

---

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

---

**FORM 10-Q**

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the quarterly period ended March 31, 2017  
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 001-34819
- 

**GREEN DOT CORPORATION**

*(Exact name of Registrant as specified in its charter)*

---

**Delaware**  
*(State or other jurisdiction of incorporation or organization)*

**95-4766827**  
*(IRS Employer Identification No.)*

**3465 E. Foothill Blvd.  
Pasadena, California 91107**  
*(Address of principal executive offices, including zip code)*

**(626) 765-2000**  
*(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, a smaller reporting company or an emerging growth company. See definition of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> <i>(Do not check if a smaller reporting company)</i>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

There were 49,750,548 shares of Class A common stock outstanding, par value \$.001 per share as of April 30, 2017.

---

**GREEN DOT CORPORATION  
TABLE OF CONTENTS**

**Page**

---

**PART I – FINANCIAL INFORMATION**

Item 1.	Financial Statements	1
	Consolidated Balance Sheets – March 31, 2017 and December 31, 2016	1
	Consolidated Statements of Operations – Three Months Ended March 31, 2017 and 2016	2
	Consolidated Statements of Comprehensive Income – Three Months Ended March 31, 2017 and 2016	3
	Consolidated Statements of Cash Flows – Three Months Ended March 31, 2017 and 2016	4
	Notes to Consolidated Financial Statements	5
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	22
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	35
Item 4.	Controls and Procedures	36

**PART II – OTHER INFORMATION**

Item 1.	Legal Proceedings	37
Item 1A.	Risk Factors	37
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	51
Item 5.	Other Information	51
Item 6.	Exhibits	52
	Signature	53

## PART I

## ITEM 1. Financial Statements

GREEN DOT CORPORATION  
CONSOLIDATED BALANCE SHEETS

	March 31, 2017	December 31, 2016
	(unaudited)	
	(In thousands, except par value)	
Assets		
Current assets:		
Unrestricted cash and cash equivalents	\$ 785,838	\$ 732,676
Restricted cash	20,057	12,085
Investment securities available-for-sale, at fair value	24,605	46,686
Settlement assets	116,352	137,083
Accounts receivable, net	21,319	40,150
Prepaid expenses and other assets	32,266	32,186
Income tax receivable	—	12,570
Total current assets	1,000,437	1,013,436
Investment securities, available-for-sale, at fair value	159,204	161,740
Loans to bank customers, net of allowance for loan losses of \$281 and \$277 as of March 31, 2017 and December 31, 2016, respectively	7,258	6,059
Prepaid expenses and other assets	5,190	4,142
Property and equipment, net	88,428	82,621
Deferred expenses	14,128	16,647
Net deferred tax assets	4,648	4,648
Goodwill and intangible assets	600,800	451,051
Total assets	\$ 1,880,093	\$ 1,740,344
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 27,719	\$ 22,856
Deposits	826,361	737,414
Obligations to customers	34,269	46,043
Settlement obligations	4,189	4,877
Amounts due to card issuing banks for overdrawn accounts	1,259	1,211
Other accrued liabilities	92,999	102,426
Deferred revenue	18,791	25,005
Note payable	70,966	20,966
Income tax payable	9,080	—
Total current liabilities	1,085,633	960,798
Other accrued liabilities	32,326	12,330
Note payable	74,325	79,720
Net deferred tax liabilities	3,782	3,763
Total liabilities	1,196,066	1,056,611
Commitments and contingencies (Note 15)		
Stockholders' equity:		
Class A common stock, \$0.001 par value: 100,000 shares authorized as of March 31, 2017 and December 31, 2016; 49,559 and 50,513 shares issued and outstanding as of March 31, 2017 and December 31, 2016, respectively	50	51
Additional paid-in capital	319,468	358,155
Retained earnings	364,677	325,708
Accumulated other comprehensive loss	(168)	(181)
Total stockholders' equity	684,027	683,733
Total liabilities and stockholders' equity	\$ 1,880,093	\$ 1,740,344

See notes to unaudited consolidated financial statements

**GREEN DOT CORPORATION**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(UNAUDITED)**

	Three Months Ended March 31,	
	2017	2016
Operating revenues:		
Card revenues and other fees	\$ 100,969	\$ 91,886
Processing and settlement service revenues	90,675	81,016
Interchange revenues	61,357	55,122
Total operating revenues	253,001	228,024
Operating expenses:		
Sales and marketing expenses	71,685	63,864
Compensation and benefits expenses	41,218	43,087
Processing expenses	40,942	28,513
Other general and administrative expenses	37,780	38,074
Total operating expenses	191,625	173,538
Operating income	61,376	54,486
Interest income	2,854	2,301
Interest expense	(1,665)	(4,781)
Income before income taxes	62,565	52,006
Income tax expense	21,811	19,124
Net income	40,754	32,882
Income attributable to preferred stock	—	(972)
Net income available to common stockholders	\$ 40,754	\$ 31,910
Basic earnings per common share:	\$ 0.81	\$ 0.64
Diluted earnings per common share:	\$ 0.78	\$ 0.63
Basic weighted-average common shares issued and outstanding:	50,458	49,863
Diluted weighted-average common shares issued and outstanding:	52,497	50,867

**See notes to unaudited consolidated financial statements**

**GREEN DOT CORPORATION**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**(UNAUDITED)**

	Three Months Ended March 31,	
	2017	2016
	(In thousands)	
Net income	\$ 40,754	\$ 32,882
Other comprehensive income		
Unrealized holding gains, net of tax	13	373
Comprehensive income	<u>\$ 40,767</u>	<u>\$ 33,255</u>

**See notes to unaudited consolidated financial statements**

**GREEN DOT CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(UNAUDITED)**

	Three Months Ended March 31,	
	2017	2016
	(In thousands)	
<b>Operating activities</b>		
Net income	\$ 40,754	\$ 32,882
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of property and equipment	8,749	11,404
Amortization of intangible assets	6,557	5,774
Provision for uncollectible overdrawn accounts	18,246	16,766
Employee stock-based compensation	6,534	5,645
Excess tax benefits from equity awards	735	338
Amortization of premium on available-for-sale investment securities	322	269
Amortization of deferred financing costs	394	384
Impairment of capitalized software	156	105
Changes in operating assets and liabilities:		
Accounts receivable, net	5,451	(2,428)
Prepaid expenses and other assets	968	(4,187)
Deferred expenses	5,565	5,113
Accounts payable and other accrued liabilities	(13,267)	(12,448)
Amounts due to card issuing banks for overdrawn accounts	48	402
Deferred revenue	(8,128)	(7,458)
Income tax receivable/payable	20,894	18,591
Other, net	881	145
Net cash provided by operating activities	<u>94,859</u>	<u>71,297</u>
<b>Investing activities</b>		
Purchases of available-for-sale investment securities	(19,961)	(38,492)
Proceeds from maturities of available-for-sale securities	28,989	25,945
Proceeds from sales of available-for-sale securities	15,318	21
Increase in restricted cash	(7,967)	(581)
Payments for acquisition of property and equipment	(11,844)	(12,182)
Net (increase) decrease in loans	(1,199)	5
Acquisition, net of cash acquired	(139,261)	—
Net cash used in investing activities	<u>(135,925)</u>	<u>(25,284)</u>
<b>Financing activities</b>		
Borrowings from notes payable	20,000	—
Repayments of borrowings from notes payable	(25,625)	(5,625)
Borrowings on revolving line of credit	205,000	15,000
Repayments on revolving line of credit	(155,000)	(15,000)
Proceeds from exercise of options	5,155	2,884
Taxes paid related to net share settlement of equity awards	(2,162)	(1,174)
Net increase (decrease) in deposits	88,947	(15,211)
Net increase (decrease) in obligations to customers	8,269	(50,062)
Contingent consideration payments	(192)	(189)
Repurchase of Class A common stock	(50,000)	(9,013)
Deferred financing costs	(164)	—
Net cash provided by (used in) financing activities	<u>94,228</u>	<u>(78,390)</u>
Net increase (decrease) in unrestricted cash and cash equivalents	53,162	(32,377)
Unrestricted cash and cash equivalents, beginning of year	732,676	772,129
Unrestricted cash and cash equivalents, end of year	<u>\$ 785,838</u>	<u>\$ 739,752</u>
Cash paid for interest	\$ 1,271	\$ 4,397
Cash paid for income taxes	\$ 122	\$ 140

See notes to unaudited consolidated financial statements

**GREEN DOT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**Note 1—Organization**

Green Dot Corporation (“we,” “our,” or “us” refer to Green Dot Corporation and its consolidated subsidiaries) is a pro-consumer financial technology innovator with a mission to reinvent personal banking for the masses. We offer consumers our broad collection of financial products and services through a widely-available “branchless distribution network” in the United States. Our branchless network consists of:

- distribution arrangements with approximately 100,000 mostly major chain retail locations, which we refer to as “retail distributors” and thousands of neighborhood Financial Service Center locations;
- several differently branded, Green Dot-owned and operated direct-to-consumer online and direct mail customer acquisition platforms;
- businesses that provide payroll cards to their employees to receive wage disbursements;
- more than 25,000 small and large tax preparation companies and individual tax preparers, known as electronic return originators, or “EROs”, who are able to offer our products and services to their customers through the use of various tax preparation industry software packages with which our products are integrated; and
- apps compatible with the iOS and Android operating systems downloaded through the corresponding app store.

Our products and services include: several deposit account programs, such as network-branded reloadable prepaid debit cards marketed under several leading consumer brand names, collectively referred to as “GPR cards,” checking accounts, network-branded gift cards (known as open-loop), secured credit cards and other financial services. We also offer several products and services that specialize in moving cash on behalf of consumers and businesses. These products and services include our proprietary swipe reload system for crediting cash onto an enabled payment card by swiping that payment card at the point-of-sale at Green Dot Network participating retailers; MoneyPak, a product that allows a consumer to credit cash to another consumer’s debit card; and e-cash, a remittance product that allows a consumer to send or receive cash using a Green Dot generated bar code or claim number sent to the recipient’s smartphone that is then scanned and fulfilled at a Green Dot participating retailer. We refer to these services collectively as our cash transfer products. In addition to payroll cards, we also offer wage disbursement services on behalf of businesses needing to route money to their workers on an expedited basis.

**Note 2—Summary of Significant Accounting Policies****Basis of Presentation**

The accompanying unaudited consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States of America, or GAAP. We consolidated our wholly-owned subsidiaries and eliminated all significant intercompany balances and transactions.

We have also prepared the accompanying unaudited consolidated financial statements in conformity with the instructions to Form 10-Q and Article 10 of Regulation S-X and, consequently, they do not include all of the annual disclosures required by GAAP. Reference is made to our Annual Report on Form 10-K for the year ended December 31, 2016 for additional disclosures, including a summary of our significant accounting policies. There have been no changes to our significant accounting policies during the three months ended March 31, 2017. In our opinion, the accompanying unaudited consolidated financial statements contain all adjustments, consisting of normal and recurring items, except as otherwise noted, necessary for the fair presentation of our financial position, results of operations and cash flows for the interim periods presented.

**Recent Accounting Pronouncements*****Recently issued accounting pronouncements not yet adopted***

In January 2017, the FASB issued ASU No. 2017-04, *Intangibles - Goodwill and Other* (“ASU 2017-04”): *Simplifying the Test for Goodwill Impairment*, which simplifies the existing two-step guidance for goodwill impairment testing by eliminating the second step resulting in a write-down to goodwill equal to the initial amount of impairment determined in step one. The ASU is to be applied prospectively for reporting periods beginning after December 15, 2019. Early adoption is permitted for interim or annual goodwill impairment tests performed after January 1, 2017. We are currently evaluating the impact of the provisions of ASU 2017-04 on our consolidated financial statements, however, we do not anticipate it will have a material impact upon adoption.

**GREEN DOT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)**

**Note 2—Summary of Significant Accounting Policies (continued)**

In November 2016, the FASB issued ASU No. 2016-18, *Restricted Cash* ("ASU 2016-18"), to require that restricted cash and restricted cash equivalents be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total cash amounts shown on the statement of cash flows. Consequently, transfers between cash and restricted cash will not be presented as a separate line item in the operating, investing or financing sections of the cash flow statement. The amendments are effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. The amendments should be applied retrospectively to each period presented. Early adoption is permitted, including adoption in an interim period. We are currently evaluating the impact of ASU 2016-18 on our consolidated financial statements, however, we do not anticipate it will have a material impact upon adoption.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13") that requires financial assets measured at amortized cost be presented at the net amount expected to be collected. Credit losses on available-for-sale debt securities should be recorded through an allowance for credit losses limited by the amount that the fair value is less than amortized cost. ASU 2016-13 is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption is permitted. We are currently evaluating the impact of ASU 2016-13 on our consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)* ("ASU 2016-02") in order to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet for those leases classified as operating leases under previous GAAP. ASU 2016-02 requires that a lessee should recognize a liability to make lease payments and a right-of-use asset representing its right to use the underlying asset for leases with a term greater than 12 months. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018, including interim periods within those periods, using a modified retrospective approach and early adoption is permitted. We are currently in the process of evaluating the impact of ASU 2016-02 on our consolidated financial statements.

In January 2016, the FASB issued ASU No. 2016-01, *Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities* ("ASU 2016-01"). ASU 2016-01 revises the classification and measurement of investments in certain equity investments and the presentation of certain fair value changes for certain financial liabilities measured at fair value. ASU 2016-01 requires the change in fair value of many equity investments to be recognized in net income. The standard is effective for interim and annual periods beginning after December 15, 2017, with early adoption permitted. The adoption of ASU 2016-01 may result in a cumulative adjustment to retained earnings as of the beginning of the year of adoption. We are currently evaluating the impact of ASU 2016-01 on our consolidated financial statements, however, we do not anticipate it will have a material impact upon adoption.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* ("ASU 2014-09"), which supersedes nearly all existing revenue recognition guidance under GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. ASU 2014-09 defines a five step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing GAAP. ASU 2014-09, as amended by ASU 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*, is effective for annual periods beginning after December 15, 2017, including interim periods within those annual periods, with early adoption permitted for annual reporting periods beginning after December 15, 2016. The FASB has also issued a number of additional technical corrections since the initial ASU, all of which follow the effective dates of the new revenue recognition guidance under Topic 606. The amendment allows companies to use either a full retrospective or a modified retrospective approach to adopt this ASU. We have formed a project team and are currently assessing the impact of the adoption of this principle on our consolidated financial statements. We anticipate adopting this ASU on January 1, 2018 using the modified retrospective approach, however, may opt for the full retrospective method depending on the final outcome of our evaluation.

In March 2016, the FASB issued ASU No. 2016-08, *Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)* ("ASU 2016-08"). ASU 2016-08 clarifies the implementation guidance on principal versus agent considerations. The guidance includes indicators to assist an entity in determining whether it controls a specified good or service before it is transferred to the customers. The effective date and transition requirements for the ASU is the same as the effective date and transition requirements of ASU



**GREEN DOT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)**

**Note 2—Summary of Significant Accounting Policies (continued)**

2014-09. We are currently in the process of evaluating the impact of ASU 2016-08 on our consolidated financial statements in conjunction with ASU 2014-09, as discussed above.

In March 2016, the FASB issued ASU No. 2016-04, *Liabilities – Extinguishment of Liabilities (Subtopic 405-20): Recognition of Breakage for Certain Prepaid Stored-Value Products* ("ASU 2016-04"). ASU 2016-04 aligns recognition of the financial liabilities related to prepaid stored-value products (for example, gift cards) with Topic 606, *Revenues from Contracts with Customers*, for non-financial liabilities. In general, these liabilities may be extinguished proportionately in earnings as redemptions occur, or when redemption is remote if issuers are not entitled to the unredeemed stored value. ASU 2016-04 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2017, with early adoption permitted. Based on our current accounting policy, we do not expect the adoption of ASU 2016-04 to have a material impact on our consolidated financial statements.

**Recently adopted accounting pronouncements**

In March 2016, the FASB issued ASU No. 2016-09, *Compensation – Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting* ("ASU 2016-09") that simplifies how companies account for certain aspects of share-based payments to employees, including the accounting for income taxes upon vesting or exercise of share-based payments, classification of awards as either equity or liabilities with respect to statutory tax withholding thresholds, accounting for forfeitures, as well as certain classifications on the statement of cash flows. We adopted the provisions of ASU 2016-09 effective January 1, 2017.

Under ASU 2016-09, all excess tax benefits and tax deficiencies related to stock compensation are now recognized as income tax expense or benefit in the income statement instead of additional paid-in capital on the consolidated balance sheets. Since we did not have any previously unrecognized excess tax benefits, no cumulative-effect adjustment to retained earnings was required upon adoption pertaining to unrecognized excess tax benefits. Excess tax benefits are also now classified as operating activities in the consolidated statements of cash flows instead of in financing activities. The presentation of excess tax benefits on our consolidated statements of cash flows was adopted retrospectively, and accordingly, we reclassified \$0.3 million of excess tax benefits under financing activities to operating activities for the three months ended March 31, 2016 on our consolidated statements of cash flows to conform to the current year presentation. Additionally, upon adoption of ASU 2016-09, we elected to account for forfeitures on stock-based compensation as they occur, rather than estimate future expected forfeitures. As a result of this accounting change, we recognized a net cumulative effect adjustment to reduce retained earnings as of January 1, 2017 for approximately \$1.8 million.

See *Note 7 — Employee Stock-Based Compensation* and *Note 10 — Income Taxes* for additional information on the impact of the adoption on our consolidated financial statements.

**Note 3—Business Combination**

On February 28, 2017, we completed our acquisition of all the membership interests of UniRush, LLC ("UniRush"), an online direct-to-consumer GPR card and corporate payroll card provider. The fair value of the total consideration in connection with the acquisition was approximately \$157.9 million, which included cash and contingent consideration in the form of an earn-out. We financed the transaction with \$139.9 million in cash, of which \$95 million was raised from a combination of our Revolving Facility, as discussed in *Note 9 — Note Payable*, and subordinated notes payable of \$20 million to the selling shareholders of UniRush. The subordinated notes were repaid during the three months ended March 31, 2017. The transaction terms include an earn-out equal to the greater of (i) a specified percentage of the revenue generated by the online direct-to-consumer GPR card portfolio for the five-year period following the closing or (ii) \$20 million, payable quarterly over the five years.

The following table summarizes the preliminary fair value of consideration transferred:

	<b>Consideration</b>	
	<b>(In thousands)</b>	
Cash, including proceeds from notes payable	\$	139,917
Fair value of contingent consideration		18,000
<b>Total consideration</b>	<b>\$</b>	<b>157,917</b>

**GREEN DOT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)**

**Note 3—Business Combination (continued)**

The preliminary allocation of the purchase price is as follows:

	<b>February 28, 2017</b>
	<b>(In thousands)</b>
<b>Assets:</b>	
Cash and cash equivalents	\$ 656
Accounts receivable, net	5,745
Prepaid expenses and other assets	5,147
Property and equipment, net	4,399
Intangible assets	69,000
Goodwill	87,306
<b>Total assets:</b>	<b>172,253</b>
<b>Liabilities:</b>	
Accounts payable	11,110
Other liabilities	3,226
<b>Total liabilities:</b>	<b>14,336</b>
<b>Net assets acquired</b>	<b>\$ 157,917</b>

We have not yet completed our final allocation of the total purchase price to the assets acquired and liabilities assumed. We have made a preliminary allocation of the estimated purchase price to the assets acquired and liabilities assumed based on their estimated fair value at the date of purchase. During the measurement period, we may adjust the provisional allocation of the estimated purchase price for new information obtained about facts and circumstances that existed as of the acquisition date, that if known, would have affected the measurements of the amounts recognized at that date. Upon completion of our purchase accounting, we may make additional adjustments, and the valuations for the assets and liabilities may change.

Goodwill of \$87.3 million represents the excess of the purchase price over the preliminary estimate of the fair value of the underlying identifiable tangible and intangible assets acquired and liabilities assumed. The goodwill arises from the opportunity for synergies and economies of scale from the combined companies, and expanding our reach into the online direct-to-consumer and corporate payroll distribution channels. Although the goodwill will not be amortized for financial reporting purposes, it is anticipated that substantially all of the goodwill will be deductible for federal tax purposes over the statutory period of 15 years.

Intangible assets consist primarily of customer relationships and trade name of \$58.5 million and \$5.5 million, respectively. The customer relationships will be amortized over its estimated useful life of 5-10 years and the trade name will be amortized over a period of 15 years.

Our acquisition of UniRush was accounted for under the acquisition method of accounting, with the operating results of UniRush included in our consolidated statements of operations from March 1, 2017 to March 31, 2017. Revenues for this period amounted to \$11.9 million, and the corresponding net income earned did not have a significant impact on our consolidated financial results.

Transaction costs incurred in connection with the acquisition were not material.

*Unaudited pro forma financial information*

The following unaudited pro forma summary financial results present the consolidated results of operations as if the acquisition of UniRush had occurred as of January 1, 2016, after the effect of certain adjustments, including interest expense on the debt used to fund the purchase, amortization of certain identifiable intangible assets, income and expense items not attributable to ongoing operations and related tax effects. The unaudited pro forma condensed consolidated statement of operations does not include any adjustments for any restructuring activities, operating efficiencies or cost savings. The pro forma results have been presented for comparative purposes only and are not

**GREEN DOT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)**

**Note 3—Business Combination (continued)**

indicative of what would have occurred had the UniRush acquisition been made as of January 1, 2016, or of any potential results which may occur in the future.

	Three Months Ended March 31,	
	2017	2016
(In thousands, except per share data)		
Net revenues	\$ 272,286	\$ 254,511
Net income attributable to common stock	\$ 33,294	\$ 28,127
Basic earnings per common share	\$ 0.66	\$ 0.56
Diluted earnings per common share	\$ 0.63	\$ 0.55
Basic weighted-average common shares issued and outstanding	50,458	49,863
Diluted weighted-average common shares issued and outstanding	52,497	50,867

**Note 4—Investment Securities**

Our available-for-sale investment securities were as follows:

	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
(In thousands)				
<b>March 31, 2017</b>				
Corporate bonds	\$ 12,060	\$ 5	\$ (6)	\$ 12,059
Commercial paper	3,885	—	—	3,885
U.S. Treasury notes	25,888	1	(52)	25,837
Mortgage-backed securities	112,838	204	(665)	112,377
Municipal bonds	1,304	1	(17)	1,288
Asset-backed securities	28,500	1	(138)	28,363
Total investment securities	<u>\$ 184,475</u>	<u>\$ 212</u>	<u>\$ (878)</u>	<u>\$ 183,809</u>
<b>December 31, 2016</b>				
Corporate bonds	\$ 21,533	\$ 9	\$ (7)	\$ 21,535
Commercial paper	12,427	4	(1)	12,430
U.S. Treasury notes	21,603	1	(41)	21,563
Agency securities	4,002	—	(1)	4,001
Mortgage-backed securities	117,990	242	(741)	117,491
Municipal bonds	1,460	1	(31)	1,430
Asset-backed securities	30,131	1	(156)	29,976
Total investment securities	<u>\$ 209,146</u>	<u>\$ 258</u>	<u>\$ (978)</u>	<u>\$ 208,426</u>

**GREEN DOT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)**

**Note 4—Investment Securities (continued)**

As of March 31, 2017 and December 31, 2016, the gross unrealized losses and fair values of available-for-sale investment securities that were in unrealized loss positions were as follows:

	Less than 12 months		12 months or more		Total fair value	Total unrealized loss
	Fair value	Unrealized loss	Fair value	Unrealized loss		
(In thousands)						
<b>March 31, 2017</b>						
Corporate bonds	\$ 2,221	\$ (3)	\$ 3,999	\$ (3)	\$ 6,220	\$ (6)
U.S. Treasury notes	21,132	(52)	—	—	21,132	(52)
Mortgage-backed securities	19,346	(213)	62,309	(452)	81,655	(665)
Municipal bonds	—	—	821	(17)	821	(17)
Asset-backed securities	25,158	(138)	—	—	25,158	(138)
Total investment securities	\$ 67,857	\$ (406)	\$ 67,129	\$ (472)	\$ 134,986	\$ (878)

**December 31, 2016**

Corporate bonds	\$ 8,739	\$ (7)	\$ 1,999	\$ —	\$ 10,738	\$ (7)
Commercial paper	2,672	(1)	—	—	2,672	(1)
U.S. Treasury notes	16,211	(41)	—	—	16,211	(41)
Agency securities	4,002	(1)	—	—	4,002	(1)
Mortgage-backed securities	23,300	(236)	61,383	(505)	84,683	(741)
Municipal bonds	—	—	937	(31)	937	(31)
Asset-backed securities	25,501	(156)	—	—	25,501	(156)
Total investment securities	\$ 80,425	\$ (442)	\$ 64,319	\$ (536)	\$ 144,744	\$ (978)

We did not record any other-than-temporary impairment losses during the three months ended March 31, 2017 or 2016 on our available-for-sale investment securities. We do not intend to sell these investments and we have determined that it is more likely than not that we will not be required to sell these investments before recovery of their amortized cost bases, which may be at maturity.

As of March 31, 2017, the contractual maturities of our available-for-sale investment securities were as follows:

	Amortized cost	Fair value
	(In thousands)	
Due in one year or less	\$ 24,618	\$ 24,605
Due after one year through five years	17,987	17,948
Due after five years through ten years	58	56
Due after ten years	780	765
Mortgage and asset-backed securities	141,032	140,435
Total investment securities	\$ 184,475	\$ 183,809

The expected payments on mortgage-backed and asset-backed securities may not coincide with their contractual maturities because the issuers have the right to call or prepay certain obligations.

**GREEN DOT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)**

**Note 5—Accounts Receivable**

Accounts receivable, net consisted of the following:

	March 31, 2017	December 31, 2016
	(In thousands)	
Overdrawn account balances due from cardholders	\$ 15,384	\$ 14,773
Reserve for uncollectible overdrawn accounts	(12,233)	(11,932)
Net overdrawn account balances due from cardholders	3,151	2,841
Trade receivables	2,707	1,941
Reserve for uncollectible trade receivables	(920)	(372)
Net trade receivables	1,787	1,569
Receivables due from card issuing banks	6,438	8,497
Fee advances	2,149	16,708
Other receivables	7,794	10,535
Accounts receivable, net	<u>\$ 21,319</u>	<u>\$ 40,150</u>

Activity in the reserve for uncollectible overdrawn accounts consisted of the following:

	Three Months Ended March 31,	
	2017	2016
	(In thousands)	
Balance, beginning of period	\$ 11,932	\$ 7,999
Provision for uncollectible overdrawn accounts:		
Fees	16,959	14,851
Purchase transactions	1,287	1,915
Charge-offs	(17,945)	(13,677)
Balance, end of period	<u>\$ 12,233</u>	<u>\$ 11,088</u>

**Note 6—Loans to Bank Customers**

The following table presents total outstanding loans, gross of the related allowance for loan losses, and a summary of the related payment status:

	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	Total Past Due	Total Current or Less Than 30 Days Past Due	Total Outstanding
	(In thousands)					
<b>March 31, 2017</b>						
Residential	\$ 9	\$ —	\$ —	\$ 9	\$ 3,656	\$ 3,665
Commercial	—	—	—	—	242	242
Installment	6	—	—	6	1,663	1,669
Other	—	—	—	—	1,963	1,963
Total loans	<u>\$ 15</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 15</u>	<u>\$ 7,524</u>	<u>\$ 7,539</u>
Percentage of outstanding	0.2%	—%	—%	0.2%	99.8%	100.0%
<b>December 31, 2016</b>						
Residential	\$ —	\$ 6	\$ —	\$ 6	\$ 3,718	\$ 3,724
Commercial	—	—	—	—	366	366
Installment	—	—	2	2	1,742	1,744
Other	—	—	—	—	502	502
Total loans	<u>\$ —</u>	<u>\$ 6</u>	<u>\$ 2</u>	<u>\$ 8</u>	<u>\$ 6,328</u>	<u>\$ 6,336</u>
Percentage of outstanding	—%	0.1%	—%	0.1%	99.9%	100.0%

**GREEN DOT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)**

**Note 6—Loans to Bank Customers (continued)**

*Nonperforming Loans*

As of March 31, 2017 and December 31, 2016, we had nonperforming residential loans with a carrying value of \$0.4 million, gross of the related allowance for loan losses. See *Note 2—Summary of Significant Accounting Policies* to the Consolidated Financial Statements of our Annual Report on Form 10-K for the year ended December 31, 2016 for further information on the criteria for classification as nonperforming.

*Credit Quality Indicators*

We closely monitor and assess the credit quality and credit risk of our loan portfolio on an ongoing basis. We continuously review and update loan risk classifications. We evaluate our loans using non-classified or classified as the primary credit quality indicator. Classified loans are those loans that have demonstrated credit weakness where we believe there is a heightened risk of principal loss, including all impaired loans. Classified loans are generally internally categorized as substandard, doubtful or loss, consistent with regulatory guidelines.

The table below presents the carrying value, gross of the related allowance for loan losses, of our loans within the primary credit quality indicators related to our loan portfolio:

	March 31, 2017		December 31, 2016	
	Non-Classified	Classified	Non-Classified	Classified
	(In thousands)			
Residential	\$ 2,993	\$ 672	\$ 3,036	\$ 688
Commercial	242	—	366	—
Installment	1,378	291	1,432	312
Other	1,963	—	502	—
<b>Total loans</b>	<b>\$ 6,576</b>	<b>\$ 963</b>	<b>\$ 5,336</b>	<b>\$ 1,000</b>

*Impaired Loans and Troubled Debt Restructurings*

When, for economic or legal reasons related to a borrower's financial difficulties, we grant a concession for other than an insignificant period of time to a borrower that we would not otherwise consider, the related loan is classified as a Troubled Debt Restructuring, or TDR. Our TDR modifications involve an extension of the maturity date at a stated interest rate lower than the current market rate for new debt with similar risk. The following table presents our impaired loans and loans that we modified as TDRs as of March 31, 2017 and December 31, 2016:

	March 31, 2017		December 31, 2016	
	Unpaid Principal Balance	Carrying Value	Unpaid Principal Balance	Carrying Value
	(In thousands)			
Residential	\$ 377	\$ 307	\$ 388	\$ 316
Installment	209	93	220	98

*Allowance for Loan Losses*

Activity in the allowance for loan losses consisted of the following:

	Three Months Ended March 31,	
	2017	2016
	(In thousands)	
Balance, beginning of period	\$ 277	\$ 426
Provision (benefit) for loans	—	(151)
Loans charged off	(5)	—
Recoveries of loans previously charged off	9	3
<b>Balance, end of period</b>	<b>\$ 281</b>	<b>\$ 278</b>

**GREEN DOT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)**

**Note 7—Employee Stock-Based Compensation**

We currently grant restricted equity awards to employees and directors under our 2010 Equity Incentive Plan. Additionally, through our 2010 Employee Stock Purchase Plan, employees are able to purchase shares of our Class A common stock at a discount through payroll deductions. We have reserved shares of our Class A common stock for issuance under these plans.

The following table summarizes restricted stock units granted under our 2010 Equity Incentive Plan:

	Three Months Ended March 31,	
	2017	2016
	(In thousands, except per share data)	
Restricted stock units granted	402	418
Weighted-average grant-date fair value	\$ 31.61	\$ 21.79

Included in the number of restricted stock units granted during the three months ended March 31, 2017 and 2016 are performance-based restricted stock units of our Class A common stock of 286,908 and 236,973, respectively, that we granted to certain executive employees under our 2010 Equity Incentive Plan. With respect to the 2017 grants, the maximum number of shares that may be earned is 430,362.

The total stock-based compensation expense recognized was \$6.5 million and \$5.6 million for the three months ended March 31, 2017 and 2016, respectively. Total stock-based compensation expense includes amounts related to awards of stock options, restricted stock units (including performance-based restricted stock units) and purchases under our 2010 Employee Stock Purchase Plan. Effective January 1, 2017, as a result of the adoption of ASU 2016-09, we account for forfeitures on our stock-based compensation as they occur, rather than estimating expected forfeitures. As a result of this accounting change, we recognized a net cumulative effect adjustment to reduce retained earnings as of January 1, 2017 for approximately \$1.8 million.

**Note 8—Deposits**

Deposits are categorized as non-interest or interest-bearing deposits as follows:

	March 31, 2017	December 31, 2016
	(In thousands)	
Non-interest bearing deposit accounts		
GPR deposits	\$ 694,652	\$ 617,220
Other demand deposits	113,855	103,523
Total non-interest bearing deposit accounts	808,507	720,743
Interest-bearing deposit accounts		
Negotiable order of withdrawal (NOW)	1,657	1,209
Savings	9,479	8,832
Time deposits, denominations greater than or equal to \$100	5,212	5,132
Time deposits, denominations less than \$100	1,506	1,498
Total interest-bearing deposit accounts	17,854	16,671
Total deposits	\$ 826,361	\$ 737,414

The scheduled contractual maturities for total time deposits are presented in the table below:

	March 31, 2017
	(In thousands)
Due in 2017	\$ 3,290
Due in 2018	1,176
Due in 2019	415
Due in 2020	866
Due in 2021	846
Thereafter	125
Total time deposits	\$ 6,718

**GREEN DOT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)**

**Note 9—Note Payable**

In October 2014, we entered into a \$225.0 million secured credit agreement with Bank of America, N.A., as an administrative agent, Wells Fargo Bank, National Association, and the other lenders party thereto. The credit agreement provides for 1) a \$75.0 million five year revolving facility (the "Revolving Facility") and 2) a five year \$150.0 million term loan facility ("Term Facility" and, together with the Revolving Facility, the "Senior Credit Facility"). The credit agreement also includes an accordion feature that, subject to securing additional commitments from existing lenders or new lending institutions, will allow us to increase the aggregate amount of these facilities by up to an additional \$50.0 million.

As of March 31, 2017 and December 31, 2016, our outstanding debt, net of deferred financing costs of \$4.1 million and \$4.3 million, respectively, consisted of the following:

	March 31, 2017	December 31, 2016
	(In thousands)	
Term facility	\$ 95,291	\$ 100,686
Revolving facility	50,000	—
Total notes payable	\$ 145,291	\$ 100,686

Quarterly principal payments of \$5.6 million are payable on the loans under the Term Facility. During each of the three months ended March 31, 2017 and 2016, we made scheduled quarterly principal payments totaling \$5.6 million. The Senior Credit Facility matures on October 23, 2019 and any amounts then outstanding are due upon maturity.

*Interest*

At our election, loans made under the credit agreement bear interest at 1) a LIBOR rate (the "LIBOR Rate") or 2) a base rate determined by reference to the highest of (a) the Bank of America prime rate, (b) the United States federal funds rate plus 0.50% and (c) a daily rate equal to one-month LIBOR rate plus 1.0% (the "Base Rate"), plus in either case an applicable margin. The applicable margin for borrowings depends on our total leverage ratio and varies from 2.50% to 3.00% for LIBOR Rate loans and 1.50% to 2.00% for Base Rate loans. The effective interest rate on borrowings outstanding as of March 31, 2017 was 3.90%. Interest expense, excluding the amortization of debt issuance costs, related to our Senior Credit Facility was \$1.2 million and \$1.1 million for the three months ended March 31, 2017 and 2016, respectively.

*Covenants and restrictions*

The Senior Credit Facility contains customary representations and warranties relating to us and our subsidiaries. Obligations under the Senior Credit Facility are secured by first priority liens on, and security interests in, substantially all of our company assets and each Guarantor, as defined in the agreement. The Senior Credit Facility also contains certain affirmative and negative covenants including negative covenants that limit or restrict, among other things, liens, indebtedness, investments and acquisitions, mergers and fundamental changes, asset sales, restricted payments, changes in the nature of the business, transactions with affiliates and other matters customarily restricted in such agreements. We must maintain a minimum fixed charge coverage ratio and a maximum consolidated leverage ratio at the end of each fiscal quarter, as set forth in the credit agreement. At March 31, 2017, we were in compliance with all such covenants.



**GREEN DOT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)**

**Note 10—Income Taxes**

Income tax expense for the three months ended March 31, 2017 and 2016 differs from the amount computed by applying the statutory federal income tax rate to income before income taxes. The sources and tax effects of the differences are as follows:

	Three Months Ended March 31,	
	2017	2016
U.S. federal statutory tax rate	35.0 %	35.0 %
State income taxes, net of federal tax benefit	1.4	2.9
General business credits	(1.0)	(2.6)
Employee stock-based compensation	(1.0)	0.5
Other	0.5	1.0
Effective tax rate	<u>34.9 %</u>	<u>36.8 %</u>

The effective tax rate for the three months ended March 31, 2017 and 2016 differs from the statutory federal income tax rate of 35% primarily due to state income taxes, net of federal tax benefit, general business credits and non-deductible employee stock-based compensation. The decrease in the effective tax rate for the three months ended March 31, 2017 as compared to the three months ended March 31, 2016 is primarily due to excess tax benefits related to stock compensation recognized as income tax benefit instead of additional paid-in capital in accordance with ASU 2016-09. See *Note 2 — Summary of Significant Accounting Policies* for additional information about our adoption of ASU 2016-09.

We establish a valuation allowance when we consider it more-likely-than-not that some portion or all of the deferred tax assets will not be realized. As of March 31, 2017 and 2016, we did not have a valuation allowance on any of our deferred tax assets as we believed it was more-likely-than-not that we would realize the benefits of our deferred tax assets.

We are subject to examination by the Internal Revenue Service, or IRS, and various state tax authorities. We remain subject to examination of our federal income tax return for the five-months ended December 31, 2009 and the years ended December 31, 2010, through 2015. We generally remain subject to examination of our various state income tax returns for a period of three to four years from the respective dates the returns were filed.

As of March 31, 2017, we have net operating loss carryforwards of approximately \$41.2 million and \$32.3 million for federal and state tax purposes, respectively, which will be available to offset future income. If not used, these carryforwards will expire between 2017 and 2035. In addition, we have state business tax credits of approximately \$7.7 million that can be carried forward indefinitely and other state business tax credits of approximately \$1.1 million that will expire 2026.

As of March 31, 2017 and December 31, 2016, we had a liability of \$8.4 million and \$7.3 million, respectively, for unrecognized tax benefits related to various federal and state income tax matters excluding interest, penalties and related tax benefits. The reconciliation of the beginning unrecognized tax benefits balance to the ending balance is as follows:

	Three Months Ended March 31,	
	2017	2016
	(In thousands)	
Beginning balance	\$ 7,314	\$ 7,371
Increases related to positions taken during prior years	—	—
Increases related to positions taken during the current year	1,038	889
Decreases related to positions settled with tax authorities	—	—
Decreases as a result of a lapse of applicable statute of limitations	\$ —	\$ —
Ending balance	<u>\$ 8,352</u>	<u>\$ 8,260</u>
The total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate	<u>\$ 8,352</u>	<u>\$ 8,260</u>

As of March 31, 2017 and 2016, we recognized accrued interest and penalties related to unrecognized tax benefits of approximately \$1.2 million and \$0.9 million, respectively.

**GREEN DOT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)**

**Note 11—Stockholders' Equity****Stock Repurchase Program**

In June 2015, our Board of Directors authorized, subject to regulatory approval, a repurchase of shares of our Class A Common Stock in an amount up to \$150 million under a stock repurchase program with no expiration date. As of March 31, 2017, we have repurchased all \$150 million of Class A common stock under the repurchase program, subject to final settlement of our open accelerated share repurchase discussed below.

*Accelerated Share Repurchases*

We entered into accelerated share repurchase arrangements (“ASRs”) with a financial institution during 2015, 2016 and the three months ended March 31, 2017. The following table summarizes our ASR activity since inception of the stock repurchase program:

	Purchase Period End Date	Number of Shares (In thousands)	Average repurchase price per share	ASR Amount (In thousands)
March 2017 ASR	September 2017	1,326 (1)	(1)	\$ 50,000
April 2016 ASR	October 2016	2,219	\$ 22.54	\$ 50,000
September 2015 ASR	January 2016	2,342	\$ 17.08	\$ 40,000

(1) "Number of Shares" represents shares delivered in the beginning of the purchase period and does not represent the final number of shares to be delivered under the ASR. The total number of shares ultimately delivered, and therefore the average repurchase price paid per share, will be determined at the end of the applicable purchase period based on the volume-weighted average price of our Class A common stock during that period. We expect the March 2017 ASR purchase period will end by September 2017.

In exchange for an up-front payment during the three months ended March 31, 2017, the financial institution delivered 1.3 million shares of our Class A common stock. Upon settlement, we will either receive additional shares from the financial institution or we may be required to deliver additional shares or cash to the financial institution, at our election. The final number of shares received upon settlement for the ASR is determined based on the volume-weighted average price of our common stock over the term of the agreement less an agreed upon discount and subject to adjustments pursuant to the terms and conditions of the ASR. The shares received are retired in the periods they are delivered, but remain authorized for registration and issuance in the future.

The up-front payments are accounted for as a reduction to shareholders' equity on our consolidated balance sheets in the periods the payments are made. The ASRs are accounted for in two separate transactions: 1) a treasury stock repurchase for the initial shares received and 2) a forward stock purchase contract indexed to our own stock for the unsettled portion of the ASR. The par value of the shares received are recorded as a reduction to common stock with the remainder recorded as a reduction to additional paid-in capital and retained earnings. The ASRs meet all of the applicable criteria for equity classification, and therefore are not accounted for as derivative instruments. The initial repurchase of shares result in an immediate reduction of the outstanding shares used to calculate the weighted-average common shares outstanding for basic and diluted earnings per share.

*Other*

In connection with the Repurchase Program, we entered into a repurchase plan in December 2015 under Rule 10b5-1 of the Exchange Act for \$10 million. The timing, nature and amount of purchases depended on a variety of factors, including market conditions and the volume limit defined by Rule 10b-18. We completed all repurchases under this plan during the first quarter of 2016 and total repurchases amounted to approximately 0.6 million shares at an average price of \$16.15.

**GREEN DOT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)**

**Note 12—Earnings per Common Share**

The calculation of basic and diluted EPS was as follows:

	Three Months Ended March 31,	
	2017	2016
(In thousands, except per share data)		
<b>Basic earnings per Class A common share</b>		
Net income	\$ 40,754	\$ 32,882
Income attributable to preferred stock	—	(972)
Net income allocated to Class A common stockholders	\$ 40,754	\$ 31,910
Weighted-average Class A shares issued and outstanding	50,458	49,863
Basic earnings per Class A common share	\$ 0.81	\$ 0.64
<b>Diluted earnings per Class A common share</b>		
Net income allocated to Class A common stockholders	\$ 40,754	\$ 31,910
Re-allocated earnings	—	19
Diluted net income allocated to Class A common stockholders	\$ 40,754	\$ 31,929
Weighted-average Class A shares issued and outstanding	50,458	49,863
Dilutive potential common shares:		
Stock options	603	343
Restricted stock units	1,417	630
Employee stock purchase plan	19	31
Diluted weighted-average Class A shares issued and outstanding	52,497	50,867
Diluted earnings per Class A common share	\$ 0.78	\$ 0.63

For the periods presented, we excluded all shares of convertible preferred stock and certain restricted stock units and stock options outstanding, which could potentially dilute basic EPS in the future, from the computation of diluted EPS as their effect was anti-dilutive. The following table shows the weighted-average number of anti-dilutive shares excluded from the diluted EPS calculation:

	Three Months Ended March 31,	
	2017	2016
(In thousands)		
<b>Class A common stock</b>		
Options to purchase Class A common stock	55	326
Restricted stock units	—	8
Conversion of convertible preferred stock	—	1,519
Total options, restricted stock units and convertible preferred stock	55	1,853

**Note 13—Fair Value Measurements**

Under applicable accounting guidance, fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

We determine the fair values of our financial instruments based on the fair value hierarchy established under applicable accounting guidance which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. There are three levels of inputs used to measure fair value.

For more information regarding the fair value hierarchy and how we measure fair value, see *Note 2—Summary of Significant Accounting Policies* to the Consolidated Financial Statements of our Annual Report on Form 10-K for the year ended December 31, 2016.

**GREEN DOT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)**

**Note 13—Fair Value Measurements (continued)**

As of March 31, 2017 and December 31, 2016, our assets and liabilities carried at fair value on a recurring basis were as follows:

	Level 1	Level 2	Level 3	Total Fair Value
(In thousands)				
<b>March 31, 2017</b>				
<b>Assets</b>				
Corporate bonds	\$ —	\$ 12,059	\$ —	\$ 12,059
Commercial paper	—	3,885	—	3,885
U.S. Treasury notes	—	25,837	—	25,837
Mortgage-backed securities	—	112,377	—	112,377
Municipal bonds	—	1,288	—	1,288
Asset-backed securities	—	28,363	—	28,363
<b>Total assets</b>	<b>\$ —</b>	<b>\$ 183,809</b>	<b>\$ —</b>	<b>\$ 183,809</b>
<b>Liabilities</b>				
Contingent consideration	\$ —	\$ —	\$ 26,442	\$ 26,442
<b>December 31, 2016</b>				
<b>Assets</b>				
Corporate bonds	\$ —	\$ 21,535	\$ —	\$ 21,535
Commercial paper	—	12,430	—	12,430
U.S. Treasury notes	—	21,563	—	21,563
Agency securities	—	4,001	—	4,001
Mortgage-backed securities	—	117,491	—	117,491
Municipal bonds	—	1,430	—	1,430
Asset-backed securities	—	29,976	—	29,976
<b>Total assets</b>	<b>\$ —</b>	<b>\$ 208,426</b>	<b>\$ —</b>	<b>\$ 208,426</b>
<b>Liabilities</b>				
Contingent consideration	\$ —	\$ —	\$ 8,634	\$ 8,634

We based the fair value of our fixed income securities held as of March 31, 2017 and December 31, 2016 on quoted prices in active markets for similar assets. We had no transfers between Level 1, Level 2 or Level 3 assets or liabilities during the three months ended March 31, 2017 or 2016.

The following table presents changes in our contingent consideration payable for the three months ended March 31, 2017 and 2016, which is categorized in Level 3 of the fair value hierarchy:

	Three Months Ended March 31,	
	2017	2016
Balance, beginning of period	\$ 8,634	\$ 13,889
Issuance	18,000	—
Payments of contingent consideration	(192)	(189)
<b>Balance, end of period</b>	<b>\$ 26,442</b>	<b>\$ 13,700</b>

**Note 14—Fair Value of Financial Instruments**

The following describes the valuation technique for determining the fair value of financial instruments, whether or not such instruments are carried at fair value on our consolidated balance sheets.

*Short-term Financial Instruments*

Our short-term financial instruments consist principally of unrestricted and restricted cash and cash equivalents, settlement assets and obligations, and obligations to customers. These financial instruments are short-term in nature,

**GREEN DOT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)**

**Note 14—Fair Value of Financial Instruments (continued)**

and, accordingly, we believe their carrying amounts approximate their fair values. Under the fair value hierarchy, these instruments are classified as Level 1.

*Investment Securities*

The fair values of investment securities have been derived using methodologies referenced in *Note 2—Summary of Significant Accounting Policies* to the Consolidated Financial Statements of our Annual Report on Form 10-K for the year ended December 31, 2016. Under the fair value hierarchy, our investment securities are classified as Level 2.

*Loans*

We determined the fair values of loans by discounting both principal and interest cash flows expected to be collected using a discount rate commensurate with the risk that we believe a market participant would consider in determining fair value. Under the fair value hierarchy, our loans are classified as Level 3.

*Deposits*

The fair value of demand and interest checking deposits and savings deposits is the amount payable on demand at the reporting date. We determined the fair value of time deposits by discounting expected future cash flows using market-derived rates based on our market yields on certificates of deposit, by maturity, at the measurement date. Under the fair value hierarchy, our deposits are classified as Level 2.

*Contingent Consideration*

The fair value of contingent consideration obligations, such as the earn-outs associated with our acquisitions of TPG and UniRush, are estimated through valuation models designed to estimate the probability of such contingent payments based on various assumptions. Estimated payments are discounted using present value techniques to arrive at an estimated fair value. Our contingent consideration payable is classified as Level 3 because we use unobservable inputs to estimate fair value, including the probability of achieving certain earnings thresholds and appropriate discount rates. Changes in fair value of contingent consideration are recorded through operating expenses.

*Note Payable*

The fair value of our note payable is based on borrowing rates currently available to a market participant for loans with similar terms or maturity. The carrying amount of our note payable approximates fair value because the base interest rate charged varies with market conditions and the credit spread is commensurate with current market spreads for issuers of similar risk. The fair value of the note payable is classified as a Level 2 liability in the fair value hierarchy.

*Fair Value of Financial Instruments*

The carrying values and fair values of certain financial instruments that were not carried at fair value, excluding short-term financial instruments for which the carrying value approximates fair value, at March 31, 2017 and December 31, 2016 are presented in the table below.

	March 31, 2017		December 31, 2016	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(In thousands)			
<b>Financial Assets</b>				
Loans to bank customers, net of allowance	\$ 7,258	\$ 6,740	\$ 6,059	\$ 5,421
<b>Financial Liabilities</b>				
Deposits	\$ 826,361	\$ 826,304	\$ 737,414	\$ 737,356
Note payable	\$ 145,291	\$ 145,291	\$ 100,686	\$ 100,686

**GREEN DOT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)**

**Note 15—Commitments and Contingencies***Litigation and Claims*

In the ordinary course of business, we are a party to various legal proceedings, including, from time to time, actions which are asserted to be maintainable as class action suits. We review these actions on an ongoing basis to determine whether it is probable and estimable that a loss has occurred and use that information when making accrual and disclosure decisions. We have provided reserves where necessary for all claims and, based on current knowledge and in part upon the advice of legal counsel, all matters are believed to be adequately covered by insurance, or, if not covered, we do not expect the outcome in any legal proceedings, individually or collectively, to have a material adverse impact on our financial condition or results of operations.

During the three months ended June 30, 2016, we continued our planned conversion of customer files from our legacy third-party card processor to our new third-party card processor. As part of the conversion process, a small percentage of our active cardholders experienced limited disruptions in service. As a result of this limited disruption in service, two putative class action complaints were filed during the second quarter of 2016. Any settlement amount paid to resolve the consolidated class actions will be borne equally between us and the third-party card processor. We have recorded an estimated accrual of approximately \$2.3 million, which represents our portion of the estimated total settlement amount, all of which our insurance carrier has agreed to reimburse us for. This amount is recorded in other accrued liabilities and accounts receivable on our consolidated balance sheet as of March 31, 2017.

*Other Matters*

We monitor the laws of all 50 states to identify state laws or regulations that apply (or may apply) to our products and services. We have obtained money transmitter licenses (or similar such licenses) where applicable, based on advice of counsel or when we have been requested to do so. If we were found to be in violation of any laws and regulations governing banking, money transmitters, electronic fund transfers, or money laundering in the United States or abroad, we could be subject to penalties or could be forced to change our business practices.

From time to time we enter into contracts containing provisions that contingently require us to indemnify various parties against claims from third parties. These contracts primarily relate to: (i) contracts with our card issuing banks, under which we are responsible to them for any unrecovered overdrafts on cardholders' accounts; (ii) certain real estate leases, under which we may be required to indemnify property owners for environmental and other liabilities, and other claims arising from our use of the premises; (iii) certain agreements with our officers, directors, and employees, under which we may be required to indemnify these persons for liabilities arising out of their relationship with us; and (iv) contracts under which we may be required to indemnify our retail distributors, suppliers, vendors and other parties with whom we have contracts against claims arising from certain of our actions, omissions, violations of law and/or infringement of patents, trademarks, copyrights and/or other intellectual property rights.

Generally, a maximum obligation under these contracts is not explicitly stated. Because the obligated amounts associated with these types of agreements are not explicitly stated, the overall maximum amount of the obligation cannot be reasonably estimated. With the exception of overdrafts on cardholders' accounts, historically, we have not been required to make payments under these and similar contingent obligations, and no liabilities have been recorded for these obligations in our consolidated balance sheets.

For additional information regarding overdrafts on cardholders' accounts, refer to *Note 5 — Accounts Receivable*.

As of March 31, 2017 and December 31, 2016, we had \$0.5 million outstanding in standby letters of credit issued by a financial institution related to our corporate facility lease. We have provided cash collateral for these outstanding letters of credit as of March 31, 2017 and December 31, 2016.

As of March 31, 2017 and December 31, 2016, we had restricted cash balances of \$20.1 million and \$12.1 million. The increase in restricted cash during the three months ended March 31, 2017 was associated with funds required to collateralize a prefunding obligation with a counter-party.

**GREEN DOT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)**

**Note 16—Significant Customer Concentration**

A credit concentration may exist if customers are involved in similar industries, economic sectors, and geographic regions. Our retail distributors operate in similar economic sectors but diverse domestic geographic regions. The loss of a significant retail distributor could have a material adverse effect upon our card sales, profitability, and revenue growth.

Revenues derived from our products sold at retail distributors constituting greater than 10% of our total operating revenues were as follows:

	Three Months Ended March 31,	
	2017	2016
Walmart	37%	36%

Settlement assets derived from our products sold at retail distributors constituting greater than 10% of the settlement assets outstanding on our consolidated balance sheets were as follows:

	March 31, 2017	December 31, 2016
	Walmart	36%

**Note 17—Segment Information**

Our operations are comprised of two reportable segments: 1) Account Services and 2) Processing and Settlement Services. We identified our reportable segments based on factors such as how we manage our operations and how our chief operating decision maker views results. Our chief operating decision maker organizes and manages our business primarily on the basis of product and service offerings and uses operating income to assess profitability.

The Account Services segment consists of revenues and expenses derived from our branded and private label deposit account programs. These programs include Green Dot-branded and affinity-branded GPR card accounts, private label GPR card accounts, checking accounts, payroll cards and open-loop gift cards. The Processing and Settlement Services segment consists of revenues and expenses derived from reload services through the Green Dot Network and our tax refund processing services. The Corporate and Other segment primarily consists of eliminations of intersegment revenues and expenses, unallocated corporate expenses, depreciation and amortization, and other costs that are not considered when management evaluates segment performance. We do not evaluate performance or allocate resources based on segment asset data, and therefore such information is not presented.

The following tables present certain financial information for each of our reportable segments for the periods then ended:

	Three Months Ended March 31, 2017			
	Account Services	Processing and Settlement Services	Corporate and Other	Total
	(In thousands)			
Operating revenues	\$ 167,693	\$ 93,710	\$ (8,402)	\$ 253,001
Operating expenses	126,677	45,103	19,845	191,625
Operating income	\$ 41,016	\$ 48,607	\$ (28,247)	\$ 61,376

	Three Months Ended March 31, 2016			
	Account Services	Processing and Settlement Services	Corporate and Other	Total
	(In thousands)			
Operating revenues	\$ 145,140	\$ 91,370	\$ (8,486)	\$ 228,024
Operating expenses	119,152	39,022	15,364	173,538
Operating income	\$ 25,988	\$ 52,348	\$ (23,850)	\$ 54,486

## ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

*This Quarterly Report on Form 10-Q, including this Management's Discussion and Analysis of Financial Condition and Results of Operations, contains forward-looking statements regarding future events and our future results that are subject to the safe harbors created under the Securities Act of 1933 and the Securities Exchange Act of 1934 (the "Exchange Act"). All statements other than statements of historical facts are statements that could be deemed to be forward-looking statements. These statements are based on current expectations, estimates, forecasts and projections about the industries in which we operate and the beliefs and assumptions of our management. Words such as "expects," "anticipates," "targets," "goals," "projects," "intends," "plans," "believes," "seeks," "estimates," "continues," "endeavors," "strives," "may" and "assumes," variations of such words and similar expressions are intended to identify forward-looking statements. In addition, any statements that refer to projections of our future financial performance, our anticipated growth and trends in our businesses, and other characterizations of future events or circumstances are forward-looking statements. Readers are cautioned that these forward-looking statements are subject to risks, uncertainties, and assumptions that are difficult to predict, including those identified below, under "Part II, Item 1A. Risk Factors," and elsewhere herein. Therefore, actual results may differ materially and adversely from those expressed in any forward-looking statements. We undertake no obligation to revise or update any forward-looking statements for any reason.*

*In this Quarterly Report, unless otherwise specified or the context otherwise requires, "Green Dot," "we," "us," and "our" refer to Green Dot Corporation and its consolidated subsidiaries.*

### Overview

Green Dot Corporation is a pro-consumer financial technology innovator with a mission to reinvent personal banking for the masses. We offer consumers our broad collection of financial products and services through a widely-available "branchless distribution network" in the United States. Our branchless network consists of:

- distribution arrangements with approximately 100,000 mostly major chain retail locations, which we refer to as "retail distributors" and thousands of neighborhood Financial Service Center locations;
- several differently branded, Green Dot-owned and operated direct-to-consumer online and direct mail customer acquisition platforms;
- businesses that provide payroll cards to their employees to receive wage disbursements;
- more than 25,000 small and large tax preparation companies and individual tax preparers, known as electronic return originators, or "EROs", who are able to offer our products and services to their customers through the use of various tax preparation industry software packages with which our products are integrated; and
- apps compatible with the iOS and Android operating systems downloaded through the corresponding app store.

Our products and services are divided among our two reportable segments: 1) Account Services and 2) Processing and Settlement Services. Each segment is comprised of multiple "revenue divisions" that each focus on a distinct set of products or distribution channels, as follows:

### Account Services

#### Consumer Accounts

We offer several deposit account programs that can be acquired through our network of approximately 100,000 retail distributors and thousands of neighborhood Financial Service Center locations. These products include:

- Network-branded reloadable prepaid debit cards marketed under several leading consumer brand names, collectively referred to as GPR cards;
- An innovative checking account product, such as our GoBank product, that allow customers to acquire and manage their checking account entirely through a mobile application available on smartphone devices; and
- Network-branded gift cards (known as open-loop) that are sold at participating retail stores.

#### Green Dot Direct

We also offer GPR cards and checking accounts outside of our retail distribution channel, through several different online direct-to-consumer websites. Our direct-to-consumer websites include: [greendot.com](#); [walmartmoneycard.com](#); [rushcard.com](#); [accountnow.com](#); [achievecard.com](#); and [gobank.com](#). Additionally, we offer a secured credit card nationwide on a direct-to-consumer basis via [greendot.com/platinum](#). Designed to help people with poor or no prior credit history build a positive credit history, the card is backed by the customer's own security deposit held at Green



Dot Bank. Customers can fund their security deposits with cash and make monthly payments through our distribution network of approximately 100,000 retail locations.

### **Payroll**

We offer payroll cards to over 2,000 corporate customers, such as Einstein Bagels, Nordstrom and Rite Aid. Our products include payroll cards that businesses can provide to their employees to receive wage disbursements.

### **Green Dot Bank**

We offer issuing, settlement and capital management services principally to support our products within our Account Service segment. Green Dot Bank also facilitates payments on behalf of our Processing and Settlement Services segment. Our banking services include:

- Issuing services as the payment network member bank and settlement bank for GPR card, gift card and checking account products;
- Credit card issuing and capital lending services for our Green Dot Platinum Visa Secured Credit Card; and
- Settlement bank for our reload and tax refund services within our Processing and Settlement Services segment.

Green Dot Bank also generates revenue through management of its capital.

## ***Processing and Settlement Services***

### **Money Processing**

We offer several products and services that all specialize in moving cash on behalf of consumers and businesses. These products and services include:

- Reload services through the Green Dot Network using retailer distributors' specially-enabled point-of-sale (POS) devices. These services can be performed through the following products we offer at the locations of our retail distributors nationwide:
  - Our "Reload@TheRegister" swipe allows consumers to add funds directly to accounts we issue and accounts issued by more than 120 third-party prepaid card programs (our network acceptance members) through an automated POS swipe reload transaction.
  - Our MoneyPak PIN product provides consumers the ability to load funds to accounts we issue and accounts issued by our network acceptance members that are not physically present at the time of the load.
  - Our E-Cash remittance service allows consumers to add funds to an online account participating in the Green Dot Network, such as a PayPal account. Consumers can also cash-out money sent to them by a business through the use of a Green Dot unique barcode that is sent to the customer's smartphone and then presented at a participating retailer to receive their cash.
- Disbursement services through our SimplyPaid platform that enables instant payments of earnings to employees or consultants on behalf of businesses to most bank accounts with MasterCard, Visa or Discover debit cards.

### **Tax Processing**

Though our subsidiary, TPG, we offer several services designed for participants in the tax industry. Those services include:

- Tax refund transfers that provide the processing technology that facilitates taxpayers' receipt of refund proceeds. When a customer of a third party tax preparation provider chooses to pay tax preparation fees using our tax refund processing services, we deduct the costs of the tax preparation service and our processing service from the customer's refund, and remit the remaining net balance to the customer per their instructions;
- Small business lending to independent tax preparation providers that seek small loans in order to help provide working capital in advance of generating income during the tax filing season;
- GPR card offerings that are integrated into the tax preparation software that enables a tax preparation provider to offer its customers a Green Dot Bank-issued GPR card for the purpose of receiving tax refunds more rapidly and securely than check disbursements; and

- Fast Cash Advance consumer-friendly loans offered by third party banks and/or state-licensed non-bank lenders that enable their customers to receive a portion of their expected tax refund amount in advance of their actual tax refund.

Products within our Account Services segment are generally issued by our wholly-owned subsidiary, Green Dot Bank. As a result of acquisitions over the past few years, we also manage programs issued by third-party issuing banks.

### 2017 Six Step Plan

During February 2017, we announced our 2017 Six Step Plan (the "2017 Plan") outlining our strategy to grow revenue, reduce expenses and appropriately allocate capital, all with the goal of driving EPS growth. The 2017 Plan includes the following six steps:

**Step 1:** Deploy new acquisition and retention strategies to reduce the year-over-year sequential quarterly loss in active cards and return to active card growth by the beginning of 2018.

**Step 2:** Secure additional shelf space for the new MoneyPak and launch at least one unique and compelling new MoneyPak use case to expand the total available market.

**Step 3:** Make investments in growing the successful new initiatives launched in 2016, while making modest investments in a new crop of high-potential initiatives that can drive future growth.

**Step 4:** Drive incremental platform savings across the enterprise and achieve savings from integrating the UniRush acquisition over the course of 2017.

**Step 5:** Continue to look for new acquisitions that are strategic, synergistic and accretive.

**Step 6:** Return capital to shareholders through share buy-backs, with another \$50 million repurchase in 2017.

In connection with our 2017 Plan, on February 28, 2017, we completed our acquisition of all the membership interests of UniRush, LLC ("UniRush"). The financial results of UniRush for the three months ended March 31, 2017 are reflected in our consolidated results and the results of our Account Services segment for the three months ended March 31, 2017. Refer to *Note 3—Business Combination* to the Consolidated Financial Statements included herein for additional information. During the three months ended March 31, 2017, we entered into a definitive agreement to purchase a total of \$50 million of our Class A common stock under an accelerated share repurchase transaction. With this transaction, we have now repurchased \$150 million of our Class A Common Stock under our previously-announced \$150 million repurchase authorization. Refer to *Note 11—Stockholders' Equity* to the Consolidated Financial Statements included herein for additional information.

### Financial Results and Trends

Our results of operations for the three months ended March 31, 2017 and 2016 were as follows:

	Three Months Ended March 31,			
	2017	2016	Change	%
	(In thousands, except percentages)			
Total operating revenues	\$ 253,001	\$ 228,024	\$ 24,977	11.0%
Total operating expenses	191,625	173,538	18,087	10.4%
Net income	40,754	32,882	7,872	23.9%

#### Total operating revenues

Our total operating revenues for the three months ended March 31, 2017 increased from the three months ended March 31, 2016 by 11% as a result of greater average revenue per active card and the acquisition of UniRush, which closed on February 28, 2017. The increase in average revenue per active card was primarily driven by the continued trend of an improving mix in our active card portfolio toward higher revenue generating customers as compared to the prior year and improved unit economics on our new suite of prepaid card products. Both factors contributed to an improvement in the quality of our active card portfolio, as evidenced by greater customer engagement through increased gross dollar volume and purchase volume on a year-over-year basis. The combination of greater utilization rates and improved unit economics resulting from our new fee policies and features primarily on our new card products that were largely rolled out during the first six months of 2016 generated greater revenue per number of active cards for our Account Services segment, which more than offset the year-over-year decline in the number of active cards associated with our organic business.

Total operating revenues also increased as a result of improved unit economics in our Processing and Settlement Services segment. Our Processing and Settlement Services segment generated greater cash transfer revenues per number of cash transfers, despite a 4% year-over-year decline in the number of cash transfers, which we believe is partially attributable to the year-over-year decline in the number of active cards associated with our organic business, and partially attributable to the increasing mix shift to a higher percentage of direct deposit customers. The number of cash transfers per active card enrolled in direct deposit is generally lower than the non-direct deposit active card portfolio. The segment also generated greater tax refund processing revenues during the three months ended March 31, 2017, driven by a year-over-year increase in the number of tax refunds processed and higher revenue per average tax refund processed.

### **Total operating expenses**

Our total operating expenses for the three months ended March 31, 2017 increased from the three months ended March 31, 2016, primarily due to increases in processing expenses as a result of the acquisition of UniRush and higher per active card transactional usage, as processing fees are generally charged on a per transaction basis. Additionally, we incurred \$4.7 million of incremental processing expenses during the three months ended March 31, 2017 associated with our need to continue to process customer accounts on our legacy transaction processor that we had intended to migrate to our new processing platform in 2016. We intend to take all steps necessary to secure full recovery of these incremental expenses, although there can be no assurance that we will achieve that outcome or otherwise mitigate these losses.

Additionally, sales and marketing expenses for the three months ended March 31, 2017 increased from the three months ended March 31, 2016 as a result of a year-over-year increase in total operating revenues generated from products that are subject to revenue-sharing agreements with our distributors and due to incremental costs paid to third parties incurred as a result of a new consumer tax product offered through TPG to its EROs. These increases were partially offset by a decrease in compensation and benefits expenses as a result of cost reduction initiatives implemented as part of our 2016 Six Step plan, and a decrease in other general and administrative expenses, primarily due to a decrease in depreciation and amortization.

We recorded an income tax expense for the three months ended March 31, 2017 of \$21.8 million compared to \$19.1 million for the three months ended March 31, 2016. Income tax expense increased during the three months ended March 31, 2017 as a result of generating higher income before income taxes despite a lower effective tax rate.

During the three months ended March 31, 2017, we entered into a definitive agreement to purchase a total of \$50 million of our Class A common stock under an accelerated share repurchase transaction. With this transaction, we have now repurchased \$150 million of our Class A Common Stock under our previously-announced \$150 million repurchase authorization. Refer to *Note 11—Stockholders' Equity* to the Consolidated Financial Statements included herein for additional information.

### **Key Metrics**

We review a number of metrics to help us monitor the performance of, and identify trends affecting, our business. We believe the following measures are the primary indicators of our quarterly and annual revenues.

*Number of Cash Transfers* — represents the total number of reload transactions that we conducted through our retail distributors in a specified period. We processed 9.30 million and 9.71 million reload transactions in the three months ended March 31, 2017 and 2016, respectively. We review this metric as a measure of the size and scale of our retail cash reload network and to analyze cash transfer revenue, which is a key component of our financial performance. Our cash transfers declined 4% due to increase in direct deposit penetration in our active card portfolio as direct deposit customers, on average, perform fewer cash reloads, and due to a year-over-year decline of active cards by 8% in our organic business.

*Number of Tax Refunds Processed* — represents the total number of tax refunds processed in a specified period through TPG. We processed 8.60 million and 8.18 million tax refund transactions in the three months ended March 31, 2017 and 2016, respectively. Due to seasonality, the number of tax refunds processed is most concentrated during the first half of each year and is minimal during the second half of each year. We review this metric as a measure of the size and scale of our tax refund processing platform and to analyze tax processing revenue. The increase in the number of tax refunds processed of 5% from the comparable period in 2016 was driven by an increase of refunds processed through online tax filing software, partially offset by a decrease in the number of refunds processed by traditional tax preparation providers.

*Number of Active Cards* — represents the total number of GPR cards and checking accounts in our portfolio that had a purchase, reload or ATM withdrawal transaction during the previous 90-day period. We had 5.05 million and 4.75 million active cards outstanding as of March 31, 2017 and 2016, respectively. We review this metric and the

associated revenue per number of active cards as measures of the overall size and scale of our GPR card portfolio and to analyze trends in revenue from those active cards. The increase in the number of active cards of 6% was driven by our acquisition of UniRush on February 28, 2017, partially offset by an 8% year-over-year decline in the number of active cards in our organic portfolio to 4.36 million. This is the third quarter in a row with our active card counts at that level, which may indicate that our active card count is stabilizing after several periods of decline following the discontinuation of the original MoneyPak PIN product in the first quarter of 2015.

*Gross Dollar Volume* — represents the total dollar volume of funds processed and settled by our consolidated enterprise, excluding tax refunds processed by TPG. Our gross dollar volume was \$7.7 billion and \$6.6 billion for the three months ended March 31, 2017 and 2016, respectively. We review this metric as a measure of the size and scale of our processing infrastructure and as an indicator of customer engagement and usage of our products and services. The increase in gross dollar volume of 17% during the three months ended March 31, 2017 from the comparable period in 2016 was principally driven by our acquisition of UniRush and higher average gross dollar volume per average active card during the period. Gross dollar volume from our organic business increased 7% year-over-year.

*Purchase Volume* — represents the total dollar volume of purchase transactions made by customers using our GPR, checking account and gift card products. This metric excludes the dollar volume of ATM withdrawals. Our purchase volume was \$5.5 billion and \$4.7 billion for the three months ended March 31, 2017 and 2016, respectively. We use this metric to analyze interchange revenue, which is a key component of our financial performance. The increase in purchase volume of 17% during the three months ended March 31, 2017 from the comparable period in 2016 was driven by an increase in gross dollar volume, as described above, our acquisition of UniRush and higher purchase volume per number of active cards as a result of the increasing quality of customers within our active card base. Purchase volume from our organic business increased 3% year-over-year.

## **Key Components of our Results of Operations**

### ***Operating Revenues***

We classify our operating revenues into the following three categories:

*Card Revenues and Other Fees* — Card revenues consist of monthly maintenance fees, ATM fees, new card fees and other revenues. We charge maintenance fees on GPR cards and checking accounts, such as GoBank, to cardholders on a monthly basis pursuant to the terms and conditions in our cardholder agreements. We charge ATM fees to cardholders when they withdraw money at certain ATMs in accordance with the terms and conditions in our cardholder agreements. We charge new card fees, if applicable, when a consumer purchases a GPR card, gift card, or a checking account product. Other revenues consist primarily of revenue associated with our gift card program, transaction-based fees and fees associated with optional products or services, which we offer to cardholders from time to time.

Our aggregate monthly maintenance fee revenues vary primarily based upon the number of active cards in our portfolio and the average fee assessed per account. Our average monthly maintenance fee per active account depends upon the mix of products in our portfolio at any given point in time and upon the extent to which fees are waived based on various incentives provided to customers in an effort to encourage higher usage and retention. Our aggregate ATM fee revenues vary based upon the number of cardholder ATM transactions and the average fee per ATM transaction. The average fee per ATM transaction depends upon the mix of products in our portfolio at any given point in time and the extent to which cardholders use ATMs within our free network that carry no fee for cash withdrawal transactions. Our aggregate new card fee revenues vary based upon the number of GPR cards and checking accounts activated and the average new card fee. The average new card fee depends primarily upon the mix of products that we sell since there are variations in new account fees based on the product and/or the location or source where our products are purchased. Our aggregate other fees vary primarily based upon account sales of all types, gift card sales, purchase transactions and the number of active accounts in our portfolio.

*Processing and Settlement Service Revenues* — Processing and settlement service revenues consist of cash transfer revenues through the Green Dot Network, tax refund processing service revenues and disbursement program revenues through our SimplyPaid platform. We earn cash transfer revenues when consumers fund their cards through a reload transaction at a Green Dot Network retail location. Our aggregate cash transfer revenues vary based upon the mix of locations where reload transactions occur, since reload fees vary by location. We earn tax refund processing service revenues when a customer of a third party tax preparation provider chooses to pay tax preparation fees through the use of our tax refund processing services. We earn disbursement program fees on a per disbursement basis as disbursements are made.

*Interchange Revenues* — We earn interchange revenues from fees remitted by the merchant's bank, which are based on rates established by the payment networks, when customers make purchase transactions using our products.

Our aggregate interchange revenues vary based primarily on the number of active cards in our portfolio, the average transactional volume of the active cards in our portfolio and on the mix of cardholder purchases between those using signature identification technologies and those using personal identification numbers and the corresponding rates.

### **Operating Expenses**

We classify our operating expenses into the following four categories:

*Sales and Marketing Expenses* — Sales and marketing expenses consist primarily of the sales commissions we pay to our retail distributors and brokers, advertising and marketing expenses, and the costs of manufacturing and distributing card packages, placards and promotional materials to our retail distributors and personalized GPR and GoBank cards to consumers who have activated their cards. We generally establish sales commission percentages in long-term distribution agreements with our retail distributors, and aggregate sales commissions are determined by the number of prepaid cards, checking account products and cash transfers sold at their respective retail stores and, in certain cases, by the revenue generated from the ongoing use of those cards. We incur advertising and marketing expenses for television, online and in-store promotions. Advertising and marketing expenses are recognized as incurred and typically deliver a benefit over an extended period of time. For this reason, these expenses do not always track changes in our operating revenues. Our manufacturing and distribution costs vary primarily based on the number of GPR and GoBank accounts activated by consumers.

*Compensation and Benefits Expenses* — Compensation and benefits expenses represent the compensation and benefits that we provide to our employees and the payments we make to third-party contractors. While we have an in-house customer service function, we employ third-party contractors to conduct call center operations, handle routine customer service inquiries and provide consulting support in the area of IT operations and elsewhere. Compensation and benefits expenses associated with our customer service and loss management functions generally vary in line with the size of our active card portfolio, while the expenses associated with other functions do not.

*Processing Expenses* — Processing expenses consist primarily of the fees charged to us by the payment networks, which process transactions for us, the third-party card processors that maintains the records of our customers' accounts and processes transaction authorizations and postings for us, and the third-party banks that may issue our accounts. These costs generally vary based on the total number of active accounts in our portfolio and gross dollar volume transacted by those accounts. Also included in processing expenses are bank fees associated with our tax refund processing services. Bank fees generally vary based on the total number of tax refund transfers processed.

*Other General and Administrative Expenses* — Other general and administrative expenses consist primarily of professional service fees, telephone and communication costs, depreciation and amortization of our property and equipment and intangible assets, changes in contingent consideration, transaction losses (losses from customer disputed transactions, unrecovered customer purchase transaction overdrafts and fraud), rent and utilities, and insurance. We incur telephone and communication costs primarily from customers contacting us through our toll-free telephone numbers. These costs vary with the total number of active cards in our portfolio, as do losses from customer disputed transactions, unrecovered customer purchase transaction overdrafts and fraud. Costs associated with professional services, depreciation and amortization of our property and equipment, amortization of our acquired intangible assets, rent and utilities vary based upon our investment in infrastructure, business development, risk management and internal controls and are generally not correlated with our operating revenues or other transaction metrics.

### **Income Tax Expense**

Our income tax expense consists of the federal and state corporate income taxes accrued on income resulting from the sale of our products and services.

## Critical Accounting Policies and Estimates

Reference is made to the critical accounting policies and estimates disclosed in Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the year ended December 31, 2016. Except as disclosed in *Note 2 — Summary of Significant Accounting Policies* under *Recently adopted accounting pronouncements* to the Consolidated Financial Statements included herein, there have been no changes to our critical accounting policies and estimates during the three months ended March 31, 2017.

## Recent Accounting Pronouncements

Reference is made to the recent accounting pronouncements disclosed in *Note 2 — Summary of Significant Accounting Policies* to the Consolidated Financial Statements included herein.

## Comparison of Three-Month Periods Ended March 31, 2017 and 2016

### Operating Revenues

The following table presents a breakdown of our operating revenues among card revenues and other fees, processing and settlement service revenues and interchange revenues:

	Three Months Ended March 31,			
	2017		2016	
	Amount	% of Total Operating Revenues	Amount	% of Total Operating Revenues
(In thousands, except percentages)				
Operating revenues:				
Card revenues and other fees	\$ 100,969	39.9%	\$ 91,886	40.3%
Processing and settlement service revenues	90,675	35.8	81,016	35.5
Interchange revenues	61,357	24.3	55,122	24.2
Total operating revenues	\$ 253,001	100.0%	\$ 228,024	100.0%

*Card Revenues and Other Fees* — Card revenues and other fees totaled \$101.0 million for the three months ended March 31, 2017, an increase of \$9.1 million, or 10%, from the comparable period in 2016. We believe this increase in revenue also reflects the increasing quality of customers within our active card base and improved unit economics on our suite of prepaid card products, which increased monthly maintenance fees and ATM fees earned within our Account Services segment, combined with our acquisition of UniRush during the current quarter.

*Processing and Settlement Service Revenues* — Processing and settlement service revenues totaled \$90.7 million for the three months ended March 31, 2017, an increase of \$9.7 million, or 12%, from the comparable period in 2016. The increase was driven primarily by higher revenue earned per cash transfer, a year-over-year increase in the volume of tax refunds processed and an increase in disbursement revenues associated with our program with Uber.

*Interchange Revenues* — Interchange revenues totaled \$61.4 million for the three months ended March 31, 2017, an increase of \$6.3 million, or 11%, from the comparable period in 2016. The increase was primarily due to our UniRush acquisition and an increase in purchase volume during the three months ended March 31, 2017.

### Operating Expenses

The following table presents a breakdown of our operating expenses among sales and marketing, compensation and benefits, processing, and other general and administrative expenses:

	Three Months Ended March 31,			
	2017		2016	
	Amount	% of Total Operating Revenues	Amount	% of Total Operating Revenues
(In thousands, except percentages)				
Operating expenses:				
Sales and marketing expenses	\$ 71,685	28.3%	\$ 63,864	28.0%
Compensation and benefits expenses	41,218	16.3	43,087	18.9
Processing expenses	40,942	16.2	28,513	12.5
Other general and administrative expenses	37,780	14.9	38,074	16.7
Total operating expenses	\$ 191,625	75.7%	\$ 173,538	76.1%

**Sales and Marketing Expenses** — Sales and marketing expenses totaled \$71.7 million for the three months ended March 31, 2017, an increase of \$7.8 million, or 12% from the comparable period in 2016. This increase was primarily driven by a \$4.2 million increase in sales commissions associated with higher revenues year-over-year generated from products that are subject to revenue-sharing agreements with our retail distributors and incremental costs associated with providing Fast Cash Advance consumer-friendly loans. The increase also reflects incremental marketing expenses resulting from our acquisition of UniRush during the three months ended March 31, 2017.

**Compensation and Benefits Expenses** — Compensation and benefits expenses totaled \$41.2 million for the three months ended March 31, 2017, a decrease of \$1.9 million or 4% from the comparable period in 2016. The decrease was driven primarily by \$5.0 million lower salaries and wages and third-party contractor expenses as a result of cost reduction initiatives implemented as part of our 2016 Six Step plan. Partially offset by an increase in stock-based compensation and incremental expenses from our acquisition of UniRush during the three months ended March 31, 2017.

**Processing Expenses** — Processing expenses totaled \$40.9 million for the three months ended March 31, 2017, an increase of \$12.4 million or 44% from the comparable period in 2016. This increase was primarily the result of a higher volume of purchase and ATM transactions initiated by our cardholders, \$4.7 million of incremental processing expenses during the three months ended March 31, 2017 associated with our need to continue to support customer accounts on our legacy third-party card processor, and \$3.6 million of additional processing expenses associated with our acquisition of UniRush during the three months ended March 31, 2017.

**Other General and Administrative Expenses** — Other general and administrative expenses totaled \$37.8 million for the three months ended March 31, 2017, a decrease of \$0.3 million or 1%, from the comparable period in 2016. The decrease was primarily the result of \$2.8 million lower depreciation and amortization, partially offset by incremental expenses from our acquisition of UniRush during the three months ended March 31, 2017.

### Income Tax Expense

The following table presents a breakdown of our effective tax rate among federal, state and other:

	Three Months Ended March 31,	
	2017	2016
U.S. federal statutory tax rate	35.0 %	35.0 %
State income taxes, net of federal tax benefit	1.4	2.9
General business credits	(1.0)	(2.6)
Employee stock-based compensation	(1.0)	0.5
Other	0.5	1.0
Effective tax rate	34.9 %	36.8 %

Our income tax expense increased by \$2.7 million to \$21.8 million for the three months ended March 31, 2017 from the comparable period in 2016 due to higher pretax income on a period-over period basis, partially offset by a decrease in our effective tax rate by 1.9 percentage points. Our effective tax rate decreased primarily due to the impact of our adoption of ASU 2016-09. Under ASU 2016-09, all excess tax benefits and tax deficiencies related to stock compensation are now recognized as income tax benefit or expense, respectively, in the income statement instead of additional paid-in capital on the consolidated balance sheets. Refer to *Note 2—Summary of Significant Accounting Policies* to the Consolidated Financial Statements included herein for additional information.

The "Other" category in our effective tax rate consists of a variety of permanent differences, none of which were individually significant.

## Liquidity and Capital Resources

The following table summarizes our major sources and uses of cash for the periods presented:

	Three Months Ended March 31,	
	2017	2016
	(In thousands)	
Total cash provided by (used in)		
Operating activities	\$ 94,859	\$ 71,297
Investing activities	(135,925)	(25,284)
Financing activities	94,228	(78,390)
Increase (decrease) in unrestricted cash and cash equivalents	<u>\$ 53,162</u>	<u>\$ (32,377)</u>

For the three months ended March 31, 2017 and 2016, we financed our operations primarily through our cash flows from operations and certain financing activities. At March 31, 2017, our primary source of liquidity was unrestricted cash and cash equivalents totaling \$785.8 million. We also consider our \$183.8 million of available-for-sale investment securities to be highly-liquid instruments.

We use trend and variance analysis as well as our detailed budgets and forecasts to project future cash needs, making adjustments to the projections when needed. We believe that our current unrestricted cash and cash equivalents, cash flows from operations and borrowing capacity under our senior credit facility will be sufficient to meet our working capital, capital expenditure, debt service requirements and settlement of our purchase under our \$150 million stock repurchase program, as discussed below.

### **Cash Flows from Operating Activities**

Our \$94.9 million of net cash provided by operating activities in the three months ended March 31, 2017 was primarily the result of \$40.8 million of net income, adjusted for certain non-cash operating items of \$23.4 million and increases in net changes in our working capital assets and liabilities of \$30.7 million, driven principally by changes in our income taxes payable. Our \$71.3 million of net cash provided by operating activities in the three months ended March 31, 2016 was primarily the result of \$32.9 million of net income, adjusted for certain non-cash operating items of \$23.9 million and a decrease in our income tax receivable of \$18.6 million. We used our income tax receivable as of December 31, 2016 and 2015 to cover a portion of our estimated tax payments for the first quarter of 2017 and 2016, respectively. These were offset by decreases in our accounts payable and other accrued liabilities and deferred revenue.

### **Cash Flows from Investing Activities**

Our \$135.9 million of net cash used in investing activities in the three months ended March 31, 2017 reflects payments related to our acquisition of UniRush of \$139.3 million (net of cash acquired), the acquisition of property and equipment of \$11.8 million and an increase of \$8.0 million in our restricted cash balances, offset by proceeds from available-for-sale investment securities, net of purchases, sales and maturities, of \$24.3 million. Our \$25.3 million of net cash used in investing activities in the three months ended March 31, 2016 reflects payments for the acquisition of property and equipment of \$12.2 million, as well as purchases of available-for-sale investment securities, net of sales and maturities, of \$12.5 million.

### **Cash Flows from Financing Activities**

Our \$94.2 million of net cash provided by financing activities during the three months ended March 31, 2017 was primarily the result of increases of \$88.9 million in customer deposits and \$8.3 million in obligations to customers, and increases in net borrowings on our Revolving Facility of \$50.0 million. In connection with our acquisition of UniRush, we borrowed \$75 million under our Revolving Facility and additional subordinated notes payable of \$20 million to the selling shareholders of UniRush. These amounts were repaid during the three months ended March 31, 2017. Additionally, we drew an aggregate of \$130 million on our Revolving Facility for working capital needs, of which we repaid \$80 million during the three months ended March 31, 2017. These increases were offset by \$50.0 million used for our stock repurchase program and \$5.6 million in repayments of our notes payable. Our \$78.4 million of net cash used in financing activities during the three months ended March 31, 2016 was primarily the result of decreases of \$15.2 million in customer deposits and \$50.1 million in obligations to customers, \$5.6 million in repayments of our note payable and \$9.0 million used for our stock repurchase program.



## Commitments

We anticipate that we will continue to purchase property and equipment as necessary in the normal course of our business. The amount and timing of these purchases and the related cash outflows in future periods is difficult to predict and is dependent on a number of factors including the hiring of employees, the rate of change of computer hardware and software used in our business and our business outlook. During the remainder of 2017, we intend to continue to invest in new products and programs, new features for our existing products and IT infrastructure to scale and operate effectively to meet our strategic objectives.

We have used cash to acquire businesses and technologies and we anticipate that we may continue to do so in the future. The nature of these transactions makes it difficult to predict the amount and timing of such cash requirements. We may also be required to raise additional financing to complete future acquisitions. As discussed above in *Note 3—Business Combination* to the Consolidated Financial Statements included herein, on February 28, 2017, we completed our acquisition of all the membership interests of UniRush for \$139.9 million plus a minimum \$4 million annual earn-out payment for five years following the closing. The earn-out payments will be made each year, with the minimum payment potentially becoming greater if certain revenue growth targets for the RushCard GPR card program are met in a given year, although any potential increase is not expected to be material to the overall price of the acquisition.

Additionally, we may make periodic cash contributions to our subsidiary bank, Green Dot Bank, to maintain its capital, leverage and other financial commitments at levels we have agreed to with our regulators. Our investment securities may also act as short-term collateral to Green Dot Bank to satisfy any requirements associated with its legal lending limit.

### *Senior Credit Facility*

In October 2014, we entered into a \$225 million credit agreement with Bank of America, N.A., as administrative agent, Wells Fargo Bank, National Association, and other lenders party thereto. The agreement provides for (i) a \$75 million five-year revolving facility (the "Revolving Facility") and (ii) a five-year \$150 million term loan facility (the "Term Facility" and, together with the Revolving Facility, the "Senior Credit Facility"). At our election, loans made under the credit agreement bear interest at (1) a LIBOR rate or (2) a base rate as defined in the agreement, plus an applicable margin (3.90% as of March 31, 2017). The balance outstanding on the Term Facility was \$95.3 million and \$100.7 million at March 31, 2017 and December 31, 2016, respectively, net of deferred financing fees. Quarterly principal payments of \$5.6 million are payable on the loans under the Term Facility. The loans made under the Term Facility mature and all amounts then outstanding thereunder are payable on October 23, 2019. There were \$50.0 million in borrowings outstanding on the Revolving Facility at March 31, 2017. We are also subject to certain financial covenants, which include maintaining a minimum fixed charge coverage ratio and a maximum consolidated leverage ratio at the end of each fiscal quarter, as defined in the agreement, as amended. At March 31, 2017, we were in compliance with all such covenants.

### *Stock Repurchase Program*

In June 2015, we announced that our Board of Directors had authorized a stock repurchase program for the repurchase of up to \$150 million of our common stock. As of March 31, 2017, we have completed our commitment to repurchase shares under this repurchase program authorization, subject to final settlement of our accelerated share repurchase completed in March 2017.

In September 2015, we entered into an accelerated share repurchase agreement ("ASR") with a financial institution to repurchase shares of our common stock as part of our repurchase program. Under the ASR agreement, we purchased \$40 million of our Class A common stock at an average price of \$17.08 per share, resulting in approximately 2.3 million shares. In December 2015, we also entered into a \$10 million agreement to repurchase shares under a Rule 10b5-1 plan. Under this agreement we repurchased approximately 0.6 million shares, at an average share price of \$16.15.

In April 2016, we entered into an ASR with a financial institution for \$50 million resulting in the repurchase of approximately 2.2 million Class A common shares at an average price of \$22.54 per share.

In March 2017, we entered into an additional ASR with a financial institution for an up-front payment of \$50 million, in exchange for an initial delivery of 1.3 million shares based on our then current market price of our common stock. Final settlement is scheduled to occur during the third quarter of 2017 and will be based on the volume-weighted average price of our common stock over the term of the agreement less an agreed upon discount.

## **Contractual Obligations**

There have been no material changes in our contractual obligations disclosed in Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the year ended December 31, 2016.

## **Off-Balance Sheet Arrangements**

As of and for the three months ended March 31, 2017 and 2016, we did not have any relationships with unconsolidated organizations or financial partnerships, such as structured finance or special purpose entities that would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

## **Capital Requirements for Bank Holding Companies**

Our subsidiary bank, Green Dot Bank, is a member bank of the Federal Reserve System and our primary regulators are the Federal Reserve Board and the Utah Department of Financial Institutions. We are subject to various regulatory capital requirements administered by the banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory actions by regulators that, if undertaken, could have a direct material effect on our financial statements. Under capital adequacy guidelines, we must meet specific capital guidelines that involve quantitative measures of the assets, liabilities and certain off-balance sheet items as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

In July 2013, the Federal Reserve and other U.S. banking regulators approved final rules regarding new risk-based capital, leverage and liquidity standards, known as "Basel III." The Basel III rules, which became effective for us and our bank on January 1, 2015, are subject to certain phase-in periods that occur over several years. The U.S. Basel III rules contain new capital standards that change the composition of capital, increase minimum capital ratios and strengthen counter-party credit risk capital requirements. The Basel III rules also include a new definition of common equity Tier 1 capital and require that certain levels of such common equity Tier 1 capital be maintained. The rules also include a new capital conservation buffer, which impose a common equity requirement above the new minimum that can be depleted under stress, and could result in restrictions on capital distributions and discretionary bonuses under certain circumstances, as well as a new standardized approach for calculating risk-weighted assets. Under the Basel III rules, we must maintain a ratio of common equity Tier 1 capital to risk-weighted assets of at least 4.5%, a ratio of Tier 1 capital to risk-weighted assets of at least 6%, a ratio of total capital to risk-weighted assets of at least 8% and a minimum Tier 1 leverage ratio of 4.0%.

As of March 31, 2017 and December 31, 2016, we were categorized as "well capitalized" under the regulatory framework for prompt corrective action. To be categorized as "well capitalized," we must maintain specific total risk-based, Tier 1 risk-based and Tier 1 leverage ratios as set forth in the table below. There are no conditions or events since March 31, 2017 which management believes would have changed our category as "well capitalized."

The actual amounts and ratios, and required "well capitalized" minimum capital amounts and ratios at March 31, 2017 and December 31, 2016 were as follows:

March 31, 2017				
Amount	Ratio	Regulatory Minimum <sup>(1)</sup>	"Well-capitalized" Minimum <sup>(1)</sup>	
(In thousands, except ratios)				
<b>Green Dot Corporation:</b>				
Tier 1 leverage	148,893	11.7%	4.0%	n/a
Common equity Tier 1 capital	148,893	34.2%	4.5%	n/a
Tier 1 capital	148,893	34.2%	6.0%	6.0%
Total risk-based capital	150,023	34.5%	8.0%	10.0%
<b>Green Dot Bank:</b>				
Tier 1 leverage	104,300	10.6%	4.0%	5.0%
Common equity Tier 1 capital	104,300	49.9%	4.5%	6.5%
Tier 1 capital	104,300	49.9%	6.0%	8.0%
Total risk-based capital	104,581	50.1%	8.0%	10.0%

December 31, 2016				
Amount	Ratio	Regulatory Minimum <sup>(1)</sup>	"Well-capitalized" Minimum <sup>(1)</sup>	
(In thousands, except ratios)				
<b>Green Dot Corporation:</b>				
Tier 1 leverage	332,101	24.3%	4.0%	n/a
Common equity Tier 1 capital	332,101	61.0%	4.5%	n/a
Tier 1 capital	332,101	61.0%	6.0%	6.0%
Total risk-based capital	333,288	61.2%	8.0%	10.0%
<b>Green Dot Bank:</b>				
Tier 1 leverage	139,491	17.0%	4.0%	5.0%
Common equity Tier 1 capital	139,491	54.8%	4.5%	6.5%
Tier 1 capital	139,491	54.8%	6.0%	8.0%
Total risk-based capital	139,768	54.9%	8.0%	10.0%

(1) The tier 1 leverage regulatory minimum and well-capitalized minimum ratios for banks is 4% and 5%, respectively. As of December 31, 2015 our subsidiary bank was subject to separate tier 1 leverage requirements that we had committed to with the Federal Reserve Board and Utah Department of Financial Institutions. Our commitments with the Federal Reserve Board and Utah Department of Financial Institutions lapsed in November 2016.

The year-over-year decline in the capital ratios of Green Dot Corporation was primarily driven by the acquisition of UniRush in February 2017 as goodwill and intangible assets acquired reduce common equity Tier 1 capital, Tier 1 capital and total capital. Additionally, our regulatory capital decreased as a result of our \$50 million ASR initiated in March 2017.

The definitions associated with the amounts and ratios above are as follows:

<b>Ratio</b>	<b>Definition</b>
Tier 1 leverage ratio	Tier 1 capital divided by average total assets
Common equity Tier 1 capital ratio	Common equity Tier 1 capital divided by risk-weighted assets
Tier 1 capital ratio	Tier 1 capital divided by risk-weighted assets
Total risk-based capital ratio	Total capital divided by risk-weighted assets

  

<b>Terms</b>	<b>Definition</b>
Tier 1 capital and Common equity Tier 1 capital	Primarily includes common stock, retained earnings and accumulated OCI, net of deductions and adjustments primarily related to goodwill, deferred tax assets and intangibles. Under the regulatory capital rules, certain deductions and adjustments to these capital figures are phased in through January 1, 2018.
Total capital	Tier 1 capital plus supplemental capital items such as the allowance for loan losses, subject to certain limits
Average total assets	Average total consolidated assets during the period less deductions and adjustments primarily related to goodwill, deferred tax assets and intangibles assets
Risk-weighted assets	Represents the amount of assets or exposure multiplied by the standardized risk weight (%) associated with that type of asset or exposure. The standardized risk weights are prescribed in the bank capital rules and reflect regulatory judgment regarding the riskiness of a type of asset or exposure

### ITEM 3. Quantitative and Qualitative Disclosures about Market Risk

Market risk is the potential for economic losses from changes in market factors such as foreign currency exchange rates, credit, interest rates and equity prices. We believe that we have limited exposure to risks associated with changes in foreign currency exchange rates, interest rates and equity prices. We have no significant foreign operations. We do not hold or enter into derivatives or other financial instruments for trading or speculative purposes.

#### *Interest rates*

We do not consider our cash and cash equivalents or our investment securities to be subject to significant interest rate risk due to their short duration.

As of March 31, 2017, we had \$145.3 million in total debt outstanding under our \$225.0 million credit agreement. Refer to *Note 9 — Note Payable* to the Consolidated Financial Statements included herein for additional information. Our term loan and revolving credit facility are, and are expected to be, at variable rates of interest and expose us to interest rate risk. If interest rates increase, our debt service obligations on the variable rate indebtedness would increase even though the amount borrowed remained the same, and our net income would decrease. Although any short-term borrowings under our revolving credit facility would likely be insensitive to interest rate changes, interest expense on short-term borrowings will increase and decrease with changes in the underlying short-term interest rates. Assuming our credit agreement is drawn up to its maximum borrowing capacity of \$225.0 million, based on the applicable LIBOR and margin in effect as of March 31, 2017, each quarter point of change in interest rates would result in a \$0.6 million change in our annual interest expense. We actively monitor our interest rate exposure and our objective is to reduce, where we deem appropriate to do so, fluctuations in earnings and cash flows associated with changes in interest rates. In order to accomplish this objective, we may enter into derivative financial instruments, such as forward contracts and interest rate hedge contracts only to the extent necessary to manage our exposure. We do not hold or enter into derivatives or other financial instruments for trading or speculative purposes.

#### *Credit and liquidity risk*

We do have exposure to credit and liquidity risk associated with the financial institutions that hold our cash and cash equivalents, restricted cash, available-for-sale investment securities, settlement assets due from our distribution partners and amounts due from third-party issuing banks for fees collected on our behalf.

We manage the credit and liquidity risk associated with our cash and cash equivalents, available-for-sale investment securities and amounts due from issuing banks by maintaining an investment policy that restricts our correspondent banking relationships to approved institutions and does not allow investments in what we consider to be high risk assets. Our policy has limits related to liquidity ratios, the concentration that we may have with a single institution or issuer and effective maturity dates as well as restrictions on the type of assets that we may invest in. The management Asset Liability Committee is responsible for monitoring compliance with our Capital Asset Liability Management policy and related limits on an ongoing basis, and reports regularly to the audit committee of our board of directors.

Our exposure to credit risk associated with our distribution partners is mitigated due to the short time period, currently an average of two days that distributor settlement assets are outstanding. We perform an initial credit review and assign a credit limit to each new distribution partner. We monitor each distribution partner's settlement asset exposure and its compliance with its specified contractual settlement terms on a daily basis and assess their credit limit and financial condition on a periodic basis. Our Enterprise Risk Management Committee is responsible for monitoring our distribution partner exposure and assigning credit limits and reports regularly to the audit committee of our board of directors.

#### **ITEM 4. Controls and Procedures**

*Disclosure controls and procedures* — Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 13d-15(e)), and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) at the end of the period covered by this report. Based on such evaluation of our disclosure controls and procedures, our Chief Executive Officer and Chief Financial Officer have concluded that, at the end of such period, our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

*Change in internal control over financial reporting* — There was no material change in our internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) during the three months ended March 31, 2017 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

*Limitations on Effectiveness of Controls* — Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or our internal controls will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our company have been detected.

## PART II

### ITEM 1. Legal Proceedings

Refer to *Note 15 — Commitments and Contingencies* to the Consolidated Financial Statements included herein for information regarding our legal proceedings.

### ITEM 1A. Risk Factors

#### Risks Related to Our Business

***Our operating results may fluctuate in the future, which could cause our stock price to decline.***

Our quarterly and annual results of operations may fluctuate in the future as a result of a variety of factors, many of which are outside of our control. If our results of operations fall below the expectations of investors or any securities analysts who follow our Class A common stock, the trading price of our Class A common stock could decline substantially. Fluctuations in our quarterly or annual results of operations might result from a number of factors, including, but not limited to:

- the timing and volume of purchases, use and reloads of our prepaid cards and other products and services;
- the timing and volume of tax refunds processed by us, including the impact of any general delays in tax refund disbursements from the U.S. and State Treasuries;
- the timing and success of new product or service introductions by us or our competitors;
- seasonality in the purchase or use of our products and services;
- changes in the level of interchange rates that can be charged;
- fluctuations in customer retention rates;
- changes in the mix of products and services that we sell;
- changes in the mix of retail distributors through which we sell our products and services;
- the timing of commencement, renegotiation or termination of relationships with significant retail distributors and network acceptance members;
- the timing of commencement of new product development and initiatives, the timing of costs of existing product roll-outs to new retail distributors and the length of time we must invest in those new products, channels or retail distributors before they generate material operating revenues;
- our ability to effectively sell our products through online and direct mail marketing initiatives;
- changes in our or our competitors' pricing policies or sales terms;
- significant changes in our risk policies and controls;
- the amount and timing of costs related to fraud losses;
- the amount and timing of commencement and termination of major advertising campaigns, including sponsorships;
- the amount and timing of costs related to the development or acquisition of complementary businesses;
- the amount and timing of costs of any major litigation to which we are a party;
- disruptions in the performance of our products and services and the associated financial impact thereof;
- the amount and timing of capital expenditures and operating costs related to the maintenance and expansion of our business, operations and infrastructure;
- accounting charges related to impairment of goodwill and other intangible assets;
- our ability to control costs, including third-party service provider costs and sales and marketing expenses in an increasingly competitive market;
- volatility in the trading price of our Class A common stock, which may lead to higher or lower stock-based compensation expenses; and
- changes in the political or regulatory environment affecting the banking or electronic payments industries generally or the industries for prepaid financial services and tax refund processing specifically.

***The loss of operating revenues from Walmart or any of our largest retail distributors would adversely affect our business.***

A significant portion of our operating revenues are derived from prepaid financial services sold at our four largest retail distributors. As a percentage of total operating revenues, operating revenues derived from products and services sold at the store locations of Walmart was approximately 37% for the three months ended March 31, 2017. We expect that Walmart will continue to have a significant impact on our operating revenues in future periods, particularly in our Account Services segment. It would be difficult to replace Walmart and the operating revenues derived from products and services sold at their stores. Accordingly, the loss of Walmart would have a material adverse effect on our business and results of operations. In addition, any publicity associated with the loss of any of our large retail distributors could harm our reputation, making it more difficult to attract and retain consumers and other retail distributors, and could lessen our negotiating power with our remaining and prospective retail distributors.

Our contracts with our four largest retail distributors have terms that expire at various dates through 2021, and they can in limited circumstances, such as our material breach or insolvency or, in the case of Walmart, our failure to meet agreed-upon service levels, certain changes in control, and our inability or unwillingness to agree to requested pricing changes, be terminated by these retail distributors on relatively short notice. There can be no assurance that we will be able to continue our relationships with our largest retail distributors on the same or more favorable terms in future periods or that our relationships will continue beyond the terms of our existing contracts with them. Our operating revenues and results of operations could suffer if, among other things, any of our retail distributors renegotiates, terminates or fails to renew, or to renew on similar or favorable terms, its agreement with us or otherwise chooses to modify the level of support it provides for our products.

***Our base of tax preparation partners is concentrated and the performance of our Processing and Settlement Services segment depends in part on our ability to retain existing partners.***

If one or more of our major tax preparation partners were to substantially reduce or stop offering our services to their customers, our tax refund processing services business, a component of our Processing and Settlement Services segment, results of operations and financial condition would be harmed. Substantially all the revenues we generate from our tax refund processing services business have come from sales through a relatively small number of tax preparation firms. We do not have long-term contractual commitments from any of our current tax preparation partners and our tax preparation partners may elect to not renew their contracts with us with little or no advance notice. As a result, we cannot be assured that any of our current tax preparation partners will continue to partner with us past the terms in their current agreements. A termination of our relationships with certain tax preparation partners that provide commercial tax preparation software would result in lost revenue and the loss of the ability to secure future relationships with new or existing tax preparation firms that use such tax software.

***Our future success depends upon the active and effective promotion of our products and services by retail distributors and tax preparation partners, but their interests and operational decisions might not always align with our interests.***

Most of our operating revenues are derived from our products and services sold at the stores of our retail distributors. In addition, a large portion of our Processing and Settlement Services revenues are dependent on tax preparation partners as the revenues we generate from our tax refund processing services are largely derived from products and services sold through retail tax preparation businesses and income tax software providers. Revenues from our retail distributors and tax preparation partners depend on a number of factors outside our control and may vary from period to period. Because we compete with many other providers of products and services, including competing prepaid cards and tax refund processing services, for placement and promotion of products in the stores of our retail distributors or in conjunction with the delivery of tax preparation services by our tax preparation providers, our success depends on our retail distributors and tax preparation partners and their willingness to promote our products and services successfully. In general, our contracts with these third parties allow them to exercise significant discretion over the placement and promotion of our products and services; they could give higher priority to the products and services of other companies for a variety of reasons. Accordingly, losing the support of our retail distributors and tax preparation partners might limit or reduce the sales of our products and services. Our operating revenues and operating expenses may also be negatively affected by operational decisions by our retail distributors and tax preparation partners. For example, if a retail distributor reduces shelf space for our products or implements changes in its systems that disrupt the integration between its systems and ours, our product sales could be reduced or decline and we may incur additional merchandising costs to ensure our products are appropriately stocked. Similarly, for a variety of reasons, many of our tax preparation partners that provide commercial income tax preparation software offer their customers several types for tax refund processing services, including those of our competitors. Even if our retail distributors and tax preparation partners actively and effectively promote our products and services, there can be no assurance that their efforts will maintain or result in growth of our operating revenues.



***We make significant investments in our business that may not be successful, and unsuccessful investments could materially adversely affect our business, financial condition and results of operations.***

Our prospects for growth depend on our ability to innovate. As such, we have made and could make significant investments in our business where the return on those investments are highly speculative given the fast paced evolving nature of the payments industry. The return on our investments may be lower than we expect, take longer to materialize than we expect or may never be realized. We may not achieve significant operating revenues from new product and service investments for a number of years, if at all. Moreover, new products and services, even if widely adopted, may not be profitable, causing us to lose money, and even if they are profitable, may cause lower operating margins than we have today or have experienced in the past. If new products or services have negative margins combined with high scale customer adoption, our business, financial condition and results of operations could be materially adversely impacted.

***Our operating revenues for a particular period are difficult to predict, and a shortfall in our operating revenues may harm our results of operations.***

Our operating revenues for a particular period are difficult to predict. Our total operating revenues may decline or grow at a slower rate than in prior periods. Our ability to meet financial expectations could be adversely affected by various factors, such as delays in implementing or realizing expected benefits from revenue growth activities, increased competition within the store locations of many of our largest retail distributors and reputational damage and unreimbursed losses associated with disruption in the performance of our products and services.

Our ability to increase card usage and cardholder retention and to attract new long-term users of our products can also have a significant effect on our operating revenues. We may be unable to generate increases in card usage, cardholder retention or attract new long-term users of our products for a number of reasons, including our inability to maintain our existing distribution channels, the failure of our cardholder retention and usage incentives to influence cardholder behavior, our inability to predict accurately consumer preferences or industry changes and to modify our products and services on a timely basis in response thereto, and our inability to produce new features and services that appeal to existing and prospective customers. As a result, our results of operations could vary materially from period to period based on the degree to which we are successful in increasing card usage and cardholder retention and attracting long-term users of our products.

Either of the above factors could have a material adverse impact on our business, operating results and financial condition.

***Seasonal fluctuations in the use of our products and services impact our results of operations and cash flows.***

Our results of operations and cash flows vary from quarter to quarter, and periodically decline, due to the seasonal nature of the use of our products and services. For example, in recent years, our results of operations for the first half of each year have been favorably affected by large numbers of taxpayers electing to receive their tax refunds via direct deposit on our cards, which caused our operating revenues to be typically higher in the first halves of those years than they were in the corresponding second halves of those years. Additionally, our tax refund processing services business is highly seasonal as it generates the substantial majority of its revenue in the first quarter, and substantially all of its revenue in the first half of each calendar year. To the extent that seasonal fluctuations become more pronounced, or are not offset by other factors, our results of operations and cash flows from operating activities could fluctuate materially from period to period.

***The industries in which we compete are highly competitive, which could adversely affect our results of operations.***

The prepaid financial services and tax refund services industries are highly competitive and include a variety of financial and non-financial services vendors. We expect conditions in the markets in which we compete will remain highly competitive. For example, Walmart, CVS and other retail distributors have been selling competitive products at their store locations for the past several years. Competition is expected to negatively impact our operating revenues, and could cause us to compete on the basis of price or increase our sales and marketing expenses, any of which would likely seriously harm our business, results of operations and financial condition. Our current and potential competitors include:

- prepaid card program managers, such as American Express, First Data, Total Systems Services, and traditional banks, such as J.P. Morgan Chase;
- reload network providers, such as Visa, Western Union and MoneyGram;
- prepaid card distributors, such as InComm and Blackhawk Network; and

- providers of tax refund processing services, including tax preparation businesses with their own internally-developed products and services and independent providers, such as Republic Bank & Trust Company.

Some of these vendors compete with us in more than one of the vendor categories described above, while others are primarily focused in a single category. In addition, competitors in one category have worked or are working with competitors in other categories to compete with us. We also face actual and potential competition from retail distributors or from other companies that have decided or may in the future decide to compete, or compete more aggressively, in the prepaid financial services industry. Similarly, some of our tax preparation partners have developed or may seek to develop their own products and services that compete with our tax refund processing services.

We also compete with businesses outside of the prepaid financial services industry, including traditional providers of financial services, such as banks that offer demand deposit accounts and card issuers that offer credit cards, private label retail cards and gift cards. In particular, our GoBank and secured card products are designed to compete directly with traditional service providers, such as banks and credit card companies, by providing products and services that they have traditionally provided. These and other competitors in the larger electronic payments industry are introducing innovative products and services that may compete with ours. We expect that this competition will continue as the prepaid financial services industry and the larger banking and electronic payments industry continues to evolve. We also expect to compete with businesses outside the traditional tax refund processing services industry in the future as new entrants seek to develop software solutions that may replace the need for our tax refund processing services.

Many existing and potential competitors have longer operating histories and greater name recognition than we do. In addition, many of our existing and potential competitors are substantially larger than we are, may already have or could develop substantially greater financial and other resources than we have, may offer, develop or introduce a wider range of programs and services than we offer or may use more effective advertising and marketing strategies than we do to achieve broader brand recognition, customer awareness and retail penetration. We could also experience increased price competition. If this happens, we expect that the purchase and use of our products and services would decline. If price competition materially intensifies, we may have to increase the incentives that we offer to our retail distributors and our tax preparation partners and decrease the prices of our products and services, any of which would likely adversely affect our results of operations.

Our long-term success depends on our ability to compete effectively against existing and potential competitors that seek to provide prepaid cards or other electronic payment products and services or tax refund processing services. If we fail to compete effectively against these competitors, our revenues, results of operations, prospects for future growth and overall business could be materially and adversely affected.

***Acquisitions or investments could disrupt our business and harm our financial condition.***

We have in the past acquired, and we expect to acquire in the future, other businesses and technologies. The process of integrating an acquired business, product, service or technology can involve a number of special risks and challenges, including:

- increased regulatory and compliance requirements;
- implementation or remediation of controls, procedures and policies at the acquired company;
- diversion of management time and focus from operation of our then-existing business;
- integration and coordination of product, sales, marketing, program and systems management functions;
- transition of the acquired company's users and customers onto our systems;
- integration of the acquired company's accounting, information management, human resource and other administrative systems and operations generally with ours;
- integration of employees from the acquired company into our organization;
- loss or termination of employees, including costs associated with the termination or replacement of those employees;
- liability for activities of the acquired company prior to the acquisition, including violations of law, commercial disputes, and tax and other known and unknown liabilities; and
- increased litigation or other claims in connection with the acquired company, including claims brought by terminated employees, customers, former stockholders or other third parties.

If we are unable to successfully integrate an acquired business or technology or otherwise address these special risks and challenges or other problems encountered in connection with an acquisition, we might not realize the

anticipated benefits of that acquisition, we might incur unanticipated liabilities or we might otherwise suffer harm to our business generally. Unanticipated costs, delays or other operational or financial problems related to integrating the acquired company and business with our company may result in the diversion of our management's attention from other business issues and opportunities. To integrate acquired businesses, we must implement our technology systems in the acquired operations and integrate and manage the personnel of the acquired operations. We also must effectively integrate the different cultures of acquired business organizations into our own in a way that aligns various interests, and may need to enter new markets in which we have no or limited experience and where competitors in such markets have stronger market positions. Failures or difficulties in integrating the operations of the businesses that we acquire, including their personnel, technology, compliance programs, risk management systems, financial systems, distribution and general business operations and procedures, marketing, promotion and other relationships, may affect our ability to grow and may result in us incurring asset impairment or restructuring charges. Furthermore, acquisitions and investments are often speculative in nature and the actual benefits we derive from them could be lower or take longer to materialize than we expect.

To the extent we pay the consideration for any future acquisitions or investments in cash, it would reduce the amount of cash available to us for other purposes. Future acquisitions or investments could also result in dilutive issuances of our equity securities or the incurrence of debt, contingent liabilities, amortization expenses, or goodwill impairment charges, any of which could harm our financial condition and negatively impact our stockholders.

***Fraudulent and other illegal activity involving our products and services could lead to reputational damage to us, reduce the use and acceptance of our cards and reload network, reduce the use of our tax refund processing services, and may adversely affect our financial position and results of operations.***

Criminals are using increasingly sophisticated methods to engage in illegal activities involving prepaid cards, reload products, checking accounts or customer information. Illegal activities involving our products and services often include malicious social engineering schemes, where people are asked to provide a prepaid card or reload product in order to obtain a loan or purchase goods or services. Illegal activities may also include fraudulent payment or refund schemes and identity theft. We rely upon third parties for transaction processing services, which subjects us and our customers to risks related to the vulnerabilities of those third parties. A single significant incident of fraud, or increases in the overall level of fraud, involving our cards and other products and services, have in the past and could in the future result in reputational damage to us. Such damage could reduce the use and acceptance of our cards and other products and services, cause retail distributors or network acceptance members to cease doing business with us or lead to greater regulation that would increase our compliance costs. Fraudulent activity could also result in the imposition of regulatory sanctions, including significant monetary fines, which could adversely affect our business, results of operations and financial condition.

In addition, to address the challenges we face with respect to fraudulent activity, we have implemented risk control mechanisms that have made it more difficult for all customers, including legitimate customers, to obtain and use our products and services. We believe it is likely that our risk control mechanisms may continue to adversely affect our new card activations from legitimate customers for the foreseeable future and that our operating revenues will be negatively impacted as a result.

***As a bank holding company, we are subject to extensive and potentially changing regulation and may be required to serve as a source of strength for Green Dot Bank, which may adversely affect our business, financial position and results of operations.***

As a bank holding company, we are subject to comprehensive supervision and examination by the Federal Reserve Board and the State of Utah Department of Financial Institutions and must comply with applicable regulations and other commitments we have agreed to, including financial commitments in respect to minimum capital and leverage requirements. If we fail to comply with any of these requirements, we may become subject to formal or informal enforcement actions, proceedings, or investigations, which could result in regulatory orders, restrictions on our business operations or requirements to take corrective actions, which may, individually or in the aggregate, affect our results of operations and restrict our ability to grow. If we fail to comply with the applicable capital and leverage requirements, or if our subsidiary bank fails to comply with its applicable capital and leverage commitments, the Federal Reserve Board may limit our ability to pay dividends or fund stock repurchases, or if we become less than adequately capitalized, require us to raise additional capital. In addition, as a bank holding company and a financial holding company, we are generally prohibited from engaging, directly or indirectly, in any activities other than those permissible for bank holding companies and financial holding companies. This restriction might limit our ability to pursue future business opportunities which we might otherwise consider but which might fall outside the scope of permissible activities.

***A substantial portion of Green Dot Bank's deposit liabilities may be classified as brokered deposits, and the failure by Green Dot Bank to maintain its status as a "well-capitalized" institution could have a serious adverse effect on Green Dot Bank's ability to conduct key portions of its current deposit-taking activity.***

On January 5, 2015, the FDIC published industry guidance in the form of Frequently Asked Questions ("FAQs") with respect to, among other things, the categorization of deposit liabilities as "brokered" deposits. This guidance was later supplemented on November 13, 2015, and June 30, 2016. Based on this guidance, a vast majority of Green Dot Bank's deposits will be classified as brokered unless we are able to receive a ruling from the FDIC to the contrary. Under banking regulation, if Green Dot Bank ceases to be categorized as "well capitalized," it could be prohibited from accepting, renewing or rolling over brokered deposits without the consent of the FDIC. In such a case, the FDIC's refusal to grant consent to our accepting, renewing or rolling over brokered deposits could materially adversely effect the financial condition and operations of Green Dot Bank and the Company and could effectively restrict the ability of Green Dot Bank to operate its business lines as presently conducted.

***Changes in laws and regulations to which we are subject, or to which we may become subject, may increase our costs of operation, decrease our operating revenues and disrupt our business.***

The provision of banking services, prepaid financial services and tax refund processing services is highly regulated and, from time to time, the laws and regulations affecting these industries, and the manner in which they are interpreted, are subject to change and legal action. Accordingly, changes in laws and regulations or the interpretation or enforcement thereof may occur that could increase our compliance and other costs of doing business, require significant systems redevelopment, or render our products or services less profitable or obsolete, any of which could have an adverse effect on our results of operations. For example, we could face more stringent anti-money laundering rules and regulations, as well as more stringent licensing rules and regulations, compliance with which could be expensive and time consuming. In addition, adverse rulings relating to the industries in which we participate could cause our products and services to be subject to additional laws and regulations, which could make our products and services less profitable.

If additional regulatory requirements were imposed on the sale of our products and services and our bank, the requirements could lead to a loss of retail distributors or tax preparation partners, which, in turn, could materially and adversely impact our operations. Moreover, if our products are adversely impacted by the interpretation or enforcement of these regulations or we or any of our retail distributors or tax preparation partners were unwilling or unable to make any such operational changes to comply with the interpretation or enforcement thereof, we would no longer be able to sell our products and services through that noncompliant retail distributor or tax preparation partner, which could have a material adverse effect on our business, financial position and results of operations.

State and federal legislators and regulatory authorities are increasingly focused on the banking and consumer financial services industries, and may propose and adopt new legislation that could result in significant adverse changes in the regulatory landscape for financial institutions and financial services companies.

If new regulations or laws result in changes in the way we are regulated, these regulations could expose us to increased regulatory oversight, more burdensome regulation of our business, and increased litigation risk, each of which could increase our costs and decrease our operating revenues. Furthermore, limitations placed on fees we charge or the disclosures that must be provided with respect to our products and services could increase our costs and decrease our operating revenues.

***Changes in laws and regulations, or our failure to comply with existing laws and regulations, applicable to our tax refund-related services could have a material adverse effect on our business, prospects, results of operations, and financial condition.***

We derive a significant portion of our total operating revenues and earnings from tax refund processing and settlement services. The tax preparation industry is regulated under a variety of statutes in addition to those regulations currently applicable to our prepaid products and services, all of which are subject to change and which may impose significant costs, limitations or prohibitions on the way we conduct or expand our tax refund processing and related services. In recent years, state legislators, state attorneys general, and regulators have increased their focus on the tax preparation industry including tax refund processing services and the use thereof by tax preparation firms. Laws making such services less profitable, or even unprofitable, could be passed in any state at any time or existing laws could expire or be amended, any of which could have a material adverse effect on our business, prospects, results of operations, and financial condition. State regulators have broad discretionary power and may impose new requirements, interpret or enforce existing regulatory requirements in different ways or issue new administrative rules, even if not contained in state statutes, and state attorneys general could take actions, that affect the way we offer our tax refund-related services and may force us to terminate, modify, or cease our operations in particular states. State or federal regulators could also impose rules that are generally adverse to our tax refund-related services. Any new requirements or rules, or new interpretations of existing requirements or rules, or failure to follow requirements or rules,

or future lawsuits or rulings, could have a material adverse effect on our business, prospects, results of operations, and financial condition.

***We operate in a highly regulated environment, and failure by us, the banks that issue our cards, the businesses that participate in our reload network, the banks that assist with our tax refund processing services, and our tax preparation partners to comply with applicable laws and regulations could have an adverse effect on our business, financial position and results of operations.***

We operate in a highly regulated environment, and failure by us, the banks that issue our cards or the businesses that participate in our reload network to comply with the laws and regulations to which we are subject could negatively impact our business. We are subject to state money transmission licensing requirements and a wide range of federal and other state laws and regulations. In particular, our products and services are subject to an increasingly strict set of legal and regulatory requirements intended to protect consumers and to help detect and prevent money laundering, terrorist financing and other illicit activities.

Many of these laws and regulations are evolving, unclear and inconsistent across various jurisdictions, and ensuring compliance with them is difficult and costly. For example, with increasing frequency, federal and state regulators are holding businesses like ours to higher standards of training, monitoring and compliance, including monitoring for possible violations of laws by the businesses that participate in our reload network. Failure by us or those businesses to comply with the laws and regulations to which we are or may become subject could result in fines, penalties or limitations on our ability to conduct our business, or federal or state actions, any of which could significantly harm our reputation with consumers and other network participants, banks that issue our cards and regulators, and could materially and adversely affect our business, operating results and financial condition.

***Changes in rules or standards set by the payment networks, such as Visa and MasterCard, or changes in debit network fees or products or interchange rates, could adversely affect our business, financial position and results of operations.***

We are subject to association rules that could subject us to a variety of fines or penalties that may be levied by the card associations or networks for acts or omissions by us or businesses that work with us, including card processors, such as Total System Services, Inc and MasterCard PTS. The termination of the card association registrations held by us or any changes in card association or other debit network rules or standards, including interpretation and implementation of existing rules or standards, that increase the cost of doing business or limit our ability to provide our products and services could have an adverse effect on our business, operating results and financial condition. In addition, from time to time, card associations may increase the fees that they charge, which could increase our operating expenses, reduce our profit margin and adversely affect our business, results of operations and financial condition.

Furthermore, a substantial portion of our operating revenues is derived from interchange fees. For the three months ended March 31, 2017, interchange revenues represented 24.3% of our total operating revenues, and we expect interchange revenues to continue to represent a significant percentage of our total operating revenues. The amount of interchange revenues that we earn is highly dependent on the interchange rates that the payment networks set and adjust from time to time.

The enactment of the Dodd-Frank Act required the Federal Reserve Board to implement regulations that have substantially limited interchange fees for many issuers. While the interchange rates that may be earned by us and our subsidiary bank are exempt from the limitations imposed by the Dodd-Frank Act, there can be no assurance that future regulation or changes by the payment networks will not impact our interchange revenues substantially. If interchange rates decline, whether due to actions by the payment networks or future regulation, we would likely need to change our fee structure to offset the loss of interchange revenues. However, our ability to make these changes is limited by the terms of our contracts and other commercial factors, such as price competition. To the extent we increase the pricing of our products and services, we might find it more difficult to acquire consumers and to maintain or grow card usage and customer retention, and we could suffer reputational damage and become subject to greater regulatory scrutiny. We also might have to discontinue certain products or services. As a result, our total operating revenues, operating results, prospects for future growth and overall business could be materially and adversely affected.

***Our actual operating results may differ significantly from our guidance.***

From time to time, we issue guidance in our quarterly earnings conference calls, or otherwise, regarding our future performance that represents our management's estimates as of the date of release. This guidance, which constitutes forward-looking statements, is based upon a number of management's assumptions and estimates that, while presented with numerical specificity, are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control, and are based upon specific assumptions with respect to future business decisions, some of which will change. While we have stated and we intend to continue to state possible

outcomes as high and low ranges that are intended to provide a sensitivity analysis as variables are changed, we can provide no assurances that actual results will not fall outside of the suggested ranges.

The principal reason that we release guidance is to provide a basis for our management to discuss our business outlook with analysts and investors. We do not accept any responsibility for any projections or reports published by any of these persons.

Guidance is necessarily speculative in nature, and it can be expected that some or all of the assumptions underlying the guidance furnished by us will prove to be incorrect or will vary significantly from actual results. For example, on a number of occasions in 2014, 2015 and 2016 we adjusted our revenue guidance when actual results varied from our assumptions. Accordingly, our guidance is only an estimate of what management believes is realizable as of the date of release. Actual results will vary from our guidance and the variations may be material.

Any failure to implement our operating strategy successfully or the occurrence of any of the events or circumstances set forth in this Item 1A could result in our actual operating results being different from our guidance, and such differences may be adverse and material.

***We receive important services from third-party vendors. Replacing them would be difficult and disruptive to our business.***

Some services relating to our business, including fraud management and other customer verification services, transaction processing and settlement, card production, and customer service, are outsourced to third-party vendors. We also depend on third-party banks to assist with our tax refund processing services. It would be difficult to replace some of our third-party vendors in a timely manner if they were unwilling or unable to provide us with these services during the term of their agreements with us and our business and operations could be adversely affected. In particular, due to the seasonality in our business, any material service interruptions or service delays with key vendors during the tax season could result in losses that have an even greater adverse effect on that business than would be the case with our overall business.

***Our business could suffer if there is a decline in the use of prepaid cards as a payment mechanism or there are adverse developments with respect to the prepaid financial services industry in general.***

As the prepaid financial services industry evolves, consumers may find prepaid financial services to be less attractive than traditional or other financial services. Consumers might not use prepaid financial services for any number of reasons, including the general perception of our industry. If consumers do not continue or increase their usage of prepaid cards, including making changes in the way prepaid cards are loaded, our operating revenues may remain at current levels or decline. Any projected growth for the industry may not occur or may occur more slowly than estimated. If consumer acceptance of prepaid financial services does not continue to develop or develops more slowly than expected or if there is a shift in the mix of payment forms, such as cash, credit cards, traditional debit cards and prepaid cards, away from our products and services, it could have a material adverse effect on our financial position and results of operations.

***Our business is dependent on the efficient and uninterrupted operation of computer network systems and data centers.***

Our ability to provide reliable service to customers and other network participants depends on the efficient and uninterrupted operation of our computer network systems and data centers as well as those of our retail distributors, network acceptance members and third-party processors. Our business involves movement of large sums of money, processing of large numbers of transactions and management of the data necessary to do both. Our success in our branded and private label account programs, as well as our processing and settlement services, depends upon the efficient and error-free handling of the money that is a) collected by our retail distributors and remitted to network acceptance members or the banks that issue our cards, b) remitted from the IRS and states to taxpayers, tax refund preparation partners and the third party processors and c) incoming via direct deposit, such as a customer's payroll check. We rely on the ability of our employees, systems and processes and those of the banks that issue our cards, our retail distributors, tax refund preparation partners, our network acceptance members and third-party processors to process and facilitate these transactions in an efficient, uninterrupted and error-free manner. Their failure to do so could materially and adversely impact our operating revenues and results of operations, particularly during the tax season, when we derive substantially all of operating revenues for our tax refund processing services and a significant portion of our other operating revenues.

In the event of a breakdown, a catastrophic event (such as fire, natural disaster, power loss, telecommunications failure or physical break-in), a security breach or malicious attack, an improper operation or any other event impacting our systems or processes, or those of our vendors, or an improper action by our employees, agents or third-party vendors, we could suffer financial loss, loss of customers, regulatory sanctions and damage to our reputation. The

measures we have taken, including the implementation of disaster recovery plans and redundant computer systems, may not be successful, and we may experience other problems unrelated to system failures. For example, in May 2016 some customers experienced disruptions in service in connection with our ongoing processor conversion despite significant investments in planning and testing on the part of us and our new third-party processor. We may also experience software defects, development delays and installation difficulties, any of which could harm our business and reputation and expose us to potential liability and increased operating expenses. Some of our contracts with retail distributors, including our contract with Walmart, contain service level standards pertaining to the operation of our systems, and provide the retail distributor with the right to collect damages and potentially to terminate its contract with us for system downtime exceeding stated limits. If we face system interruptions or failures, our business interruption insurance may not be adequate to cover the losses or damages that we incur.

***A data security breach could expose us to liability and protracted and costly litigation, and could adversely affect our reputation and operating revenues.***

We and our retail distributors, tax preparation partners, network acceptance members, third-party processors and the merchants that accept our cards receive, transmit and store confidential customer and other information in connection with the sale and use of our products and services. Our encryption software and the other technologies we use to provide security for storage, processing and transmission of confidential customer and other information may not be effective to protect against data security breaches by third parties. The risk of unauthorized circumvention of our security measures has been heightened by advances in computer capabilities and the increasing sophistication of hackers. Our retail distributors, tax preparation partners, network acceptance members, third-party processors and the merchants that accept our cards also may experience similar security breaches involving the receipt, transmission and storage of our confidential customer and other information. Improper access to our or these third parties' systems or databases could result in the theft, publication, deletion or modification of confidential customer and other information.

A data security breach of the systems on which sensitive cardholder or other customer or end-customer data and account information are stored could lead to fraudulent activity involving our products and services, reputational damage and claims or regulatory actions against us. If we are sued in connection with any data security breach, we could be involved in protracted and costly litigation. If unsuccessful in defending that litigation, we might be forced to pay damages and/or change our business practices, any of which could have a material adverse effect on our operating revenues and profitability. We would also likely have to pay (or indemnify the banks that issue our cards for) fines, penalties and/or other assessments imposed by Visa or MasterCard as a result of any data security breach. Further, a significant data security breach could lead to additional regulation, which could impose new and costly compliance obligations. In addition, a data security breach at one of the third-party banks that issue our cards or at our retail distributors, tax preparation partners, network acceptance members, third-party processors or the merchants that accept our cards could result in significant reputational harm to us and cause the use and acceptance of our cards or other products and services to decline, either of which could have a significant adverse impact on our operating revenues and future growth prospects. Moreover, it may require substantial financial resources to address and remediate any such breach, including additional costs for replacement cards, manufacturing, distribution, re-stocking fees, fraud monitoring and other added security measures, amongst others, which could have a significant adverse impact on our operating results.

***Litigation or investigations could result in significant settlements, fines or penalties.***

We are subject to regulatory oversight in the normal course of our business, and have been and from time to time may be subject to securities class actions and other litigation or regulatory or judicial proceedings or investigations. The outcome of litigation and regulatory or judicial proceedings or investigations is difficult to predict. Plaintiffs or regulatory agencies or authorities in these matters may seek recovery of very large or indeterminate amounts, seek to have aspects of our business suspended or modified or seek to impose sanctions, including significant monetary fines. The monetary and other impact of these actions, litigations, proceedings or investigations may remain unknown for substantial periods of time. The cost to defend, settle or otherwise resolve these matters may be significant. Further, an unfavorable resolution of litigation, proceedings or investigations against us could have a material adverse effect on our business, operating results, or financial condition. In this regard, such costs could make it more difficult to maintain the capital, leverage and other financial commitments at levels we have agreed to with the Federal Reserve Board and the Utah Department of Financial Institutions. If regulatory or judicial proceedings or investigations were to be initiated against us by private or governmental entities, adverse publicity that may be associated with these proceedings or investigations could negatively impact our relationships with retail distributors, tax preparation partners, network acceptance members and card processors and decrease acceptance and use of, and loyalty to, our products and related services, and could impact the price of our Class A common stock. In addition, such proceedings or investigations could increase the risk that we will be involved in litigation. The outcome of any such litigation is difficult to predict and the cost to defend, settle or otherwise resolve these matters may be significant. For the foregoing reasons,

if regulatory or judicial proceedings or investigations were to be initiated against us by private or governmental entities, our business, results of operations and financial condition could be adversely affected or our stock price could decline.

***We must adequately protect our brand and our intellectual property rights related to our products and services and avoid infringing on the proprietary rights of others.***

The Green Dot, GoBank, MoneyPak, TPG and other brands and marks are important to our business, and we utilize trademark registrations and other means to protect them. Our business would be harmed if we were unable to protect our brand against infringement and its value was to decrease as a result.

We rely on a combination of patent, trademark and copyright laws, trade secret protection and confidentiality and license agreements to protect the intellectual property rights related to our products and services. We currently have 8 issued patents and 17 patent applications pending. Although we generally seek patent protection for inventions and improvements that we anticipate will be incorporated into our products and services, there is always a chance that our patents or patent applications could be challenged, invalidated or circumvented, or that an issued patent will not adequately cover the scope of our inventions or improvements incorporated into our products or services. Additionally, our patents could be circumvented by third-parties.

We may unknowingly violate the intellectual property or other proprietary rights of others and, thus, may be subject to claims by third parties. These assertions may increase over time as a result of our growth and the general increase in the pace of patent claims assertions, particularly in the United States. Because of the existence of a large number of patents in the mobile technology field, the secrecy of some pending patents, and the rapid rate of issuance of new patents, it is not economically practical or even possible to determine in advance whether a product or any of its elements infringes or will infringe on the patent rights of others. Regardless of the merit of these claims, we may be required to devote significant time and resources to defending against these claims or to protecting and enforcing our own rights. We might also be required to develop a non-infringing technology or enter into license agreements and there can be no assurance that licenses will be available on acceptable terms and conditions, if at all. Some of our intellectual property rights may not be protected by intellectual property laws, particularly in foreign jurisdictions. The loss of our intellectual property or the inability to secure or enforce our intellectual property rights or to defend successfully against an infringement action could harm our business, results of operations, financial condition and prospects.

***We are exposed to losses from customer accounts.***

Fraudulent activity involving our products may lead to customer disputed transactions, for which we may be liable under banking regulations and payment network rules. Our fraud detection and risk control mechanisms may not prevent all fraudulent or illegal activity. To the extent we incur losses from disputed transactions, our business, results of operations and financial condition could be materially and adversely affected.

Additionally, our cardholders can incur charges in excess of the funds available in their accounts, and we may become liable for these overdrafts. While we decline authorization attempts for amounts that exceed the available balance in a cardholder's account, the application of card association rules, the timing of the settlement of transactions and the assessment of the card's monthly maintenance fee, among other things, can result in overdrawn accounts.

Maintenance fee assessment overdrafts occur as a result of our charging a cardholder, pursuant to the card's terms and conditions, the monthly maintenance fee at a time when he or she does not have sufficient funds in his or her account. Our remaining overdraft exposure arises primarily from late-posting. A late-post occurs when a merchant posts a transaction within a payment network-permitted timeframe but subsequent to our release of the authorization for that transaction, as permitted by card association rules. Under card association rules, we may be liable for the amount of the transaction even if the cardholder has made additional purchases in the intervening period and funds are no longer available on the card at the time the transaction is posted.

We consider overdrawn account balances to be our receivables due from cardholders. We maintain reserves to cover the risk that we may not recover these receivables due from our cardholders, but our exposure may increase above these reserves for a variety of reasons, including our failure to predict the actual recovery rate accurately. To the extent we incur losses from overdrafts above our reserves or we determine that it is necessary to increase our reserves substantially, our business, results of operations and financial condition could be materially and adversely affected.

***An impairment charge of goodwill or other intangible assets could have a material adverse impact on our financial condition and results of operations.***

Because we have grown in part through acquisitions, our net goodwill and intangible assets represent a significant portion of our consolidated assets. Our net goodwill and intangible assets were \$600.8 million as of March 31, 2017. Under accounting principles generally accepted in the United States, or U.S. GAAP, we are required to test the carrying



value of goodwill and intangible assets at least annually or sooner if events occur that indicate impairment could exist. These events or circumstances could include a significant change in the business climate, including a significant sustained decline in a reporting unit's fair value, legal and regulatory factors, operating performance indicators, competition and other factors.

U.S. GAAP requires us to assign and then test goodwill at the reporting unit level. If over a sustained period of time we experience a decrease in our stock price and market capitalization, which may serve as an estimate of the fair value of our reporting unit, this may be an indication of impairment. If the fair value of our reporting unit is less than its net book value, we may be required to record goodwill impairment charges in the future. In addition, if the revenue and cash flows generated from any of our other intangible assets is not sufficient to support its net book value, we may be required to record an impairment charge. The amount of any impairment charge could be significant and could have a material adverse impact on our financial condition and results of operations for the period in which the charge is taken.

***If we are unable to keep pace with the rapid technological developments in our industry and the larger electronic payments industry necessary to continue providing our network acceptance members and cardholders with new and innovative products and services, the use of our cards and other products and services could decline.***

The electronic payments industry is subject to rapid and significant technological changes. We cannot predict the effect of technological changes on our business. We rely in part on third parties, including some of our competitors and potential competitors, for the development of, and access to, new technologies. We expect that new services and technologies applicable to our industry will continue to emerge, and these new services and technologies may be superior to, or render obsolete, the technologies we currently utilize in our products and services. Additionally, we may make future investments in, or enter into strategic alliances to develop, new technologies and services or to implement infrastructure change to further our strategic objectives, strengthen our existing businesses and remain competitive. However, our ability to transition to new services and technologies that we develop may be inhibited by a lack of industry-wide standards, by resistance from our retail distributors, network acceptance members, third-party processors or consumers to these changes, or by the intellectual property rights of third parties. Our future success will depend, in part, on our ability to develop new technologies and adapt to technological changes and evolving industry standards. These initiatives are inherently risky, and they may not be successful or may have an adverse effect on our business, financial condition and results of operations.

***We face settlement risks from our distributors and banking partners, which may increase during an economic downturn.***

The majority of our business is conducted through retail distributors that market and/or offer our products and services to consumers at their store locations. Our retail distributors collect funds from the consumers who purchase our products and services and then must remit these funds directly to the banks that issue our cards. The remittance of these funds by the retail distributor takes on average two business days. If a retail distributor becomes insolvent, files for bankruptcy, commits fraud or otherwise fails to remit proceeds to our card issuing bank from the sales of our products and services, we are liable for any amounts owed to our customers. As of March 31, 2017, we had assets subject to settlement risk of \$116.4 million. Given the possibility of recurring volatility in global financial markets, the approaches we use to assess and monitor the creditworthiness of our retail distributors may be inadequate, and we may be unable to detect and take steps to mitigate an increased credit risk in a timely manner.

Economic downturns could result in settlement losses, whether or not directly related to our business. We are not insured against these risks. Significant settlement losses could have a material adverse effect on our business, results of operations and financial condition.

***Economic, political and other conditions may adversely affect trends in consumer spending.***

The electronic payments industry, including the prepaid financial services segment within that industry, depends heavily upon the overall level of consumer spending. If conditions in the United States become uncertain or deteriorate, we may experience a reduction in the number of our cards that are purchased or reloaded, the number of transactions involving our cards and the use of our reload network and related services. A sustained reduction in the use of our products and related services, either as a result of a general reduction in consumer spending or as a result of a disproportionate reduction in the use of card-based payment systems, would materially harm our business, results of operations and financial condition.

***We must be able to operate and scale our technology effectively.***

Our ability to continue to provide our products and services to network participants, as well as to enhance our existing products and services and offer new products and services, is dependent on our information technology

systems. If we are unable to manage the technology associated with our business effectively, we could experience increased costs, reductions in system availability and losses of our network participants. Any failure of our systems in scalability and functionality would adversely impact our business, financial condition and results of operations.

***Our future success depends on our ability to attract, integrate, retain and incentivize key personnel.***

Our future success will depend, to a significant extent, on our ability to attract, integrate, retain and recognize key personnel, namely our management team and experienced sales, marketing and program and technology development personnel. Replacing departing key personnel can involve organizational disruption and uncertainty. We have experienced transitions among our executive officers, including the departures and subsequent appointments of two executive officers since August 31, 2016. In February 2017, we also announced that our Chief Financial Officer intends to step down from his role upon his successor being appointed. If we fail to manage these transitions successfully, we could experience significant delays or difficulty in the achievement of our development and strategic objectives and our business, financial condition and results of operations could be materially and adversely harmed. We must retain and motivate existing personnel, and we must also attract, assimilate and motivate additional highly-qualified employees. We may experience difficulty in managing transitions and assimilating our newly-hired personnel, which may adversely affect our business. Competition for qualified management, sales, marketing and program and technology development personnel can be intense. Competitors have in the past and may in the future attempt to recruit our top management and employees. If we fail to attract, integrate, retain and incentivize key personnel, our ability to manage and grow our business could be harmed.

***We might require additional capital to support our business in the future, and this capital might not be available on acceptable terms, or at all.***

If our unrestricted cash and cash equivalents balances and any cash generated from operations are not sufficient to meet our future cash requirements, we will need to access additional capital to fund our operations. We may also need to raise additional capital to take advantage of new business or acquisition opportunities. We may seek to raise capital by, among other things:

- issuing additional shares of our Class A common stock or other equity securities;
- issuing convertible or other debt securities; and
- borrowing funds under a credit facility.

We may not be able to raise needed cash in a timely basis on terms acceptable to us or at all. Financings, if available, may be on terms that are dilutive or potentially dilutive to our stockholders. The holders of new securities may also receive rights, preferences or privileges that are senior to those of existing holders of our Class A common stock. In addition, if we were to raise cash through a debt financing, the terms of the financing might impose additional conditions or restrictions on our operations that could adversely affect our business. If we require new sources of financing but they are insufficient or unavailable, we would be required to modify our operating plans to take into account the limitations of available funding, which would harm our ability to maintain or grow our business.

***Our business could be negatively affected as a result of actions of stockholders.***

The actions of stockholders could adversely affect our business. Specifically, certain actions of certain types of stockholders, including without limitation public proposals, requests to pursue a strategic combination or other transaction or special demands or requests, could disrupt our operations, be costly and time-consuming or divert the attention of our management and employees and increase the volatility of our stock. In addition, perceived uncertainties as to our future direction in relation to the actions of our stockholders may result in the loss of potential business opportunities or the perception that we are unstable and need to make changes, which may be exploited by our competitors and make it more difficult to attract and retain personnel as well as customers, service providers and partners. Actions by our stockholders may also cause fluctuations in our stock price based on speculative market perceptions or other factors that do not necessarily reflect the underlying fundamentals and prospects of our business.

***The occurrence of catastrophic events could damage our facilities or the facilities of third parties on which we depend, which could force us to curtail our operations.***

We and some of the third-party service providers on which we depend for various support functions, such as customer service and card processing, are vulnerable to damage from catastrophic events, such as power loss, natural disasters, terrorism and similar unforeseen events beyond our control. Our principal offices, for example, are situated in southern California near known earthquake fault zones. If any catastrophic event were to occur, our ability to operate our business could be seriously impaired. In addition, we might not have adequate insurance to cover our losses resulting from catastrophic events or other significant business interruptions. Any significant losses that are not

recoverable under our insurance policies, as well as the damage to, or interruption of, our infrastructure and processes, could seriously impair our business and financial condition.

***If we fail to maintain proper and effective internal controls, our ability to produce accurate financial statements on a timely basis could be impaired, which could result in a loss of investor confidence in our financial reports and have an adverse effect on our stock price.***

Our management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP. If we are unable to maintain adequate internal control over financial reporting, we might be unable to report our financial information on a timely basis and might suffer adverse regulatory consequences or violate NYSE listing standards. There could also be a negative reaction in the financial markets due to a loss of investor confidence in us and the reliability of our financial statements. We have in the past and may in the future discover areas of our internal financial and accounting controls and procedures that need improvement. Our internal control over financial reporting will not prevent or detect all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system will be met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our company will be detected. If we are unable to maintain proper and effective internal controls, we may not be able to produce accurate financial statements on a timely basis, which could adversely affect our ability to operate our business and could result in regulatory action, and could require us to restate, our financial statements. Any such restatement could result in a loss of public confidence in the reliability of our financial statements and sanctions imposed on us by the SEC.

***Changes in accounting standards or inaccurate estimates or assumptions in the application of accounting policies could adversely affect our financial condition and results of operations.***

Our accounting policies and methods are fundamental to how we record and report our financial condition and results of operations. Some of these policies require use of estimates and assumptions that may affect the reported value of our assets or liabilities and results of operations and are critical because they require management to make difficult, subjective and complex judgments about matters that are inherently uncertain. If those assumptions, estimates or judgments were incorrectly made, we could be required to correct and restate prior period financial statements. Accounting standard-setters and those who interpret the accounting standards (such as the Financial Accounting Standards Board, the SEC and banking regulators) may also amend or even reverse their previous interpretations or positions on how various standards should be applied. These changes can be difficult to predict and can materially impact how we record and report our financial condition and results of operations. In some cases, we could be required to apply a new or revised standard retroactively, resulting in the need to revise and republish prior period financial statements.

***Our debt agreements contain restrictive covenants and financial ratio tests that restrict or prohibit our ability to engage in or enter into a variety of transactions. If we fail to comply with these covenants or tests, our indebtedness under these agreements could become accelerated, which could adversely affect us.***

In October 2014 we entered into a \$225.0 million term credit agreement with Bank of America, N.A., as an administrative agent, Wells Fargo Bank, National Association, and other lenders. This agreement contains various covenants that may have the effect of limiting, among other things, our ability and the ability of certain of our subsidiaries to: merge with other entities, enter into a transaction resulting in a change in control, create new liens, incur additional indebtedness, sell assets outside of the ordinary course of business, enter into transactions with affiliates (other than subsidiaries) or substantially change the general nature of our and our subsidiaries' business, taken as a whole, make certain investments, enter into restrictive agreements, or make certain dividends or other distributions. These restrictions could limit our ability to take advantage of financing, merger, acquisition or other opportunities, to fund our business operations or to fully implement our current and future operating strategies.

Under the agreement, we have agreed to maintain compliance with a maximum consolidated leverage ratio and a minimum consolidated fixed charge coverage ratio of 1.75 and 1.25, respectively, at the end of any fiscal quarter. Our ability to meet these financial ratios and tests will be dependent upon our future performance and may be affected by events beyond our control (including factors discussed in this "Risk Factors" section). If we fail to satisfy these requirements, our indebtedness under these agreements could become accelerated and payable at a time when we are unable to pay them. This would adversely affect our ability to implement our operating strategies and would have a material adverse effect on our financial condition.

## Risks Related to Ownership of Our Class A Common Stock

### ***The price of our Class A common stock may be volatile.***

In the recent past, stocks generally, and financial services company stocks in particular, have experienced high levels of volatility. The trading price of our Class A common stock has been highly volatile since our initial public offering and may continue to be subject to wide fluctuations. The trading price of our Class A common stock depends on a number of factors, including those described in this “Risk Factors” section, many of which are beyond our control and may not be related to our operating performance. Factors that could cause fluctuations in the trading price of our Class A common stock include the following:

- price and volume fluctuations in the overall stock market from time to time;
- significant volatility in the market prices and trading volumes of financial services company stocks;
- actual or anticipated changes in our results of operations or fluctuations in our operating results;
- actual or anticipated changes in the expectations of investors or the recommendations of any securities analysts who follow our Class A common stock;
- actual or anticipated developments in our business or our competitors’ businesses or the competitive landscape generally;
- the public’s reaction to our press releases, other public announcements and filings with the SEC;
- business disruptions and costs related to shareholder activism;
- litigation and investigations or proceedings involving us, our industry or both or investigations by regulators into our operations or those of our competitors;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
- changes in accounting standards, policies, guidelines, interpretations or principles;
- general economic conditions;
- changes to the indices in which our Class A common stock is included; and
- sales of shares of our Class A common stock by us or our stockholders.

In the past, many companies that have experienced volatility in the market price of their stock have become subject to securities class action litigation. We may be the target of this type of litigation in the future. Securities litigation against us could result in substantial costs and divert our management’s attention from other business concerns, which could seriously harm our business.

***Our charter documents, Delaware law and our status as bank holding company could discourage, delay or prevent a takeover that stockholders consider favorable and could also reduce the market price of our stock.***

Our certificate of incorporation and bylaws contain provisions that could delay or prevent a change in control of our company. These provisions could also make it more difficult for stockholders to nominate directors for election to our board of directors and take other corporate actions. These provisions, among other things:

- provide for non-cumulative voting in the election of directors;
- provide for a classified board of directors;
- authorize our board of directors, without stockholder approval, to issue preferred stock with terms determined by our board of directors and to issue additional shares of our Class A common stock;
- limit the voting power of a holder, or group of affiliated holders, of more than 24.9% of our common stock to 14.9%;
- provide that only our board of directors may set the number of directors constituting our board of directors or fill vacant directorships;
- prohibit stockholder action by written consent and limit who may call a special meeting of stockholders; and
- require advance notification of stockholder nominations for election to our board of directors and of stockholder proposals.

These and other provisions in our certificate of incorporation and bylaws, as well as provisions under Delaware law, could discourage potential takeover attempts, reduce the price that investors might be willing to pay in the future for shares of our Class A common stock and result in the trading price of our Class A common stock being lower than it otherwise would be.

In addition to the foregoing, under the BHC Act and the Change in Bank Control Act, and their respective implementing regulations, Federal Reserve Board approval is necessary prior to any person or company acquiring control of a bank or bank holding company, subject to certain exceptions. Control, among other considerations, exists if an individual or company acquires 25% or more of any class of voting securities, and may be presumed to exist if a person acquires 10% or more of any class of voting securities. These restrictions could affect the willingness or ability of a third party to acquire control of us for so long as we are a bank holding company.

## ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities (in millions, except per-share amounts) during the three months ended March 31, 2017:

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs
January 1, 2017 to January 31, 2017	—	—	—	\$ 50
February 1, 2017 to February 28, 2017	—	—	—	50
March 1, 2017 to March 31, 2017	1.3	(1)	1.3	(1) —
<b>Total</b>	<b>1.3</b>		<b>1.3</b>	<b>\$ —</b>

(1) In March 2017, we entered into an ASR to purchase \$50 million of our Class A common stock. In exchange for an up-front payment of \$50 million, we received an initial delivery of approximately 1.3 million shares. The total number of shares ultimately delivered, and therefore the average repurchase price paid per share, will be determined at the end of the applicable purchase period based on the volume-weighted average price of our common stock during that period less an agreed upon discount and subject to adjustments pursuant to the terms and conditions of the agreement. The ASR purchase period will end in or before September 2017.

After giving effect to our share repurchases completed to date, we have completed all share repurchases under our current board authorization, subject to final settlement of our March 2017 ASR.

## ITEM 5. Other Information

None

**ITEM 6. Exhibits**

The following documents are filed as exhibits to this report:

Exhibit Number	Description of Exhibits
2.1†(1)	Equity Purchase Agreement, dated as of January 25, 2017, by and among Green Dot Corporation, Empowerment Ventures, LLC and UniRush, LLC.
10.1††	Processing Services Agreement dated as of December 19, 2013 by and among the Registrant and MasterCard International Incorporated.
10.2(2)	Terms of Separation of Employment, dated January 26, 2017, by and between the Registrant and Lewis Goodwin.
10.3	Transitional Advisory Agreement, dated March 2, 2017, by and between the Registrant and Konstantinos Sgoutas.
10.4(3)	2017 Executive Officer Incentive Bonus Plan
10.5(4)	2017-2019 Performance-based restricted stock units award agreement between the Registrant and Steven W. Streit.
10.6(5)	Form of executive officer performance-based restricted stock units award agreement.
31.1	Certification of Steven W. Streit, Chief Executive Officer, pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Mark Shifke, Chief Financial Officer, pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Steven W. Streit, Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Mark Shifke, Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document*
101.SCH	XBRL Taxonomy Extension Schema Document*
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document*
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document*
101.LAB	XBRL Taxonomy Extension Label Linkbase Document*
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document*

\* Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files on Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

† Schedules and exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K. Green Dot hereby undertakes to furnish supplementally copies of any of the omitted schedules and exhibits upon request by the U.S. Securities and Exchange Commission (the "Commission").

†† Confidential treatment has been requested with regard to certain portions of this document. Such portions were filed separately with the Commission.

- (1) Exhibit 2.1 is incorporated by reference to Exhibit 2.1 filed with the Registrant's current report on Form 8-K, filed with the Commission on January 30, 2017.
- (2) Exhibit 10.2 is incorporated by reference to Exhibit 10.01 filed with the Registrant's current report on Form 8-K, filed with the Commission on February 1, 2017.
- (3) Exhibit 10.4 is incorporated by reference to Exhibit 10.01 filed with the Registrant's current report on Form 8-K, filed with the Commission on April 5, 2017.
- (4) Exhibit 10.5 is incorporated by reference to Exhibit 10.02 filed with the Registrant's current report on Form 8-K, filed with the Commission on April 5, 2017.
- (5) Exhibit 10.6 is incorporated by reference to Exhibit 10.03 filed with the Registrant's current report on Form 8-K, filed with the Commission on April 5, 2017.

**SIGNATURE**

Pursuant to the requirements 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.

**Green Dot Corporation**

Date: May 10, 2017

By: /s/ Mark Shifke  
Name: Mark Shifke  
Title: Chief Financial Officer

**EXHIBIT INDEX**

The following documents are filed as exhibits to this report:

<b>Exhibit Number</b>	<b>Description of Exhibits</b>
2.1†(1)	Equity Purchase Agreement, dated as of January 25, 2017, by and among Green Dot Corporation, Empowerment Ventures, LLC and UniRush, LLC.
10.1††	Processing Services Agreement dated as of December 19, 2013 by and among the Registrant and MasterCard International Incorporated.
10.2(2)	Terms of Separation of Employment, dated January 26, 2017, by and between the Registrant and Lewis Goodwin.
10.3	Transitional Advisory Agreement, dated March 2, 2017, by and between the Registrant and Konstantinos Sgoutas.
10.4(3)	2017 Executive Officer Incentive Bonus Plan
10.5(4)	2017-2019 Performance-based restricted stock units award agreement between the Registrant and Steven W. Streit.
10.6(5)	Form of executive officer performance-based restricted stock units award agreement.
31.1	Certification of Steven W. Streit, Chief Executive Officer, pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Mark Shifke, Chief Financial Officer, pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Steven W. Streit, Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Mark Shifke, Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document*
101.SCH	XBRL Taxonomy Extension Schema Document*
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document*
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document*
101.LAB	XBRL Taxonomy Extension Label Linkbase Document*
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document*

\* Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files on Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

† Schedules and exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K. Green Dot hereby undertakes to furnish supplementally copies of any of the omitted schedules and exhibits upon request by the U.S. Securities and Exchange Commission (the "Commission").

†† Confidential treatment has been requested with regard to certain portions of this document. Such portions were filed separately with the Commission.

- (1) Exhibit 2.1 is incorporated by reference to Exhibit 2.1 filed with the Registrant's current report on Form 8-K, filed with the Commission on January 30, 2017.
- (2) Exhibit 10.2 is incorporated by reference to Exhibit 10.01 filed with the Registrant's current report on Form 8-K, filed with the Commission on February 1, 2017.
- (3) Exhibit 10.4 is incorporated by reference to Exhibit 10.01 filed with the Registrant's current report on Form 8-K, filed with the Commission on April 5, 2017.
- (4) Exhibit 10.5 is incorporated by reference to Exhibit 10.02 filed with the Registrant's current report on Form 8-K, filed with the Commission on April 5, 2017.
- (5) Exhibit 10.6 is incorporated by reference to Exhibit 10.03 filed with the Registrant's current report on Form 8-K, filed with the Commission on April 5, 2017.



[\*]Certain confidential information contained in this document, marked by brackets, has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

## PROCESSING SERVICES AGREEMENT

This PROCESSING SERVICES AGREEMENT ("Agreement") is made as of the 19th day of December, 2013 ("Effective Date") by and between **Green Dot Corporation**, a Delaware corporation with its principal offices at 3465 E. Foothill Blvd, Pasadena CA 91107, for itself and its Affiliates (collectively, "Customer"), and **MasterCard International Incorporated**, a Delaware corporation having its principal offices at 2000 Purchase Street, Purchase, New York 10577 ("MasterCard"). "MasterCard" shall mean and include its subsidiaries and Affiliates.

1. **Definitions.** As used in this Agreement, the following terms shall have the meanings ascribed to those terms as hereinafter set forth:

1.1. **"Active Card"** shall be as defined as set forth in Schedule A.

1.2. **"Affiliate"** shall mean any third party directly or indirectly controlling or controlled by or under direct or indirect common control thereof. For purposes of this definition, the term "control" (including the correlative meanings of the term "controlled by" and "under common control with") means the ownership, directly or indirectly, of more than fifty percent (50%) or more of voting securities or other equity interest.

1.3. **"Card"** shall mean any access device or number issued by Customer or a U.S. financial institution (for which Customer provides program management services) to a Cardholder for purposes of, among other things, point of sale, ecommerce or ATM Transactions.

1.4. **"Cardholder"** shall mean any person who has, or is authorized to use, a Card with Customer and to whom a Card and/or PIN is issued for use in originating Transactions that are processed by MasterCard under this Agreement.

1.5. **"Competing Services"** shall mean either [\*] or [\*] (which for clarity does not include any [\*], such as [\*] or [\*], any [\*] or [\*], or any [\*] associated with [\*]) to [\*].

1.6. **"Documentation"** means the documentation for Processing Services that is provided to Customer by MasterCard, as may be updated by MasterCard from time to time in accordance herein.

1.7. **"First Live Transaction Date"** means the date on which when Customer processes the first Live Transaction in full production (which shall not include any limited pilot or other testing or proof of concept phase).

1.8. **"Full Conversion Date"** means the date on which Customer is in full production, with [\*]% of all portfolios converted to the IPS Platform (which excludes a limited number of portfolios that remain on the pre-existing processing platform to be closed out, rather than converting to the IPS Platform).

1.9. **"IPS Platform"** means the hardware, software, process, work flow, and the ideas related to the implementation of the Processing Services, including without limitation, any updates, improvements, modifications, translations, derivative works, and/or related Documentation, along with all intellectual property rights therein.

1.10. **"Gateway Transaction"** shall be as defined as set forth in Schedule A.

1.11. **"Inactive/Inventory Card"** shall be as defined as set forth in Schedule A.

1.12. **"Live Transaction"** means a collection of related electronic messages designed to complete a Transaction, for other than test or certification purposes, at an automated teller machine ("ATM"), point of sale ("POS") device, or other device that accepts Cards for payment or other funds transfer purposes, and that is concluded by a credit or a debit to a Cardholder's account.

1.13. “**Network**” means an electronic funds transfer network supported by MasterCard, as specified in Schedule A.

1.14. “**Processing Services**” means all services provided under this Agreement, as further set forth on Schedule A, attached hereto and hereby incorporated herein.

1.15. “**Transaction**” means an authorization request, cash withdrawal, payment transaction, refund, account inquiries, reversal, or other financial or non-financial request initiated by a Customer or a Cardholder at an ATM, POS device, or other device that accepts debit or credit Cards for payment purposes and that is transmitted to MasterCard for processing under this Agreement.

## 1. Processing Services.

2.1. **Processing Services.** Subject to the terms and conditions of this Agreement, MasterCard agrees to perform and Customer agrees to accept the Processing Services.

2.2 **This section is intentionally deleted.**

2.3 **Project Plan.** MasterCard and Customer agree to develop in good faith, and without commercially unreasonable delay, a detailed project plan for implementation and conversion, including specific tasks for each party and estimated schedule (the “Project Plan”). The parties shall work in good faith to finalize the Project Plan no later than ninety (90) days after the Effective Date of the Agreement. Each party shall timely complete each responsibility and obligation to be performed by MasterCard or Customer as set forth in the Project Plan or related specification documents. Each party agrees to provide appropriate personnel to support, coordinate and successfully complete the Project Plan in a timely and efficient matter, including without limitation each party’s assignment of a dedicated project manager. The dedicated project manager for each party shall regularly communicate on the progress of the Project Plan, the feasibility of the dates specified in the Project Plan, and such other matters which may affect the implementation and conversion of the Processing Services. The Project Plan shall be incorporated by reference as Schedule D. The initial implementation and conversion, as set forth in the Project Plan, shall be [\*]. Material scope changes may be billable on a time and materials basis, as mutually agreed upon by the parties (through the Change Control Form set forth in Schedule D).

2.4. **Future Processing Services.** MasterCard may, from time to time during the Term of this Agreement, make additional processing services available to Customer by way of product announcements, technical bulletins, or other written communication. Customer may hereafter commission MasterCard, and MasterCard may accept such commission, to provide such additional processing services as the parties hereinafter agree subject to the terms and conditions of this Agreement. Such commission for additional processing services shall not be effective until the parties have executed a written agreement signed by Customer and MasterCard that contains, at a minimum: (i) a description of the additional processing services to be performed; (ii) the time period in which such additional processing services are to be performed; (iii) the price for such additional processing services; and (iv) any other terms or fees associated with such commission. The parties acknowledge and agree that this Agreement shall apply in respect of any such future processing services and such future processing services shall be deemed “Processing Services” under this Agreement.

## 2.5. **Mandated Modifications to the Processing Services.**

2.5.1 MasterCard will not charge Customer for any modifications to the IPS Platform as a result of a Network standard release process (e.g., MasterCard standard releases). If Customer does not implement a Network standard release by the applicable compliance date, provided MasterCard has provided notice as required by Section 2.5.3, MasterCard shall be entitled to charge Customer for any additional services resulting therefrom (e.g., suppression of mandated fields), on a time and materials basis at the Professional Services rate set forth in Schedule B (or for such additional commercially reasonable fees mutually and reasonably agreed upon between the parties in a separate written amendment hereto). Except as provided below, if any Network, third party service provider, governmental entity or regulator, industry standards setting body, or other third party mandates (or any changes made by such third party require) industry wide modifications that substantially impact the Processing Services, MasterCard may pass on any related costs or charges; provided, however, that MasterCard will use reasonable efforts to prorate such charges among its customers using the affected Network, service provider, or technology.

2.5.2 If any Customer-specific modifications to the Processing Services are required by a Network, third party service provider, governmental entity or regulator, industry standards setting body, or other third party, MasterCard shall provide, at Customer's request and pursuant to a mutually agreed upon timeline and project plan, modifications to the Processing Services pursuant to Customer's requirements to be in compliance with such laws or regulations provided that Customer shall pay MasterCard for such services on a time and materials basis at the Professional Services rate set forth in Schedule B (or for such additional commercially reasonable fees that are mutually and reasonably agreed upon between the parties in a separate written amendment hereto).

2.5.3 MasterCard shall provide Customer at least [\*] written notice of Network standard releases requiring modifications to the IPS Platform unless such Network mandates a shorter time period for implementation.

2.6. **MasterCard Mandated Modifications.** MasterCard may modify the Processing Services and provided such modifications are made available, without additional charge from MasterCard, and those changes do not have a material adverse impact on the performance of the Processing Services and do not result in a material decrease of features, functions or attributes of the Processing Services, and Customer is provided at least [\*] prior notice, Customer will be required to implement such modifications within the specified time period. If Customer does not implement such mandated modifications, MasterCard may, for the duration of such non-compliance, charge fees on a time and materials basis at the Professional Services rate set forth in Schedule B (or for such additional commercially reasonable fees that are mutually and reasonably agreed upon between the parties in a separate written amendment hereto to the extent attributable to MasterCard's efforts required for any additional services resulting therefrom).

2.7 This section has been intentionally deleted.

2.8 **Documentation.** MasterCard shall provide Customer with at least [\*] prior written notice of any update or amendment to the Documentation which materially impacts Customer's operations.

2.9 **Reporting Responsibilities.** Prior to the Full Conversion Date, MasterCard and Customer shall agree on reporting needs mandated by a Network or a third party provider and not currently part of MasterCard's standard product offering; MasterCard will build the functionality for those reports [\*]. Following the Full Conversion Date, any newly requested reports not part of MasterCard's standard product offering will be developed and provided as mutually agreed upon by the parties.

## 2. **Responsibilities of Customer.**

3.1. **Instructions.** In performing its obligations and responsibilities under this Agreement, MasterCard shall be entitled to rely on all information, data and instructions provided by Customer or third parties on Customer's behalf to MasterCard. Customer also assumes responsibility for reconciling and balancing the daily activity reports to the Customer's pool balance(s). MasterCard will be notified (which may be done via email) of any reconciliation issues with the pool balance(s) within [\*] of problem identification. Customer will reconcile and balance the pool balances daily. Any failure of Customer to notify MasterCard of any out-of-balance condition within such time period waives Customer's right to an available adjustment. Subject to the foregoing, Customer acknowledges that in providing Card balance computation services and acting as the database of record, MasterCard does not hold or otherwise maintain funds and shall have no liability or responsibility to any party (including the Cardholder) for same; such liability and responsibility shall lie exclusively with Customer. Subject to the foregoing notification obligations, MasterCard acknowledges that it shall be responsible for any errors it makes to Cardholder accounts.

3.2. **Cooperation.** Customer agrees to cooperate with MasterCard and to provide timely performance of its obligations, including, but not limited to: (i) subject to Section 2.8, compliance with any requirements contained in any Documentation; (ii) providing MasterCard with any reasonably requested information, assistance, access to equipment, and appropriately trained resources in a timely manner; and (iii) timely performing such other tasks specified herein.

3.3. This section is intentionally deleted.

3.4. **Financial Obligations.** Customer will maintain account(s) with such financial institutions as may be required for Network sponsorship and will maintain such balances as may be required for the settlement of Transaction activity, authorized adjustments, and any other financial obligations arising under the Processing Services. In the event MasterCard is settling on behalf of Customer:

3.4.1. MasterCard shall have the right at any time and in its sole discretion to perform a risk evaluation of Customer and may deem that Customer creates a financial risk for MasterCard with regard to Customer's ability to fully meet its settlement obligations relating to all the items that are processed via Customer's settlement with MasterCard IPS. If MasterCard reasonably deems such a risk exists after completion of the risk evaluation, it may require Customer to either: (i) prefund a settlement account; or (ii) provide cash collateral from Customer, or line of credit or guarantee for Customer from a mutually acceptable third party, or (iii) provide such other means mutually agreed upon to mitigate risk, in any of the foregoing cases in an amount up to the peak settlement balances over a rolling [\*] period.

3.4.2. In no event shall MasterCard incur any liability associated with any potential settlement shortfall or collection issue that has not been caused by the actions of MasterCard, including without limitation, settlement funding obligations of Customer, Network, MasterCard customers or other third party. MasterCard's sole obligation is to facilitate movement of funds that are provided by other parties. Customer shall remain solely responsible for all settlement funds. In the event of Customer's failure to settle, the "Failure of Customer to Settle" section set forth in Chapter 1 of the MasterCard Settlement Manual shall apply. Customer will be notified of any changes to such manual through MasterCard's standard bulletin process.

3.5. **Telecommunications; Local Lines.**

3.5.1. Customer agrees to acquire and maintain its equipment, software configuration and its telecommunications network standards (including with respect to interfaces and connections) in accordance with the standards set forth in the Documentation, subject to Section 2.8. If Customer does not maintain such standards, MasterCard reserves the right to pass through any and all additional related charges to Customer that MasterCard incurs as a result of Customer's non-conformity to the MasterCard standards in regard to equipment, software configuration and telecommunications network as set forth in the Documentation. These pass through charges will be listed on Customer invoices.

3.5.2. The parties will mutually agree upon ownership, provision and maintenance of telecommunication lines. The parties shall mutually agree upon whether: i) Customer will reimburse MasterCard in full for all telecommunication costs that are incurred by MasterCard on Customer's behalf, subject to Customer's prior approval of the service provider(s) and pricing; or ii) Customer will procure their own telecommunication services.

3.6. **Cardholder Interaction.** MasterCard does not undertake any direct relationship or privity with any Cardholders. In the event that Customer requests that MasterCard interact directly with Cardholders, Customer shall compensate MasterCard for such interaction on a time-and-materials or other mutually agreed upon basis. MasterCard will use commercially efforts to forward to Customer any complaints it may receive from Customer's Cardholders, and Customer shall be responsible for responding to any such complaints. Customer, however, acknowledges that MasterCard will not have a formal Cardholder complaint process established under this Agreement. MasterCard shall cooperate and respond to reasonable requests by Customer for additional information related to any such complaints.

3.7. **Commitment.** Customer agrees to obtain all processing services (similar to those provided hereunder) exclusively from MasterCard through the Term. The parties acknowledge that the following events shall not be deemed a violation of this obligation: (i) [\*]; (ii) [\*]; or (iii) [\*].

3.8. **Compliance with Laws.** Customer shall comply with all applicable federal laws or regulations of the United States and its territories, as well as any state or local laws, regulatory requirements, or other governing regulations applicable to Customer's business or use of the Processing Services ("Local Regulations"). Customer shall promptly notify MasterCard of any changes in the applicable Local Regulations that would impact the Processing Services. In

the event the geographic scope of this Agreement extends outside the United States, this provision will be amended pursuant to the terms of this Agreement.

3.9. **Third Party Products.** With regard to any third party products made available by MasterCard through the Processing Services, any such third party products shall be used by Customer solely in connection with the Processing Services.

3.10. **Network Access.** Customer will provide access for its security administrators and appropriate roles and entitlements for the user profiles. Customer security administrators will provide only Customer authorized users with required system access. Each user will authenticate using: (i) software token plus user id and password; or (ii) single sign-on. Two factor authentication is required if the Customer chooses to access Portfolio Viewer using single sign-on. Customer will be responsible for providing Internet access, which is required for workstations accessing Portfolio Viewer.

#### 4. **Responsibilities of MasterCard.**

4.1. **Business Continuity/Disaster Recovery.** As set forth in Schedule G, MasterCard shall take reasonable precautions to prevent and mitigate any disaster that may affect the ability of MasterCard to provide the services to be performed by MasterCard under this Agreement.

4.2. **Compliance with Laws.** Subject to the provisions of Section 2.5, MasterCard shall comply with all applicable federal, state, and local laws and regulations, regulatory requirements, or other governing regulations to the extent they are applicable to MasterCard as a provider of the Processing Services provided that nothing in the Agreement shall be construed as imposing on MasterCard any compliance obligations applicable to Customer's business. MasterCard shall comply with Network rules to the extent they are applicable to MasterCard as a provider of the Processing Services provided that nothing in this Agreement shall be construed as imposing on MasterCard any compliance obligations applicable to Customer's Network obligations. The parties acknowledge and agree that MasterCard is not a "provider of prepaid access," as such term is defined by the Financial Crimes Enforcement Network, by virtue of entering into, or performing its obligations under, the Agreement.

4.3. **Cooperation.** MasterCard agrees to cooperate with Customer and to provide timely performance of its obligations, including, but not limited to: (i) compliance with any requirements contained in any Documentation; (ii) providing Customer with any reasonably requested information, assistance, access to equipment, and appropriately trained resources in a timely manner; and (iii) timely performing such other tasks specified herein.

4.4. **Implementation Services.** MasterCard shall develop the Project Plan together with Customer and perform associated implementation services in order to provide the Processing Services.

4.5. **Subcontracting.** MasterCard shall have the right to delegate or subcontract the services to be performed under this Agreement to its Affiliates. MasterCard shall have the right to subcontract portions of the services to be performed under this Agreement to any third parties. MasterCard shall remain solely responsible for fulfilling the obligations of this Agreement and for the actions or inactions of its subcontractors or its Affiliates. MasterCard will provide Customer with prior written notice if MasterCard engages a subcontractor to provide the Processing Services as set forth in Schedule A; without limiting the foregoing, prior notice shall not be required for staff augmentation or professional services to the extent access to PII is not included. Any subcontractor of MasterCard under this Agreement shall be legally bound by commercially reasonable obligations of confidentiality, which shall be no less stringent than MasterCard's obligations set forth in this Agreement, and MasterCard will follow MasterCard's third party security due diligence processes in selecting any such subcontractors.

4.6. **Dedicated Support Group.** During the implementation and conversion process, MasterCard will provide the required resources to achieve the project milestones outlined in the Project Plan. It will include at a minimum the following personnel: Implementation Project Manager to assist in all phases of the build, a Conversion Project Manager to assist with all phases of the conversion, a Configuration Analyst to assist with the program setup, a Data Analyst to assist with the conversion, a Product Manager to assist with the product requirements and delivery and a Lead Business Analyst to assist with both the implementation and conversion. Upon the First Live Transaction Date, MasterCard will

provide a support group of three (3) people consisting of the following: Account Manager, Customer Support Operations Specialist, and an Implementation Project Manager. The duties of the Dedicated Support Group will be client relationship services (including consultative services on the use of features and/or functionality and trouble shooting), conversion/deconversion services, issue management services, production support services and custom project activities. The parties shall conduct quarterly business review meetings to review and analyze the parties' overall performance.

## 5. **Fees, Payment and Taxes.**

5.1. **Fees.** Customer shall pay MasterCard the fees for Processing Services as set forth in Schedule B attached hereto and hereby incorporated herein, as may be amended from time to time by mutual agreement of the parties.

5.2. **Payment.** Each calendar month, MasterCard will provide an electronic invoice to Customer by the fifteenth day of the following calendar month, which sets forth detailed billing for the Processing Services that occurred and the corresponding fees that are due and payable to MasterCard. MasterCard shall automatically process Customer's payment of such invoice through the MasterCard Consolidated Billing System ("MCBS"). All MCBS policies and guidelines will apply. MasterCard shall invoice all fees, expenses and charges within [\*] after the month in which the services were rendered or the expense incurred. [\*]

5.3. **Disputed Charges.** Customer may dispute any charge or amount on any invoice in accordance with MCBS policies and guidelines.

5.4. **Taxes.** Any taxes, levies, or similar government charges based on this Agreement or on the Processing Services provided under this Agreement, including but not limited to sales, use, property, and value added taxes, shall be paid by exclusively Customer in a timely manner; except that, Customer shall not be responsible for any taxes based upon the real estate, employees or income of MasterCard.

## 6. **Warranties.**

### 6.1. **MasterCard Warranties.**

6.1.1. MasterCard warrants that, as of the Effective Date, and at all times during the Term, (i) the Processing Services will comply, in all material respects, with the specifications described in applicable Documentation incorporated herein; (ii) that all Processing Services will be performed in a workmanlike manner; (iii) that its employees shall have the proper skill, training, and background so as to be able to perform Processing Services in a workmanlike manner; (iv) [\*]; (v) it has the power to execute, deliver and perform this Agreement; (vi) this Agreement is duly authorized and will not violate any provisions of law or conflict with any other agreement to which MasterCard is subject or by which the assets of MasterCard are bound; (vii) it has all government licenses, if any, required to conduct its business, and is legally qualified to conduct business in every jurisdiction where it does so; and (viii) subject to the limitation of liability set forth in Sections 13.3 and subject solely to the remedies and obligations set forth in Sections 14.2.1, it has the right to provide the Processing Services, using all computer software and all intellectual property required for that purpose. MasterCard hereby represents that, as of the Effective Date, there are no known errors in the IPS Platform that will have a material adverse effect on Customer's use of the Processing Services in accordance with the Documentation.

6.1.2. MasterCard shall not be responsible for the accuracy or adequacy of input material or data furnished by Customer or third parties on its behalf, or the resultant output from any such inadequate or inaccurate input material or data. The accuracy and adequacy of such input shall be judged as sent by Customer once it is received by MasterCard's endpoint in Customer's data center. The accuracy and adequacy of output shall be judged as received by Customer at its endpoint in Customer's data center. In the event inaccurate input material or data is provided by either party, the sending party will retransmit a corrected file.

6.2. **Customer Warranties.** Customer represents and warrants that, as of the Effective Date, and at all times during the Term: (i) all information provided to MasterCard by Customer in connection with this Agreement, is true and complete in all material respects; (ii) it has the power to execute, deliver and perform this Agreement; (iii) this

Agreement is duly authorized and will not violate any provisions of law or conflict with any other agreement to which Customer is subject or by which Customer's assets are bound; and (iv) it has all government licenses, if any, required to conduct its business, and is legally qualified to conduct business in every jurisdiction where it does so; (v) that Customer's obligations hereunder will be performed in a workmanlike manner; (vi) Customer's employees shall have the proper skill, training, and background so as to be able to perform Customer's obligations hereunder in a workmanlike manner; and (vii) subject to the limitation of liability set forth in Sections 13.3, it has all right, title and interest in any intellectual property provided to MasterCard hereunder.

6.3. **LIMITED WARRANTIES.** CUSTOMER ACKNOWLEDGES THAT IT HAS INDEPENDENTLY EVALUATED THE PRODUCTS AND SERVICES AND THE APPLICATION OF THE PRODUCTS TO ITS NEEDS. EXCEPT AS MAY BE PROVIDED IN THIS AGREEMENT, ALL PROCESSING SERVICES PROVIDED BY MASTERCARD ARE "AS IS", AND MASTERCARD DISCLAIMS ALL WARRANTIES, WHETHER STATUTORY, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTY OF FITNESS FOR PARTICULAR PURPOSE, MERCHANTABILITY, TITLE OR OTHER RIGHTS ARISING FROM A COURSE OF DEALING OR USAGE OF TRADE, UNINTERRUPTED OR ERROR-FREE SERVICES, OR OTHERWISE ARISING BY LAW.

7. **Service Level Standards.** MasterCard agrees that the Processing Services shall be measured against the service level standards set forth in Schedule C (each, a "Service Level Standard"), which is attached hereto and incorporated herein. If MasterCard fails to meet a Service Level Standard, MasterCard shall promptly (i) investigate and report at no charge to Customer on the root cause(s) of such failure; (ii) advise Customer of the status of remedial efforts being undertaken with respect to such failure; (iii) notify Customer of the steps which MasterCard believes should be taken to correct the cause of such failure; (iv) correct the cause of such failure to help prevent such failure from reoccurring, and (v) if applicable, pay any monetary penalties set forth in Schedule C.

8. **Customer Third Party Products and Processing Services.** If, as a part of the Processing Services, Customer requests access to Networks or to other third party service providers, Customer agrees to enter into the appropriate agreements with such Networks or third party service providers, including but not limited to sponsoring financial institutions. Customer agrees to comply with the terms of any such Network or third party service provider agreement, all applicable Network operating rules and regulations, and to pay any fees imposed by Network(s) or third party service providers to the extent applicable to Customer. Customer shall be responsible for fulfilling any third party reporting obligations, including the requirements set forth by the Networks or other third party service providers that are retained by Customer. Any fees assessed by such third party with respect to the reporting obligations shall be the responsibility of Customer. MasterCard does not undertake any direct relationship or privity with such Networks (except to the extent MasterCard otherwise has direct obligations to a Network as a processor) or third party service providers with whom Customer has contracted.

9. **Reliance on Customer's Instructions.** MasterCard shall generally receive all necessary instructions, information, and data from Customer. In the event that instructions, information, and data is transmitted directly to MasterCard by third parties authorized by Customer in writing to provide such information on behalf of Customer, MasterCard shall be entitled to rely reasonably upon any instructions, information, and data so provided.

10. **Ownership.**

10.1. **Data Files.** MasterCard acknowledges that all data files provided by Customer or third parties authorized by Customer are and shall remain the sole property of Customer and/or third party financial institutions issuing Cards, and that use of and access to such files does not create in MasterCard any right, title, or interest in such files, except as expressly provided in this Agreement. Any such information provided by Customer is strictly for use under this Agreement, including [\*]).

10.2. **Processing Services and IPS Platform.** Customer acknowledges that all Processing Services and the IPS Platform are and shall remain the sole property of MasterCard and/or its third party suppliers and that Customer's use of them does not create in Customer any right, title, or interest in them, except as expressly provided in this Agreement. Customer will implement reasonable security precautions and take appropriate action so as to enable Customer to satisfy

its obligations under this Agreement and to prevent the loss or alteration of, or unauthorized access to, the Processing Services and the IPS Platform.

**11. Use of Information and Security.**

11.1. **Protection of PII.** Personally identifiable information (“PII”) shall be defined as information that identifies a Cardholder or identifies a Card, which is disclosed to MasterCard pursuant to this Agreement, along with the Transaction information directly associated with such Cardholder. PII includes, but is not limited to, Cardholder Card information or information that can identify an individual or be used to authenticate an individual. MasterCard will keep and maintain all PII in strict confidence, using such degree of care as is appropriate to avoid unauthorized access, use, or disclosure. MasterCard acknowledges and agrees that its access, use, storage, disposal, or disclosure of PII complies with federal and state privacy and data security laws. MasterCard is responsible for any unauthorized collection, access, use, storage, disposal, or disclosure of PII by its employees, agents, Affiliates or subcontractors.

11.2. **Use of PII.** Customer agrees that MasterCard may store, disclose, and use PII to the extent and in such manner that such storage, disclosure, and use shall be solely for purposes of performing the obligations of MasterCard under this Agreement. Further, MasterCard may store, disclose, and use PII for additional purposes permitted under law or regulation applicable to MasterCard, which may include (without limitation), the Fair Credit Reporting Act, Title V of the Financial Services Modernization Act of 1999, their implementing regulations, Personal Information Protection and Electronic Documents Act, European Directive 95/46/EC Data solely upon Customer’s prior express written consent. Customer acknowledges and agrees that MasterCard, in the course of providing Processing Services, may house PII in or transfer PII [\*].

11.3. **Safeguards.** MasterCard agrees to maintain appropriate organizational/administrative, technical and physical safeguards for the PII received by MasterCard pursuant to this Agreement that are no less rigorous than accepted industry practices. These safeguards will be designed to (1) maintain the security and confidentiality of PII; (2) protect against any anticipated threats or hazards to the security or integrity of such PII; and (3) protect against unauthorized access to or use of such PII that could result in substantial harm or inconvenience to any Cardholder. Without limiting the foregoing, MasterCard shall at all times comply with Customer’s information security requirements (“ISRs”), as set forth in Schedule E hereto and as the same may be modified and agreed to by the parties from time to time.

12. **Export Restriction.** Regardless of any disclosure made by Customer to MasterCard of an ultimate destination of any Processing Services, Customer will not export or re-export, either directly or indirectly, any Processing Services, or other technology received from MasterCard without first obtaining, at Customer’s expense, any required export or re-export license from the United States Government. Customer confirms that Customer will not engage in any activities related to this Agreement with a blocked person, as that term is identified on the OFAC List, with whom a citizen of the United States is prohibited to engage in transactions by any trade embargo, economic sanction, or other prohibition of United States law, regulation, or Executive Order of the President of the United States. For purposes of this Section, “OFAC List” shall mean the list of specially designated nationals and blocked persons subject to financial sanctions that is maintained by the U.S. Treasury Department, Office of Foreign Assets Control and any other similar list maintained by the U.S. Treasury Department, Office of Foreign Assets Control pursuant to any requirements of law, including, without limitation, trade embargo, economic sanctions, or other prohibitions imposed by Executive Order of the President of the United States. The OFAC List currently is accessible through the internet website [www.treas.gov/ofac](http://www.treas.gov/ofac). With respect to third parties retained by MasterCard in connection with this Agreement, MasterCard will not engage with a blocked person, as that term is identified on the OFAC list, with whom a citizen of the United States is prohibited to engage in transactions by any trade embargo, economic sanction, or other prohibition of United States law, regulation, or Executive Order of the President of the United States. Customer is solely responsible for OFAC screening of all Cardholders.

**13. Remedy, Damages and Limitation of Liability.**

13.1. **Consequential Damages.** NOTWITHSTANDING ANYTHING HEREIN (INCLUDING IN ANY SCHEDULES HERETO) TO THE CONTRARY, IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR ANY INCIDENTAL, PUNITIVE, EXEMPLARY, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES ARISING



OUT OF OR IN ANY WAY CONNECTED WITH THIS AGREEMENT OR THE PROCESSING SERVICES, EVEN IF SUCH PARTY IS ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, WHETHER SUCH DAMAGES ARE BASED IN CONTRACT, TORT (INCLUDING BUT NOT LIMITED TO NEGLIGENCE), STRICT LIABILITY, INDEMNIFICATION OR OTHER THEORY AT LAW OR IN EQUITY. THE PARTIES AGREE THAT THE FOLLOWING ENUMERATED DAMAGES INCURRED BY A PARTY (SOLELY PURSUANT TO THIS AGREEMENT) SHALL NOT BE LIMITED BY THIS SECTION (AS BEING INCIDENTAL, PUNITIVE, EXEMPLARY, INDIRECT, SPECIAL OR INCONSEQUENTIAL): (A) FEES, ASSESSMENTS, FINES OR PENALTIES INCURRED IN CONNECTION WITH THE [\*] OR [\*] OR [\*]; (B) [\*], BASED ON THEN CURRENT [\*] AND/OR [\*] AND/OR [\*] IN CONNECTION WITH THE [\*] OR [\*] OR [\*]; AND (C) [\*] (UNLESS SUCH COURT ORDER OR SETTLEMENT IS MADE PURSUANT TO THE THIRD PARTY INDEMNIFICATION OBLIGATIONS SET FORTH BELOW, IN WHICH CASE THE BELOW INDEMNIFICATIONS OBLIGATIONS SHALL APPLY), WHICH SUCH APPROVAL SHALL NOT BE UNREASONABLY WITHHELD. THIS SECTION 13.1 SHALL NOT IN ANY WAY LIMIT OR EXPAND A PARTY'S INDEMNIFICATION OBLIGATIONS, WHICH SHALL BE SOLELY AS SET FORTH IN THIS AGREEMENT.

13.2. **Limitation of Action.** NOTWITHSTANDING ANYTHING HEREIN (INCLUDING IN ANY SCHEDULES HERETO) TO THE CONTRARY, MASTERCARD SHALL NOT BE LIABLE FOR ANY LOSSES, CLAIMS, DEMANDS, PENALTIES, ACTIONS, CAUSES OF ACTION, SUITS, OBLIGATIONS, LIABILITIES, DAMAGES, DELAYS, COSTS OR EXPENSES, INCLUDING ATTORNEY'S FEES (FOR PURPOSES OF THIS PROVISION, "LIABILITIES") OF ANY KIND (WHETHER SUCH LIABILITIES ARE BASED IN CONTRACT, TORT (INCLUDING BUT NOT LIMITED TO NEGLIGENCE), STRICT LIABILITIES, INDEMNIFICATION OR OTHER THEORY AT LAW OR IN EQUITY) UNLESS CUSTOMER PROVIDES MASTERCARD WITH WRITTEN NOTICE (FOR WHICH EMAIL NOTIFICATION TO THE ACCOUNT MANAGER SHALL SUFFICE) OF THE EVENT THAT GAVE RISE TO SUCH ALLEGED LIABILITIES WITHIN [\*] AFTER A [\*] HAS [\*] OF SUCH OCCURRENCE; PROVIDED THAT MASTERCARD ALREADY DOES NOT HAVE THAT KNOWLEDGE. IN ADDITION TO THE PRECEDING LIMITATIONS, NO ACTION ARISING OUT OF THIS AGREEMENT MAY BE BROUGHT BY CUSTOMER OR MASTERCARD AGAINST THE OTHER MORE THAN [\*] FOLLOWING [\*].

### 13.3. **Limitation of Liability.**

13.3.1. SUBJECT TO SECTION 13.3.2 BELOW, NOTWITHSTANDING ANYTHING HEREIN (INCLUDING IN ANY SCHEDULES HERETO) TO THE CONTRARY, THE AGGREGATE, CUMULATIVE LIABILITY OF A PARTY, IN ALL EVENTS, TO THE OTHER PARTY FOR CLAIMS RELATING TO THIS AGREEMENT OR THE PROCESSING SERVICES, WHETHER SUCH CLAIM IS BASED IN CONTRACT, TORT (INCLUDING BUT NOT LIMITED TO NEGLIGENCE), STRICT LIABILITY, OR OTHER THEORY AT LAW OR IN EQUITY, SHALL BE LIMITED AS FOLLOWS:

(a). FROM THE EFFECTIVE DATE UP TO BUT NOT INCLUDING THE DATE IN WHICH CUSTOMER HAS CONVERTED [\*]% OF ALL PORTFOLIOS TO THE IPS PLATFORM, THE AGGREGATE AMOUNT OF LIQUIDATED DAMAGES FOR WHICH EACH PARTY MAY BE LIABLE PRIOR TO FIRST LIVE TRANSACTION DATE PURSUANT TO SECTION 13.4.

(b). ON OR AFTER THE DATE IN WHICH CUSTOMER HAS CONVERTED [\*]% OF ALL PORTFOLIOS TO THE IPS PLATFORM, THE [\*] (OR [\*]) BY [\*] TO [\*] FOR [\*] HEREUNDER DURING THE [\*] PERIOD IMMEDIATELY BEFORE THE CLAIM WHICH GAVE RISE TO THE LIABILITY AROSE.

13.3.2 NOTWITHSTANDING THE FOREGOING, WITH RESPECT TO THE PARTIES' INDEMNIFICATION OBLIGATIONS (EXCLUDING [\*] AND [\*] AND [\*] OF THE [\*] SET FORTH IN SECTION [\*] THAT RESULTS [\*] OR [\*] OR [\*] THE AGGREGATE, CUMULATIVE LIABILITY OF A PARTY TO THE OTHER PARTY RELATING TO THIS AGREEMENT OR THE PROCESSING SERVICES, SHALL INCREASE TO THE AMOUNT OF [\*].

13.4. **Liquidated Damages.** Each party acknowledges that it is difficult to determine the exact damages that a party will suffer as a result of any improper termination of this Agreement by the other party. As a result, if Customer improperly terminates this Agreement or if MasterCard terminates this Agreement for Customer's material breach prior to First Live Transaction Date, MasterCard shall be entitled to the prompt payment by Customer of [\*] and [\*], up to an aggregate of [\*]. If Customer improperly terminates this Agreement or if MasterCard terminates this Agreement for Customer's material breach on or after First Live Transaction Date, MasterCard shall be entitled to the prompt payment by Customer of [\*] (i) [\*] of the [\*] during the [\*] preceding the date of termination [\*] (which for purposes of this section, if [\*]), or (ii) [\*]. If MasterCard improperly terminates this Agreement or if Customer terminates this Agreement for MasterCard's material breach or if Customer terminates this Agreement pursuant to Section 16.2.4 prior to the First Live Transaction Date, Customer shall be entitled to the prompt payment by MasterCard of [\*], up to an aggregate of [\*]. If MasterCard improperly terminates this Agreement or if Customer terminates this Agreement for MasterCard's material breach or if Customer terminates this Agreement pursuant to Section 16.2.4 on or after the First Live Transaction Date, Customer shall be entitled to the prompt payment by MasterCard of [\*] as a result provided, however, that [\*]. The amounts payable under this provision will be paid as liquidated damages and not as a penalty. This Section shall apply notwithstanding any other provision of this Agreement to the contrary.

13.5. **Risk Allocation.** The parties acknowledge that circumstances could arise entitling a party to damages or rescission arising from a failure by the other party to perform its obligations under this Agreement and have agreed, in certain circumstances as set forth in this Agreement, that the remedies of the non-defaulting party and the liabilities of the defaulting party shall be limited as set forth in this Agreement. The parties further acknowledge and agree that each provision of this Agreement that provides for a limitation of liability, disclaimer of warranties, or exclusion of damages, including specifically this Section 13 and Section 6.3, represents a reasonable allocation of the risk under this Agreement. The willingness of MasterCard to provide the Processing Services for the fees herein reflects this allocation of risk and the limitations of liability specified herein.

#### 14. **Indemnification.**

14.1. **Customer Indemnification.** Customer shall indemnify, defend, and hold harmless MasterCard and MasterCard's Affiliates, officers, directors and employees from any and all claims, demands, government inquiries or investigations, fines, fees, assessments, penalties, losses, liabilities, expenses, and causes of action of any kind made against MasterCard by a third party arising out of or related to: (i) Customer's [\*]; (ii) Customer's [\*] or [\*] or [\*] of the [\*] or any [\*]; (iii) Customer's failure to [\*]; or (iv) the [\*] or [\*] (whether by [\*] or [\*]) of Customer or Customer's personnel.

##### 14.2. **MasterCard Indemnification.**

14.2.1. MasterCard shall indemnify, defend, and hold harmless Customer and Customer's Affiliates, officers, directors and employees from any and all claims, demands, and causes of action of any kind made against Customer by a third party claiming that any Processing Service provided to Customer under this Agreement infringes a [\*] provided, that Customer (i) promptly notifies MasterCard of any third party claim subject to indemnification hereunder, (ii) gives MasterCard the right to control and direct the preparation, defense and settlement of any such claim, and (iii) gives reasonable assistance to MasterCard for the defense of same (at MasterCard's expense). The foregoing provisions shall not apply to any infringement arising out of: (i) use of the [\*] other than in accordance with the [\*] or [\*] to the extent that such claim would not have arisen but for such non-compliance; (ii) any [\*] or [\*] of the [\*] made by [\*] or [\*] and such claim would have been avoided in the absence of such [\*]; (iii) [\*] or [\*] provided by [\*] or any [\*] on [\*] to the extent that such claim would not have arisen but for such [\*] or [\*]; or (iv) [\*] of the [\*] in [\*] or [\*] by [\*] and such claim would have been avoided in the absence of such [\*]. In the event any of the Processing Services, or any portion thereof, is held, or in MasterCard's reasonable opinion is likely to be held to constitute infringement, MasterCard will, if [\*], within a reasonable time, at its option and sole expense, either: (i) [\*]; (ii) [\*] or (iii) [\*]. In the event MasterCard is, using reasonable discretion, unable on commercially reasonable terms to either procure the right to continued use of the allegedly infringing item or replace the allegedly infringing item as provided in clauses (i), (ii) and (iii) of the immediately preceding sentence, either party may terminate this Agreement to the extent of such infringing aspect of the Processing Service, and in the event of such termination, Customer shall be released from its [\*] obligations set forth in [\*] to the extent of such infringing aspect. This Section 14.2.1 contains the entire liability of MasterCard for any such alleged infringement.

14.2.2. MasterCard shall indemnify, defend, and hold harmless Customer and Customer's Affiliates, officers, directors and employees from any and all claims, demands, government inquiries or investigations, fines, fees, assessments, penalties, losses, liabilities, expenses, and causes of action of any kind made against Customer by a third party arising out of or related to: (i) [\*]; (ii) [\*] or [\*] (whether by [\*] or [\*]) of [\*] or [\*]; or (iii) any [\*] or [\*] or [\*] of [\*] caused by [\*] or [\*] that result from [\*]. EXCEPT FOR MASTERCARD'S OBLIGATIONS UNDER SECTION 13.1, THIS SECTION 14.2.2 CONTAINS THE ENTIRE INDEMNIFICATION LIABILITY OF MASTERCARD FOR ANY SUCH ALLEGED [\*].

14.3. **Indemnification Procedures.** Each party shall promptly notify the other of any claim for which it seeks indemnification; authorize the indemnifying party to defend and to control the defense of the claim, at the indemnifying party's expense; and provide, at no charge to the indemnifying party, all documents, witnesses, and other reasonable assistance that may be necessary to defend against the claim. The indemnified party may participate, at its own expense, in the proceedings related to the applicable claim. The indemnifying party shall not compromise or settle such claim without the indemnified party's prior written consent if such compromise or settlement (i) would impose a penalty or limitation upon the indemnified party, including, without limitation, an injunction or other equitable relief, (ii) would require an admission of liability from the indemnified party, or (iii) does not include the release of the indemnified party from all liability arising from or relating to such claim.

15. **Confidentiality.**

15.1. **Confidential Information.** Each party acknowledges that they may be exposed to confidential or proprietary information of the other party, including, without limitation, inventions, trade secrets, computer programs, customers, employees, methods, processes, work flow, data flow, functional and technical specifications, business plans, accounting and financial information, promotional and marketing activities, information regarding purchases and sales and other material designated as confidential expressly or by the circumstances under which it is provided ("Confidential Information"). Without limiting the generality of the foregoing, the IPS Platform, and all components thereof, shall be treated as MasterCard's Confidential Information. PII and all other information related to Cards and Cardholders shall be treated as Customer's Confidential Information but the use, disclosure, and return/destruction of PII shall be governed by Sections 10 and 11.

15.2. **Obligations.** Each party will use at least the same degree of care to prevent unauthorized use or disclosure to third parties the Confidential Information of the other as it employs to avoid unauthorized use, disclosure, publication or dissemination of its own information of a similar nature, but in no event less than a reasonable standard of care. A party may disclose Confidential Information of the other to third parties performing services hereunder only where (i) such disclosure is necessary to perform its obligations under this Agreement, and (ii) the disclosure is in accordance with the terms and conditions of this Agreement and subject to written obligations of confidentiality at least as restrictive as those set forth in this Agreement. In any event, each party shall be liable for any breach of the obligations defined within this Agreement by its personnel, external or internal auditors or contractors. Neither party will (i) make any use or copies of the Confidential Information of the other except as necessary in accordance with this Agreement, or (ii) acquire any right in or assert any lien against the Confidential Information of the other, or (iii) refuse for any reason (including a default or material breach of this Agreement by the other party) to promptly provide the other party's Confidential Information (including all copies thereof) to it if requested in writing to do so. Upon the expiration or termination for any reason of this Agreement and the concomitant completion of a party's obligations under this Agreement, each party shall (except as otherwise provided in this Agreement), return or destroy, as the other may direct, all documentation in any medium that contains, refers to, or relates to the other party's Confidential Information, and retain no copies. In addition, the parties shall take reasonable steps to ensure that their employees comply with these confidentiality provisions.

15.3. **Exceptions.** The obligations of this Section 15 will not apply to any particular information which any party can demonstrate: (i) was, at the time of disclosure to it, in the public domain; (ii) after disclosure to it, is published or otherwise becomes part of the public domain through no fault of the receiving party; (iii) was rightfully in the possession of the receiving party at the time of disclosure to it; (iv) is received from a third party who had a lawful right to disclose such information to it; or (v) was independently developed by the receiving party without reference to Confidential Information of the furnishing party. Notwithstanding the foregoing, the exclusions provided in this Section 15.3 shall not be deemed to permit MasterCard to use PII for any purpose other than except as provided in Sections 10.1 and 11.2.

15.4. **Legally Required Disclosures.** A party shall not be considered to have breached its obligations under this Section 15 for disclosing Confidential Information of the other party as required to satisfy any legal demand of a government, judicial or administrative body; provided, however, that, promptly upon receiving any such demand and to the extent that it may legally do so, such party advises the other party so that the other party may take appropriate actions in response to the demand. MasterCard acknowledges that Customer may be obligated to file a copy of this Agreement as an exhibit to any report or other filing with the U.S. Securities and Exchange Commission ("SEC"). Customer shall notify MasterCard in advance and shall file with the Secretary of the SEC an application requesting confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended. In the event of any such filing, Customer shall provide MasterCard with a copy of the Agreement marked to show provisions for which Customer intends to seek confidential treatment and shall reasonably consider and incorporate MasterCard's comments thereon to the extent consistent with the legal requirements governing redaction of information from material agreements that must be publicly filed. MasterCard shall promptly provide any such comments.

15.5. **Notification.** In the event of any material disclosure or loss of, or inability to account for, any Confidential Information of the furnishing party, the receiving party will notify the furnishing party promptly upon the occurrence of any such event.

15.6. **No Obligation to Disclose.** Nothing contained in this Agreement shall be construed as obligating a party to disclose its Confidential Information to the other party, or as granting to or conferring on a party, expressly or impliedly, any rights or license to the Confidential Information of the other party.

## 16. **Term and Termination**

16.1. **Term.** The term of this Agreement shall commence on the Effective Date and expire on the last day of the month which is eighty four (84) months from the Full Conversion Date, subject however, to (i) renewal or (ii) earlier termination in each instance as provided herein (the "Initial Term", together with any extension of the Initial Term, collectively, the "Term"). The Term shall automatically be renewed for additional periods of twelve (12) months unless one party provides the other party at least one-hundred eighty (180) days' notice of its intention not to renew prior to the then-current expiration date. The parties will memorialize the Full Conversion Date in written correspondence.

### 16.2. **Termination.**

16.2.1. Either party may terminate this Agreement in its entirety if the other party is in material breach of this Agreement, effective one hundred eighty (180) days after the other party's receipt of written notice of the material breach that remains uncured prior to the effective date of termination; except that, if the material breach is Customer's failure to pay any undisputed monies as required by this Agreement, MasterCard may terminate this Agreement in its entirety, effective ninety (90) days after written notice of such default is received by Customer if the non-payment is not cured prior to the effective date of termination.

16.2.2. Either party may also terminate this Agreement in its entirety, effective immediately upon written notice, if the other party (i) makes a general assignment for the benefit of its creditors; (ii) suffers the appointment of a trustee, liquidator, or receiver for its business or property; (iii) is the subject of a bankruptcy, receivership, insolvency, dissolution, or liquidation proceeding; or (iv) is adjudicated insolvent or bankrupt.

16.2.3. Termination of this Agreement shall not relieve either party from any obligation accrued through the date of termination or from any terms and conditions in this Agreement that continue beyond termination.

16.2.4. Customer may terminate this Agreement in its entirety without penalty, or payment of any termination fee or liquidated damages in accordance with Schedule C.

16.3. **No Early Termination.** No early termination of this Agreement is permitted under any circumstances except for those set forth in this Section 16.

16.4. **Transition Assistance.** Upon termination or expiration of this Agreement, MasterCard shall provide reasonable transition assistance to Customer in exchange for (1) the advance payment to MasterCard of an amount equal to [\*] and (2) Customer's continuous payment of all fees as set forth in Schedule B. This duty to provide reasonable

transition assistance shall continue for up to one hundred eighty (180) days following the termination or expiration of this Agreement. During the transition period, this Agreement shall continue on the same commercial terms and conditions until the completion of the transition. In the month that is [\*] months prior to [\*], the parties shall in good faith [\*], if necessary, so that it is [\*]. Any amount remaining in the [\*] upon MasterCard's completion of the provision of transition assistance to Customer shall [\*] and any [\*] shall promptly be paid by [\*]. Notwithstanding the foregoing, fees, expenses and charges related to transition assistance shall not exceed [\*] (which amount shall not include [\*] and [\*]).

16.5. **Equipment Return.** Any equipment provided by MasterCard (and not otherwise purchased by Customer pursuant to this Agreement) and placed at Customer's site during the Term of this Agreement must be returned upon completion of transition assistance. Customer will pay to MasterCard an amount equal to the replacement cost of any equipment not returned to MasterCard within ninety (90) days after transition assistance is completed. The equipment may include, but is not limited to ATM modems, workstations, and other telecommunications equipment. If Customer chooses to reconfigure its telecommunications system during the Term, and such reconfiguration calls for the early return of equipment or lines provided by or through MasterCard, Customer shall be responsible for and invoiced for any charges or fees assessed due to early termination of the telecommunications services. If the early termination of the telecommunications services occurs due to MasterCard's change of telecommunication service provider, or a termination of this Agreement due to a MasterCard material breach or if MasterCard improperly terminates this Agreement, Green Dot shall not be responsible for any charges or fees assessed for early termination of the telecommunications services.

## 17. **Dispute Resolution.**

17.1. **Internal Escalation.** Any dispute involving this Agreement, the Processing Services or the obligations of either party under this Agreement ("Dispute") shall be subject to the following escalation procedure, which shall begin upon written notification, which may be done via electronic mail ("email"):

(a). Stage 1 – In the event Customer's line manager and MasterCard's account manager identify an issue and are not able to resolve the issue, the dispute must be immediately escalated to Stage 2.

(b). Stage 2 – Customer and MasterCard's senior managers shall meet within two (2) business days; if the dispute cannot be resolved within five (5) business days of referral to them, the dispute must be immediately escalated to Stage 3.

(c). Stage 3 – Within five (5) business days of escalation from Stage 2, Customer and MasterCard senior executives shall meet for a period as mutually agreed. If the dispute cannot be resolved within fifteen (15) days of escalation to Stage 3, the dispute must be immediately escalated to Stage 4.

(d). Stage 4 – If the dispute remains unresolved after thirty (30) business days of the original dispute notice, the parties may submit the Dispute to formal binding arbitration, in accordance with the arbitration provisions below, upon mutual agreement.

17.2. **Arbitration of Disputes.** Arbitration shall be conducted by the American Arbitration Association which shall administer the arbitration under its commercial rules (the "AAA Rules"). Arbitration shall be initiated by a written demand for arbitration that describes the controversy or claim in reasonable detail and specifies the relief requested. The arbitration shall be conducted by one arbitrator chosen in accordance with the AAA Rules (or three arbitrators for disputes involving more than \$500,000) within thirty (30) days after receipt by the respondent of the demand to arbitrate. The arbitration, including the rendering of the award, shall take place in New York, New York, which shall be the exclusive forum for resolving Disputes. This arbitration provision is intended by the parties to be self-executing. The arbitrator shall have sole jurisdiction to determine whether: (a) a claim is subject to arbitration; (b) the arbitration may proceed even if one of the parties refuses to attend or participate; and (c) an award against that party may be ordered pursuant to default or otherwise. The parties agree that they will arbitrate all Disputes regardless of the existence of any related dispute, action or special proceeding between either of the parties hereto and/or any third party. The arbitrator(s) shall render a written arbitration decision with the award, and the decision of the arbitrator(s) shall be final and binding upon the parties. The parties hereby waive any right of appeal under applicable law. Judgment upon the award

rendered by the arbitrator(s) may be entered in any court of competent jurisdiction. The prevailing party shall be entitled to seek to recover its reasonable attorneys' fees and its share of the costs, including any auditing costs or expenses of expert witnesses. The parties agree to maintain the confidentiality of any Confidential Information disclosed during any such proceeding. The existence of such proceedings and the findings thereof shall be deemed the Confidential Information of both parties.

18. **Miscellaneous.**

18.1. **Records.** Each party agrees to maintain its books and records relating to the fees and other costs and expenses under this Agreement for not less than seven (7) years (or if applicable, such longer period mandated by local auditing or regulatory requirements) after the Processing Services have been performed and/or all fees for the Processing Services have been paid.

18.2. **Audit.** The audit obligations, which are set forth in Schedule G, are incorporated herein by reference.

18.3. **Remedies.** The remedies set forth herein are non-exclusive. In addition to these remedies, the parties shall be entitled to pursue any other remedies that they may have at law or in equity.

18.4. **Notices.** Operational notices specified herein may be provided pursuant to email or through other widely distributed electronic notifications. All notices relating to this Agreement, must be in writing and will be deemed given upon hand delivery or upon receipt if sent by an overnight courier delivery service of general commercial use and acceptance (including, without limitation, DHL, FedEx or UPS) to the following addresses or such other address as may be later designated by notice given by such party:

If to Customer: Green Dot Corporation  
3465 E. Foothill Blvd  
Pasadena CA, 91107  
Attention: Mr. Steven Streit – CEO

with a copy to the office of the general counsel at the same address.

If to MasterCard: MasterCard International Incorporated  
2000 Purchase Street  
Purchase, New York 10577  
Attention: Mrs. Cathy McCaul

with a copy to the office of the general counsel at the same address.

18.5 **Miscellaneous.** A failure or delay of either party to enforce any provision of or exercise any right under this Agreement shall not be construed to be a waiver. No waiver by a party shall be effective unless expressly made in writing. If any provision of this Agreement is held by a court of competent jurisdiction to be unenforceable or invalid in any respect, such unenforceability or invalidity shall not affect any other provision of this Agreement, and this Agreement shall then be construed as if such unenforceable or invalid provisions had never been a part of this Agreement. The captions in this Agreement are included for convenience only and shall not affect the meaning or interpretation of this Agreement. This Agreement shall be binding upon each party's respective successors and assigns and each party shall cause such successor and assignee to be so bound; provided, however, that neither party shall have the right to assign or transfer to any third party (including without limitation, by way of sale of any Cards subject to this Agreement, by voluntary or involuntary transfer, by operation of law or otherwise), nor shall any successor to a party have or receive any of such party's rights against the other party, or the benefits of this Agreement, without first obtaining the prior written consent of non-assigning party, which shall not be unreasonably withheld. Notwithstanding the foregoing, either party may, without penalty or consent, assign its rights and obligations under this Agreement to an Affiliate or successor in interest in the event of a merger, consolidation or other corporate reorganization or sale of all or substantially all the assets related to this Agreement provided such successor is willing and able to fulfill the obligations of this Agreement. This Agreement evidences the entire agreement and understanding between MasterCard and Customer with respect to

the transactions contemplated by this Agreement and supersedes all prior agreements between the parties with respect to such transactions. This Agreement is independent of any other Agreement executed between the parties, including without limitation, any agreements related to the MasterCard Network or any other MasterCard products or services. This Agreement shall not be amended or modified in any respect except in writing, duly executed by both MasterCard and Customer. This Agreement and the respective rights and obligations of the parties hereto shall be governed by the laws of the State of New York without reference to its conflict-of-laws or similar provisions that would mandate or permit application of the substantive law of any other jurisdiction. The state and federal courts located in New York, New York shall have exclusive jurisdiction over any and all disputes relating to this Agreement. This Agreement may be executed in one or more counterparts, each of which, taken together, shall constitute but one original document. The parties expressly acknowledge that the terms and conditions of this Agreement have been the subject of review, discussion, and participation by both parties. If there is any conflict or inconsistency between the Agreement and a Schedule to this Agreement, then priority shall be given to the Agreement unless explicitly stated in the applicable Schedule (and referencing the specific provisions of the Agreement being superseded).

18.6. **Equitable Relief.** Recognizing that damages may not be an adequate remedy in the event of a breach of the provisions of this Agreement regarding confidentiality and intellectual property and that such a breach may cause irreparable harm, the parties shall have the right, as applicable, to: (i) specifically enforce this Agreement; (ii) rescind the agreement or seek specific performance, and/or (iii) restrain and enjoin breaches and threatened breaches, in each instance without the necessity of posting any bond in connection therewith.

18.7. **Trademark.** Except as otherwise permitted, neither party is granted any rights under this Agreement to use any trademark, trade name or service mark, which belongs or is licensed to the other party, without prior written approval of such party. The parties acknowledge and agree that any unauthorized use of the other party's trademark will result in immediate and irreparable injury to such party, and, therefore, each party authorizes the other to seek injunctive relief in order to prohibit the other party from (or to cause the other party to cease) use of a its name or marks, as well as to seek all other legal or equitable remedies to which the party may be entitled. To the extent a party prevails in a suit at law or in equity for the purpose of enforcing trademark rights, the other party understands and agrees that such prevailing party shall be entitled to recover its reasonable attorneys' fees plus court costs and expenses.

18.8. **Publicity.** The parties shall cooperate to create an initial press release upon the First Live Transaction Date, as well as subsequent public communications, and each party shall seek the other party's consent prior to issuing any news release, public announcement, advertisement, or any other form of publicity, in any form or content, in connection with this Agreement and/or referring to the other party.

18.9. **Independent Contractor Relationship.** The relationship of MasterCard to Customer shall at all times relevant hereto be solely and exclusively that of an independent contractors and nothing contained in this Agreement shall create any other relationship (including employment, partnership or joint venture), between the parties or be construed to entitle either party or its personnel to be considered the other party's employees or subcontractors.

18.10. **Force Majeure.** Neither party shall be liable for loss or damage or be deemed to be in default under this Agreement if its failure to perform its obligations (other than payment of fees) results from acts of God, natural disasters, terrorism, fires, strikes, embargoes, war, insurrection, riot, or other cause beyond the reasonable control of the party and in the case of MasterCard, whose occurrence affects multiple states/region impacting both of MasterCard's data centers; provided however that the foregoing shall not be deemed to excuse any failure to exercise prudence or diligence in the conduct of such party's affairs. If either party is affected by an interruption or delay contemplated by this section, it will (i) promptly provide notice to the other party, explaining the full particulars and the expected interruption or duration of the such delay, and (ii) use its best efforts to remedy the interruption or delay if it is reasonably capable of being remedied.

18.11. **Survival of Terms.** The rights and obligations of the parties which by their nature must survive termination or expiration of this Agreement in order to achieve its fundamental purposes including, without limitation, the provisions of the following Sections entitled "EXPORT RESTRICTION," "CONFIDENTIALITY," "INDEMNIFICATION," "REMEDY, DAMAGES AND LIMITATION OF LIABILITY," "TRANSITION ASSISTANCE," "EQUIPMENT RETURN," and "MISCELLANEOUS," shall survive in perpetuity any termination of this Agreement.

18.12 **Rights of Third Parties.** This Agreement is entered into solely between, and may be enforced only by, Customer and MasterCard. This Agreement shall not be deemed to create any rights in third parties, including suppliers, customers, Cardholders, clients or Affiliates of a party or to create any obligations of a party to any such third party, which, by virtue of any applicable law, might otherwise be enforceable by a third party against either party to this Agreement.

18.13 **Insurance.** During the Term, MasterCard shall maintain, at a minimum, the insurance coverage and limits set forth in Schedule F attached hereto. Promptly upon request therefor, MasterCard shall provide evidence of such insurance to Customer.

18.14 **Background Check.** All U.S. personnel performing services under this Agreement will have been subjected to the following background checks upon hire: [\*] search including at least a [\*] and [\*] in [\*] and [\*] and [\*] and [\*]; [\*] (or other [\*], if applicable) [\*]; [\*]; [\*] and [\*]; [\*]; and [\*]. In addition, all employees must provide proof of authorization to work prior to commencing work at MasterCard. For all non-U.S. personnel, MasterCard performs comparable checks, including the [\*], subject to any limitations of local laws. Personnel will not be eligible for employment if MasterCard determines they falsified identification documents, diploma, work history or personal references. Unless prohibited by law, personnel will also not be eligible for employment if their background checks identify: [\*], or [\*] or [\*] (including [\*] or [\*], or [\*]). MasterCard will contractually require its subcontractors who will have [\*] to perform comparable background checks subject to any limitations of local laws.

*(This space intentionally left blank. Signature block follows)*



IN WITNESS WHEREAS, the parties hereto have caused this Agreement to be executed as of the Effective Date in duplicate originals by their duly authorized officers, each party retaining one duplicate original hereof.

**MasterCard**

**Customer**

MasterCard International Incorporated

Green Dot Corporation

Signature: /s/ Chris A. McWilton

Signature: /s/ Steven W. Streit

Name: Chris A. McWilton

Name: Steven W. Streit

Title: President, North America

Title: CEO

Date: December 19, 2013

Date: December 12, 2013

**Schedule A – Description of Services**

**Schedule B – Fees**

**Schedule C – Service Level Standards**

**Schedule D – Project Plan and Change Control Process**

**Schedule E – Green Dot Information Security Requirements**

**Schedule F – Insurance**

**Schedule G – Disaster Recovery and Audit**

Schedule A – Description of Services

[\*]

Schedule B – Pricing

[\*]

SCHEDULE C

Service Level Standards

Monthly Service Level	Service Level Definition	Calculation	Target	Penalty
[*]. Authorization System Availability (Sev 1)	This standard is to measure the availability of authorization system services and all supporting components to authorize and process cardholder transactions. without the need for [*] on a monthly basis. The standard is [%] availability with [%] processing rate as measured end to end by [*]. So long as the [*] are due to [*].	Example: There are [*] out of [*] cardholder ATM and POS transactions (approved + declined). The calculated availability would be $1 - ([*]/[*]) * 100 =$ less than [%] will trigger penalty	[*]%	[*]% to less than [%] - [%] of transaction processing fees, Less than [%] - [%] of transaction processing fees

[\*]

[*]. Card Management System Availability (Sev 1)	This standard is to measure the availability of the card management systems used to (may be removed if it's covered in #1. Authorization System Availability) load funds and perform other cardholder maintenance on a monthly basis. The standard is [%] availability as measured as measured base on the total hours of availability per month.  NOTE: Final Service Level Standards will be determined following product design of CAMS and Base24 rules interface.	There is a [*] outage in the month. The calculated availability for the month would be $([*] \text{ in a month} - [*] / [*] \text{ in a month}) =$ less than [%] will trigger penalty	[*]%	[*]% to less than [%] - [%] of account on file fees, Less than [%] - [%] of account on file fees
--	--	---	------	--

[\*]

[*]. Reporting	<p>This standard is to measure monthly the time daily reports will be made available to Green Dot. The standard is all critical reports will be available on or before [*] Pacific Time the following [*].</p> <p>Note: [*].</p>	<p>Example: There are [*] where reports are late. This would trigger a penalty of [*]% penalty based on the monthly billing for reporting and file fees.</p>	<p>All files processed by [*] pacific time</p>	<p>[*] failures in a given month - [*]% of the file and report transmission fees, [*] or more failures in a given month [*]% of the file and report transmission fees</p>
[*]. Web Services Availability (Sev 1)	<p>This standard is to measure the availability of the web services application and all supporting components to process web services calls on a monthly basis. The standard is [*]% availability as measured based on [*] of availability per month.</p>	<p>Example: There is a [*] outage in the month. The calculated availability would be ([*] in a month - [*] / [*] in a month) = &lt;[*]% will trigger penalty</p>	<p>[*]%</p>	<p>[*]% to less than [*]% - [*]% of the web services call fees, Less than [*]% - [*]% of the web services call fees</p>

[\*]

Each "Service Level Standard" or "SLA", as identified in the chart above is expressed as a monthly average measured at the end of each calendar month during the Term. For any calendar month period, [\*] Customer shall be entitled to all penalties specified for the applicable SLA. Additionally any single incident within a calendar month which may trigger multiple SLAs failures will be [\*].

[\*]

All penalties shall be tracked by MasterCard and applied to Customer's invoice for the following calendar month in which such penalties were incurred.

Customer shall have the right to terminate this Agreement, without penalty or liability, upon at least ninety (90) days' advance written notice to MasterCard, if MasterCard fails to achieve either [\*] repeated Sev 1 targets or [\*] targets during any rolling [\*] period during the Term. For any incident that causes [\*] Sev 1 SLA breaches, [\*] Sev 1 SLA breach caused by same incident shall be counted for termination purposes. In the event Customer invokes its termination right hereunder, notification of such termination must be provided to MasterCard within [\*] following the incident which gave rise to the termination right.

If a Service Level Standard is failed and [\*], PAYMENT OF SUCH LIQUIDATED DAMAGES (IN ADDITION TO ANY TERMINATION RIGHTS SET FORTH IN SCHEDULE C) SHALL BE MASTERCARD'S SOLE AND EXCLUSIVE LIABILITY AND CUSTOMER'S SOLE AND EXCLUSIVE REMEDY ASSOCIATED WITH MASTERCARD'S FAILURE TO PERFORM IN ACCORDANCE WITH THE Service Level Standards ([\*]). In the event Customer is otherwise [\*], [\*] will be payable.

Service Level Reports

These MasterCard reporting requirements do not replace any escalation procedures defined in the Critical Incident and Escalation Procedures exhibit.

Customer requires a performance report on a monthly basis by the 15<sup>th</sup> business day following the end of each calendar month. Each report shall include the following:

- Yearly Summary - a one page report containing a [\*] summary of the performance against each SLA
- Monthly Summary - a one page report of the performance against each SLA for the prior calendar month
- Incident Summary - a listing each of the monthly processing incidents that would impact performance against a specific monthly SLA

The SLAs shall be measured beginning on the first of the calendar month immediately following the First Live Transaction Date. The penalties, however, shall only be applicable beginning on the [\*] following the First Live Transaction Date.

For example, if the First Live Transaction Date is [\*], the SLA shall be measured and reported for [\*]. The first month in which penalties would be applied would be [\*].

Excluded Outages:

[\*]

[\*]

Critical Incident and Escalation Procedures:

In the event Customer is aware of any Incident resulting in a service interruption, it shall [\*] notify MasterCard. Upon identification of an Incident, MasterCard shall open a request for service and classify the Incident, in accordance with the following Severity Levels (except as otherwise identified above). [\*]Resolution may consist of a software change, a workaround or process change to achieve normal operations. The table below identifies the target resolution of an Incident based on its severity level:

Level	Attributes	Target Service Restoral and Resolution Time	Status Report Timeframe
Severity Level 1	An Incident whose impact results in a critical IPS Service being unavailable.	[*]	[*]
Severity Level 2	An Incident whose impact on Customer’s business functions and practices is moderate.	[*]	[*]
Severity Level 3	A material issue that does not result in immediate business impact for CUSTOMER, but will eventually have a material impact on Customer’s business.	[*]	[*]

**SCHEDULE D**  
**PROJECT PLAN and Change Control Process**

**A. The Project Plan shall be mutually agreed upon by the parties and incorporated herein by reference.**

**B. Change Control Process**

The Project Plan will be the roadmap for MasterCard to deliver the Processing Services. The Project Plan will be based on the high level requirements document. This document will be agreed to by all parties and published by MasterCard. Changes to the Project Plan will be accomplished in accordance with the Change Control Procedures as described below.

MasterCard will keep the Project Plan current based on agreed upon changes. Customer or MasterCard may submit updates and changes to the Project Plan per the Change Control process.

Each party will identify its requirement needs from the other party in the Project Plan, and will otherwise provide the other party with commercially reasonable notice(s) of its need for data, information, and input. Each party as commercially reasonable, will promptly provide data, information, resources, and input to the other party as required.

Each party shall obtain for the other party all necessary file layouts, associated confidentiality protections and other information necessary for the Processing Services. The foregoing file layouts, associated confidentiality protections and all other associated necessary information must be provided per the date(s) required in the Project Plan in order for MasterCard and Customer to achieve the Project Plan milestones.

**Change Control Procedures**

In order to deliver the Processing Services in accordance with the dates in the Project Plan, Customer and MasterCard will jointly develop and mutually agree on a Project Plan. The Project Plan will be a living document, and will likely change throughout its operational period. The Project Plan will be changed through the use of a Change Control Procedure (CCP). The goals of the CCP are:

- Minor Changes can be quickly assessed and presented for decision at the lowest appropriate level
- Previously unknown or not included requirements can be captured and actioned
- Major (Material) Changes can be quickly identified and routed for formal approval

Customer and MasterCard will comply with the CCP, as described, to help ensure that changes identified during the conversion period are properly and completely identified, categorized, and managed through its ultimate disposition:

- 1) The parties will initiate a Change Control Form ("Form") should there be a need to deviate from the requirements of the Project Plan.
- 2) The Form may be completed by personnel of either party. The requirements for submitting the Form will be mutually agreed to. Each party shall appoint someone to be the single point of coordination (POC) and control point for change control who will be their person responsible for managing the CCP and coordinating with the other's POC.
- 3) All Forms (both approved and rejected) exchanged between the parties will be retained and further logged by MasterCard.
- 4) The parties will determine the procedures, estimated timing including potential impact to Project Plan dates, pricing (if applicable) and process to be used to implement approved changes as part of their review and approval process.
  - a. If the requested change is reviewed and determined to be Major/Material, the request will be elevated to appropriate senior management of each organization for approval. For purposes of this section, a change to the Project Plan milestones is deemed to be Major/Material. If the request is approved, the change will be recorded as such, and will be added to the requirements, and the Project Plan will be changed as agreed.
  - b. If the requested change is reviewed and determined to be minor, the Project Plan will be changed as agreed.



- c. If a change request is not approved by one party, and the party desirous of the change still wishes for the change to be accepted, the parties agree to work to find an acceptable alternative, and further agree to use a management escalation approach to ultimately resolve the issue.
- d. The parties' approval of the change shall be signified by each party's signature of the applicable Form. Email approval is deemed acceptable. No change shall be effective unless such Change Control Form is approved by both parties.

Sample Change Control Form

Change Request number: \_\_\_\_\_

Name of Requestor:	Name of Party to Whom Submitted:	Date Submitted:

**Change Request** (attach additional pages referencing this section as required).

Description of Change: (Requirements)
Desired Date:

**Impact Analysis** (required from both parties; Attach additional pages referencing this section as required including determination of change as major or minor).

Resource Impact:	
Cost Impact:	
Timing Impact:	
Date Response Delivered:	

**APPROVED:**

Customer Approved: \_\_\_\_\_ Date: \_\_\_\_\_

MasterCard Approved: \_\_\_\_\_ Date: \_\_\_\_\_

**REJECTED:**

Customer Rejected: \_\_\_\_\_ Date: \_\_\_\_\_

MasterCard Rejected: \_\_\_\_\_ Date: \_\_\_\_\_

**SCHEDULE E**  
**Green Dot Information Security Requirements**

**1. Security Management**

- 1.1. General. As used herein, “Customer Sensitive Data” means Confidential Information of Customer that is (i) [\*] or[\*]; (ii) [\*]; (iii) [\*]; or (iv) [\*] or[\*]. Customer Sensitive Data is deemed to be Confidential Information of Customer as that term is defined in the Agreement. Customer Sensitive Data is, and will at all times remain the property of Customer, and MasterCard will only use it in connection with the provision to Customer of services contemplated by the Agreement (the “Services”). MasterCard acknowledges and agrees that it is obligated to protect Customer Sensitive Data in compliance with the confidentiality provisions in the Agreement, or any higher standard required by applicable law.
- 1.2. MasterCard Security Policies. MasterCard shall maintain a comprehensive written security program that is designed to: (a) [\*] and [\*]; (b) [\*]; and (c) [\*] or [\*] or [\*]. MasterCard’s security program shall include [\*], and [\*] and the [\*].
- 1.3. Customer Security Assessments and Data Storage.
- 1.3.1. Customer Sensitive [\*] and the [\*].
- 1.3.2. MasterCard [\*] and [\*].
- 1.3.3. During the term of the Agreement, Customer [\*], or [\*], as specified in [\*].
- 1.4. Regulatory Authorities. MasterCard [\*]or [\*], or [\*].
- 1.5. Incident Response.
- 1.5.1. An “Incident” means [\*] including any (i) [\*], or any [\*]; (ii) [\*]; or (iii) [\*] or[\*].
- 1.5.2. MasterCard will [\*], and [\*]. If an Incident occurs, MasterCard will (i) [\*] or [\*]; (ii) [\*] and [\*]; (iii) [\*]; and (iv) [\*] and [\*] and [\*], or [\*]or [\*] and [\*] or [\*].
- 1.5.3. Upon [\*] and [\*] with respect to an Incident, MasterCard will [\*] and [\*] to [\*] (i) the [\*]; (ii) the [\*], or [\*] or [\*]; (iii) all [\*] and [\*]; and (v) all [\*].
- 1.5.4. In addition to the [\*] above, if an [\*] and [\*] and [\*], and [\*]. Each party agrees to [\*] or other [\*]. The parties will [\*], in accordance with applicable data privacy laws and regulations.

**2. Telecommunication and Network Security**

- 2.1. General. To the extent MasterCard is required to maintain a telecommunication connection to Customer’s system in order to provide Services under the Agreement, MasterCard will [\*] and [\*].
- 2.2. Disconnecting Access. To the extent MasterCard is required to maintain a telecommunication connection to Customer’s system in order to provide Services under the Agreement, Customer [\*], if it occurs, will not [\*] and is without [\*].

**3. Storage, Handling, and Disposal**

- 3.1. Data Disposal. MasterCard will [\*] or [\*] and any other [\*] or [\*] or [\*] or [\*].
- 3.2. Physical Form Data. [\*], and MasterCard will [\*] and [\*] both (i) [\*] and [\*], and (ii) [\*], at minimum, [\*] as well as the [\*], and [\*].

3.3. Shipments. MasterCard will [\*]or [\*]. MasterCard will [\*] and [\*] (e.g., [\*]).

4. **PCI DSS Compliance**

4.1. Prior to [\*], MasterCard will [\*].

4.2. MasterCard will [\*] and [\*] during the term of the Agreement. MasterCard's [\*]. This requirement will survive beyond the term of the Agreement until MasterCard [\*] or [\*], or [\*].

4.3. In the event MasterCard [\*], MasterCard shall [\*] and [\*] and [\*].

5. **SSAE 16 Reporting**

5.1. [\*], MasterCard will [\*] or [\*].

5.2. MasterCard's [\*] in accordance with this section [\*].

5.3. [\*] will survive beyond the term of the Agreement until MasterCard [\*], or [\*] or [\*].

**Schedule F  
Insurance**

At all times during the Term, MasterCard will carry the following insurance coverage with respective limits of not less than the minimum amounts set forth below with reputable insurance companies with A.M. Best ratings of “A” or better:

<b>Insurance Type</b>	<b>Insurance Amount</b>
a. Worker’s Compensation	[*]
b. Employer’s Liability	[*]
c. General Liability	[*]
d. Automobile Liability	[*]
e. Professional Liability/Errors & Omissions (Technology E&O)	[*]
f. Umbrella/Excess Liability	[*]

MasterCard shall [\*] and [\*]. MasterCard shall [\*] with respect to [\*].

**Schedule G**  
**Disaster Recovery and Audit**

1. Disaster Recovery. MasterCard has created and shall maintain and comply with a comprehensive disaster recovery and business continuity plan (“DR/BC Plan”), which is in line with FFIEC guidelines through which it shall be able to perform all its obligations under this Agreement with minimal disruptions or delays. MasterCard’s DR/BC Plan shall be tested [\*], MasterCard will notify Customer at least [\*] in advance of any testing and Customer may request to participate in such testing. Upon Customer’s request, MasterCard agrees to provide Customer a written certification that the DR/BC Plan successfully completed testing. Customer may request from time to time that MasterCard make available for Customer’s on-site (at MasterCard’s offices) review of documentation and information reasonably necessary to enable Customer to comply with applicable regulations of the Federal Reserve Board, FDIC, and any other applicable regulatory agency or law or as otherwise reasonably necessary for disaster recovery. Within [\*] after each such request, MasterCard will notify Customer whether such request has been approved or denied (which approval shall not be unreasonably withheld). If MasterCard denies such request, Customer may initiate dispute escalation or otherwise escalate its request to the appropriate MasterCard executive contact. Customer acknowledges that it may not make nor retain any copies of such documentation in any media or format, unless otherwise agreed by MasterCard. MasterCard shall provide prompt notice to Customer in the event a third party FFIEC audit of the DR/BC Plan identifies a material concern. During Customer’s review conducted in accordance with Section 2.2, MasterCard shall provide updates in the event there are material changes to its Standardized Information Gathering (SIG) Questionnaire or Customer’s Business Continuity Department (BCD) Vendor Questionnaire. MasterCard’s recovery time objective ( RTO ) under the DR/BC Plan shall be [\*]. MasterCard will maintain adequate backup procedures in order to recover Customer’s data to the point of the last available good backup, with a recovery point objective ( RPO ) allowing only for loss of transactions which had been swiped but not yet authorized.
2. Audit.
  - 1.1 Each party shall have the right, during the Term of this Agreement and for [\*] thereafter, upon reasonable notice and during normal business hours, to provide review of substantiating data to verify accuracy of payment or charging of fees or other obligations of this Agreement that may impact financial obligations, which review shall occur no more than [\*].
  - 1.2 In accordance with the terms of this provision, MasterCard shall, upon [\*], and no more than [\*] host a [\*] for Green Dot and its issuing banks (or MasterCard reserves the right to charge Customer in the event such frequency is exceeded), to examine and verify MasterCard’s compliance with its obligations under this Agreement with respect to (i) [\*]. Such examination and verification activities may include a review of relevant MasterCard books, records, policies and procedures and the conducting of information security assessments (“ISA”) of MasterCard and of MasterCard’s practices and procedures. The ISAs may consist of (i) [\*] or [\*], or (ii) [\*] or [\*], and (iii) [\*] and [\*] or [\*], or [\*]. Customer will schedule and conduct such [\*] in a manner that does not unreasonably interfere with MasterCard’s business operations. Control testing and auditing of information security systems shall not be permitted; provided, however, that MasterCard shall provide Customer, upon request during the ISA and no more than [\*], in accordance with this Section 2.2, information as to the existence and performance of any such controls. MasterCard reserves the right at its sole discretion to determine what information may be publicly released by Customer in order to avoid disclosure of any sensitive or proprietary information. Should the findings of an ISA disclose or indicate security problems or concerns, Customer will detail such findings in a notice to MasterCard. MasterCard will consider the recommendations from Customer and, as determined in MasterCard’s reasonable discretion, implement such recommendations and provide to

Customer a date for implementation. Customer acknowledges that the findings of any ISA shall be deemed to be MasterCard's Confidential Information; provided however, the Customer shall be entitled to distribute and use the findings of any ISA in order to show compliance with its applicable laws or regulations or data security policies to any Affiliate, auditor or regulator. MasterCard represents and warrants that Customer may rely on MasterCard's annual public financial statements and security and compliance audits provided by MasterCard and/or its independent auditor related to its SSAE 16 audit reports. MasterCard further acknowledges and agrees that Customer regulators may audit MasterCard as provided under and in accordance with applicable laws.

- 2.3 MasterCard will engage, at its expense, an unrelated, nationally recognized certified public accounting firm to conduct reviews of MasterCard's general controls and practices associated with MasterCard's facilities and its contractors facilities engaged in providing the Processing Services, as well as the controls associated with the IPS Platform. The scope of the audit shall include an examination of the record keeping system and other equipment and software used by MasterCard. Such reviews shall be performed at such frequency and times as MasterCard shall determine, but shall be performed at least [\*]. Within [\*] of Customer's request, MasterCard shall provide Customer with a copy of each report [\*]. All such reviews shall comply with American Institute of Certified Public Accountants SSAE 16 standards, and the reports obtained shall be of the type generally referred to as type "2" (or equivalent subsequent industry report), which includes an opinion on the operating effectiveness of MasterCard's controls, or such other standards as are mutually agreed by the parties. If the audit reveals that the Processing Services provided by MasterCard do not cause MasterCard's operations to meet the auditor's recommendation, then MasterCard shall take such actions as are necessary to bring its operations into conformance with the auditor's recommendations to such level and degree, at no cost to Customer.

## TRANSITIONAL ADVISORY AGREEMENT

This Transitional Advisory Agreement (this “*Agreement*”) is entered into as of March 2, 2017, by and between Konstantinos Sgoutas (“*you*”) and Green Dot Corporation (the “*Company*”), collectively referred to herein as the “*Parties*”.

### RECITALS

WHEREAS, you have been employed by the Company as its Chief Revenue Officer, and you and the Company now wish to effect a Separation of your employment relationship;

WHEREAS, your last day of employment with the Company will be March 1, 2017, and you and the Company agree that you will continue service with the Company as an independent contractor for a period of time following your last day of employment;

WHEREAS, you and the Company wish to set forth in writing the terms of your service with the Company as an independent contractor, and the Company wishes to receive from you a general release of all claims against the Company;

WHEREAS, the Parties, and each of them, wish to resolve any and all disputes, claims, complaints, grievances, charges, actions, petitions and demands that you may have against the Company as defined herein, including, but not limited to, any and all claims arising or in any way related to your employment with, or separation from, the Company, and you and the Company desire to embody in this Agreement the terms, conditions and benefits to be provided in connection with your termination of employment with the Company;

NOW THEREFORE, in consideration of the promises made herein, the Parties hereby agree as follows:

### AGREEMENT

#### A. Separation

1. **Separation Date.** Your Separation will be March 1, 2017 (your “*Separation Date*”). The Company shall pay to you all amounts and benefits that have accrued or were earned but remain unpaid through your Separation Date in respect of salary, bonus and unreimbursed expenses, including accrued and unused vacation, on the Separation Date, regardless of whether you sign this Agreement; provided, however, that any amounts payable to you pursuant to the Company’s 2016 Executive Officer Incentive Bonus Plan (the “*2016 Bonus Plan*”) shall be paid to you at the same time payments thereunder are made to other participants under the 2016 Bonus Plan. For purposes of this Agreement, “*Separation*” means your termination of employment with the Company.

2. **Consideration for Release.** Subject to your compliance with the terms and conditions of this Agreement, and provided you deliver to the Company this signed Agreement and satisfy all conditions to make the Release effective within sixty (60) days following your Separation (such sixty (60) day period, the “*Release Period*”), the Company shall provide you with good and valuable consideration, including, but not limited to, the payments set forth under this Agreement, as compensation for the Release set forth herein.



## B. Terms of Advisory Service

Subject to your execution of this Agreement and the effectiveness of the Release set forth herein within the Release Period, your service with the Company during the Advisory Period shall be subject to the terms set forth below.

1. **Advisory Period.** You will serve as an independent contractor of the Company for the ten (10) month period commencing March 1, 2017 and ending on December 31, 2017, or such shorter period than 10 months if you decide to terminate this Agreement in writing beforehand (the “**Advisory Period**”). For the avoidance of doubt, in the event you terminate this Agreement, any then unpaid amounts set forth in Section 3(a) below shall terminate, and you shall not be entitled to any further payments set forth in Section 3 below.

2. **Services.** During the Advisory Period you shall provide consulting and advisory services to the Company’s Chief Executive Officer, at a rate no greater than twenty (20) hours per month (the “**Services**”). You shall provide the Services as an independent contractor of the Company and nothing in this Agreement will be construed as creating a joint venture relationship or an employer/employee/agency relationship between you and the Company.

### 3. **Advisory Period Compensation.**

(a) **Fee.** During the Advisory Period you shall receive a monthly payment equal to the quotient of (i) \$733,333.00 divided by (ii) ten (10) (the “**Fee**”). The Fee will be paid at the end of the month to which your service relates.

(b) **Lump Sum Payment.** In addition to the Fee, you will be paid a lump sum payment equal to \$73,333, which will be payable within fourteen (14) days of the Effective Date of the Release.

(c) **COBRA Benefit.** Subject to your timely and proper election of coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended (“**COBRA**”), your then-effective group health benefits for you and your COBRA-eligible dependents shall be continued at the Company’s cost for all premiums under COBRA (the monthly cost of such premiums, the “**COBRA Premium**”) for ten (10) months (the “**Non-Cash COBRA**”), provided that, if the Company determines that it cannot provide the Non-Cash COBRA without potentially violating applicable law or incurring additional expense under applicable law (including, without limitation, Section 2716 of the Public Health Service Act), the Company will provide you, in lieu thereof, taxable, continued installment payments equal to the COBRA Premium for 10-months (measured from the date of Separation), which payments will be made regardless of whether you elect COBRA continuation coverage (the “**Cash COBRA**”). Notwithstanding the foregoing, the number of months of Cash COBRA to be paid, in any case, shall be reduced by the number of months of Non-Cash COBRA previously paid by the Company.

Notwithstanding any provision to the contrary, payment of the amounts set forth in Section 3 above shall (i) be subject to any applicable six (6) month delay that may be required under Section 409A.

You shall not be entitled to payment of any then-earned and unpaid portion of the amounts provided under this Section 3 upon termination (i) by the Company for Cause, (ii) by you of your consulting services under this Agreement prior to the end of the Advisory Period for any reason, or (iii) due to your death or disability.

You acknowledge and agree that your strict compliance with the terms of this Agreement, including Section 6 below, is a condition to your receipt of any consideration pursuant to the terms of this Agreement. You further acknowledge and agree that in the event of any breach of your obligations under this Agreement, the Company shall, in its sole and absolute discretion, be entitled to refrain from making any payment of amounts provided under this Section 3 that may be due but have not yet been paid, until such time as you have fully cured any such breach(es) to the satisfaction of the Company.

For purposes hereof, “**Cause**” means any of the following: (i) your conviction of or plea of nolo contendere to a felony; (ii) an act by you which constitutes gross misconduct in the performance of your obligations and duties hereunder; (iii) your act of fraud against the Company or any of its affiliates; (iv) your theft or misappropriation of property (including, without limitation, intellectual property) of the Company or its affiliates; (v) material breach by you of any confidentiality agreement with, or duties of confidentiality to, the Company or any of its affiliates that involves your wrongful disclosure of material confidential or proprietary information (including, without limitation, trade secrets or other intellectual property) of the Company or any of its affiliates.

#### **4. Company Equity Awards.**

(a) **Continuation of Service.** The parties hereto intend that you will not incur a break in service for purposes of providing services to the Company under the Company’s 2010 Plan with respect to your termination as an employee and commencement of services as an independent contractor hereunder; and the treatment of your awards under the Company’s 2010 Plan be treated as set forth in Sections 4(b), 4(c) and 4(d) below.

(b) **Company Options.** Your Company stock options granted to you April 3, 2013 and April 8, 2013 (the “**Company Options**”) will continue to vest in accordance with their applicable vesting schedule, subject to your continued service with the Company and the terms and conditions of the Company’s 2010 Plan and the applicable written award agreement governing your Company Options; **provided, however,** that, notwithstanding the foregoing, or any provision to the contrary set forth in the Company’s 2010 Plan or the applicable written award agreement governing your Company Options, you acknowledge and agree that the vesting of your Company Options shall cease on the earlier of (a) April 15, 2017; (b) termination by you of your consulting services under this Agreement for any reason (including death or disability); and (c) termination of your services by the Company for Cause or due to your death or disability; and any then unvested Company Options shall be forfeited by you, and you shall have no right, claim or entitlement to such shares.

#### **(c) Company Time-Based Restricted Stock Units.**

(a) **October 1, 2014 TRSU.** Effective as of the Certification Date (as defined below), you shall accelerate in vesting as to 11,420 shares subject to the time-based restricted stock unit granted to you on October 1, 2014 (the “**October 2014 TRSU**”), and any then unvested shares subject to your October 2014 TRSU shall be forfeited by you, and you shall have no right, claim or entitlement to such shares.

(ii) **October 1, 2013 TRSU.** With respect to the TRSUs granted to you on October 1, 2013 (the “**October 2013 TRSU**”) you agree that with respect to all of the shares subject to the October 2013 TRSU that have not vested and settled as of March 1, 2017 shall be forfeited by you, and you shall have no right, claim or entitlement to such shares.

(a) **Company Performance-Based Restricted Stock Units.**

(i) March 31, 2015 PRSU. With respect to the performance-based restricted stock units granted to you on March 31, 2015 (the “**2015 PRSU**”) you agree that with respect to all of the shares subject to the 2015 PRSU shall be forfeited by you, and you shall have no right, claim or entitlement to such shares.

(ii) March 25, 2016 PRSU. With respect to the performance based restricted stock units granted to you on March 25, 2016 (the “**2016 PRSU**”), subject to your continued service with the Company and the terms and conditions of the Company’s 2010 Plan and the applicable written award agreement governing your 2016 PRSU, the Compensation Committee of the Company’s Board of Directors (the “**Committee**”) will determine, based on the performance metric applicable to the 2016 PRSU, the extent to which shares subject to the 2016 PRSU will vest and become settled in accordance with the terms and conditions of the 2016 PRSU and, pursuant to the terms of the 2016 PRSU, any such shares will settle upon the date of certification by the Compensation Committee of the Earnings Per Share (as defined in the 2016 PRSU) generated by the Company for the Performance Period (as defined in the 2016 PRSU) (the “**Certification Date**”). For the avoidance of doubt, not more than twenty-five percent (25%) of the shares determined by the Committee to be subject to the 2016 PRSU (based on achievement of the performance metric for 2016 thereunder) can become vested and settled in 2017. You agree that with respect to the number of shares subject to your 2016 PRSU that become vested and settled in 2017 (if any), the remaining shares subject to the 2016 PRSU that thereafter become time-vested based on your continued service shall be forfeited by you, and you shall have no right, claim or entitlement to such shares.

**5. Advisory Period Covenants.**

(a) **Non-Competition.** During the Advisory Period, without the written consent of the Company, you will not become employed by (as an officer, director, employee, consultant or otherwise), involved or engaged in, or otherwise commercially interested in or affiliated with (other than as a less than 5% equity owner of any corporation traded on any national, international or regional stock exchange or over-the-counter market) any person or entity that competes with the Company or an affiliate thereof (together, the “**Company Group**”) in the business of providing pre-paid debit cards, cash reload processing services, tax refund processing services or checking account products (the “**Business**”). Notwithstanding the foregoing, you may work for a division, entity or subgroup of a company or entity that engages in the Business so long as such division, entity or subgroup does not engage in the Business.

(b) **Non-Solicitation of Clients and Customers.** During the Advisory Period, without the written consent of the Company, you will not solicit or attempt to solicit, for competitive purposes, the business of any of the clients or customers of any member of the Company Group, or otherwise induce such customers or clients or prospective customers or clients to reduce, terminate, restrict, or alter their business relationship with any member of the Company Group in any fashion.

(c) **Non-Solicitation of Employees.** During the Advisory Period and for a period of one (1) year thereafter, without the written consent of the Company, you will not induce or attempt to induce any employee of any member of the Company Group to leave the employment of the Company Group. Notwithstanding the foregoing, for purposes of this Agreement, the placement of general advertisements that may be targeted to a particular geographic or technical area but that are not specifically targeted toward employees of the Company or its successor assigns shall not be deemed to be a breach of this Section 6.

### C. Release.

In consideration of the payments and benefits provided and to be provided to you by the Company under this Agreement, and in connection with your Separation by your signature below you agree to the following general release (the “**Release**”).

1. On behalf of yourself, your heirs, executors, administrators, successors, and assigns, you hereby fully and forever generally release and discharge the Company, its current, former and future parents, subsidiaries, affiliated companies, related entities, employee benefit plans, and their fiduciaries, predecessors, successors, officers, directors, shareholders, agents, employees and assigns (collectively, for purposes of this Section C, the “**Company**”) from any and all claims, causes of action, and liabilities up through the date of your execution of this Release. The claims subject to this Release include, but are not limited to, those relating to your employment with the Company and/or any predecessor to the Company and the termination of such employment. All such claims (including related attorneys’ fees and costs) are barred without regard to whether those claims are based on any alleged breach of a duty arising in statute, contract, or tort. This expressly includes waiver and release of any rights and claims arising under any and all laws, rules, regulations, and ordinances, including, but not limited to: Title VII of the Civil Rights Act of 1964; the Older Workers Benefit Protection Act; the Americans With Disabilities Act; the Age Discrimination in Employment Act; the Fair Labor Standards Act; the National Labor Relations Act; the Family and Medical Leave Act; the Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”); the Workers Adjustment and Retraining Notification Act; the California Fair Employment and Housing Act (if applicable); the provisions of the California Labor Code (if applicable); the Equal Pay Act of 1963; and any similar law of any other state or governmental entity. You further waive any rights under Section 1542 of the Civil Code of the State of California or any similar state statute. Section 1542 states: “A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which, if known to him or her, must have materially affected his or her settlement with the debtor.” This Release does not extend to, and has no effect upon, any benefits that have accrued, and to which you have become vested or otherwise entitled to, under any employee benefit plan, program or policy sponsored or maintained by the Company, or to your right to indemnification by the Company, and continued coverage by the Company’s director’s and officer’s liability insurance policy, to any claim that arises after the date of this Agreement or to any right you may have to obtain contribution as permitted by law in the event of entry of judgment against you as a result of any act or failure to act for which the Company, or any of its subsidiaries or affiliates, and you are held jointly liable.

2. In understanding the terms of the Release and your rights, you have been advised to consult with an attorney of your choice prior to executing the Release. You understand that nothing in the Release shall prohibit you from exercising legal rights that are, as a matter of law, not subject to waiver such as: (a) your rights under applicable workers’ compensation laws; (b) your right, if any, to seek unemployment benefits; (c) your right to indemnity under California Labor Code section 2802 or other applicable state-law right to indemnity; and (d) your right to file a charge or complaint with a government agency such as but not limited to the Equal Employment Opportunity Commission, the National Labor Relations Board, the Department of Labor, the California Department of Fair Employment and Housing, or other applicable state agency. Moreover, you will continue to be indemnified for your actions taken while employed by the Company to the same extent as other then-current or former directors and officers of the Company under the Company’s Certificate of Incorporation and Bylaws and any director or officer indemnification agreement between you and the Company, if any, and you will continue to be covered by the Company’s director’s and officer’s liability insurance policy as in effect from time to time to the same extent as other then-current or former directors and officers of the Company, each subject to the requirements of the laws of the State of California.

3. You understand and agree that the Company will not provide you with the payments and benefits under this Agreement unless you execute the Release. You also understand that you have received or will receive, regardless of the execution of the Release, all wages owed to you together with any accrued but unused vacation pay, less applicable withholdings and deductions, earned through your termination date.

4. As part of your existing and continuing obligations to the Company, you have returned to the Company all Company documents (and all copies thereof) and other Company property that you have had in your possession at any time, including but not limited to the Company's files, notes, drawings, records, business plans and forecasts, financial information, specification, computer-recorded information, tangible property (including, but not limited to, computers, laptops, pagers, etc.), credit cards, entry cards, identification badges and keys; and any materials of any kind which contain or embody any proprietary or confidential information of the Company (and all reproductions thereof). You understand that, even if you did not sign the Release, you are still bound by any and all confidential/proprietary/trade secret information, non-disclosure and inventions assignment agreement(s) signed by you in connection with your employment with the Company, or with a predecessor or successor of the Company pursuant to the terms of such agreement(s). Notwithstanding the foregoing, you may retain during the Advisory Period any company-provided cell phone or laptop in order to provide services to the Company, but you agree to return such cell phone and laptop computer upon the termination or completion of the Advisory Period. In addition, the Company reserves the right to review and erase any company confidential information that may be contained on the Company-provided cell phone and laptop computer.

5. You represent and warrant that you are the sole owner of all claims relating to your employment with the Company and/or with any predecessor of the Company, and that you have not assigned or transferred any claims relating to your employment to any other person or entity.

6. You agree to keep the payments and benefits provided hereunder and the provisions of this Release confidential and not to reveal its contents to anyone except your lawyer, your spouse or other immediate family member, and/or your financial consultant, or as required by legal process or applicable law.

7. You understand and agree that the Release shall not be construed at any time as an admission of liability or wrongdoing by either the Company or yourself.

8. You agree that you will not make any negative or disparaging statements or comments, either as fact or as opinion, about the Company, its employees, officers, directors, shareholders, vendors, products or services, business, technologies, market position or performance. The Company (including its subsidiaries and affiliates) agrees that its then current executive officers and members of its Board of Directors will not make any negative or disparaging statements or comments, either as fact or as opinion, about you (or authorizing any statements or comments to be reported as being attributed to the Company). Nothing in this paragraph shall prohibit you or the Company from providing truthful information in response to a subpoena or other legal process.

9. You agree that you have had at least twenty-one (21) calendar days in which to consider whether to execute the Release, no one hurried you into executing the Release during that period, and no one coerced you into executing the Release. You understand that the offer of the payments and benefits hereunder and the Release shall expire on the twenty-second (22nd) calendar day after your employment termination date if you have not accepted it by that time. You further understand that the Company's obligations under the Release shall not become effective or enforceable until the eighth (8th) calendar day after the date you sign the Release provided that you have timely delivered it to the Company (the "**Effective Date**") and that in the seven (7) day period following the date you deliver a signed copy of the Release to

the Company you understand that you may revoke your acceptance of the Release. You understand that the payments and benefits under this Agreement will become available to you at such time after the Effective Date.

10. In executing the Release, you acknowledge that you have not relied upon any statement made by the Company, or any of its representatives or employees, with regard to the Release unless the representation is specifically included herein. Furthermore, the Release contains our entire understanding regarding eligibility for payments and benefits and supersedes any or all prior representation and agreement regarding the subject matter of the Release. However, the Release does not modify, amend or supersede written Company agreements that are consistent with enforceable provisions of this Release such as your proprietary information and invention assignment agreement, and any stock, stock option and/or stock purchase agreements between the Company and you. Once effective and enforceable, this agreement can only be changed by another written agreement signed by you and an authorized representative of the Company.

#### **D. General Terms**

1. **Section 280G; Parachute Payments.** In the event that the payments provided for in this Agreement or otherwise payable or provided to you constitute “parachute payments” within the meaning of Section 280G of the Code, then:

(a) **Determination.** For purposes of the immediately following paragraph related to Section 280G of the Code, unless the Company and you otherwise agree in writing, the determination of your excise tax liability and the amount required to be paid shall be made in writing by an accountant chosen by the Company, which shall be from one of the six largest national accounting firms (an “*Accountant*”). For purposes of its calculations, the Accountant may make reasonable assumptions and approximations concerning applicable taxes and may rely on interpretations of the Code for which there is a “substantial authority” tax reporting position. The Company and you shall furnish to the Accountant such information and documents as the Accountant may reasonably request in order to make its determinations. The Company shall bear all costs the Accountant may reasonably incur in connection with any calculations contemplated hereunder. The Accountants shall provide their calculations, together with detailed supporting documentation, to the Company and you within thirty (30) calendar days after the date on which the Accountants have been engaged to make such determinations or such other time as requested by the Company or you. Any good faith determinations of the Accountants made hereunder shall be final, binding and conclusive upon the Company and you.

(b) **Company’s Securities Tradable; Best Results Reduction.** In the event the Company’s securities are Tradable, if any parachute payments will be subject to the excise taxes under Section 4999 of the Code, then the parachute payments will be payable to you either in full or in such lesser amounts as would result, after taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999, on your receipt on an after-tax basis of the greatest amount of payments and other benefits, by reducing payments in the following order: first a pro rata reduction of (i) cash payments subject to Section 409A of the Code as deferred compensation and (ii) cash payments not subject to Section 409A of the Code, and second a pro rata cancellation of (i) equity award compensation subject to Section 409A of the Code as deferred compensation and (ii) equity award compensation not subject to Section 409A of the Code (the “*Best Results Reduction*”). In the event that acceleration of vesting of equity award compensation is to be reduced, such acceleration of vesting shall be cancelled in the reverse order of the date of grant. “*Tradable*” means “readily tradable on an established securities market or otherwise,” as described in Section 1.280G-1, Q/A-6 of the Treasury Regulations under Section 280G of the Code.

2. **Section 409A.** To the extent (a) any payments to which you become entitled under this Agreement, or any agreement or plan referenced herein constitute deferred compensation subject to Section 409A of the Code and (b) you are deemed at the time of such termination of employment to be a “specified” employee under Section 409A of the Code, then such payment or payments will not be made or commence until the earlier of (i) the expiration of the six (6)-month period measured from the date of your Separation and (ii) the date of your death following such separation from service; provided, however, that such deferral will be effected only to the extent required to avoid adverse tax treatment to you, including (without limitation) the additional twenty percent (20%) tax for which you would otherwise be liable under Section 409A(a)(1)(B) of the Code in the absence of such deferral. Upon the expiration of the applicable deferral period, any payments which would have otherwise been made during that period (whether in a single sum or in installments) in the absence of this paragraph will be paid to you or your beneficiary in one lump sum (without interest).

To the extent that any provision of this Agreement is ambiguous as to its exemption or compliance with Section 409A, the provision will be read in such a manner so that all payments hereunder are exempt from Section 409A to the maximum permissible extent, and for any payments where such construction is not tenable, that those payments comply with Section 409A to the maximum permissible extent. To the extent any payment under this Employment Agreement may be classified as a “short-term deferral” within the meaning of Section 409A, such payment will be deemed a short-term deferral, even if it may also qualify for an exemption from Section 409A under another provision of Section 409A.

Payments pursuant to this Agreement (or referenced in this Agreement) are intended to constitute separate payments for purposes of Section 1.409A-2(b)(2) of the regulations under Section 409A.

Notwithstanding the foregoing, in the event the Company determines that any compensation or benefits payable under this Agreement may be subject to Section 409A, the Company will work in good faith with you to adopt such amendments to this Agreement, or to adopt such policies and procedures or take such other actions that the Company determines are necessary or appropriate, to avoid the imposition of taxes under Section 409A.

3. **Confidential Information and Other Company Policies.** You will be bound by and comply fully with the Company’s standard confidentiality agreement (a form of which was been provided to you), insider trading policy, code of conduct, and any other policies and programs adopted by the Company regulating the behavior of its service providers, as such policies and programs may be amended from time to time.

4. **Business Expense Reimbursement.** You will be reimbursed, in accordance with the Company’s expense reimbursement policy, for all business expenses reasonably and necessarily incurred by you in connection with your provision of the Services to the Company.

5. **Employee Inventions and Confidentiality Agreement.** You acknowledge and agreement that you continue to be bound by the Employee Inventions and Confidentiality Agreement (the “*Employee Inventions and Confidentiality Agreement*”) previously entered into by and between you and the Company as a condition of your service.

6. **Withholding.** Sums payable to you hereunder shall be paid without deduction and withholding, and you shall be solely responsible for remittance of any and all taxes due as a self-employed person.

7. **Severability.** If any term, covenant, condition or provision of this Agreement or the application thereof to any person or circumstance shall, at any time, or to any extent, be determined invalid or unenforceable, the remaining provisions of this Agreement shall not be affected thereby and shall be deemed valid and fully enforceable to the extent permitted by law.

8. **Successors; Assignment.** The rights and obligations of the Company under this Agreement shall inure to the benefit of and be binding upon the successors and assigns of the Company. Your rights and obligations hereunder are non-assignable. The Company may assign its rights and obligations to any entity in which the Company or an entity affiliated with the Company, has a majority ownership interest.

9. **Notices.** Notices and all other communications contemplated by this Agreement shall be in writing and shall be deemed to have been duly given when personally delivered or when mailed by U.S. registered or certified mail, return receipt requested and postage prepaid. Notices or other communication directed to you shall be addressed to your home address most recently communicated to the Company in writing. Notices or other communication directed to the Company shall be addressed to the Company's corporate headquarters and directed to the attention of the Board.

10. **Entire Agreement; Agreement Provisions Modified.** This Agreement, including the Employee Inventions and Confidentiality Agreement, sets forth the terms of your service with the Company and supersedes any prior representations or agreements, whether written or oral. This Agreement may not be modified or amended except by a written agreement signed by you and an authorized officer of the Company.

11. **Arbitration and Class Action Waiver.** You and the Company agree to submit to mandatory binding arbitration any and all claims arising out of or related to your service with the Company and the termination thereof, including, but not limited to, claims for unpaid wages, wrongful termination, torts, stock or stock options or other ownership interest in the Company, and/or discrimination (including harassment) based upon any federal, state or local ordinance, statute, regulation or constitutional provision, except that each party may, at its, his or her option, seek injunctive relief in court related to the improper use, disclosure or misappropriation of a party's private, proprietary, confidential or trade secret information (collectively, "**Arbitrable Claims**"). Further, to the fullest extent permitted by law, you and the Company agree that no class or collective actions can be asserted in arbitration or otherwise. All claims, whether in arbitration or otherwise, must be brought solely in your or the Company's individual capacity, and not as a plaintiff or class member in any purported class or collective proceeding. Nothing in this Arbitration and Class Action Waiver section, however, restricts your right, if any, to file in court a representative action under California Labor Code Sections 2698, et seq.

SUBJECT TO THE ABOVE PROVISIO, THE PARTIES HEREBY WAIVE ANY RIGHTS THEY MAY HAVE TO TRIAL BY JURY IN REGARD TO ARBITRABLE CLAIMS. THE PARTIES FURTHER WAIVE ANY RIGHTS THEY MAY HAVE TO PURSUE OR PARTICIPATE IN A CLASS OR COLLECTIVE ACTION PERTAINING TO ANY ARBITRABLE CLAIMS BETWEEN YOU AND THE COMPANY.

This Agreement does not restrict your right to file administrative claims you may bring before any government agency where, as a matter of law, the parties may not restrict your ability to file such claims (including, but not limited to, the National Labor Relations Board, the Equal Employment Opportunity Commission and the Department of Labor). However, the parties agree that, to the fullest extent permitted by law, arbitration shall be the exclusive remedy for the subject matter of such administrative claims. The arbitration shall be conducted in Los Angeles County, California through JAMS before a single neutral arbitrator, in accordance with the JAMS employment arbitration rules then in effect. The JAMS rules may be found and reviewed at



<http://www.jamsadr.com/rules-employment-arbitration>. If you are unable to access these rules, please let the Company know and the Company will provide you with a hardcopy. The arbitrator shall issue a written decision that contains the essential findings and conclusions on which the decision is based. In the event of arbitration relating to this Agreement or your service with the Company, each of you and the Company will bear its own costs, including, without limitation, attorneys' fees.

**12. Choice of Law.** This Agreement is made and entered into in the State of California, and shall in all respects be interpreted, enforced and governed by and under the laws of the State of California (but not including any choice of law rule thereof that would cause the laws of another jurisdiction to apply).

**13. Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together will constitute one and the same instrument.

**[SIGNATURE PAGE TO TRANSITIONAL ADVISORY AGREEMENT FOLLOWS]**

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the respective dates set forth below.

Green Dot Corporation

Dated: 3/2/17

By: /s/ Steven W. Streit  
Steven W. Streit, Chief Executive Officer

Konstantinos Sgoutas, an individual

Dated: 3/2/17

/s/ Konstantinos Sgoutas  
Konstantinos Sgoutas

**[SIGNATURE PAGE TO TRANSITIONAL ADVISORY AGREEMENT]**







