behaviors of members of our funding advisor channel and other third parties who may refer potential customers to us; changes in our product distribution channel mix and/or our funding mix; our ability to anticipate market needs and develop new and enhanced offerings to meet those needs; lack of customer acceptance of possible increases in interest rates and origination fees on loans; maintaining and expanding our customer base; the impact of competition in our industry and innovation by our competitors; our anticipated and unanticipated growth and growth strategies, including the possible introduction of new products or features, our strategy to expand the availability of our platform to other lenders through OnDeck-as-a-Service and possible expansion in new or existing international markets, and our ability to effectively manage that growth; our reputation and possible adverse publicity about us or our industry; the availability and cost of our funding, including challenges faced by the expiration of existing debt facilities; the impact on our business of funding loans from our cash reserves; locating funding sources for new types of loans that are ineligible for funding under our existing credit or securitization facilities and the possibility of reducing originations of these loan types; the effect of potential selective pricing increases; our expected utilization of OnDeck *Marketplace* and the available OnDeck *Marketplace* premiums ; our failure to anticipate or adapt to future changes in our industry; the impact of the Tax Cuts and Jobs Act of 2017 and any related Treasury regulations, rules or interpretations, if and when issued; our ability to offer loans to our small business customers that have terms that are competitive with alternative sources of capital; our ability to issue new loans to existing customers that seek additional capital; the evolution of technology affecting our offerings and our markets; our compliance with applicable local, state and federal and non-U.S. laws, rules and regulations and their application and interpretation, whether existing, modified or new; our ability to adequately protect our intellectual property; the effect of litigation or other disputes to which we are or may be a party; the increased expenses and administrative workload associated with being a public company; failure to maintain an effective system of internal controls necessary to accurately report our financial results and prevent fraud; the estimates and estimate methodologies used in preparing our consolidated financial statements; the future trading prices of our common stock, the impact of securities analysts' reports and shares eligible for future sale on these prices; our ability to prevent or discover security breaks, disruption in service and comparable events that could compromise the personal and confidential information held in our data systems, reduce the attractiveness of our platform or adversely impact our ability to service our loans ; and other risks, including those described in Part I - Item 1A. "Risk Factors" in our most recent Annual Report on Form 10-K and other documents that we file with the Securities and Exchange Commission, or SEC, from time to time which are available on the SEC website at www.sec.gov .

Except as required by law, we undertake no duty to update any forward-looking statements. Readers are also urged to carefully review and consider all of the information in this report, as well as the other documents we make available through the SEC's website.

When we use the terms "OnDeck," the "Company," "we," "us" or "our" in this report, we are referring to On Deck Capital, Inc. and its consolidated subsidiaries unless the context requires otherwise.

Overview

We are a leading online small business lender. We make it efficient and convenient for small businesses to access financing. Enabled by our proprietary technology and analytics, we aggregate and analyze thousands of data points from dynamic, disparate data sources to assess the creditworthiness of small businesses rapidly and accurately. Small businesses can apply for a term loan or line of credit on our website in minutes and, using our proprietary *OnDeck Score* ®, we can make a funding decision immediately and, if approved, transfer funds as fast as the same day. Qualified customers may have both a term loan and line of credit concurrently, which we believe provides opportunities for repeat business, as well as increased value to our customers. We originated more than $8 billion of loans since we made our first loan in 2007.

We generate the majority of our revenue through interest income and fees earned on the loans we make to our customers. Our term loans, which we offer in principal amounts ranging from $5,000 to $500,000 and with maturities of 3 to 36 months, feature fixed dollar repayments. Our lines of credit range from $6,000 to $100,000, and are generally repayable within six months of the date of the most recent draw. We earn interest on the balance outstanding and lines of credit are subject to a monthly fee unless the customer makes a qualifying minimum draw, in which case the fee is waived for the first six months. The balance of our other revenue primarily comes from our servicing and other fee income, most of which consists of marketing fees from our issuing bank partner, fees generated by OnDeck-as-a-Service, and monthly fees earned from lines of credit.

We rely on a diversified set of funding sources for the loans we make to our customers. Our primary source of this financing has historically been debt facilities with various financial institutions. We have also used proceeds from operating cash flow to fund loans in the past and continue to finance a portion of our outstanding loans with these funds. As of March 31, 2018 , we had $734.9 million of funding debt principal outstanding and $1.0 billion total borrowing capacity under such debt facilities. No loans were sold through OnDeck *Marketplace* during the three months ended March 31, 2018. During the three months ended March 31, 2017, we sold loans with an unpaid principal balance of $42.0 million . Of the total principal outstanding as of March 31, 2018 , including our loans held for investment, plus loans sold to OnDeck *Marketplace* purchasers which had a balance remaining as of March 31, 2018 , 60% were funded via our debt facilities, 30% were financed via proceeds raised from our securitization transaction, 9% were funded via cash on hand and 1% were funded via OnDeck *Marketplace* purchasers.

We originate loans throughout the United States, Canada and Australia, although, to date, substantially all of our revenue has been generated in the United States. These loans are originated through our direct marketing, including direct mail, social media and other online marketing channels, outbound sales team, referrals from our strategic partners, including banks, payment processors and small business-focused service providers, and through funding advisors who advise small businesses on available funding options.

Key Financial and Operating Metrics

We regularly monitor a number of metrics in order to measure our current performance and project our future performance. These metrics aid us in developing and refining our growth strategies and making strategic decisions.

	As of or for the Three Months Ended March 31,	
	2018	2017
	(dollars in thousands)	
Originations	$ 590,585	$ 573,015
Effective Interest Yield	35.6%	33.8%
Cost of Funds Rate	6.8%	5.9%
Net Interest Margin*	31.3%	30.0%
Marketplace Gain on Sale Rate	N/A	3.5%
Provision Rate	6.1%	8.7%
Loan Reserve Ratio	12.0%	11.5%
15+ Day Delinquency Ratio	6.7%	7.8%
Net Charge-off Rate	10.9%	14.9%

*Non-GAAP measure. Refer to "Non-GAAP Financial Measures" below for an explanation and reconciliation to GAAP.

Originations

Originations represent the total principal amount of the term loans we made during the period, plus the total amount drawn on lines of credit during the period. Many of our repeat term loan customers renew their term loan before their existing term loan is fully repaid. In accordance with industry practice, originations of such repeat term loans are presented as the full renewal loan principal, rather than the net funded amount, which would be the renewal term loan's principal net of the unpaid principal balance on the existing term loan. Loans referred to, and originated by, our issuing bank partner and later purchased by us are included as part of our originations.

Effective Interest Yield

Effective Interest Yield is the rate of interest we achieve on loans outstanding during a period. It is calculated as our calendar day-adjusted annualized interest income divided by average Loans. Prior to the first quarter of 2018, annualization was based on 252 business days per year. Beginning with the three months ended March 31, 2018, annualization is based on 365 days per year and is calendar day-adjusted. All revisions have been applied retrospectively.

Net deferred origination costs in loans held for investment and loans held for sale consist of deferred origination fees and costs. Deferred origination fees include fees paid up front to us by customers when loans are originated and decrease the carrying value of loans, thereby increasing Effective Interest Yield. Deferred origination costs are limited to costs directly attributable to originating loans such as commissions, vendor costs and personnel costs directly related to the time spent by the personnel performing activities related to loan origination and increase the carrying value of loans, thereby decreasing Effective Interest Yield.

Recent pricing trends are discussed under the subheading "Key Factors Affecting Our Performance - Pricing."

Cost of Funds Rate

Cost of Funds Rate is the interest expense, fees and amortization of deferred debt issuance costs we incur in connection with our lending activities across all of our funding debt facilities. For full years, it is calculated as our funding cost divided by average funding debt outstanding and for interim periods it is calculated as our annualized funding cost for the period divided by average funding debt outstanding. Annualization is based on four quarters per year and is not business or calendar day-adjusted.

Net Interest Margin

Net Interest Margin is calculated as annualized Net Interest Income divided by average Interest Earning Assets. Net Interest Income represents interest income less funding costs during the period. Interest income is net of fees on loans held for investment and held for sale. Net deferred origination costs in loans held for investment and loans held for sale consist of deferred origination costs as offset by corresponding deferred origination fees. Deferred origination fees include fees paid up front to us by customers when loans are funded. Deferred origination costs are limited to costs directly attributable to originating loans such as commissions, vendor costs and personnel costs directly related to the time spent by the personnel performing activities related to loan origination. Funding costs are the interest expense, fees, and amortization of deferred debt issuance costs we incur in connection with our lending activities across all of our debt facilities. Annualization is based on 365 days per year and is calendar day-adjusted.

Marketplace Gain on Sale Rate

Marketplace Gain on Sale Rate equals our gain on sale revenue from loans sold through OnDeck *Marketplace* divided by the carrying value of loans sold, which includes both unpaid principal balance sold and the remaining carrying value of the net deferred origination costs. A portion of loans regularly sold through OnDeck *Marketplace* are or may be loans which were initially designated as held for investment upon origination. The portion of such loans sold in a given period may vary materially depending upon market conditions and other circumstances.

Provision Rate

Provision Rate equals the provision for loan losses divided by the new originations volume of loans held for investment, net of originations of sales of such loans within the period. Because we reserve for probable credit losses inherent in the portfolio upon origination, this rate is significantly impacted by the expectation of credit losses for the period's originations volume. This rate may also be impacted by changes in loss estimates for loans originated prior to the commencement of the period.

All other things equal, an increased volume of loan rollovers and line of credit repayments and re-borrowings in a period will reduce the Provision Rate.

The Provision Rate is not directly comparable to the net cumulative lifetime charge-off ratio because (i) the Provision Rate reflects estimated losses at the time of origination while the net cumulative lifetime charge-off ratio reflects actual charge-offs, (ii) the Provision Rate includes provisions for losses on both term loans and lines of credit while the net cumulative lifetime charge-off ratio reflects only charge-offs related to term loans and (iii) the Provision Rate for a period reflects the provision for losses related to all loans held for investment while the net cumulative lifetime charge-off ratio reflects lifetime charge-offs of term loans related to a particular cohort of term loans.

Loan Reserve Ratio

Loan Reserve Ratio is our allowance for loan losses as of the end of the period divided by the Unpaid Principal Balance as of the end of the period.

15+ Day Delinquency Ratio

15+ Day Delinquency Ratio equals the aggregate Unpaid Principal Balance for our loans that are 15 or more calendar days past due as of the end of the period as a percentage of the Unpaid Principal Balance. The Unpaid Principal Balance for our loans that are 15 or more calendar days past due includes loans that are paying and non-paying. Because our loans require weekly or daily repayments, excluding weekends and holidays, they may be deemed delinquent more quickly than loans from traditional lenders that require only monthly payments.

15+ Day Delinquency Ratio is not annualized, but reflects balances as of the end of the period.

Net Charge-off Rate

Net Charge-off Rate is calculated as our annualized net charge-offs for the period divided by the average Unpaid Principal Balance outstanding. Annualization is based on four quarters per year and is not business or calendar day-adjusted. Net charge-offs are charged-off loans in the period, net of recoveries.

On Deck Capital, Inc. and Subsidiaries
Consolidated Average Balance Sheets
(in thousands)

	Three Months Ended March 31,	
	2018	2017
Assets		
Cash and cash equivalents	$ 49,812	$ 63,588
Restricted cash	53,007	50,811
Loans held for investment	983,988	1,044,815
Less: Allowance for loan losses	(114,839)	(115,597)
Loans held for investment, net	869,149	929,218
Loans held for sale	—	856
Property, equipment and software, net	20,866	28,812
Other assets	14,026	19,717
Total assets	$ 1,006,860	$ 1,093,002
Liabilities and equity		
Liabilities:		
Accounts payable	$ 2,853	$ 4,356
Interest payable	2,300	2,298
Funding debt	698,825	763,833
Corporate debt	4,482	27,969
Accrued expenses and other liabilities	31,410	36,385
Total liabilities	739,870	834,841
Total On Deck Capital, Inc. stockholders' equity	263,195	253,345
Noncontrolling interest	3,795	4,816
Total equity	266,990	258,161
Total liabilities and equity	$ 1,006,860	$ 1,093,002
Memo:		
Unpaid Principal Balance	$ 966,327	$ 1,023,882
Interest Earning Assets	$ 966,327	$ 1,024,731
Loans	$ 983,988	$ 1,045,671

Average Balance Sheet Items for the period represent the average as of the beginning of the month in the period and as of the end of each month in the period.

Non-GAAP Financial Measures

We believe that the non-GAAP metrics can provide useful supplemental measures for period-to-period comparisons of our core business and useful supplemental information to investors and others in understanding and evaluating our operating results. However, non-GAAP metrics are not calculated in accordance with GAAP, and should not be considered an alternative to any measures of financial performance calculated and presented in accordance with GAAP. Other companies may calculate these non-GAAP metrics differently than we do. The reconciliations below reconcile each of our non-GAAP metrics to their most comparable respective GAAP metric.

Adjusted Net Income (Loss)

Adjusted Net Income (Loss) represents our net income (loss) adjusted to exclude net income (loss) attributable to noncontrolling interest, stock-based compensation expense, real estate disposition charges, and department relocation and executive transition expenses. Stock-based compensation includes employee compensation as well as compensation to third-party service providers.

Our use of Adjusted Net Income has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- Adjusted Net Income does not reflect the potentially dilutive impact of stock-based compensation; and
- Adjusted Net Income excludes charges we are required to incur in connection with real estate dispositions and severance obligations.

The following table presents a reconciliation of net loss to Adjusted Net Income (Loss) for each of the periods indicated:

	Three Months Ended March 31,	
	2018	2017
	(in thousands)	
Reconciliation of Net Income (Loss) to Adjusted Net (Loss) Income		
Net loss	$ (2,436)	$ (11,602)
Adjustments:		
Net loss attributable to noncontrolling interest	518	544
Stock-based compensation expense	3,210	3,491
Real estate disposition charges	4,187	—
Department relocation and executive transition expenses	911	—
Adjusted Net Income (Loss)	$ 6,390	$ (7,567)

Net Interest Margin

Net Interest Margin, is calculated as annualized Net Interest Income divided by average Interest Earning Assets. Net Interest Income represents interest income less funding costs during the period. Interest income is net of fees on loans held for investment and held for sale. Net deferred origination costs in loans held for investment and loans held for sale consist of deferred origination costs as offset by corresponding deferred origination fees. Deferred origination fees include fees paid up front to us by customers when loans are funded. Deferred origination costs are limited to costs directly attributable to originating loans such as commissions, vendor costs and personnel costs directly related to the time spent by the personnel performing activities related to loan origination. Funding costs are the interest expense, fees, and amortization of deferred debt issuance costs we incur in connection with our lending activities across all of our debt facilities. Annualization is based on 365 days per year and is calendar day-adjusted.

Our use of Net Interest Margin has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- Net Interest Margin is the rate of net return we achieve on our Average Interest Earning Assets outstanding during a period. It does not reflect the return from loans sold through OnDeck *Marketplace* , specifically our gain on sale revenue. Similarly, Average Interest Earning Assets does not include the unpaid principal balance of loans sold through OnDeck *Marketplace* . Further, Net Interest Margin does not include servicing revenue related to loans previously sold, fair value adjustments to servicing rights, monthly fees charged to customers for our line of credit, and marketing fees earned from our issuing bank partners, which are recognized as the related services are provided.
- Funding costs do not reflect interest associated with debt used for corporate purposes.

The following table presents a reconciliation of interest income to Net Interest Margin for each of the periods indicated:

	Three Months Ended March 31,	
	2018	2017
	(in thousands)	
Reconciliation of Interest Income to Net Interest Margin (NIM)		
Interest income	$ 86,369	$ 87,111
Less: Funding costs	(11,821)	(11,277)
Net interest income	74,548	75,834
Divided by: calendar days in period	90	90
Net interest income per calendar day	828	843
Multiplied by: calendar days per year	365	365
Annualized net interest income	302,220	307,695
Divided by: Average Interest Earning Assets	$ 966,327	$ 1,024,731
Net Interest Margin (NIM)	31.3%	30.0%

Key Factors Affecting Our Performance

Investment in Long-Term Growth

The core elements of our growth strategy include expanding our financing offerings, acquiring new customers, broadening our distribution capabilities through strategic partners and funding advisors, enhancing our technology, data and analytics capabilities, and extending customer lifetime value. We plan to continue to invest significant resources to accomplish these goals. We anticipate that our total operating expense will increase during 2018 as we plan to continue investing in marketing, technology and analytics, portfolio management and our collection capabilities. These investments are intended to contribute to our long-term growth, but they may affect our near-term operating performance.

Originations

During the three months ended March 31, 2018 , December 31, 2017 and March 31, 2017 , we originated $590.6 million , $546.4 million , and $573.0 million of loans, respectively. The increase in originations for the three months ended March 31, 2018 relative to the three months ended December 31, 2017 was largely driven by the increased average loan size and the addition of new customers. The increase in originations for the three months ended March 31, 2018 as compared to the three months ended March 31, 2017 was primarily due to the increase in business from repeat customers. In addition, during the first quarter of 2018 we continued to grow our line of credit originations, which made up 20.5% , 20.0% , and 18.0% of total dollar originations in the three months ended March 31, 2018 , December 31, 2017 and March 31, 2017 , respectively.

The number of weekends and holidays in a period can impact our business. Many small businesses tend to apply for loans on weekdays, and their businesses may be closed at least part of a weekend and on holidays. In addition, our loan fundings and automated customer loan repayments only occur on weekdays (excluding bank holidays).

We anticipate that our future growth will continue to depend in part on attracting new customers. As we continue to aggregate data on customers and prospective customers, we seek to use that data and our increasing knowledge to optimize our marketing spending to attract these customers as well as to continue to focus our analytics resources on better identifying potential customers. We have historically relied on all three of our channels for customer acquisition but remain focused on growing our direct and strategic partner channels. Collective originations through our direct and strategic partner channels made up 71% and 72% of total originations from all customers in the first quarter of 2018 and 2017 , respectively. We plan to continue investing in direct marketing and sales, increasing our brand awareness and growing our strategic partnerships.

The following table summarizes the percentage of loans made to all customers originated by our three distribution channels for the periods indicated. From time to time management is required to make judgments to determine customers' appropriate channel distribution.

	Three Months Ended March 31,	
Percentage of Originations (Dollars)	**2018**	**2017**
Direct and Strategic Partner	71%	72%
Funding Advisor	29%	28%

We originate term loans and lines of credit to customers who are new to OnDeck as well as to repeat customers. New originations are defined as new term loan originations plus all line of credit draws in the period, including subsequent draws on existing lines of credit. Renewal originations include term loans only. We believe our ability to increase adoption of our loans within our existing customer base will be important to our future growth. A component of our future growth will include increasing the length of our customer life cycle by expanding our product offerings. In the first quarter of 2018 and 2017 originations from our repeat customers, were 52% and 49% , respectively, of total originations to all customers. We believe our significant number of repeat customers is primarily due to our high levels of customer service and continued improvement in our types of loans and services. Repeat customers generally show improvements in several key metrics. From our 2015 customer cohort, customers who took at least three loans grew their revenue and bank balance, respectively, on average by 31% and 50% from their initial loan to their third loan. Similarly, from our 2016 customer cohort, customers who took at least three loans grew their revenue and bank balance, respectively, on average by 29% and 37% . In the first quarter of 2018 , 28% of our origination volume from repeat customers was due to unpaid principal balance rolled from existing loans directly into such repeat originations. In order for a current customer to qualify for a new term loan while a term loan payment obligation remains outstanding, the customer must pass the following standards:

- the business must be approximately 50% paid down on its existing loan;

- the business must be current on its outstanding OnDeck loan with no material delinquency history; and
- the business must be fully re-underwritten and determined to be of adequate credit quality.

The extent to which we generate repeat business from our customers will be an important factor in our continued revenue growth and our visibility into future revenue. In conjunction with repeat borrowing activity, many of our customers also tend to increase their subsequent loan size compared to their initial loan size.

The following table summarizes the percentage of loans originated by new and repeat customers. Loans from cross-selling efforts are classified in the table as repeat loans.

	Three Months Ended March 31,	
Percentage of Originations (Dollars)	**2018**	**2017**
New	48%	51%
Repeat	52%	49%

Credit Performance

Credit performance refers to how credit losses on a portfolio of loans performs relative to expectations. A certain amount of losses are expected so credit performance must be assessed relative to pricing and expectations. Pricing will be determined with the goal of allowing for estimated losses while still generating the desired rate of return after taking into account those estimated losses. When a portfolio has higher than estimated losses, the desired rate of return may not be achieved and that portfolio would be considered to have underperformed. Conversely, if the portfolio incurred lower than estimated losses, resulting in a higher than expected rate of return, the portfolio would be considered to have overperformed.

We originate and price our loans based on risk. When we originate our loans, we establish a reserve for estimated loan losses. As we gather more data as the portfolio performs, we may increase or decrease that reserve as deemed necessary to reflect our latest loss estimate. Some portions of our loan portfolio may be performing better than expected while other portions may perform below expectations. The net result of the underperforming and overperforming portfolio segments determines if we require an overall increase or decrease to our loan reserve related to those existing loans.

In accordance with our strategy to expand the range of our loan offerings, over time, we have expanded the offerings of our term loans by making available longer terms and larger amounts. When we begin to offer a new type of loan, we typically extrapolate our existing data to create an initial version of a credit model to permit us to underwrite and price the new type of loan. Thereafter, we begin to collect actual performance data on these new loans which allows us to refine our credit model based on actual data as opposed to extrapolated data. It often takes several quarters after we begin offering a new type of loan for that loan to be originated in sufficient volume to generate a critical mass of performance data. In addition, for loans with longer terms, it takes longer to acquire significant amounts of data because the loans take longer to season.

In 2017, we tightened our credit policies used to determine eligibility, pricing and loan size for certain customers. As additional seasoning took place on our loans and as our predictive model incorporated newer data, our provision rate generally improved during 2017. Our provision rate improved in the first quarter of 2018 to 6.1% as compared to 6.4% in the fourth quarter of 2017 . The decrease was primarily driven by the improved quality of our originations. We expect that our provision rate for the year ending December 31, 2018 will be within our expected range of 6% to 7%.

Pricing

Customer pricing is determined primarily based on the customer's risk level as measured using the OnDeck *Score* , loan type (term loan or line of credit), term loan duration, customer type (new or repeat) and origination channel. In addition, general market conditions and the competitive environment may broadly influence pricing industry-wide. Loans originated through the direct and strategic partner channels are generally priced lower than loans originated through the funding advisor channel due to the higher commissions paid to funding advisors.

Our customers generally pay between $ 0.006 and $0.04 per month in interest for every dollar they borrow under one of our term loans, with the actual amount typically driven by the length of term of the particular loan. Historically, our term loans have been primarily quoted in "Cents on Dollar," or COD, and lines of credit in annual percentage rate, or APR. Given the use case and payback period associated with our shorter term loans, we believe many of our customers prefer to understand pricing on a “dollars in, dollars out” basis and are primarily focused on total payback cost. As of March 31, 2018 , the APRs of our term loans outstanding ranged from 16.7% to 99.4% and the APRs of our lines of credit outstanding ranged from 11.0% to 60.8% .

“Cents on Dollar” is the total interest to be paid for each dollar of principal borrowed, excluding the origination fee. We believe our customers tend to evaluate our term loans, many of which have terms of a year or less, primarily based on Cents on Dollar rather than APR. Because APR is calculated on an annualized basis, small differences in loan term can cause large changes in APR, making it harder to understand the total interest cost. We believe Cents on Dollar and similar measures of total interest expense are more useful to a borrower in comparing and evaluating shorter term loans. Historically, we have not used APR as an internal metric to evaluate performance of our business, compensate our employees or measure their performance.

We believe that our product pricing has historically fallen between traditional bank loans to small businesses and certain non-bank small business financing alternatives such as merchant cash advances.

	For the Quarter					For the Year			
	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	2016	2015	2014	2013
Weighted Average Term Loan "Cents on Dollar" Borrowed, per Month	2.08¢	1.97¢	1.96¢	1.94¢	1.95¢	1.82¢	1.95¢	2.32¢	2.65¢
Weighted Average APR - Term Loans and Lines of Credit	46.0%	43.8%	43.8%	43.2%	44.0%	41.4%	44.5%	54.4%	63.4%

The pricing decrease between 2013 and 2016 were due to longer average loan term lengths, increased originations from our lower cost direct and strategic partner channels as a percentage of total originations, the growth of our line of credit product which is priced at a lower APR level than our term loans, the introduction of our customer loyalty program and our continued efforts to pass savings on to customers. The pricing increases in 2017 and during the first quarter of 2018 were primarily a reflection of past and expected future increases in the underlying market rates that we, like many other lenders in the market, are passing on to our customers.

We consider Effective Interest Yield, or EIY, as a key pricing metric. EIY is the rate of return we achieve on loans outstanding during a period. Our EIY differs from APR in that it takes into account deferred origination fees and deferred origination costs. Deferred origination fees include fees paid up front to us by customers when loans are originated and decrease the carrying value of loans, thereby increasing the EIY. Deferred origination costs are limited to costs directly attributable to originating loans such as commissions, vendor costs and personnel costs directly related to the time spent by the personnel performing activities related to loan origination and increase the carrying value of loans, thereby decreasing EIY.

In addition to individual loan pricing and the number of days in a period, there are many other factors that can affect EIY, including:

- **Channel Mix** - In general, loans originated from the direct and strategic partner channels have lower EIYs than loans from the funding advisor channel. This is primarily due to the lower pricing of loans in the direct and strategic partner channels, which reflect lower acquisition costs and lower loss rates compared to loans in the funding advisor channel. The direct and strategic partner channels' have, in the aggregate, made up 71% and 72% of total originations during the first quarter ended March 31, 2018 and 2017 respectively. We expect the combined direct and strategic partner channels', as well as the funding advisor channel's, percentage of originations in 2018 to remain generally comparable to 2017 levels.

- **Term Mix** - In general, term loans with longer durations have lower annualized interest rates. Despite lower EIYs, total revenues from customers with longer loan durations are typically higher than the revenue of customers with shorter-term, higher EIY loans because total payback is typically higher compared to a shorter length term for the same principal loan amount. Following the introduction of our 24-month and 36-month term loans, the average length of new term loan originations had increased from 10.8 for the year December 31, 2014 to 13.3 for the year ended December 31, 2016. As part of our 2017 credit tightening policy, when appropriate, the offered duration of term loans to certain customers was shortened to control duration risk. For the three-months ended March 31, 2018, the average length of new term loan originations had decreased to 11.4 months.

- **Customer Type Mix** - In general, loans originated from repeat customers historically have had lower EIYs than loans from new customers. This is primarily due to the fact that repeat customers typically have a higher OnDeck *Score* and are therefore deemed to be lower risk. In addition, repeat customers are more likely to be approved for longer terms than new customers given their established payment history and lower risk profiles. Finally, origination fees can be reduced or waived for repeat customers due to our loyalty program, contributing to lower EIYs.

- **Product Mix** - In general, loans originated by line of credit customers have lower EIYs than loans from term loan customers. This is primarily due to the fact that lines of credit are expected to have longer lifetime usage than term loans, enabling more time to recoup upfront acquisition costs. For the three months ended 2018 , the average line of credit APR was 32.4% , compared to the average term loan APR which was 48.0% . Further, draws by line of credit customers have increased to 20.5% of total originations in 2018 from 18.0% in 2017 .

Effective Interest Yield

For the Quarter					For the Year			
Q1 2018	**Q4 2017**	**Q3 2017**	**Q2 2017**	**Q1 2017**	**2016**	**2015**	**2014**	**2013**
35.6%	34.8%	33.1%	33.5%	33.8%	33.2%	35.4%	40.4%	42.7%

Prior to the first quarter of 2018, annualization was based on 252 business days per year. Beginning with the three months ended March 31, 2018, annualization is based on 365 days per year and is calendar day-adjusted. All revisions have been applied retrospectively.

Sale of Whole Loans through OnDeck Marketplace

We may sell whole loans to institutional investors through OnDeck *Marketplace. Marketplace* originations are defined as loans that are sold through OnDeck *Marketplace* in the period or are held for sale at the end of the period. No loans were sold during the three months ended March 31, 2018. During the three months ended March 31, 2017, we sold through OnDeck *Marketplace* loans with an unpaid principal balance of $42.0 million . We have the ability to fund our originations through a variety of funding sources, including OnDeck *Marketplace* . Due to the flexibility of our diversified funding model, management has the ability to exercise judgment to adjust the percentage of term loans originated through OnDeck *Marketplace* considering numerous factors including the premiums, if any, available to us. For the three months ended March 31, 2018, we elected not to sell any loans through OnDeck *Marketplace.* Although premiums being offered and demand to purchase loans were consistent with prior quarters, our cash position, our available liquidity and our volume of loans eligible for debt financing permitted us to make the strategic decision not to utilize OnDeck *Marketplace.* We may elect to make OnDeck *Marketplace* loan sales in the future to provide us an additional source of liquidity and to maintain active relationships with our institutional loan purchasers. Our use of OnDeck *Marketplace,* regardless of whether premiums increase or decrease, may fluctuate subject to our overall financing and liquidity needs as well as the eligibility to finance new originations under our existing debt facilities.

To the extent our use of OnDeck *Marketplace* as a funding source fluctuates in the future, our gross revenue and net revenue could be materially affected. The sale of whole loans generates gain on sales of loans which is recognized in the period the loan is sold. In contrast, holding loans on balance sheet generates interest income and funding costs over the term of the loans and generally generates a provision for loan loss expense in the period of origination. Typically, over the life of a loan, we generate more total revenue and income from loans we hold on our balance sheet to maturity as compared to loans we sell through OnDeck *Marketplace* .

Our OnDeck *Marketplace* originations come from one of the following two origination sources:

- New loans that are designated at origination to be sold, referred to as “Originations of loans held for sale;” and

- Loans that were originally designated as held for investment that are subsequently designated to be sold at the time of their renewal and which are considered modified loans, referred to as “Originations of loans held for investment, modified."

The following table summarizes the initial principal of originations of the aforementioned two sources as it relates to the statement of cash flows during 2018 and 2017 .

	Three Months Ended March 31,	
	2018	2017
Originations of loans held for sale	—	33,042
Originations of loans held for investment, modified	—	9,204
Marketplace originations	—	42,246

Customer Acquisition Costs

Our customer acquisition costs, or CACs, differ depending upon the acquisition channel. CACs in our direct channel include the commissions paid to our internal sales force and expenses associated with items such as direct mail, social media and other online marketing activities. CACs in our strategic partner channel include commissions paid to our internal sales force and strategic partners. CACs in our funding advisor channel include commissions paid to our internal sales force and funding advisors. CACs in all channels include new originations as well as renewals.

Our CACs, on a combined basis for all three acquisition channels and evaluated as a percentage of originations, declined for the three months ended March 31, 2018 as compared to the three months ended March 31, 2017 . The decrease was primarily attributable to a decline in CACs in our direct and strategic partner channels resulting from improvements in customer targeting in the direct channel as well as increased average loan size and a decrease in commission rates in both channels. The decrease was partially offset by an increase in CACs in our funding advisor channel driven by an increase in external commissions and a decrease in the average size loan.

Increased competition for customer response could require us to incur higher customer acquisition costs and make it more difficult for us to grow our loan originations in both unit and volume for both new as well as repeat customers.

Historical Charge-Offs

We illustrate below our historical loan losses by providing information regarding our net lifetime charge-off ratios by cohort. Net lifetime charge-offs are the unpaid principal balance charged off less recoveries of loans previously charged off, and a given cohort's net lifetime charge-off ratio equals the cohort's net lifetime charge-offs through March 31, 2018 divided by the cohort's total original loan volume. Repeat loans in the denominator include the full renewal loan principal, rather than the net funded amount, which is the renewal loan's principal net of the unpaid principal balance on the existing loan. Loans are typically charged off after 90 days of nonpayment. Loans originated and charged off between January 1, 2013 and March 31, 2018 were on average charged off near the end of their loan term. The chart immediately below includes all term loan originations, regardless of funding source, including loans sold through our OnDeck *Marketplace* or held for sale on our balance sheet.

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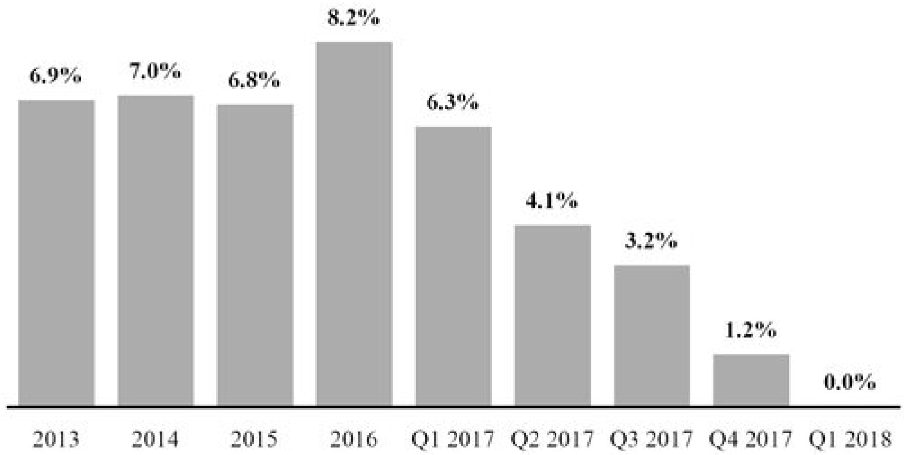
Net Charge-off Ratios by Cohort Through March 31, 2018



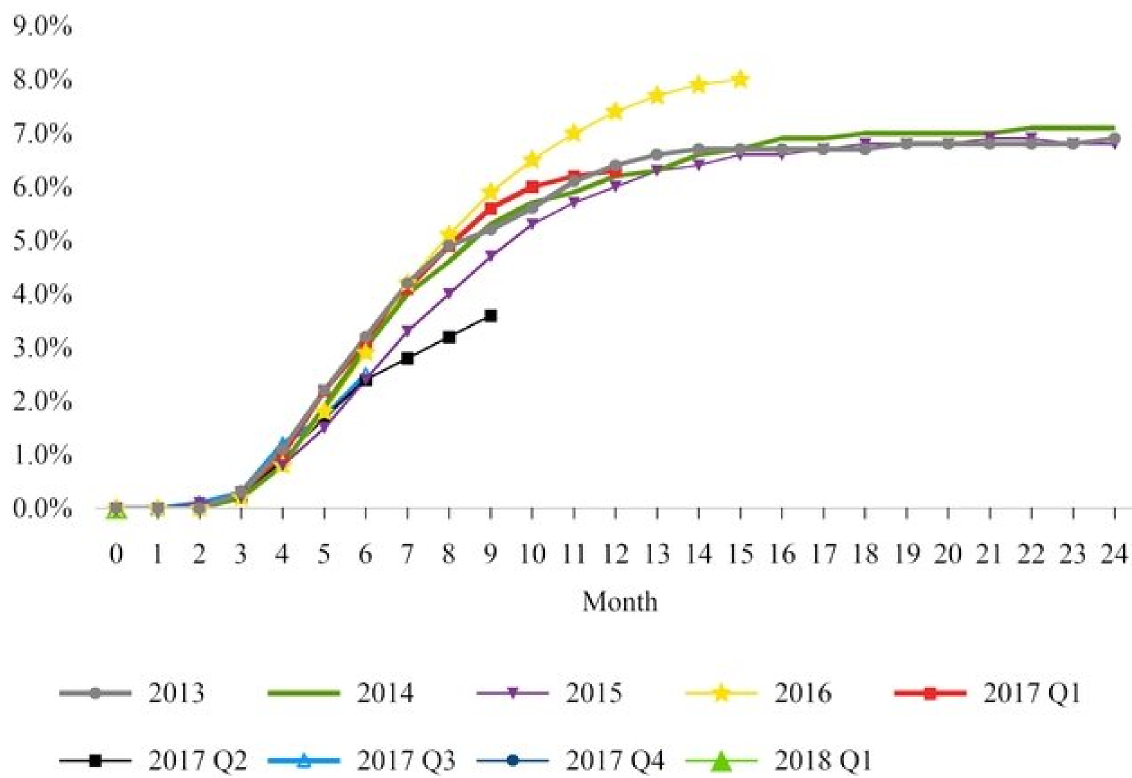
	For the Year				For the Quarter				
	2013	**2014**	**2015**	**2016**	**Q1 2017**	**Q2 2017**	**Q3 2017**	**Q4 2017**	**Q1 2018**
Principal Outstanding as of March 31, 2018 by Period of Origination	0.0%	0.0%	0.0%	1.0%	3.9%	9.9%	27.2%	57.3%	86.7%

The following charts display the historical lifetime cumulative net charge-off ratio, by origination year. The charts reflect all term loan originations, regardless of funding source, including loans sold through our OnDeck *Marketplace* or held for sale on our balance sheet. The data is shown as a static pool for annual cohorts, illustrating how the cohort has performed given equivalent months of seasoning.

Given that the originations in the first quarter of 2018 cohort are relatively unseasoned as of March 31, 2018 , these cohorts reflect low lifetime charge-off ratios in each of the new customer, repeat customer and total loans charts below. Further, given our loans are typically charged off after 90 days of nonpayment, all cohorts reflect approximately 0% charge offs for the first three months in the charts below.

Net Cumulative Lifetime Charge-off Ratios

All Loans



The chart above shows that loans we originated in 2016 had higher than historical net cumulative lifetime charge-off ratios primarily related to loans with longer terms and larger loan sizes. In response, during 2017, we tightened our credit policies which is evidenced by the improved net cumulative lifetime charge-off ratios of loans originated in the second quarter of 2017. Loans originated after the second quarter of 2017 are not yet seasoned enough for meaningful comparison.

	For the Year				For the Quarter				
Originations	**2013**	**2014**	**2015**	**2016**	**Q1 2017**	**Q2 2017**	**Q3 2017**	**Q4 2017**	**Q1 2018**
All term loans (in millions)	$ 459	$ 1,158	$ 1,874	$ 2,404	$ 573	$ 464	$ 531	$ 546	$ 591
Weighted average term (months)	10.0	11.2	12.4	13.2	12.3	11.8	12.1	12.2	11.8

Economic Conditions

Changes in the overall economy may impact our business in several ways, including demand for our loans, credit performance, and funding costs.

- *Demand for Our Loans* . Generally, we believe a strong economic climate tends to increase demand for our loans as consumer spending increases and small businesses seek to expand and more potential customers may meet our underwriting requirements, although some small businesses may generate enough additional cash flow that they no longer require a loan. In that climate, traditional lenders may also approve loans for a higher percentage of our potential customers.

- *Credit Performance* . In a strong economic climate, our customers may experience improved cash flow and liquidity, which may result in lower loan losses. In a weakening economic climate or recession, the opposite may occur. We factor economic conditions into our loan underwriting analysis and reserves for loan losses, but changes in economic conditions, particularly sudden changes, may affect our actual loan losses. These effects may be partially mitigated by the short-term nature and repayment structure of our loans, which should allow us to react more quickly than if the terms of our loans were longer.
- *Loan Losses* . Our underwriting process is designed to limit our loan losses to levels consistent with our risk tolerance and financial model. Our aggregate loan loss rates from 2013 through 2015 were consistent with our financial targets while 2016 was higher than our financial target as we incurred higher than estimated loss rates on certain longer-term loans. Our 2017 loan loss levels were also higher than our financial targets largely because we were taking corrective action throughout the first half of the year to address the higher 2016 loan losses. Our first quarter 2018 loan loss levels are consistent with our financial targets. Our overall loan losses are affected by a variety of factors, including external factors such as prevailing economic conditions, general small business sentiment and unusual events such as natural disasters, as well as internal factors such as the accuracy of the OnDeck *Score* , the effectiveness of our underwriting process and the introduction of new types of loans, such as our line of credit, with which we have less experience to draw upon when forecasting their loss rates. Our loan loss rates may vary in the future.
- *Funding Costs.* Changes in monetary and fiscal policy may affect generally prevailing interest rates. Interest rates may also change for reasons unrelated to economic conditions. To the extent that interest rates rise, our funding costs will increase and the spread between our Effective Interest Yield and our Cost of Funds Rate may narrow to the extent we cannot correspondingly increase the interest rates we charge our customers. As we have grown, we have been able to lower our Cost of Funds Rate by negotiating more favorable interest rates on our debt and accessing new sources of funding. However, we expect our Cost of Funds Rate to gradually move higher in 2018 due to anticipated increases in the interest rate environment.

Components of Our Results of Operations

Revenue

Interest Income . We generate revenue primarily through interest and origination fees earned on the term loans and lines of credit we originate. Interest income also includes interest income earned on loans held for sale from the time the loan is originated until it is ultimately sold, as well as other miscellaneous interest income. Our interest and origination fee revenue is amortized over the term of the loan using the effective interest method. Origination fees collected but not yet recognized as revenue are netted with direct origination costs and recorded as a component of loans held for investment or loans held for sale, as appropriate, on our consolidated balance sheets and recognized over the term of the loan. Direct origination costs include costs directly attributable to originating a loan, including commissions, vendor costs and personnel costs directly related to the time spent by those individuals performing activities related to loan origination.

Gain on Sales of Loans . We may sell term loans to third-party institutional investors through OnDeck *Marketplace* . We recognize a gain or loss on the sale of such loans as the difference between the proceeds received, adjusted for initial recognition of servicing assets or liabilities obtained at the date of sale, and the outstanding principal and net deferred origination costs.

Other Revenue . Other revenue includes servicing revenue related to loans serviced for others, fair value adjustments to servicing rights, platform fees, monthly fees charged to customers for our line of credit, and marketing fees earned from our issuing bank partner, which are recognized as the related services are provided.

Cost of Revenue

Provision for Loan Losses . Provision for loan losses consists of amounts charged to income during the period to maintain an allowance for loan losses, or ALLL, estimated to be adequate to provide for probable credit losses inherent in our existing loan portfolio. Our ALLL represents our estimate of the credit losses inherent in our portfolio of term loans and lines of credit and is based on a variety of factors, including the composition and quality of the portfolio, loan specific information gathered through our collection efforts, delinquency levels, our historical charge-off and loss experience and general economic conditions. We expect our aggregate provision for loan losses to increase in absolute dollars as the amount of term loans and lines of credit we originate and hold for investment increases.

Funding Costs . Funding costs consist of the interest expense we pay on the debt we incur to fund our lending activities, certain fees and the amortization of deferred debt issuance costs incurred in connection with obtaining this debt, such as banker fees, origination fees and legal fees. Such costs are expensed immediately upon early extinguishment of the related debt. Our Cost of Funds Rate will vary based on a variety of external factors, such as credit market conditions, general interest rate levels and spreads, as well as OnDeck-specific factors, such as origination volume and credit quality. We expect our funding costs will continue to increase in absolute dollars due to increased utilization of our funding debt facilities resulting from planned portfolio growth and higher interest rates. We also expect the Cost of Funds Rate to increase driven by expected increases in the interest rate environment.

Operating Expense

Operating expense consists of sales and marketing, technology and analytics, processing and servicing, and general and administrative expenses. Salaries and personnel-related costs, including benefits, bonuses, stock-based compensation expense and occupancy, comprise a significant component of each of these expense categories. The number of employees was 502 , 475 and 641 at March 31, 2018 , December 31, 2017 and March 31, 2017 , respectively. All operating expense categories also include an allocation of overhead, such as rent and other overhead, which is based on employee headcount. We believe that continuing to invest in our business is essential to maintaining our competitive position, and therefore, we expect the absolute dollars of operating expenses to increase in 2018, excluding charges related to real estate dispositions and executive transitions, but to remain relatively constant as a percentage of revenue.

Sales and Marketing . Sales and marketing expense consists of salaries and personnel-related costs of our sales and marketing and business development employees, as well as direct marketing and advertising costs, online and offline CACs (such as direct mail, paid search and search engine optimization costs), public relations, radio and television advertising, promotional event programs and sponsorships, corporate communications and allocated overhead. We expect our sales and marketing expense in terms of absolute dollars to remain generally consistent with 2017 levels but to decrease as a percentage of revenue in the near term as we continue to optimize marketing spend.

Technology and Analytics . Technology and analytics expense consists primarily of the salaries and personnel-related costs of our engineering and product employees as well as our credit and analytics employees who develop our proprietary credit-scoring models. Additional expenses include third-party data acquisition expenses, professional services, consulting costs, expenses related to the development of new types of loans and technologies and maintenance of existing technology assets, amortization of capitalized internal-use software costs related to our technology platform and allocated overhead.

Processing and Servicing . Processing and servicing expense consists primarily of salaries and personnel related costs of our credit analysis, underwriting, funding, fraud detection, customer service and collections employees. Additional expenses include vendor costs associated with third-party credit checks, lien filing fees and other costs to evaluate, close and fund loans and overhead costs.

General and Administrative . General and administrative expense consists primarily of salary and personnel-related costs for our executive, finance and accounting, legal and people operations employees. Additional expenses include a provision for the unfunded portion of our lines of credit, consulting and professional fees, insurance, legal, travel, gain or loss on foreign exchange and other corporate expenses. These expenses also include costs associated with compliance with the Sarbanes-Oxley Act and other regulations governing public companies, directors' and officers' liability insurance and increased accounting costs.

Other Expense

Interest Expense . Interest expense consists of interest expense and amortization of deferred debt issuance costs incurred on debt associated with our corporate activities. It does not include interest expense incurred on debt associated with our lending activities.

Provision for Income Taxes

We have not recorded any provision for U.S. federal, state and foreign income taxes. Through December 31, 2016, we have not been required to pay U.S. federal or state income taxes nor any foreign taxes because of our current and accumulated net operating losses. As of December 31, 2017 , we had $82.1 million of federal net operating loss carryforwards and $81.3 million of state net operating loss carryforwards available to reduce future taxable income, unless limited due to historical or future ownership changes. The federal net operating loss carryforwards will begin to expire at various dates beginning in 2029.

The Internal Revenue Code of 1986, as amended, or the Code, imposes substantial restrictions on the utilization of net operating losses and other tax attributes in the event of an "ownership change" of a corporation. Events which may cause limitation in the amount of the net operating losses and other tax attributes that are able to be utilized in any one year include, but are not limited to, a cumulative ownership change of more than 50% over a three-year period, which has occurred as a result of historical ownership changes. Accordingly, our ability to use pre-change net operating loss and certain other attributes are limited as prescribed under Sections 382 and 383 of the Code. Therefore, if we earn net taxable income in the future, our ability to reduce our federal income tax liability with our existing net operating losses is subject to limitation. Future offerings, as well as other future ownership changes that may be outside our control could potentially result in further limitations on our ability to utilize our net operating loss and tax attributes. Accordingly, achieving profitability may not result in a full release of the valuation allowance.

On December 22, 2017, the SEC issued Staff Accounting Bulletin No. 118, Income Tax Accounting Implications of the Tax Cuts and Jobs Act, that was codified through the issuance of ASU No. 2018-05. This pronouncement permits us to record provisional amounts during a measurement period not to extend beyond one year of the enactment date. We recorded the impact of the Tax Cuts and Jobs Act for the year ended December 31, 2017, which included a provisional amount associated with our deferred tax asset. We did not revise our initial provisional estimate during the three months ended March 31, 2018, and we have not completed our analysis of the income tax effects of the tax reform. Because a full valuation allowance has been and will continue to be recorded against our deferred tax asset, any change in our provisional amounts is expected to be offset by a corresponding change in our valuation allowance, resulting in no net impact to our results of operations.

As of December 31, 2017 , a full valuation allowance of $37.8 million was recorded against our net deferred tax assets.

Results of Operations

The consolidated statements of operations data as a percentage of gross revenue for each of the periods indicated.

Comparison of the Three Months Ended March 31, 2018 and 2017

	Three Months Ended March 31,				Period-to-Period Change	
	2018		2017			
	Amount	Percentage of Gross Revenue	Amount	Percentage of Gross Revenue	Amount	Percentage
	(dollars in thousands)					
Revenue:						
Interest income	$ 86,369	95.7 %	$ 87,111	93.8 %	$ (742)	(0.9)%
Gain on sales of loans	—	—	1,484	1.6	(1,484)	(100.0)
Other revenue	3,911	4.3	4,297	4.6	(386)	(9.0)
Gross revenue	90,280	100.0	92,892	100.0	(2,612)	(2.8)
Cost of revenue:						
Provision for loan losses	36,293	40.2	46,180	49.7	(9,887)	(21.4)
Funding costs	11,821	13.1	11,277	12.2	544	4.8
Total cost of revenue	48,114	53.3	57,457	61.9	(9,343)	(16.3)
Net revenue	42,166	46.7	35,435	38.1	6,731	19.0
Operating expenses:						
Sales and marketing	10,598	11.7	14,819	16.0	(4,221)	(28.5)
Technology and analytics	11,007	12.2	15,443	16.6	(4,436)	(28.7)
Processing and servicing	5,221	5.8	4,535	4.9	686	15.1
General and administrative	17,725	19.6	11,887	12.8	5,838	49.1
Total operating expenses	44,551	49.3	46,684	50.3	(2,133)	(4.6)
Loss from operations	(2,385)	(2.6)	(11,249)	(12.1)	8,864	78.8
Other expense:						
Interest expense	(51)	(0.1)	(353)	(0.4)	302	(85.6)
Total other expense:	(51)	(0.1)	(353)	(0.4)	302	(85.6)
Loss before provision for income taxes	(2,436)	(2.7)	(11,602)	(12.5)	9,166	(79.0)
Provision for income taxes	—	—	—	—	—	—
Net loss	$ (2,436)	(2.7)%	$ (11,602)	(12.5)%	$ 9,166	(79.0)%

Revenue

	Three Months Ended March 31,				Period-to-Period Change	
	2018		2017			
	Amount	Percentage of Gross Revenue	Amount	Percentage of Gross Revenue	Amount	Percentage
	(dollars in thousands)					
Revenue:						
Interest income	$ 86,369	95.7%	$ 87,111	93.8%	$ (742)	(0.9)%
Gain on sales of loans	—	—	1,484	1.6	(1,484)	(100.0)
Other revenue	3,911	4.3	4,297	4.6	(386)	(9.0)
Gross revenue	$ 90,280	100.0%	$ 92,892	100.0%	$ (2,612)	(2.8)%

Gross revenue decreased by $2.6 million , or 2.8% , from $92.9 million to $90.3 million . This decrease was in part attributable to a $0.7 million , or 0.9% , decrease in interest income, which was driven by a lower volume of loans being held on our balance sheet as evidenced by the 6% decrease in Average Loans to $984 million from $1.05 billion . This was partially offset by an increase in our EIY on loans outstanding to 35.6% from 33.8% over the same period.

Gain on sales of loans decreased by $1.5 million to zero as no loans were sold in the quarter ending March 31, 2018.

Other revenue decreased by $0.4 million , or 9% , primarily attributable to a decrease of $0.3 million in marketing fees from our issuing bank partner. Additionally, there was a $0.4 million decrease in other income due to a one-time Australia lease fee payment we received for vacating office space in the quarter ending March 31, 2017. This was offset by an increase of $0.4 million in platform fees.

Cost of Revenue

	Three Months Ended March 31,				Period-to-Period Change	
	2018		2017			
	Amount	Percentage of Gross Revenue	Amount	Percentage of Gross Revenue	Amount	Percentage
	(dollars in thousands)					
Cost of revenue:						
Provision for loan losses	$ 36,293	40.2%	$ 46,180	49.7%	$ (9,887)	(21.4)%
Funding costs	11,821	13.1	11,277	12.2	544	4.8
Total cost of revenue	$ 48,114	53.3%	$ 57,457	61.9%	$ (9,343)	(16.3)%

Provision for loan losses . Provision for loan losses decreased by $9.9 million , or 21% , from $46.2 million to $36.3 million . In accordance with GAAP, we recognize revenue on loans over their term, but provide for probable credit losses on the loans at the time they are originated. We then periodically adjust our estimate of those probable credit losses based on actual performance and changes in loss estimates. As a result, we believe that analyzing provision for loan losses as a percentage of originations held for investment, rather than as a percentage of gross revenue, provides more useful insight into our operating performance. Our provision for loan losses as a percentage of originations held for investment, or the Provision Rate, decreased from 8.7% to 6.1% . The decrease in the Provision Rate is largely attributable to the tightening of our credit policies used to determine eligibility, pricing and loan size for certain customers. The tightening of our credit policies began in early 2017. The Provision Rate also improved from the prior quarter primarily driven by the improved quality of our originations.

Funding costs . Funding costs increased by $0.5 million , or 4.8% , from $11.3 million to $11.8 million . As a percentage of gross revenue, funding costs increased from 12.2% to 13.1% . The increase in funding costs was primarily attributable to the increases of unused fees in our facilities and interest expense from the amortization of deferred debt issuance fees. The increase of unused fees was driven by the fact that in the first quarter of 2018 we decreased utilization of our more expensive facilities.

Several of the facilities increased their borrowing capacity during 2017 and our average unpaid principal balances decreased from March 31, 2018 compared to March 31, 2017, which led to an increase of facilities that were not fully utilized in the first quarter of 2018. Additionally, interest expense from the amortization of our deferred debt issuance costs increased, as we incurred additional deferred debt issuance costs when amending several of the facilities during 2017. The Average Funding Debt Outstanding was $763.8 million as compared to $698.8 million while our Cost of Funds Rate increased to 6.8% from 5.9%

Operating Expense

Sales and marketing

	Three Months Ended March 31,				Period-to-Period Change	
	2018		2017			
	Amount	Percentage of Gross Revenue	Amount	Percentage of Gross Revenue	Amount	Percentage
	(dollars in thousands)					
Sales and marketing	$ 10,598	11.7%	$ 14,819	16.0%	$ (4,221)	(28.5)%

Sales and marketing expense decreased by $4.2 million , or 28% , from $14.8 million to $10.6 million . The decrease was primarily attributable to a $1.4 million decrease in customer acquisition costs, a decrease of $0.6 million in personnel-related costs, and a $0.7 million decrease in rent occupancy costs due to the lease terminations that was allocated to sales and marketing based on headcount. Additionally, brand and radio/television advertising decreased by $0.6 million , general marketing spend decreased by $0.5 million and syndication program costs decreased by $0.2 million .

Technology and analytics

	Three Months Ended March 31,				Period-to-Period Change	
	2018		2017			
	Amount	Percentage of Gross Revenue	Amount	Percentage of Gross Revenue	Amount	Percentage
	(dollars in thousands)					
Technology and analytics	$ 11,007	12.2%	$ 15,443	16.6%	$ (4,436)	(28.7)%

Technology and analytics expense decreased by $4.4 million , or 29% , from $15.4 million to $11.0 million . The decrease was primarily attributable to a $3.3 million decrease in salaries and personnel-related costs related to technology and analytics headcount reductions as part of our cost rationalization program. Additionally, there was a $0.6 million decrease in rent occupancy costs due to the lease terminations that was allocated to technology and analytics based on headcount and a $0.4 million decrease in technology depreciation as we wrote off certain assets in 2017.

Processing and servicing

	Three Months Ended March 31,				Period-to-Period Change	
	2018		2017			
	Amount	Percentage of Gross Revenue	Amount	Percentage of Gross Revenue	Amount	Percentage
	(dollars in thousands)					
Processing and servicing	$ 5,221	5.8%	$ 4,535	4.9%	$ 686	15.1%

Processing and servicing expense increased by $0.7 million , or 15% , from $4.5 million to $5.2 million . The increase was primarily attributable to a $0.8 million increase in personnel-related costs, as a result of consolidating our operations functions in Denver.

General and administrative

	Three Months Ended March 31,				Period-to-Period Change	
	2018		2017			
	Amount	Percentage of Gross Revenue	Amount	Percentage of Gross Revenue	Amount	Percentage
	(dollars in thousands)					
General and administrative	$ 17,725	19.6%	$ 11,887	12.8%	$ 5,838	49.1%

General and administrative expense increased by $5.8 million , or 49% , from $11.9 million to $17.7 million . The increase was primarily attributable to a $5.7 million charge related to the lease terminations in the NY and Denver offices. Additionally, professional fees decreased by $0.7 million as we reduced legal and finance consultant spend. The loss related to foreign currency transactions and holdings in Canadian Dollars increased in the first quarter of 2018, increasing expenses by $0.9 million , driven by the decreased value of the Canadian Dollar relative to the US Dollar in the first quarter of 2018 compared to the first quarter of 2017.

Liquidity and Capital Resources

Sources of Liquidity

During the first quarter of 2018 , we originated $590.6 million of loans utilizing a diversified set of funding sources, including cash on hand, third-party lenders (through debt facilities and securitization), and the cash generated by our operating, investing and financing activities.

Cash on Hand

At March 31, 2018 , we had approximately $70 million of cash on hand to fund our future operations. There was no material change from cash on hand at December 31, 2017 .

Current Debt Facilities

The following table summarizes our current debt facilities available for funding our lending activities, referred to as funding debt, and our operating expenditures, referred to as corporate debt, as of March 31, 2018 .

	Maturity Date	Weighted Average Interest Rate	Borrowing Capacity	Principal Outstanding
			(in millions)	
Funding Debt:				
OnDeck Asset Securitization Trust II LLC	May 2020 [1]	4.7%	$ 250.0	$ 250.0
OnDeck Account Receivables Trust 2013-1 LLC	March 2019	4.4%	214.1	112.5
Receivable Assets of OnDeck, LLC	November 2018	5.1%	119.7	99.0
On Deck Asset Company, LLC	May 2019	9.0%	100.0	75.5
OnDeck Asset Funding I, LLC	February 2020 [2]	8.9%	150.0	75.0
Prime OnDeck Receivable Trust II, LLC	December 2018	4.3%	125.0 [4]	72.6
Other Agreements	Various [3]	Various	50.4	50.4
Total Funding Debt [5]			$ 1,009.2	$ 734.9
Corporate Debt:				
On Deck Capital, Inc.	October 2018	6.0%	$ 30.0	$ 8.0

(1) In April 2018, we issued $225 million of debt in a new securitization transaction. The net proceeds were used, together with other available funds, to voluntarily prepay in full all $250 million of the prior ODAST II Notes. See Note 10, "Subsequent Events" of Notes to Unaudited Condensed Consolidated Financial Statements.
(2) The period during which new borrowings may be made under this debt facility expires in February 2019.
(3) Maturity dates range from April 2018 through November 2020.
(4) Lenders obligation consists of a commitment to make loans in amount of up to $125 million on a revolving basis. Lenders may also, in their sole discretion and on an uncommitted basis, make additional loans in amount of up to $75 million on a revolving basis.
(5) May not sum due to rounding.

Our ability to fully utilize the available capacity of our debt facilities may also be impacted by provisions that limit concentration risk and eligibility. The debt facilities contain thresholds, known as concentration limitations, which restrict a debt facility's collateral pool from being overly concentrated with loans that share pre-defined loan characteristics. In addition, debt facilities contain provision that limit the eligibility criteria of loans that may be financed, such as term length, loan amount and a borrower's home country. Loans that do not meet the criteria to be financed are referred to as ineligible loans. To the extent such concentration limits are exceeded or loans are deemed ineligible, newly originated loans with the pre-defined loan characteristics subject to that concentration limit or eligibility criteria may not be financed despite available capacity under the debt facilities.

OnDeck *Marketplace*

OnDec k *Marketplace* is our proprietary whole loan sale platform that allows participating third-party institutional investors to directly purchase small business loans from us. OnDeck *Marketplace* participants enter into whole loan purchase agreements, so as to purchase a pre-determined dollar amount of loans that satisfy certain eligibility criteria. The loans are sold to the participant at a pre-determined purchase price above par. We recognize a gain or loss from OnDeck *Marketplace* loans when sold. We currently act as servicer in exchange for a servicing fee with respect to the loans purchased by the applicable OnDeck *Marketplace* participant. No loans were sold during the three months ended March 31, 2018. During the three months ended March 31, 2017, we sold loans with an unpaid principal balance of $42.0 million through OnDeck *Marketplace* . The proportion of loans we sell through OnDeck *Marketplace* largely depends on the premiums available to us as well as the cost and availability of other sources of liquidity. To the extent our use of OnDeck *Marketplace* as a funding source decreases in the future, we may choose to generate liquidity through our other available funding sources.

Cash and Cash Equivalents, Loans (Net of Allowance for Loan Losses), and Cash Flows

The following table summarizes our cash and cash equivalents, loans (net of ALLL) and cash flows:

	As of and for the Three Months Ended March 31,	
	2018	2017
	(in thousands)	
Cash and cash equivalents	$ 70,415	$ 72,997
Restricted cash	$ 44,709	$ 64,672
Loans held for investment, net	$ 892,023	$ 928,509
Cash provided by (used in):		
Operating activities	$ 53,912	$ 44,871
Investing activities	$ (98,690)	$ (97,125)
Financing activities	$ 45,381	$ 65,516

Our cash and cash equivalents at March 31, 2018 were held primarily for working capital purposes. We may, from time to time, use excess cash and cash equivalents to fund our lending activities. We do not enter into investments for trading or speculative purposes. Our policy is to invest any cash in excess of our immediate working capital requirements in investments designed to preserve the principal balance and provide liquidity. Accordingly, our excess cash is invested primarily in demand deposit accounts that are currently providing only a minimal return.

Our restricted cash represents funds held in accounts as reserves on certain debt facilities and as collateral for issuing bank partner transactions. We have no ability to draw on such funds as long as they remain restricted under the applicable arrangements.

Cash Flows

Operating Activities

For the three months ended March 31, 2018 , net cash provided by our operating activities was $53.9 million , which was primarily the result of our cash received from our customers, including interest payments of $99.2 million , less $34.7 million utilized to pay our operating expenses and $10.5 million we used to pay the interest on our debt (both funding and corporate). During that same period, accounts payable and accrued expenses and other liabilities decreased by approximately $0.1 million .

For the three months ended March 31, 2017 , net cash provided by our operating activities was $44.9 million , which was primarily the result of our cash received from our customers including interest payments $103.3 million , plus proceeds from sale of loans held for sale of $33.3 million , less $32.3 million of loans held for sale originations in excess of loan repayments received, $48.2 million utilized to pay our operating expenses and $10.3 million we used to pay the interest on our debt (both funding and corporate) and $1.0 million of origination costs paid in excess of fees collected. During that same period, accounts payable and accrued expenses and other liabilities increased by approximately $9.3 million .

Investing Activities

Our investing activities have consisted primarily of funding our term loan and line of credit originations, including payment of associated direct costs and receipt of associated fees, offset by customer repayments of term loans and lines of credit, purchases of property, equipment and software, capitalized internal-use software development costs and proceeds from the sale of term loans which were not specifically identified at origination through our OnDeck *Marketplace* . Purchases of property, equipment and software and capitalized internal-use software development costs may vary from period to period due to the timing of the expansion of our operations, the addition of employee headcount and the development cycles of our internal-use technology.

From time to time in the past, we have voluntarily purchased and may again in the future voluntarily purchase our loans that were previously sold to third parties. The circumstances under which we effect these transactions depends on a variety of factors. In determining whether to engage in a certain voluntary purchase transactions, we consider, among other things, our relationship with the potential seller, the potential purchase price, credit profile of the target loans, our overall liquidity position and possible alternative uses of cash. Although these purchases have not been material in the past, depending upon the circumstances, they could be material in the future, depending on the quantity and timing of these purchases.

For the three months ended March 31, 2018 , net cash used to fund our investing activities was $98.7 million , and consisted primarily of $82.7 million of loan originations in excess of loan repayments received, $14.2 million of origination costs paid in excess of fees collected and $1.7 million for the purchase of property, equipment and software and capitalized internal-use software development costs.

For the three months ended March 31, 2017 , net cash used to fund our investing activities was $97.1 million , and consisted primarily $10.0 million of proceeds from sales of loans held for investment, less $79.9 million of loan originations in excess of loan repayments received, $13.5 million for the purchase of loans, $12.3 million of origination costs paid in excess of fees collected and $1.4 million for the purchase of property, equipment and software and capitalized internal-use software development costs.

Financing Activities

Our financing activities have consisted primarily of net borrowings from our securitization facility and our revolving debt facilities as well as the issuance of common stock.

For the three months ended March 31, 2018 , net cash provided to fund our financing activities was $45.4 million and consisted primarily of $44.8 million in net principal repayments of our debt related to our securitization and debt facilities and $0.1 million of payments of debt issuance costs. These uses of cash were partially offset by $0.8 million of cash received from the issuance of common stock under the employee stock purchase plan.

For the three months ended March 31, 2017 , net cash provided by our financing activities was $65.5 million and consisted primarily of $63.3 million in net borrowings from our securitization and debt facilities, $3.4 million of cash received for investment by noncontrolling interest in On Deck Capital Australia PTY LTD, and $1.2 million of cash received from the issuance of common stock under the employee stock purchase plan. These increases were offset by $2.5 million of payments of debt issuance costs.

Operating and Capital Expenditure Requirements

We require substantial liquidity to fund our current operating and capital expenditure requirements. We expect these requirements to increase as we pursue our growth strategy.

Our strategy is to continue to grow in a disciplined manner while remaining highly focused on credit quality, operating leverage and profitability. We expect our originations to grow in absolute dollars for the full year 2018 as compared to 2017. We intend to allocate resources to continue to optimize marketing and customer acquisition costs based on targeted returns on investment rather than spending inefficiently in these areas to achieve incremental growth.

We estimate that at March 31, 2018 , approximately $298 million of our own cash had been invested in our loan portfolio, approximately two-thirds of which was used to fund our portfolio's residual value and the remainder was used to fund ineligible loans. While investing in our portfolio's residual value is a requirement of our funding model and will remain a use of cash so long as we continue to grow loan balances, the use of cash to fund ineligible loans may be mitigated if and to the extent we obtain funding capacity that permits the funding of the ineligible loans, either through debt facilities or OnDeck *Marketplace* .

As of March 31, 2018, approximately $ 278.7 million of our funding debt capacity was scheduled to expire during 2018.

On April 13, 2018, Loan Assets of OnDeck, LLC, a wholly-owned subsidiary of the Company, established a new asset-backed revolving debt facility with a commitment amount of $100 million and a 1 Month LIBOR + 2.0% interest rate. The period during which new borrowings may be made under this facility expires on April 13, 2022 and the final maturity date is October 13, 2022.

On April 17, 2017, our wholly-owned subsidiary, OnDeck Asset Securitization Trust II LLC, issued $225 million in initial principal amount of fixed-rate asset backed offered notes in a securitization transaction. The notes were issued in four classes with a weighted average fixed interest rate of 3.75%. The revolving period expires on March 31, 2020 and the final maturity date is April 2022. The net proceeds of this transaction were used, together with other available funds, to voluntarily prepay in full all $250 million of notes from a prior securitization. See Note 10, "Subsequent Events" of Notes to Unaudited Condensed Consolidated Financial Statements.

In order to maintain and grow our current rate of loan originations over the next twelve months, we will be required to secure additional funding. We plan to do this through new debt facilities and extensions and increases to existing debt facilities.

We expect to use cash flow generated from operations, together with additional cash we may obtain by financing currently ineligible loans, to the extent that we are able to do so, to continue funding residual growth as our financed portfolio grows. In addition, we may also finance our expected residual growth through other unused liquidity sources such as our corporate line of credit or possible additional subordinated notes in our debt facilities.

Historically we have been successful in accessing the asset-backed loan market on terms acceptable to us, and we anticipate that we will be able to do so into the foreseeable future. However, if we deem the cost of accessing the asset-backed loan market to be in excess of an appropriate rate, we may elect to use available cash, seek to increase the use of OnDeck *Marketplace* , or use other financing options available to us. Furthermore, we could decide to alter the types of loans we originate, such that more loans are eligible for credit facilities, or we could decide to slow down the rate of originations.

We believe that our cash flow from operations, available capacity under our revolving lines of credit (and expected extensions or replacements of those lines) and existing cash balances, together with additional financing we expect to be able to obtain on market terms, are sufficient to meet both our existing operating and capital expenditure requirements and our currently planned growth for at least the next 12 months.

It is possible that we may require capital in excess of amounts we currently anticipate. Although it is not currently anticipated, depending upon the circumstances we may seek additional equity financing. The sale of equity may result in dilution to our stockholders, and those securities may have rights senior to those of our common stock. If we raise additional funds through the issuance of additional debt, the agreements governing such debt could contain covenants that would restrict our operations and such debt would rank senior to shares of our common stock. Depending on market conditions and other factors, we may not be able to obtain additional capital for our current operations or anticipated future growth on reasonable terms or at all.

Contractual Obligations

Other than as described under the subheading "Liquidity and Capital Resources," and in Note 5, Note 9 and Note 10 of Notes to Unaudited Condensed Consolidated Financial Statements, there have been no material changes in our commitments under contractual obligations from those disclosed in our Annual Report on Form 10-K for the year ended December 31, 2017.

As a result of the lease terminations described more fully in Note 9 of the Notes to Unaudited Condensed Consolidated Financial Statements, our contractual obligations under our operating leases have decreased subsequent to year-end by approximately $23.4 million. As of March 31, 2018, our projected future cash payments related to our operating leases are as follows:

Contractual Obligations	Total	2018	2019-2020	2021-2022	Thereafter
			(in thousands)		
Operating leases	$ 55,304	6,424	13,386	12,641	22,853

Off-Balance Sheet Arrangements

As of March 31, 2018 , we did not have any off-balance sheet arrangements, as defined in Item 303(a)(4)(ii) of Regulation S-K, such as the use of unconsolidated subsidiaries, structured finance, special purpose entities or variable interest entities.

Critical Accounting Policies and Significant Judgments and Estimates

There have been no material changes to our critical accounting policies and estimates as compared to those described in our Annual Report on Form 10-K for the year ended December 31, 2017.

Our management's discussion and analysis of our financial condition and results of operations are based on our condensed consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these condensed consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements, and the reported amounts of revenue and expenses during the reported period. In accordance with GAAP, we base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions.

Recently Issued Accounting Pronouncements and JOBS Act Election

Recent Accounting Pronouncements Not Yet Adopted

Refer to Note 1, Organization and Summary of Significant Accounting Policies, contained in the Notes to Unaudited Condensed Consolidated Financial Statements in Item 1 of Part I of this report for a full description of the recent accounting pronouncements and our expectation of their impact, if any, on our results of operations and financial conditions.

Under the JOBS Act, we meet the definition of an "emerging growth company." We have irrevocably elected to opt out of the extended transition period for complying with new or revised accounting standards pursuant to Section 107(b) of the JOBS Act.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes from the information previously reported under "Part II, Item 7A" of our Annual Report on Form 10-K for the year ended December 31, 2017.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

As required by Rule 13a-15 under the Exchange Act, management has evaluated, with the participation of our Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Disclosure controls and procedures refer to controls and other procedures designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act are recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the SEC. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in our reports that we file or submit under the Exchange Act are accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding our required disclosure. In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management was required to apply its judgment in evaluating and implementing possible controls and procedures.

Based on the foregoing evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of March 31, 2018 , the end of the period covered by this report, our disclosure controls and procedures were effective at a reasonable assurance level.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended March 31, 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

From time to time we are subject to legal proceedings and claims in the ordinary course of our business. The results of such matters cannot be predicted with certainty. However, we believe that the final outcome of any such current matters will not result in a material adverse effect on our consolidated financial condition, consolidated results of operations or consolidated cash flows.

Item 1A. Risk Factors

Our current and prospective investors should carefully consider the following risks, in addition to those described in "Part I, Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2017, and other documents that we file with the SEC from time to time which are available on the SEC website at www.sec.gov, and all other information contained in this report, including our unaudited condensed consolidated financial statements and the related notes, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the “Cautionary Note Regarding Forward-Looking Statements,” before making investment decisions regarding our securities. The risks and uncertainties in such Form 10-K are not the only ones we face, but include the most significant factors currently known by us. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, also may become important factors that affect us. If any of the following risks materialize, our business, financial condition and results of operations could be materially harmed. In that case, the trading price of our securities could decline, and you may lose some or all of your investment.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

None.

Table of Contents

Item 6. Exhibits

The documents listed in the Exhibit Index of this report are incorporated by reference or are filed with this Quarterly Report on Form 10-Q, in each case as indicated therein (numbered in accordance with Item 601 of Regulation S-K).

Exhibit Index

Exhibit Number	Description	Filed / Incorporated by Reference from Form *	Incorporated by Reference from Exhibit Number	Date Filed
3.1	Amended and Restated Certificate of Incorporation	8-K	3.1	12/22/2014
3.2	Third Amended and Restated Bylaws	8-K	3.1	8/3/2016
4.1	Form of common stock certificate.	S-1	4.1	11/10/2014
4.2	Form of warrant to purchase common stock.	S-1	4.6	11/10/2014
10.1	Partial Termination and Surrender Agreement and Fourth Lease Modification Agreement, dated February 1, 2018, by and between Registrant and ESRT 1400 Broadway, L.P.	Filed herewith.		
10.2+	Confirmatory Employment Offer Letter between the Registrant and Kenneth A. Brause dated March 5, 2018.	Filed herewith.		
10.3+	Confirmatory Employment Offer Letter between the Registrant and Andrea Gellert dated May 2, 2018.	Filed herewith.		
10.4+	Confirmatory Employment Offer Letter between Registrant and Cory Kampfer dated May 2, 2018.	Filed herewith.		
31.1	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, Rule 13a-14(a)/15d-14(a), by Chief Executive Officer.	Filed herewith.		
31.2	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, Rule 13a-14(a)/15d-14(a), by Chief Financial Officer.	Filed herewith.		
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, by Chief Executive Officer.	Filed herewith.		
32.2	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, by Chief Financial Officer.	Filed herewith.		
101.INS	XBRL Instance Document	Filed herewith.		
101.SCH	XBRL Taxonomy Extension Schema Document	Filed herewith.		
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document	Filed herewith.		
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document	Filed herewith.		
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document	Filed herewith.		
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document	Filed herewith.		

* All exhibits incorporated by reference to the Registrant's Form S-1 or S-1/A registration statements relate to Registration No. 333-200043

\+ Indicates a management contract or compensatory plan.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

On Deck Capital, Inc.

/s/ Kenneth A. Brause

Kenneth A. Brause
Chief Financial Officer
(Principal Financial Officer)

Date: May 8, 2018

/s/ Nicholas Sinigaglia

Nicholas Sinigaglia
Chief Accounting Officer
(*Principal Accounting Officer*)

Date: May 8, 2018

Exhibit 10.1

PARTIAL TERMINATION AND SURRENDER AGREEMENT AND FOURTH LEASE MODIFICATION AGREEMENT

THIS PARTIAL TERMINATION AND SURRENDER AGREEMENT AND FOURTH LEASE MODIFICATION AGREEMENT (this " Agreement "), made as of the 1st day of February, 2018 by and between ESRT 1400 BROADWAY, L.P., a New York limited partnership, with an address c/o ESRT Management, L.L.C., 111 West 33 rd Street, New York, New York 10120 (" Landlord "), and ON DECK CAPITAL, INC., a Delaware corporation, having an address at 1400 Broadway, 25 th Floor, New York, New York 10018 (" Tenant ").

W I T N E S S E T H :

WHEREAS, by Agreement of Lease, dated as of September 25, 2012 (the " Original Lease "), between Landlord's predecessor-in-interest, 1400 Broadway Associates, L.L.C. (" Original Landlord ") and Tenant, Original Landlord did demise and let unto Tenant and Tenant did hire and take from Original Landlord, the entire twenty-fifth (25th) floor (the “ 25th Floor ”) of the building known as and by the street address 1400 Broadway, New York, New York (the " Building ");

WHEREAS, the Original Lease was amended and modified by that certain Lease Modification Agreement, dated as of January 23, 2014 (the " First Modification ") between Original Landlord and Tenant pursuant to which Tenant also leased from Original Landlord certain additional space on the 24th floor of the Building designated as Suites 2400, 2406 and 2405A (collectively, the " Original 24th Floor Space ");

WHEREAS, the Original Lease was further amended and modified by that certain Lease Modification Agreement, dated as of May 12, 2014 (the " Second Modification ") between Original Landlord and Tenant pursuant to which Tenant also leased from Original Landlord certain previously common area space on the twenty-fourth (24th) floor of the Building (the “ 24th Floor Common Area Space ”);

WHEREAS, the Original Lease was further amended and modified by that certain Lease Modification Agreement, dated as of March 3, 2015 (the " Third Modification "; the Original Lease as modified by the First Modification, the Second Modification and the Third Modification, the “ Lease ”) between Landlord and Tenant pursuant to which Tenant also leased from Landlord certain additional space in the Building on the twenty-second (22nd) floor of the Building designated as Suites 2200 and 2203 (collectively, the " 22nd Floor Space "), the entire twenty-third (23rd) floor of the Building (the " 23rd Floor "), certain space on the twenty-four (24 th) floor of the Building designated as Suites 2403, 2404 and 2405B (collectively, the " Additional 24th Floor Space ") and the entire twelfth (12th) floor of the Building (the “ 12th Floor ”); and

WHEREAS, Landlord and Tenant desire to amend the Lease to (i) terminate the Lease as it applies only to the 12th Floor (hereinafter referred to as the “ Surrender Space ”) and (ii) otherwise amend the provisions of the Lease, all on the terms and conditions contained in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, and for other good and valuable consideration, the mutual receipt and legal sufficiency of which is hereby acknowledged, Landlord and Tenant, for themselves, their legal representatives, successors and assigns, hereby agree as follows:

1. Recitals; Capitalized Terms . The recitals set forth above are true and correct and by this reference are incorporated herein in their entirety. All capitalized terms used herein shall have the meanings ascribed to them in the Lease unless otherwise defined herein.

2. Partial Surrender .

A. Effective as of 11:59 P.M. on the "Surrender Date" (as defined herein), (i) the term of the Lease with respect to the Surrender Space shall be extinguished in the same manner and with the same effect as if the term of the Lease with respect to the Surrender Space had expired on the Surrender Date and (ii) the premises demised under the Lease shall be thereafter be comprised of the 25th Floor, the Original 24th Floor Space, the 24th Floor Common Area Space, the 22 nd Floor Space, the 23rd Floor, and the Additional 24th Floor Space (collectively, the " Remaining Premises "). From and after the Surrender Date, all references in the Lease to the Demised Premises shall refer to the Remaining Premises. Accordingly, effective as of the Surrender Date, Tenant shall vacate, quit and surrender possession of the Surrender Space to Landlord, to the intent and purpose that Tenant shall give, grant and surrender all of its right, title and interest in and to the Surrender Space under the Lease to Landlord, whereupon the term of the Lease with respect to the Surrender Space and all rights and obligations of Landlord and Tenant under the Lease with respect to the Surrender Space shall expire and terminate with the same effect as if the Surrender Date were the Expiration Date set forth in the Lease. Except as otherwise provided in this Agreement, the provisions of Article 11 of the Original Lease including, without limitation, Landlord's rights in the event that Tenant fails to surrender the Surrender Space on the Surrender Date, shall be deemed applicable on the Surrender Date as if the Surrender Date were the Expiration Date. Nothing contained in this Paragraph 2 shall permit Tenant to retain possession of the Surrender Space after the Surrender Date or limit in any manner Landlord's right to regain possession of the Surrender Space, through summary proceedings or otherwise. The provisions of this Paragraph 2 shall survive the surrender of the Surrender Space and the Surrender Date.

B. The " Surrender Date " shall mean 6 P.M. on the third (3rd) business day following the date that Tenant receives written notice from Landlord (the "Contingency Satisfaction Notice") that the Contingency described in Paragraph 21 of this Agreement has been satisfied or waived.

C. Notwithstanding anything to the contrary set forth in this Agreement, Tenant shall have no obligation to pay any Fixed Rent or Additional Rent with respect to the Surrender Space during the period from the date of Tenant's receipt of the Contingency Satisfaction Notice and the Surrender Date provided that during such period Tenant is merely entering onto the Surrender Space for the purpose of removing any property, furnishings, wiring or equipment which Tenant may elect to remove prior to the Surrender Date, and not for the conduct of business therein.

3. Representations and Warranties .

A. Tenant covenants, represents and warrants to Landlord that (a) Tenant is the sole tenant under the Lease and Tenant has not assigned, conveyed, encumbered, pledged, sublet or otherwise transferred, in whole or in part, its interest in the Lease, nor shall Tenant do any of the foregoing prior to the Surrender Date, (b) there are no persons or entities claiming under Tenant, or who or which may claim under Tenant, any rights with respect to the Surrender Space, or any fixtures, equipment or personalty incorporated therein, nor shall Tenant permit any such claim to arise prior to the Surrender Date, (c) Tenant has the right, power and authority to execute and deliver this Agreement and to perform Tenant's obligations hereunder, and (d) this Agreement is a valid and binding obligation of Tenant enforceable against Tenant in accordance with the terms hereof. If there shall be any breach of the preceding covenants, representations and warranties, then Tenant shall indemnify Landlord from and against any and all claims arising out of such breach, and shall reimburse Landlord for any actual, direct costs and expenses (including reasonable legal fees) incurred in connection therewith. The foregoing covenants, representations and warranties shall survive the Surrender Date.

B. Landlord covenants, represents and warrants to Tenant that (a) Landlord has the right, power and authority to execute and deliver this Agreement and to perform Landlord's obligations hereunder, (b) this Agreement is a valid and binding obligation of Landlord enforceable against Landlord in accordance with the terms hereof and (c) any third party consents necessary in connection with Landlord’s execution of this Agreement and acceptance of the surrender of the 12[th] Floor as provided for in this Agreement have been obtained prior to the execution and delivery of this Agreement by Landlord. If there shall be any breach of the preceding covenants, representations and warranties, then Landlord shall indemnify Tenant from and against any and all claims arising out of such breach, and shall reimburse Tenant for any actual, direct costs and expenses (including reasonable legal fees) incurred in connection therewith. The foregoing covenants, representations and warranties shall survive the Surrender Date.

4. Payments & Apportionment. Subject to the provisions of Paragraph 2.C hereof, Tenant’s obligation to pay any and all fixed annual rent, additional rent, and any and all other sums and charges payable under the Lease with respect to the Surrender Space shall continue in full force and effect throughout the period prior to and including 11:59 P.M. on the Surrender Date, and Tenant shall pay such amounts to Landlord as and when becoming due under the Lease during such period, which obligation shall survive the Surrender Date. If any item of fixed annual rent, additional rent, or any other sums and/or charges, due and payable under the Lease with respect to the Surrender Space for any period prior to the Surrender Date shall not be finally determined as of the Surrender Date and/or set forth in a bill given to Tenant on or prior to the Surrender Date, then Tenant shall pay such amounts to Landlord within ten (10) business days after rendition of a bill therefor. In addition, any and all provisions of the Lease which impose obligations on Tenant to pay escalations of any sort with respect to the Surrender Space (including, but not limited to, real estate taxes, operating expenses, and electricity, whether or not such payments are called escalation rent, rental or additional rent), shall be apportioned as of the Surrender Date, and the obligation to pay any such escalations shall survive the Surrender Date for a period of one year. Landlord’s obligation to refund any overpayment made by Tenant shall survive the Surrender Date for a period of one (1) year. If, following the Surrender Date, Landlord furnishes a bill to Tenant for operating expense escalations not previously billed by Landlord, provided and upon the condition that Tenant gives notice to Landlord that Tenant disputes the accuracy of the amounts billed or its appropriateness within sixty (60) days after the first delivery of such bill, time being of the essence, Tenant shall retain those audit rights available to Tenant pursuant to Section 2.D.(vii) of the Lease. The terms and provisions of this Paragraph 4 shall survive the surrender of the Surrender Space and the Surrender Date.

5. Condition of Surrender Space .

A. On or before the Surrender Date, notwithstanding anything to the contrary contained in Lease (including, without limitation, in Articles 8 or 11 thereof) or this Agreement, the Surrender Space shall be delivered to Landlord vacant (i.e., free of all persons claiming by, through or under Tenant), broom clean, free and clear of all liens, encumbrances, tenancies and occupancies; provided however, Tenant shall have no obligation to remove any furniture, furnishings, fixtures, equipment, moveable fixtures, partitions and any other personal property existing in the Surrender Space on the Surrender Date (collectively, the " FF&E "), and any FF&E remaining in the Surrender Space shall be conclusively deemed to be abandoned by Tenant and may, at the election of Landlord, either be retained as Landlord's property or be removed by Landlord at Landlord's sole cost and expense; accordingly, Landlord waives Tenant's obligation under the Lease to remove the FF&E. Furthermore, Tenant expressly agrees that the Surrender Space shall be surrendered with the three (3) refrigerators that were previously removed (failing which, the surrender fee and Initial Installment set forth in paragraph 6 below shall each be increased by Ten Thousand and 00/100 ($10,000.00) Dollars. In addition, Tenant shall have no obligation to remove or restore any installations, alterations, additions or improvements (collectively, " Tenant Alterations ") made by Tenant to the Surrender Space upon the Surrender Date in accordance with applicable terms of the Lease, if any. In amplification (and not in limitation) of Landlord's agreement to accept the Premises in its then "as is" condition on the Surrender Date without any representations or warranties of any kind whatsoever by Tenant, and notwithstanding anything to the contrary contained in the Lease (including, without limitation, Articles 8 or 11 thereof), Tenant shall not be required to (x) remove (or to pay or reimburse Landlord if it removes) any FF&E or Tenant Alterations which exist in the Surrender Space as of the Surrender Date or (y) to repair (or to pay or reimburse Landlord if it repairs) any damage to the Surrender Space or the Building caused by the removal of any FF&E or Tenant Alterations which exist in the Surrender Space as of the Surrender Date from the Surrender Space by Landlord or any other third party; provided, however, if Tenant elects to remove any FF&E or Tenant Alterations, then Tenant shall be responsible for the costs incurred by Landlord to repair any damage to the Premises or other portions of the Building by reason thereof. For clarification, Landlord acknowledges that Tenant intends to remove the audio-visual and related equipment presently installed in the Surrender Premises prior to the Surrender Date and that Tenant shall be responsible for the costs incurred by Landlord to repair any damage to the Premises or other portions of the Building by reason thereof.

6. Surrender Fee . In consideration of Landlord's acceptance of such surrender of the Surrender Space by Tenant, Tenant agrees to pay Landlord the amount of Two Million Five Hundred Sixty-Seven Thousand Four Hundred Twenty-Three and 33/100 ($2,567,423.33) Dollars as follows: (x) $1,397,094.50 (the " Initial Installment ") due upon execution and delivery of this Agreement by Tenant by wire transfer of funds to Landlord's account in accordance with the wire transfer instructions attached hereto as Exhibit "1" and made a part hereof and (y) by payment of the 12 th Floor Security Deposit by Landlord on Tenant's behalf in accordance with Sections 8 and 9 below on account of the Surrender Fee. In the event this Agreement is terminated or deemed to expire pursuant to Section 21 hereof, within five (5) business days of the termination or expiration of this Agreement, Landlord shall, without setoff, deduction, recoupment, defense or counterclaim of any kind, refund to Tenant the Initial Installment of the Surrender Fee by wire transfer of funds to Tenant in accordance with the wire instructions attached hereto as Exhibit "2" and made a part hereof.

7. Modifications to Lease.

A. 12th Floor. Effective as of the Surrender Date, the provisions of Paragraph 11 of the Third Modification shall be null and void and no further force or effect, including, without limitation, the obligation for payment of fixed annual rent, operating expenses escalations, tax escalations and any other fees, escalations, expenses or charges with respect to the Surrender Space pursuant to the Third Modification or the Lease.

B. Expansion Options. Effective as of the date hereof, Tenant hereby waives all remaining rights and options contained in the Lease to lease additional space in the Building, including, without limitation, the rights of first offer to lease the 26/27 First Offer Space pursuant to Paragraph 15 of the First Modification (or alternatively, to lease the 26th First Offer Space pursuant to Paragraph 8 of the Third Modification), to lease Suite 2202 in the Building pursuant to Paragraph 6 of the Third Modification, and to lease Suite 2204 in the Building pursuant to Paragraph 7 of the Third Modification. Furthermore, for the avoidance of doubt, Article 55 of the Original Lease are hereby deemed expired and of no further force or effect.

C. Intentionally Omitted.

8. Reduction in Security Deposit. Provided and upon the condition that Tenant promptly surrenders possession of the Surrender Space on the Surrender Date and otherwise fully performs and observes all of the terms, covenants and conditions contained in this Agreement, to be performed or observed by Tenant, Landlord shall return a portion of the Security Deposit in the amount of One Million One Hundred Seventy Thousand Three Hundred Twenty-Eight and 83/100 ($1,170,328.83) Dollars (the "12th Floor Security Deposit") to Tenant within thirty (30) days following the Surrender Date, less any sums then due and payable by Tenant to Landlord under the Lease following the due date thereof. Notwithstanding the foregoing, Tenant hereby directs Landlord to pay the Security Deposit on Tenant's behalf to Landlord on account of the Surrender Fee in accordance with Section 6 above on or following the Surrender Date. Accordingly, from and after the Surrender Date, Article 31 of the Original Lease, as previously modified, is hereby further modified so that following the return of the aforesaid amount, the Security Deposit shall be $2,392,051.67 (subject to possible reductions thereof as contemplated in the Lease), as security for the faithful performance and observance by Tenant of the terms, provisions and conditions of the Lease, as modified hereby. For the avoidance of doubt, in no event shall Tenant be entitled to the reduction in the Security Deposit on the five (5) year ten (10) month anniversary of the 12th Floor Commencement Date contemplated in Paragraph 10 of the Third Modification.

9. Releases.

A. Provided that Landlord has complied with all of the terms and conditions of this Agreement, including those set forth in subsection 9(B) below, as of the Surrender Date, Tenant does hereby release and relieve Landlord and all persons and entities claiming by, through or under Landlord and their respective successors and assigns from and against any and all actions, causes of action, suits, controversies, damages, judgments, liabilities, claims and demands whatsoever, at law or in equity, of every kind and nature whatsoever (and whether or not then known or knowable) arising out of or in connection with the Surrender Space relating to the period from and after the Surrender Date, except that Landlord shall remain liable thereafter: (i) for all liabilities and claims incurred by or made against Landlord and/or Tenant for labor and materials asserted to have been furnished to Tenant or anyone claiming by, through or under Tenant, with respect to the Surrender Space, up to and including the Surrender Date, that Landlord was obligated to pay for; (ii) for any claims by Tenant against Landlord for contribution or indemnity or both arising out of third party claims against Tenant and relating to the Surrender Space, to the extent expressly provided for in the Lease, as amended by this Agreement, and asserted to have occurred on or before the Surrender Date, (iii) for any breach by Landlord of a representation or covenant under this Agreement; and (iv) for all other obligations of Landlord with respect to the Surrender Space expressly provided in the Lease (as modified by this Agreement), or in this Agreement to survive the expiration or termination of the Lease, as amended by this Agreement, but only to the extent such obligation relates to the period up to and including the Surrender Date.

B. Provided that Tenant has complied with all of the terms and conditions of this Agreement (other than those obligations which by the terms of this Agreement are to be performed after the Surrender Date), including, without limitation, the payment of all fixed annual rent, regularly occurring additional rent and any and all other invoiced sums and charges due and payable for periods prior to the Surrender Date, then Landlord (i) shall accept the surrender of the Surrender Space on the Surrender Date in the condition required by Paragraph 5 of this Agreement, (ii) shall apply the 12th Floor Security Deposit, to the Surrender Fee, and (iii) as of the Surrender Date, does hereby release and relieve Tenant and all persons and entities claiming by, through or under Tenant and their respective successors and assigns from and against all actions, causes of action, suits, controversies, damages, judgments, liabilities, claims and demands whatsoever, at law or in equity, of every kind and nature whatsoever (and whether or not then known or knowable) arising out of or in connection with the Surrender Space relating to the period from and after the Surrender Date, except that Tenant shall continue to remain liable thereafter: (w) for all liabilities and claims incurred by or made against Landlord and/or Tenant for labor and materials asserted to have been furnished to Tenant or anyone claiming by, through or under Tenant, with respect to the Surrender Space, up to and including the Surrender Date; (x) for any claims by Landlord against Tenant for contribution or indemnification or both arising out of third-party claims against Landlord and relating to the Surrender Space, to the extent expressly provided for in the Lease, as amended by this Agreement, asserted to have occurred on or before the Surrender Date; (y) for any breach by Tenant of a representation or covenant under this Agreement, including the failure to vacate the Surrender Space in accordance with this Agreement; and (z) for all other obligations of Tenant with respect to the Surrender Space expressly provided in the Lease (as modified by this Agreement) or in this Agreement that expressly survive the expiration or termination of the Lease, as amended by this Agreement, but only to the extent such obligation relates to the period prior to the Surrender Date. Notwithstanding the foregoing, Tenant shall not be released from any covenant, representation or warranty contained in this Agreement and/or the Lease, which by the terms of this Agreement or the Lease is specifically stated to survive the surrender of the Surrender Space and/or the expiration or earlier termination of the Lease.

C. Except as expressly set forth in this Agreement, nothing contained in this Agreement shall affect Tenant's rights, obligations and liabilities with respect to the Remaining Premises after the surrender of the Surrender Space, which rights, obligations and liabilities shall continue under the Lease (as amended hereby) as if this Agreement had not been made.

10. Transfer Taxes . In consideration of the payment of the Surrender Fee hereunder, Landlord hereby agrees to pay any and all transfer taxes, if any, imposed by any governmental authority in connection with the surrender of the Surrender Space, including, without limitation, any City Transfer Tax and State Transfer Tax (each as hereinafter defined), and (b) does hereby agree to indemnify and hold Tenant harmless of and from any transfer taxes imposed by any governmental authority by reason of the

execution and delivery of this Agreement and the consummation of the transaction contemplated hereby, including, without limitation, the City Transfer Tax and the State Transfer Tax, if any, and all expenses related thereto, including, without limitation, reasonable attorneys' fees and disbursements. Landlord and Tenant shall each complete, execute and deliver, within seven (7) days after request by either party of the other party, any questionnaire, affidavit or document with respect to the tax imposed by Title 11, Chapter 21 of the New York City Administrative Code (the " City Transfer Tax ") and Article 31 of the Tax Law of the State of New York (the " State Transfer Tax "), required to be completed, executed and delivered by Landlord and Tenant with respect to the transactions contemplated by this Agreement, and the taxes, if any, shown thereby to be due shall be paid by Landlord when required by applicable law or regulation. The provisions of this Paragraph 10 shall survive the Surrender Date.

11. Further Assurances . Landlord and Tenant, each upon request of the other party, at any time and from time to time hereafter and without further consideration, shall execute, acknowledge and deliver to the other any instruments or documents, or take such further action, as shall be reasonably requested or as may be necessary to more effectively assure the vacation, quitting and surrender of the Surrender Space and the full benefits intended to be created by this Agreement.

12. Brokerage . Tenant represents and warrants to Landlord that it has not dealt with any broker, finder or like agent in connection with this Agreement other than Newmark Grubb Knight Frank (" Broker "). Tenant does hereby agree to indemnify and hold Landlord harmless of and from any and all losses, costs, damages or expenses (including, without limitation, attorneys' fees and disbursements) incurred by reason of any claim of or liability to any broker, finder or like agent (other than Broker) who shall claim to have dealt with Tenant in connection herewith. The provisions of this Paragraph 12 shall survive the surrender of the Surrender Space and the termination of the Lease. Landlord shall be responsible for the payment of any commissions or fees earned and payable to the Broker in connection with this Agreement and the transaction contemplated hereby pursuant to a separate agreement between Landlord and Broker and Tenant shall have no such obligation or liability in respect of any such commissions, fees or costs earned by and payable to Broker in connection therewith.

13. Intentionally Deleted .

14. Entire Agreement . This Agreement constitutes the entire understanding between the parties hereto with respect to the Surrender Space hereunder and concerning the subject matter of this Agreement and supersedes all prior contemporaneous agreements or understandings, whether oral or written, express or implied, relating to the subject matter of this Agreement and may not be changed orally but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

15. Enforceability . This Agreement shall not be binding upon or enforceable against either Landlord or Tenant unless, and until, Landlord and Tenant, each in its sole discretion, shall have executed and unconditionally delivered to the other an executed counterpart of this Agreement.

16. Invalidity . If any of the provisions of this Agreement, or the application thereof to any person or circumstance, shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such provision or provisions to persons or circumstances other than those as to whom or which it is held invalid or unenforceable shall not be affected thereby, and every provision of this Agreement, shall be valid and enforceable to the fullest extent permitted by law.

17. Binding Effect. The covenants, agreements, terms and conditions contained in this Agreement shall bind and inure to the benefit of the parties hereto and their respective successors, and their respective assigns.

18. Captions. The captions herein are inserted only for convenience, and are in no way to be construed as a part of this Agreement or as a limitation of the scope of any provision of this Lease.

19. Counterparts. This Agreement may be executed in one or more counterparts each of which when taken together shall constitute but one original. Delivery of an executed counterpart of this Agreement by electronic transmission in a Portable Document Format ("PDF") or other digital format acceptable to Landlord shall be equally effective as manual delivery of an executed counterpart of this Agreement, and each such counterpart, whether delivered manually, or by PDF or such other digital format shall be deemed an original.

20. Authority. The persons executing this Agreement on behalf of Landlord and Tenant represent and warrant that they do so with full authority to bind the parties hereto to the terms, conditions and provisions hereinabove set forth.

21. Contingency. Landlord and Tenant hereby expressly acknowledge and agree that this Agreement is conditioned upon the unconditional execution and delivery by Landlord, as landlord and an undisclosed third party, as tenant (the "Replacement Tenant") of a new lease covering the Surrender Space, on terms and conditions acceptable to Landlord in its sole discretion (the aforesaid event as described being hereinafter referred to as the "Contingency"), and that this Agreement shall be of no force and effect unless and until the Contingency is fully satisfied or waived by Landlord; it being understood and agreed however, that if for any reason whatsoever, the Contingency is not satisfied or waived by Landlord on or before the date which is fifteen (15) Business Days after the date hereof (unless said period is extended in writing by Landlord and Tenant), this Agreement shall be void ab initio, and be of no force and effect without further act or instrument of any kind, and Landlord and Tenant shall have no obligation or liability to the other party under this Agreement. Upon the satisfaction of the Contingency or Landlord's election to waive the Contingency, Landlord shall deliver to Tenant a written notice to Tenant containing a representation and warranty that the Contingency has been satisfied or waived by Landlord.

22. Certifications. (a) Tenant hereby certifies to Landlord that (i) to Tenant's actual knowledge, the Lease is in full force and effect and has not been further modified or amended except as set forth in this Agreement, (ii) to the best of Tenant's knowledge, Landlord is not now in default under the Lease, (iii) to Tenant's actual knowledge, Tenant knows of no condition or event which, with the giving of notice or the passage of time, or both, would constitute such default by Landlord or Tenant and (iv) Tenant has made no demand against Landlord and, to the best of Tenant's knowledge, has no present right to make any demand against Landlord with respect to charges, liens, defenses, counterclaims, offsets, claims, or credits against the payment of rent or additional rent or the performance of Tenant's obligations under the Lease, other than any audit and challenge rights expressly provided for in the Lease.

(b) Landlord hereby certifies to Tenant that (i) to Landlord's actual knowledge, the Lease is in full force and effect and has not been further modified or amended except as set forth in this Agreement, (ii) to the best of Landlord's knowledge, Tenant is not now in default under the Lease beyond any applicable notice and cure period, (iii) to Landlord's actual knowledge, Landlord knows of no condition or event which, with the giving of notice of the passage of time, or both, would constitute such default by Tenant and (iv) Landlord currently has made no demand against Tenant and to the best of Landlord's knowledge, has no present right to make any demand against Tenant with respect to charges, liens, defenses, counterclaims, offsets, claims, or credits against the payment of rent or additional rent or the performance of Landlord's obligations under the Lease.

23. Governing Law . This Agreement shall be governed by and construed in accordance with New York law, without regard to conflicts of law principles.

24. Ratification . Except as modified by this Agreement, all of the terms, covenants and conditions of the Lease with respect to the Remaining Premises are confirmed and approved and shall remain in full force and effect.

25. Confidentiality .

A. Landlord and Tenant each hereby agree to keep the terms of this Agreement confidential and shall cause their respective partners, officers, directors, employees, agents, accountants, brokers, consultants and attorneys (collectively, the " Representatives ") to do so and Landlord and Tenant and such Representatives shall not disclose same to any other person not a party hereto without the prior written consent of the other party (including, without limitation, posting the terms of this Agreement or any part thereof on the internet or in any mailing or providing a copy to third parties via electronic mail), provided that Landlord and Tenant may each disclose the terms hereof, without the other party's consent (i) to their respective Representatives and others in privity with Landlord and Tenant such as their respective lenders, professional advisors, prospective lenders or prospective purchasers to the extent reasonably necessary for Landlord's and Tenant's business purposes without such prior consent, but subject to the confidentiality requirement hereof, (ii) in connection with the enforcement of this Agreement or in any proceeding regarding or relating to this Agreement and (iii) pursuant to any applicable Requirement. Additionally, the foregoing provisions shall not prohibit (x) Landlord from such disclosure of the terms of this Agreement as is reasonably required in connection with the operation of Landlord's parent company as a public company for financial reporting purposes, and to current and prospective investors, financial analysts and other participants in so called "earnings calls", or (y) Tenant from such disclosure of terms of this Agreement as is reasonably required in connection Tenant's operation as a public company for financial reporting purposes, and to current and prospective investors, financial analysts and other participants in so called "earnings calls". The consent by Landlord or Tenant to any particular disclosure shall not be deemed to be a waiver on the part of Landlord or Tenant of any prohibition against any future disclosure.

B. The breach of the foregoing provisions by either Landlord or Tenant shall not give the non-breaching party the right to terminate this Agreement, the sole and exclusive remedy for such breach being an action for damages or an action for injunctive relief.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have executed this Partial Termination and Surrender Agreement and Fourth Lease Modification Agreement as of the date first above written.

ESRT 1400 BROADWAY, L.P., Landlord

By: ESRT 1400 Broadway GP, L.L.C., its general partner

By: Empire State Realty OP, L.P., its sole member

By: Empire State Realty Trust, Inc., its general partner

By: /s/ Thomas P. Durels
Name: Thomas P. Durels
Title: Executive Vice President,
Director of Leasing and Operations

ON DECK CAPITAL, INC., Tenant

By: /s/ Howard Katzenberg
Name: Howard Katzenberg
Title: Chief Financial Officer

Exhibit 10.2

Revised: March 5, 2018
Kenneth Brause

Dear Ken,

This offer letter has been updated to reflect your continued employment at and vesting schedule at your current organization and supersedes any prior agreement with OnDeck. Following are the key terms to which we have agreed:

1. **Job Title:** At the commencement of your employment, your job title will be Chief Financial Officer. In this capacity, you will report to Noah Breslow, Chief Executive Officer.

2. **Starting Date:** Your start date will be March 26, 2018.

3. **Compensation:** Your starting base salary will be $375,000.00 annually, paid semi-monthly. You will next be eligible for consideration for a salary adjustment for March 2019.

4. **Incentive Compensation:** You will receive a one-time Signing Bonus of $150,000 made payable in two installments. Based on a start date of March 26, 2018, the payments are as follows:

    1. $75,000 on or about June 29, 2018
    2. $75,000 on or about February 28, 2019

    If your employment is terminated within 18 months of your start date for cause or because of voluntary resignation, you will be responsible for refunding the amounts of the Signing Bonus that have already been paid.

    If terminated without cause prior to the full Signing Bonus being paid, you will be paid the amounts outlined above in full.

    Your annual cash bonus target will be 80% of your base salary. Bonuses are based on achievement of personal and company performance targets to be detailed by your manager, and are paid semi-annually. Payouts in some cases can exceed your bonus target. You must be an active employee on the day bonus payments are made to be eligible for a payout. The decision to award you a bonus, and the amount of such bonus, if any, will be made in the sole and absolute discretion of the Company. For the fiscal year of 2018, you will be paid your bonus at target - $150,000 on or about March 31, 2018, and $150,000 on or about September 30, 2018.

5. **Equity Compensation:** Subject to approval by the Company's board of directors or its compensation committee, it will be recommended that you be granted an equity grant in the amount of $1,000,000. Fifty percent of the grant will be in restricted stock units covering shares of Company common stock having a "target value" of approximately $500,000. The remaining 50% will be in stock options. For purposes of the previous sentence, "target value" of a single share means the average of the closing prices of the Company's common stock for the 30-trading day period ending on the date preceding the grant date of the RSUs. New hire RSU and option grants are subject to a four-year vesting period.

    Subject to the same approval, it will be recommended that you also receive a Restricted Cash award in the amount of $500,000 that vests equally over a period of three years. This award will be subject to performance restrictions as defined by the Compensation Committee of the Board of Directors.

6. **Change in Control & Severance Agreement:** You will have the same severance and change in control agreements as similarly situated executives, except for the following:
    a. If terminated without cause within 12 months of your start date, 25% of your new hire options and time based RSUs will vest.

b. If terminated without cause within 12 months of your start date, 33% of your new hire restricted cash grant will vest at target.

The provisions set in 6(a) and 6(b) expire on the first anniversary of your start date.

7. **Employee Benefits:** You will be eligible for all OnDeck employee benefits on your start date including: sick leave, medical, vision, and dental health insurance, life insurance, long-term disability insurance and business travel accident insurance. You will be entitled to vacation allowance consistent with similarly situated team members of the company. You will be eligible to participate in the OnDeck 401(k) Plan as of your start date. If you do not make an election or opt out of the plan, you will automatically be enrolled in the plan at a deferral rate of 4% approximately 60 days following your start date. You can change or stop your contribution anytime throughout the year.

   All employee benefit plans, programs and policies are subject to modification and the Company may, in its sole discretion, modify and/or cease making such employee benefit plans, programs and policies available.

8. **Acknowledgements:** You agree to comply with all Company policies, including the Code of Business Conduct and Ethics, Team Member Handbook, and Insider Trading Policy. You further acknowledge that at all times you shall be subject to, observe and carry out such rules, regulations, policies, directions and restrictions applicable to OnDeck.

Onboarding

Please arrive at 9:00am on your start date, unless otherwise specified by Noah.

The terms and conditions of your employment with On Deck Capital, Inc. are governed by the laws of New York and standard company policies. This means the offer of employment is contingent upon you satisfactorily meeting all pre-employment requirements including a background check and proof of your eligibility to work in the United States.

Please understand that this letter is not a contract of continuing employment. Although we hope that our business relationship will be a long and successful one, your employment with On Deck Capital, Inc. is “Employment At Will,” which means for no fixed term, and either you or the Company may terminate the employment relationship at any time and for any reason, and OnDeck may change the terms and conditions of your employment at any time. In addition, compensation packages for all OnDeck employees, including you, may change from time to time depending on the needs and priorities of the business.

Please review the terms and conditions of employment outlined in this letter and electronically sign and date the acknowledgement on the following page. You will not receive a hard copy of this letter, feel free to print this document for your records. Please note you will receive an email from Sapling to kick off your onboarding journey; this is where you will find all your new hire paperwork.

OnDeck values the unique talents each new hire brings to our organization. We look forward to welcoming you to our team, and providing you with the opportunity to grow professionally in a supporting environment. If you have any questions regarding this offer, please contact me.

Sincerely,

/s/ Lorna Hagen
Chief People Officer
On Deck Capital, Inc.

Acceptance of Offer

My signature below confirms acceptance of the offer of employment and my understanding of the terms and conditions associated with it. This signature also confirms that there are no oral promises associated with this offer that are not reflected in this letter. I further acknowledge that I have received, read, and agree to all pre-employment conditions and policies.

Accepted and Agreed:

/s/ Kenneth A. Brause March 5, 2018

Exhibit 10.3

May 2, 2018

Dear Andrea,

This letter agreement (the "Agreement") is entered into between On Deck Capital, Inc., a Delaware corporation ("Company" or "we"), and you. This Agreement is effective as of the date you sign this Agreement, as indicated below. The purpose of this Agreement is to confirm the current terms and conditions of your employment, and to replace any previous terms and conditions that may conflict with this letter.

1. ***Position.*** Your title will continue to be Chief Revenue Officer and you will continue to report to Noah Breslow, Chief Executive Officer. You will continue to be a regular, full-time at-will employee. You will continue providing services from the Company's New York, NY location. You may be required to travel as one part of your duties.

2. ***Base Salary.*** The Company will continue to pay you a gross salary at an annualized rate of Three Hundred Twenty-Five Thousand Dollars ($325,000), payable in accordance with the Company's standard payroll schedule. This salary will be subject to adjustment from time to time in accordance with the employee compensation policies then in effect.

3. ***Incentive Compensation.*** Your annual bonus target of 75% of base salary is determined under and governed by two separate plans: (a) under the Company's Annual Incentive Plan, you have a bonus target of 25% of your base salary, which bonus shall be based on achievement of department and corporate performance targets to be detailed by your manager, and paid semi-annually, and (b) under the Sales Compensation Plan, as currently in effect, entered into between you and the Company, you have a bonus target of 50% of your base salary, which bonus shall be based on attainment against quarterly sales unit and volume quotas, and annualized net loss targets for on-balance sheet loans.

4. ***Employee Benefits.*** As a regular employee of the Company, you will continue to be eligible to receive Company-sponsored benefits in accordance with the terms of the applicable benefit plans. In addition, you will be entitled to paid vacation in accordance with the Company's vacation policy, as in effect from time to time.

5. ***Severance .*** The compensation committee of the Company's board of directors has approved your participation in our Change of Control and Severance Policy (the "Severance Policy"), based on your senior position with the Company. The Severance Policy sets forth the severance payments and benefits to which you would be entitled in connection with certain terminations of employment including a Company change of control. You will be provided a participation agreement under the Severance Policy outlining the payments and benefits for which you will be eligible. You will be asked to return an executed copy to the Company. The payments and benefits under the Severance Policy will be in lieu of any other severance or other benefits you would otherwise be entitled to under any plan, program or policy that the Company may have been in effect from time to time, and will be contingent upon a fully executed Release.

6. ***Employee Invention Assignment and Confidentiality Agreement.*** As an employee of the Company, you will continue to have access to certain confidential information of the Company and you may, during the course of your employment, develop certain information or inventions that will be the property of the Company. To protect the interests of the Company, your execution of this Agreement reaffirms the terms of the Employee Invention Assignment and Confidentiality Agreement ("Confidentiality Agreement"), which you executed when you joined the Company.

7. ***Employment Relationship.*** Employment with the Company is for no specific period of time. Your employment with the Company will continue to be "at will," meaning that either you or the Company may terminate your employment at any time and for any reason, with or without cause. This is the full and complete agreement between you and the Company regarding the duration of the employment relationship. Although your job duties, title, compensation and benefits, as well as the Company's personnel policies and procedures may change from time to time, the "at will" nature of your employment and the Confidentiality Agreement may only be changed through an express written agreement signed by you and duly authorized officer of the Company (other than you).

8. ***Outside Activities.*** While you render services to the Company, you agree that you will not engage in any other employment, consulting, or other business activity that would create a conflict of interest with the Company, which includes engaging in any work that is competitive in nature. While you render services to the Company, you also agree to not assist any person or entity in competing with the Company, in preparing to compete with the Company, or in hiring any employees or consultants of the Company. In addition, for a period of one (1) year after the termination of your services, you agree to not solicit either directly or indirectly, any employee of the Company to leave the Company for other employment or assist any person or entity in doing the same.

9. ***Taxes.*** All forms of compensation that are subject to income or payroll taxes will be reduced to reflect applicable income tax withholding and payroll taxes. Any form of compensation that is subject to income or payroll taxes and that is not paid in cash will result in a reduction in cash compensation to reflect applicable income tax withholding and payroll taxes.

10. ***Entire Agreement.*** This Agreement supersedes and replaces any prior agreements, representations or understandings, whether written, oral or implied, between you and the Company relating to the subject matters described herein, including, but not limited to, your offer letter with the Company dated October 17, 2012. This Agreement may not be amended or modified, except by an express written agreement signed by both you and a duly authorized officer of the Company. This Agreement does not supersede agreements between you and the Company under the following agreements: Employee's "Protection Agreement," "Employee Non-Compete Agreement," "Release and Waiver of Liability," and "Option Grant Notice and Agreement." Those remain in effect according to their terms.

Please indicate your acceptance of this Agreement, and confirmation that it contains our complete agreement regarding the terms and conditions of your employment, by signing the bottom portion of this Agreement and returning a copy to me.

On Deck Capital, Inc.

By: /s/ Noah Breslow
Noah Breslow, *Chief Executive Officer*

I have read, understood and accept all the provisions of this Agreement:

/s/ Andrea Gellert	May 4, 2018
Andrea Gellert	Date

Exhibit 10.4

May 2, 2018

Dear Cory,

This letter agreement (the “Agreement”) is entered into between On Deck Capital, Inc., a Delaware corporation (“Company” or “we”), and you. This Agreement is effective as of the date you sign this Agreement, as indicated below. The purpose of this Agreement is to confirm the current terms and conditions of your employment, and to replace any previous terms and conditions that may conflict with this letter.

1. ***Position.*** Your title will continue to be Chief Legal Officer and Head of Operations and you will continue to report to Noah Breslow, Chief Executive Officer. You will continue to be a regular, full-time at-will employee. You may be required to travel as one part of your duties.

2. ***Base Salary.*** The Company will continue to pay you a gross salary at an annualized rate of Three Hundred Twenty-Five Thousand Dollars ($325,000), payable in accordance with the Company’s standard payroll schedule. This salary will be subject to adjustment from time to time in accordance with the employee compensation policies then in effect.

3. ***Incentive Compensation.*** Your annual bonus target will continue to be 50% of your base salary. Bonuses are based on achievement of department and corporate performance targets to be detailed by your manager, and are paid semi-annually.

4. ***Employee Benefits.*** As a regular employee of the Company, you will continue to be eligible to receive Company-sponsored benefits in accordance with the terms of the applicable benefit plans. In addition, you will be entitled to paid vacation in accordance with the Company’s vacation policy, as in effect from time to time.

5. ***Severance .*** The compensation committee of the Company’s board of directors has approved your participation in our Change of Control and Severance Policy (the “Severance Policy”), based on your senior position with the Company. The Severance Policy sets forth the severance payments and benefits to which you would be entitled in connection with certain terminations of employment including a Company change of control. You will be provided a participation agreement under the Severance Policy outlining the payments and benefits for which you will be eligible. You will be asked to return an executed copy to the Company. The payments and benefits under the Severance Policy will be in lieu of any other severance or other benefits you would otherwise be entitled to under any plan, program or policy that the Company may have been in effect from time to time, and will be contingent upon a fully executed Release.

6. ***Employee Invention Assignment and Confidentiality Agreement.*** As an employee of the Company, you will continue to have access to certain confidential information of the Company and you may, during the course of your employment, develop certain information or inventions that will be the property of the Company. To protect the interests of the Company, your execution of this Agreement reaffirms the terms of the Employee Invention Assignment and Confidentiality Agreement (“Confidentiality Agreement”), which you executed when you joined the Company.

7. ***Employment Relationship.*** Employment with the Company is for no specific period of time. Your employment with the Company will continue to be “at will,” meaning that either you or the Company may terminate your employment at any time and for any reason, with or without cause. This is the full and complete agreement between you and the Company regarding the duration of the employment relationship. Although your job duties, title, compensation and benefits, as well as the Company’s personnel policies and procedures may change from time to time, the “at will” nature of your

employment and the Confidentiality Agreement may only be changed through an express written agreement signed by you and duly authorized officer of the Company (other than you).

8. ***Outside Activities.*** While you render services to the Company, you agree that you will not engage in any other employment, consulting, or other business activity that would create a conflict of interest with the Company, which includes engaging in any work that is competitive in nature. While you render services to the Company, you also agree to not assist any person or entity in competing with the Company, in preparing to compete with the Company, or in hiring any employees or consultants of the Company. In addition, for a period of one (1) year after the termination of your services, you agree to not solicit either directly or indirectly, any employee of the Company to leave the Company for other employment or assist any person or entity in doing the same.

9. ***Taxes.*** All forms of compensation that are subject to income or payroll taxes will be reduced to reflect applicable income tax withholding and payroll taxes. Any form of compensation that is subject to income or payroll taxes and that is not paid in cash will result in a reduction in cash compensation to reflect applicable income tax withholding and payroll taxes.

10. ***Entire Agreement.*** This Agreement supersedes and replaces any prior agreements, representations or understandings, whether written, oral or implied, between you and the Company relating to the subject matters described herein, including, but not limited to, your offer letter with the Company dated October 11, 2011. This Agreement may not be amended or modified, except by an express written agreement signed by both you and a duly authorized officer of the Company. This Agreement does not supersede agreements between you and the Company under the following agreements: Employee's "Protection Agreement," "Employee Non-Compete Agreement," "Release and Waiver of Liability," and "Option Grant Notice and Agreement." Those remain in effect according to their terms.

Please indicate your acceptance of this Agreement, and confirmation that it contains our complete agreement regarding the terms and conditions of your employment, by signing the bottom portion of this Agreement and returning a copy to me.

On Deck Capital, Inc.

By: /s/ Noah Breslow
Noah Breslow, *Chief Executive Officer*

I have read, understood and accept all the provisions of this Agreement:

/s/ Cory Kampfer	May 2, 2018
Cory Kampfer	Date

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECURITIES EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a), AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Noah Breslow, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of On Deck Capital, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2018

/s/ Noah Breslow

Noah Breslow
Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECURITIES EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a), AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Kenneth A. Brause, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of On Deck Capital, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2018

/s/ Kenneth A. Brause

Kenneth A. Brause
Chief Financial Officer

Exhibit 32.1

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Noah Breslow, hereby certify, as of the date hereof, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in my capacity as Chief Executive Officer of On Deck Capital, Inc. (the " ***Company*** "), that, to my knowledge, the Quarterly Report of the Company on Form 10-Q for the fiscal quarter ended March 31, 2018 as filed with the Securities and Exchange Commission (the " ***Report*** ") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 8, 2018

/s/ Noah Breslow

Noah Breslow
Chief Executive Officer

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Kenneth A. Brause, hereby certify, as of the date hereof, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in my capacity as Chief Financial Officer of On Deck Capital, Inc. (the " ***Company*** "), that, to my knowledge, the Quarterly Report of the Company on Form 10-Q for the fiscal quarter ended March 31, 2018 as filed with the Securities and Exchange Commission (the " ***Report*** ") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 8, 2018

/s/ Kenneth A. Brause

Kenneth A. Brause
Chief Financial Officer