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GDOT - Q4 2014 Green Dot Corp Earnings Call

EVENT DATE/TIME: JANUARY 29, 2015 / 10:00PM GMT

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CORPORATE PARTICIPANTS

Chris Mammone *Green Dot Corporation - VP of IR*

Steve Streit *Green Dot Corporation - Chairman & CEO*

Grace Wang *Green Dot Corporation - CFO*

CONFERENCE CALL PARTICIPANTS

Mark Palmer *BTIG - Analyst*

Ramsey El-Assal *Jefferies & Company - Analyst*

Tai DiMaio *Keefe, Bruyette & Woods, Inc. - Analyst*

Reggie Smith *JPMorgan - Analyst*

David Scharf *JMP Securities - Analyst*

Mike Grondahl *Piper Jaffray & Co. - Analyst*

Matt Lipton *Autonomous Research LLP - Analyst*

Ashish Sabadra *Deutsche Bank - Analyst*

Tulu Yunus *Nomura Securities - Analyst*

PRESENTATION

Operator

Good day, and welcome to the Green Dot Corporation fourth-quarter 2014 earnings conference call and webcast. Please note, this event is being recorded. I would now like to turn the conference over to Mr. Chris Mammone, VP of Investor Relations for Green Dot. Mr. Mammone, you may begin.

Chris Mammone - *Green Dot Corporation - VP of IR*

Thank you. Good afternoon, everyone. On today's call, Steve Streit, our Chairman and Chief Executive Officer and Grace Wang, our Chief Financial Officer, will discuss 2014 fourth-quarter and full-year performance and thoughts regarding our 2015 outlook. Following these remarks, we will open the call for questions. For those of you that have not yet accessed the earnings press release and the slide presentation that accompanies this call and webcast, they can be found at ir.greendot.com.

Additional operational data have been provided in a supplemental table within our press release. As a reminder, our comments include forward-looking statements about, among other things, our expectations regarding future results and performance. Please refer to the cautionary language in the earnings release and in Green Dot filings with the Securities and Exchange Commission, including the Q3 Form 10-Q that we filed on November 7, 2014, for additional information concerning factors that could cause actual results to differ materially from the forward-looking statements.

During the call, we will make references to financial measures that do not conform to generally accepted accounting principles. This information may be calculated differently than similar non-GAAP data presented by other companies. Quantitative reconciliations of our non-GAAP financial information to their most directly comparable GAAP financial information appears in today's press release and in the appendix of the presentation that accompanies this call. The contents of this call is property of Green Dot Corporation and subject to copyright protection. With that, I'd like to turn the call over to Steve.

Steve Streit - *Green Dot Corporation - Chairman & CEO*

Okay. Thank you, Chris. Welcome, everyone. On the call today, we'll discuss our Q4 and full year 2014 results and bring you up to date on our business. Of course, we will also announce our 2015 guidance. For the main body of today's call, we are going to take you through a new deck called, Today's Green Dot. The deck is designed to help you better understand the larger and more diversified Green Dot of today. You can find the deck on our IR site or just shoot Chris Mammone an e-mail and he'll get one out to you right now.

We're excited to tell you about Today's Green Dot because we feel like we've made tremendous progress over the past few years in transitioning Green Dot from a mono-line prepaid card program manager with a large reliance on one private label program into a large-scale FinTech powered branchless bank with multiple products, multiple channels and no one program forecast to represent more than around 30% of our non-GAAP total operating revenues, nor more than around 15% of our adjusted EBITDA in 2015.

Okay. So first let's begin with the financial review. In Q4, Green Dot posted non-GAAP total operating revenues of $153 million representing growth of 6% year-over-year in the quarter. Adjusted EBITDA growth was quite a bit more robust with $26 million of adjusted EBITDA being generated in the quarter, representing year-over-year growth of 47%.

Looking at our full financial results for the year, both our revenue and adjusted EBITDA results reflect new Company records. We posted non-GAAP total operating revenues of $610 million representing a year-over-year growth rate of 5% and full-year adjusted EBITDA of $132 million representing a year-over-year growth rate of 28%. This is the highest annual growth rate we've achieved for the adjusted EBITDA line in nearly five years as a public Company.

The strong performance on the bottom line, some 15% higher than our original full-year guidance, was primarily the result of continued double-digit growth in our branded products, which have higher margins than our private label products; increasing customer usage and retention, which generates higher-margin revenue; and that one-time $6 million benefit we received in Q1 of 2014.

We are also increasingly benefiting from our vertical infrastructure, in particular issuing our own accounts from our own bank, Green Dot Bank, saved us upwards of $16 million in issuing cost in 2014 with bank-related savings having grown each year since we started issuing our own bank accounts back in 2012. All the customer usage metrics look good, with growth in GDB, spend transactions, cash transfers and active reloading customers. Direct deposit loads are also up again year-over-year, now represented 55% of all our deposits.

Our relatively new foray into the FSC channel or check-cashing vertical continues to go well. Sales are good. Reloads are strong. We added another 1,750 stores or so to our distribution footprint in the FSC vertical. This new channel for us is on track to add about $35 million in fresh new revenue in 2015 from essentially nothing a year ago. So this shows you how we are expanding our diversity. This channel has really been a nice add for us. So, all in all, the prepaid card business is going quite well.

Now, a quick update on GoBank. Judging from performance metrics, social media comments, and App Store reviews, it looks like people love this checking account. Whether they're first discovering GoBank by seeing it out of Walmart and getting a starter kit or whether they download the app from the App Store or online, the large majority of people who have made an initial deposit to a GoBank account are still active 90 days later. That's the first big hurdle in the retention waterfall. So we can now say that we expect the average retention of a GoBank account would be measured in years, not months.

Monthly deposits to the account, for example, grew by 600% over that 90-day period in Q4. Spend to GoBank debit card over the same period grew by almost 1,000%. Of course, we're still a small base with GoBank, but this is indicative of the product's appeal. Revenue per account per month is also looking strong, with lifetime revenue per GoBank account expected to be multiples of our prepaid card product. The only significant challenge with GoBank is that we need to increase the number of new enrollments. We're in the six-figure annualized new account enrollment rate now, which is very good for a new bank account product.

As a sense of perspective, very few banks would issue that many new checking accounts in a year. But it's small relative to Green Dot's millions of prepaid cards issued annually. So one of our goals for GoBank is to increase our enrollment number to a seven-figure run rate by year end. So, the bottom line is that the product is a hit, enrollment is good. We believe we have an opportunity to do much better.

In our processing product line, TPG, our tax refund processing subsidiary is off to a good start for the tax season. As you may recall, practically all of TPGs revenue and earnings will be realized prior to April 15. So we'll have a much better read on their contribution to the consolidated Green Dot on our first quarter call.

You may have read about the new direct-to-cash program with TPG at Walmart; whereby a customer receiving a tax refund can choose to claim that refund in cash at a Walmart store. Although we're not forecasting a material revenue boost from this service, it's a very nice deal for the customer and a good example of the kinds of synergies we are creating between our valued partners in the expanding Green Dot ecosystem. Also in the processing product line lives our Green Dot Reload Network business.

As I'm sure you're all aware, we now have discontinued the sale of our MoneyPak PIN product at most of our retailers, with practically all retailers gone in February. It's impossible to predict with precision what impact the discontinuation of MoneyPak PIN will have on our 2015 financial performance, but we do have a range that we believe is a fair guesstimate. We've baked that potential range into our guidance. We'll tell you more about that when we review the investor deck. We'll provide specifics when we announce financial guidance with Grace in just a little bit.

So now, please pull up the slide deck I referred to earlier. It's called Today's Green Dot. I want to walk you through that. So the first page that I want to direct you to is our mission, which is to reinvent personal banking for the masses. We define the masses broadly as American families earning less than $75,000 a year, that includes those who are unbanked, underbanked, unhappily banked, new to banking and increasingly millennial.

We believe Green Dot is a compelling opportunity. We're a strong, diversified, profitable and growing FinTech-centric branchless bank. We are the bank of today's America, providing award-winning foundational banking solutions to consumers in households making less than $75,000 a year. This is a segment, by the way, that makes up more than 60% of all US households. This is not a small segment.

We're an enterprise scale, vertically integrated platform that can service this market very efficiently. We're a pro-consumer Company that's aligned with regulators and advocates. We have an iconic brand name with proven consumer preference and pricing power; massive distribution through 100,000 retailers; FSCs; tax preparers; and digital channel. We have diversified revenue, with no one program now representing greater than 15%, give or take, of our earning, growing revenue and growing earnings at a double-digit pace. Our 2013 through 2015 CAGR, using the midpoint of 2015 guidance, shows us growing 13% in revenues and adjusted EBITDA growing 25%.

If you look at our CAGR from 2010 since our IPO in 2015, we grew at 15% with revenues and 10% with adjusted EBITDA over that time. So let's talk a little bit about our revenue. Our revenue is growing, mostly recurring, and increasingly diverse. Revenues generated from the base of reloading GPR customers and from cash-processing has historically comprised between 70% and 75% of non-GAAP total operating revenue. In 2015, this recurring revenue from our prepaid and processing areas is forecast to comprise 80% of non-GAAP total operating revenue.

The remaining revenues of those other 20% generally come from new customers that we on-board in a given year, newly introduced products like GoBank, for example, and from new acquisitions that we make. Legacy revenue streams in aggregate are expected to grow organically in the single digits year-over-year. But they generate significant net cash provided by operating activity. Revenue streams from new products tend to grow at a much faster pace, but represent a smaller part of the total. Double-digit year-over-year growth is forecast to be achieved through a mix of organic growth on legacy product lines, growth from new products as they reach scale and through new accretive acquisitions.

No one program is forecast to represent greater than around 30% of non-GAAP revenue or greater than approximately 15% of adjusted EBITDA in 2015. I mentioned that we generate cash. So let's talk about capital allocation on the next page. Our vertically integrated enterprise scale platform and infrastructure light distribution models allows a majority of our adjusted EBITDA to drop to cash. Approximately $130 million to $140 million of net cash provided by operating activities is forecast for 2015.

Cash has most recently been used to make accretive acquisitions, to grow and diversify our Company. But future uses of cash could include more accretive acquisitions, funding of major growth initiatives, and/or stock repurchases which would be subject to our Board and regulatory approval.

Let's talk about our sources of revenue. We generate revenues from a diversified group of products and services which we call product line and multiple channels within those product line. Our product lines are as follows: branded deposit account programs; private label deposit account programs; processing and settlement services; and banking services. Each of these product lines has its own unique revenue drivers, margin characteristics and long-term growth opportunities.

So let's talk about them. First, we have branded deposit account programs. This consists of revenues derived from our Green Dot branded GPR account, our GoBank branded checking account, all affinity branded accounts; and open-loop gift card programs. Our 2015 non-GAAP total operating revenue percentage for this product line is about 40% and the breakdown of that 40% is as follows.

60% of that will come from brick-and-mortar retailers, 30% from Green Dot Direct, which is our website channel and direct mail, 10% from financial service center locations. Our three-year growth opportunities in this channel include continued expansion in current channels, Greenfield expansion into new channels like tax disbursement, payroll, small business and higher ed. Higher lifetime revenue per account derived from the higher spend and longer retention of our cardholders.

Our next product line is private label deposit account programs. These consist of revenues derived from any private label program. Currently, we have only one and that is the Walmart MoneyCard program. The estimated percentage of 2015 non-GAAP total operating revenues is about 30%. Our three-year growth opportunities in this product line include, first, creating other enterprise scale private label programs and partnerships.

We are always working on that. Then within Walmart, securing, of course, a long-term renewal with a sustainable rev share; better merchandising and supply chain controls; more aggressive in-store marketing. We've been fortunate to have expanded distribution in about what will be 600 new Walmart neighborhood market locations. Then, of course, higher lifetime revenue per account derived from increased spend and longer retention from cardholders.

Our next product line is processing and settlement services. This area consists of cash transfer revenues derived from reloads over the Green Dot network and revenue derived from tax refund processing services. Our estimated percentage of 2015 non-GAAP total operating revenues for this product line is around 30%. The revenue from this product line is forecast to be negatively impacted this year by the discontinuation of the MoneyPak PIN product. The range of negative revenue impact forecast is between $10 million and $40 million; the range of negative adjusted EBITDA forecast is between $2 million and $10 million. We'll have to see how that comes out. It's a broad range because the impacts are somewhat unknown, but that's where we think we'll end up, somewhere in that range.

Our three-year growth opportunities for this product line, expanding TPG's market share and the tax refund processing space, expanding the Green Dot Networks' partnership opportunity to capture new types of payment transactions and bill-pay services and expanding our reload services to include processing of checks and ACH transfers to accounts. Our final product line is banking services. We're a bank. We don't talk about that often but internally, that's an important part of who we are.

Green Dot Bank delivers material operational synergies on a consolidated basis. For example, about $16 million are the fees that Green Dot Holding, if you will, pay to Green Dot Bank for issuing services that consolidate up. So those are our savings. We used to pay those fees to third-party banks. There's an example of that efficiency. That grows every year as our volume grows. Green Dot Bank also earns income from traditional community banking activities and earns float from the investing of deposits on account.

Our Bank provides a deep competitive advantage. First, we have direct regulatory oversight and direct regulatory access. We own our own customers, with the opportunity to serve all of their banking needs over time, not just prepaid cards. The ability to create new products and features in response to fast-changing consumer needs.

The three new growth opportunities for our banking services product line include: net interest income which can grow when deposit balance is increased or interest rates climb; increasing consolidated margin expansion, as we integrate recent acquisitions into our Bank. The opportunity to use Green Dot Bank's balance sheet; our leading consumer brand-name; leading FinTech capabilities; and proprietary consumer data, to develop pro consumer, modern credit offerings which we think can have a great impact positively for our Company and most importantly for consumers and [any] such products would be subject to regulatory approval.

So with that, that brings me to our guidance and our outlook for 2015. I'll give that over to Grace and then come back with some thoughts about our Company since our IPO over the past five years. Grace?

Grace Wang - *Green Dot Corporation - CFO*

Thank you, Steve. We already covered the highlights of Q4 during Steve's remarks. So let's dive straight in to 2015 guidance, which you will find on the next page of the Investor deck. As we mentioned earlier, there's an unknown impact to our guidance range based on the discontinuation of our MoneyPak PIN product, which was largely pulled off the shelf over the past 30 days and will be fully disabled in the next few days. While it's not possible to forecast with precision, our best guess is that the negative impact to full-year revenues could be anywhere from $10 million to as much as $40 million.

The associated impact to full-year adjusted EBITDA could be just a few million dollars or as much as $10 million. Given the difficulty in sizing the potential impact, we try to make our guidance ranges intentionally broad to cover the full range of possibilities. But we won't know for sure how things will play out until later in the year.

So with that said, Green Dot is forecasting full-year non-GAAP total operating revenues to be between $720 million and $780 million, representing growth of 23% at the midpoint over 2014. Adjusted EBITDA is forecast to be between $150 million and $170 million, representing growth of 21% at the midpoint over 2014 and an applied adjusted EBITDA margin of 21.3%.

When you add back the one-time year-over-year headwinds to the margin that we have listed on page 14 of the investor deck, including the one-time $6 million benefit in Q1 of last year and the potential impact from the loss of MoneyPak PIN revenue, this margin expectation would translate to a normalized adjusted EBITDA margin improvement of about 200 basis points over 2014. This is on top of the significant margin improvements we saw from 2013 to 2014, which demonstrates a strong underlying operating leverage inherent in our model.

2015 also represents our most diversified financial outlook ever as a public Company, with no one program expected to represent more than 30% of our forecast or non-GAAP total operating revenues or more than 15% of our projected adjusted EBITDA. So now that you know our business perhaps a little better and have our guidance for 2015, I'd like to hand back to Steve to finish the last session of our Today's Green Dot investor deck. Steve?

Steve Streit - *Green Dot Corporation - Chairman & CEO*

Thank you, Grace. Now, let's continue with our investor deck. This next section is called Green Dot Corporation Five Years Post Our IPO. It's a fascinating look at then and now. We think you'll find it really quite interesting. So let's go to the next page of the Investor deck. So, our positives back then in 2010, were that we were a leader in the growing prepaid products segment; that we had a large underpenetrated total available market; that we have the opportunity to continue to grow double-digit with margins in the 20%s; that we had large scale retail distribution in 40,000 retailers and that there were high barriers to success in the prepaid market.

So now let's go to 2015. Well, we're still the leader in prepaid, plus we're a leader in mobile banking, plus the largest tax refund processing Company in the US, plus we're now a Bank Holding Company with the opportunity to become a leader in modern credit products for our target markets, subject to regulatory approval. We still have a large underpenetrated total available market, plus millennial. The opportunity back then to continue to grow double-digits with margins in the 20%s. That is still true and more so today.

Large-scale retail distribution back then at 40,000 retailers, today we're in 100,000 retailers, plus thousands of FSC locations, plus thousands of tax preparers, plus online and in the leading app store. Back then we had high barriers to success and now if you go through five years, look at this: tougher regulation, way higher costs, harder technology and numerous well-funded failed offensive attacks by the biggest and best have significantly, we think, strengthened our competitive position and increased barriers to success.

Let's go to the next page and talk about uncertainties that folks had. You always have people who are believers and disbelievers in the stock. Back then in 2010, we had uncertainties as follows: competition, the fear was that larger and better funded players especially the big banks, would take considerable market share and would cause price compression.

There was a concern about the Walmart contract renewal and that they would cancel our contract or insist on unsustainable consumer pricing and rev shares. There was concern over revenue concentration because two-thirds of our revenue in earnings came from the Walmart MoneyCard program. There was concerns over regulation, that the Durbin Amendment in particular at that time in 2010, would lower interchange rate and that other proposed state and federal rule-making could negatively impact Green Dot's future prospects.

So, how did we do five years later? Well, it turns out that many larger and better-funded players did come into the space and they tried hard to beat Green Dot. But Green Dot has emerged the champion. Back then you had the Walmart contract renewal concerns. Frankly, we still have those same concerns on the stock today. We did renew with Walmart through the end of 2015, but we need to see what happens in 2016. Revenue concentration. Back then two-thirds from the Walmart MoneyCard program, today this program is forecast to represent only around 30% of revenue and less than 15% of adjusted EBITDA.

Back then you had the concerns over regulation. Five years later, Green Dot has emerged unscathed and well in alignment with all current and proposed new regulations and rule-making. On the next page, as an overview, Green Dot Then and Now. Then Green Dot was a ten-year mono-line prepaid program manager that invented the prepaid industry. Now, Green Dot is a 15-year-old diversified FinTech-powered bank holding Company with numerous products and services targeted to America's low and moderate income population.

Today, we are much larger, battle-tested, diversified branchless bank. Back then, we had revenue of $377 million. Now, looking at the midpoint, revenue of $750 million. If you've looked at our CAGR since the IPO in revenue: 15% since 2010, 23% year-over-year forecast from 2014 to the midpoint of 2015. Back then, at the IPO in 2010, we had adjusted EBITDA of $97 million. Going into 2015, adjusted EBITDA of $160 million at the midpoint. If you look at our CAGR in adjusted EBITDA since the IPO, it's a 10% annual CAGR, plus 21% adjusted EBITDA year-over-year going into 2015.

Back then, we were highly concentrated with revenue coming from the Walmart MoneyCard program being two-thirds of our Company's revenue. Today, no one program generating more than 30% of revenue and around 15% of adjusted EBITDA. So, the summary here is that it's been really a very productive five years for the Company. We are simply, in our view, a better Company today and interestingly, one of the fastest growing public companies over the past five years, if you looked at our CAGR and into 2015, in the entire FinTech and banking industry segments.

So lastly, in summary, Today's Green Dot is much larger and much more highly diversified than in 2010. 80% of our revenue is recurring in nature. We have numerous products and services, all targeted to the low and moderate income American segment. Green Dot is a proven survivor that has emerged as the undisputed champ of prepaid and a top consumer brand name for financial services. We are not just a prepaid program manager. Today's Green Dot is a high-tech, data rich, bank holding company with massive national distribution, making us well-positioned for the coming branchless era of banking.

Many of the key investor concerns and overhangs have been resolved or substantially mitigated positively over the years. Our historic double-digit CAGR since the IPO and the forecasted double-digit growth into 2015, ranks Green Dot as a top grower within its industry segments of FinTech and Banking. So, we invite you to take a fresh look at Today's Green Dot and that's our new Investor deck.

With that, we will open the phones for Q&A. Operator?

QUESTIONS AND ANSWERS

Operator

Mark Palmer, BTIG

Mark Palmer - *BTIG - Analyst*

What is management's estimate of the impact on the Company if Walmart indeed does not renew its contract at the end of 2015?

Steve Streit - *Green Dot Corporation - Chairman & CEO*

Well, Mark, it's a good question, I appreciate it. We always feel positive and energized by Walmart. So we don't really discuss that much publicly, but it's a fair question. If that were to happen in 2016 and the contract were not renewed, there is a slow predictable decay of revenue and earnings.

The reason is if you have a portfolio of accounts -- we're the issuing bank, so those accounts that stay on Green Dot Bank. We would not be acquiring new accounts after the cancellation, but the accounts that we have would stay. They would attrite over time.

If you look at the cohort analysis -- we've done this in real life with our actual cohorts of cards, it would take about five years for that revenue to decay to zero. To give you a sense of the pace of that, after two years post-cancellation and of theoretical cancellation about half of all the revenue would still remain two years out post-cancellation. So we would have in effect five years in that event to right size the Company and adjust costs and to find other replacement sources of revenue.

So that's how that would play out. But again it's not something that we think is likely. I don't want to have that question be interpreted as differently. But it's a fair question because I've been at some investor conferences or others where there's a belief that if Walmart or any retailer were to cancel say on a Monday, that by Tuesday morning all the revenue evaporates. It doesn't work that way.

You have a large group of direct deposit customers who stay on for years. You have other ones at Dunn's, who would go away quickly. That's how it would play out. So it would be something that would be able to forecast and plan for and would be a five-year very predictable decay.

But having said that, that doesn't mean it's something that we're planning for. We have a high degree of confidence in the work and efforts we provide for Walmart. So we are keeping our fingers crossed for 2016 and have reasons for optimism.

Mark Palmer - *BTIG - Analyst*

Thank you

Operator

Ramsey El-Assal, Jefferies

Ramsey El-Assal - *Jefferies & Company - Analyst*

Great news that the revenue concentration is really kind of GAAP down. Can you help us parse out the factors that have played the greatest part in this reduction? Obviously, TPG was impactful and sales and alternate channels obviously have been higher than in the base of Walmart.

But I'm trying to figure out sort of the positive factors that are contributing the most. Also the degree to which any deceleration in Walmart might also be contributing to that very rapid and positive mix shift at the end of the day.

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Steve Streit - *Green Dot Corporation - Chairman & CEO*

Yes. No, I think you actually called it out just fine. There's really just a few number factors: one is the organic growth of our branded business, which is primarily the Green Dot branded products, continues to grow at double-digits. We've just had phenomenal growth over the past 1.5 years and that continues so far.

Part of that is that the brand keeps getting more and more, really I say, iconic because it is. Is not just a well-known brand-name in America's low and moderate income communities, it's part of rap songs. It's on TV. People know about it. Steve Harvey does such a great job for us as our partner in marketing and his number one rated daytime talk show.

So part of it is just the continued growth of the Green Dot brand, number one. Number two, it's been the acquisitions that clearly has helped, right? Because you have step growth in your business when you do that. The third has been that the Walmart business year-over-year has been soft for us. The reason is, is that you have a lot of new competitors in Walmart.

No one of them who has beat us. In other words, we've announced over time that Green Dot still outsells the competitors 10 to 1, that's still true. But still that means a 10% overall headwind in the new units, right? So we've had that softness.

Then some of the new fee plans, which are great deals for the consumer but do have the in fact year-over-year of generating less revenue in EBITDA. So it's been a combination of all three, great organic growth in our branded products, little bit softer revenue on the Walmart side of the house and acquisitions. That together has generated that diversification.

Ramsey El-Assal - *Jefferies & Company - Analyst*

Okay. The bottom line guidance came in a little lighter than we had modeled. I think we may have overestimated the margin accretion from TPG. Are there any incremental factors such as, I don't know, GoBank or the check-cashing channel or any new business lines or new tuck-in acquisitions? Are there any new incremental kind of margin pressure that has emerged over the last 12 months?

Or has -- are TPGs margins what you're anticipating? Maybe you could talk a little bit about your assumptions going into your 2015 guidance

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Steve Streit - *Green Dot Corporation - Chairman & CEO*

It's a great question. The two culprits are -- we'll, I'll say 2.5 culprits, one is the MoneyPak estimation -- the margins may be better. In other words, if we don't assume the worst for MoneyPak and we're assuming at worst-case $10 million, which comes straight off the margin, right? In other words, you're expenses in the Company don't change. So that's just revenue that would've dropped, if you will. So that has an incrementally higher effect on margin. So it's MoneyPak.

Then we had that one-time $6 million benefit that I know folks forgot to model. I can understand that you all have a ton of companies you look at. But we had that one-time benefit in Q1, which is pure margin. That won't repeat in 2015. I don't think a lot of folks baked that in.

So between that $16 million that's probably the biggest hit. Then the half impact that I mentioned would be that softer Walmart revenue going into this year than we have in the beginning of last year. So at the beginning of 2015, if you will, the Walmart MoneyCard portfolio is a smaller revenue portfolio, not by a lot, than it was at the beginning of last year.

All those three combined are just incremental revenue, right? So it really hits margin at a disproportionately heavy pace. But those are your culprits. We try to be thoughtful when we -- as you know look at EBITDA. Last year, we guessed way low on guidance. We beat it handily. You never know how that goes.

We're always being watchful of expenses but at a Company like [Scale] like we are new revenue drops really heavily to the bottom line and expands EBITDA quickly and margins quickly. But retractions, contractions in revenue also affects your bottom line more heavily.

So those would be your culprits, the MoneyPak, the potential impact which maybe we'll do better. The $6 million non-recurring one over one and then being a slightly smaller revenue of the MoneyCard program at the beginning of 2015 than we had at 2014

Ramsey El-Assal - *Jefferies & Company - Analyst*

Got it. One last super quick one for me. Heard you mention 600 new neighborhood Walmart locations as an incremental distribution opportunity, just a quick comment on that.

Steve Streit - *Green Dot Corporation - Chairman & CEO*

Sure. Those are wonderful stores. I don't know if -- you're probably in New York, I would guess. I don't imagine they're up there in New York. But if you see the prototype stores or live in the community where those stores are located, they look like gorgeously, spotlessly, clean grocery stores that have a selection of Walmart products that are designed to compete with dollar stores and others.

They're beautiful facilities. We were able to secure distribution in those stores as they build then and enroll those out. So that's incremental to the traditional Walmart large footprint store that you would think of.

Ramsey El-Assal - *Jefferies & Company - Analyst*

All right. Great. Thanks a lot. That's all for me.

Steve Streit - *Green Dot Corporation - Chairman & CEO*

Sure.

Operator

Sanjay Sakhrani, KBW

Tai DiMaio - *Keefe, Bruyette & Woods, Inc. - Analyst*

This is actually Tai DiMaio in for Sanjay. Just following up, on the last question, do you have the year-over-year growth rate from Walmart by chance?

Steve Streit - *Green Dot Corporation - Chairman & CEO*

We don't. I don't know that we disclose it even if we do. I don't think we do segment reporting on that. So, it's all blended into our overall business. So the answer is we don't. You could probably get to it, you know what TPG contributed because we talked about that in our disclosures. You know what our middle of the range EBITDA forecast is, so we could probably figure it out or you could too. But it's not a statistic I have handy.

Tai DiMaio - *Keefe, Bruyette & Woods, Inc. - Analyst*

Okay. Then just on the credit products, you mentioned, potentially rolling out. I remember the last time you spoke about it, you would have a plan submitted to regulators that this is the path that you are potentially going down. Is this something that you've already applied to do? What sort of credit products were you looking at, would they be some Payday or installment loans?

Steve Streit - *Green Dot Corporation - Chairman & CEO*

Oh my gosh. We wouldn't do a Payday loans for sure, But the answer is, there's no application about it. It's a conversation we'd have with the regulators. As a bank we meet often with our regulators and talk about new products that we think would be helpful to our consumers and appropriate from a risk point of view and the government's point of view to execute within our bank.

Our regulators have great expertise on that. We listen to them closely. So we'd have to have those conversations and we talked to them often about all kinds of plans. But there's no one big application or big to-do like a date in history that you'd have that discussion.

But that aside, there's two kinds of products we're envisioning. One is a secured credit card, which we think we have a fabulous opportunity to do if we're able to do it. The reason is -- by the way, I should say that this product is not new. There's nothing revolutionary about a secured credit card. It's been around as long as anyone on this call has been around.

It's a great product for people who are new to credit or trying to rehabilitate their credit, to sort of have a credit card with training wheels, you put up a deposit in the bank that's equal to the credit line. Then you take the card and you use it. The barrier to that product really hitting it large on the mass scene is it's hard for low and moderate income Americans who are prone to use that kind of a product to deposit the cash into the bank.

In the case of Green Dot, we have 100,000 retail locations where you can deposit cash by swiping your card and our consumers in focus on our demographic who are familiar with our products and services know how to do that, right? So the opportunity for us to help people get on the map with a credit score have a safe product that they can't fail at, with very -- in Green Dot's style, it's not going to have late fees or overdraft fees and all the things that we do with our products, over limit fees and all the things that are typical.

So it would be a very low fee, very consumer -- a fairly priced product that we think fits our target demographic really well. So that's one that we'd be interested in doing. Then we think we have some really cool data on about 25 million Americans who have used our Bank over the years. That data can help us underwrite for an unsecured line of credit. The unsecured line of credit is no different from any unsecured line of credit that you, yourself may have received from a bank.

The difference is that in America today, FICO scores are not what they used to be. In our demographic, they were never good to begin with. They're not much better now, for sure. So if you're a single mom with two kids and you're making $50,000 or $60,000 a year in household income, you're not going to get a loan from any bank. We want to change that with a highly pro consumer well-priced product. But to do that, you need to be able to underwrite the consumer. Because otherwise you could injure the bank.

So by using our data, by looking up the transactional behavior of customers of our Bank; we have a lot of customers as you know, we think we have a good opportunity for a small portfolio of unsecured credit. So the way to think about it would be, the secured credit card as one product that we have a lot of interest in, and then the unsecured line of credit. But to do those, we need to make sure that we're doing it thoughtfully and responsibly. That's why it always requires regulatory approval and oversight.

Tai DiMaio - *Keefe, Bruyette & Woods, Inc. - Analyst*

All right. Great. Thank you

Steve Streit - *Green Dot Corporation - Chairman & CEO*

Sure.

Operator

Tien-tsin Huang, JPMorgan

Reggie Smith - *JPMorgan - Analyst*

It's actually Reggie filling in for Tien-tsin. I guess I'm not sure if you've mentioned it or if I missed it or not. But did you guys give Walmart revenue concentration this quarter?

Steve Streit - *Green Dot Corporation - Chairman & CEO*

No. It'll be in the K and Q. Walmart for the quarter, for the MoneyCard, I want to say it was 39% in the quarter.

Reggie Smith - *JPMorgan - Analyst*

Okay. You said the MoneyCard is that the way you guys have always reported it? Or is that -- so historically it's been the system revenue for Walmart?

Steve Streit - *Green Dot Corporation - Chairman & CEO*

Right. It's been the system. But -- yes, Reggie, that's right. It's a great question because it's an opportunity to expand on that little bit. So we still have the metrics and always have. We'll continue to talk about Walmart as one retailer. When we went public in 2010, you had one retailer, one product, one Company. It was the classic blue Walmart MoneyCard. That generate almost all of the revenue out of Walmart. If you now fast-forward five years later, we sell Green Dot products, branded products, we have a GoBank branded product. We have gift cards. We have a reload network.

I'm probably missing a few. TPG has contracts. So you have all these different contracts that have different expiration dates and that renew on their own scale in their own agenda and their own timetable. But in the market, Reggie, people think Walmart equals MoneyCard. MoneyCard equals Walmart, which is why when the Walmart MoneyCard program management contract comes up for approval or up for review which is the one everyone talks about.

Everybody looks and then says, oh, MoneyCard equals concentration from Walmart. That's not the case. There are two different contracts, two different programs. So the Street, when they ask us about, hey, how's the Walmart renewal coming? What they're referring to is the Walmart MoneyCard program management and issuing agreement. That's the concentration that we're speaking of today.

The fact that we're adding or have added over the past year Green Dot cards under different agreements or reload services or GoBank or the gift card agreement we just renewed last year, these are all different contracts. Wall Street generally and our analyst don't always -- in fact rarely understand the difference. So we're trying to help people understand the impact of the MoneyCard contract which is the one that everybody writes about and talks about.

Reggie Smith - *JPMorgan - Analyst*

Got it. So it's just so that I'm clear, I guess when the K comes out from here on out, you guys are going to talk about -- you're going to talk about revenue concentration. You're going to talk about Walmart MoneyCard. So the 39% that you quoted today, that's what will be in the filing? Or are you guys going to move --

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Steve Streit - *Green Dot Corporation - Chairman & CEO*

No. No, what we're going to do is we're going disclose everything. Because we want Investors to make sure they have the whole view of it. So you'll have total Walmart of all products, all contracts, all everything. So that will all be there. You'll be -- you'll label it.

You have gift and you have this guy -- but then you'll have the Walmart MoneyCard. All I'm pointing out, Reggie, is that when people say, well gosh, Walmart is 51%, I think it was, I don't know what it is actually this quarter, but --

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Chris Mammone - *Green Dot Corporation - VP of IR*

52%.

Steve Streit - *Green Dot Corporation - Chairman & CEO*

So 52%. So, wow, Walmart's 52% and you're going to lose that right? The answer is, no. That's the combination, right now we're the fastest selling products in Walmart is the Green Dot everyday visa product. So I want to be sure that investors understand that no one program -- this Walmart MoneyCard contract it's very important.

One that we are trying hard obviously to renew for many years. But that one program is the metrics that I've been giving on the call and that investors should not confuse that contract and that program with all the many products and many contracts and many programs we have within Walmart, makes sense?

Reggie Smith - *JPMorgan - Analyst*

Got it. Understood. I guess, one follow-up. So in the release, you talk about -- I forget the exact language, I think it's just something to the effect that no one partner would be more than 30%. I guess what I'm trying to reconcile is if --

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Steve Streit - *Green Dot Corporation - Chairman & CEO*

No one program

Reggie Smith - *JPMorgan - Analyst*

No one program. So that would basically mean that the 30% that you quoted today for I guess, the MoneyCard would be below 30% once you factor in TPG and everything else.

Steve Streit - *Green Dot Corporation - Chairman & CEO*

Right. That's right, yes. Exactly correct. If you look at the deck -- and you may have missed part of the call but that's exactly right. The Walmart MoneyCard is about 30% of revenue in 2015 forecasted to be and about 15% of EBITDA. That is exactly right.

Reggie Smith - *JPMorgan - Analyst*

Okay. Your TPG, I guess, when the deal was announced, you said it would be mid-teens accretive. Just making sure that's still on track as far as the accretions you expect from TPG.

Steve Streit - *Green Dot Corporation - Chairman & CEO*

It is, yes. As you know, the accretion is a function of how the core business does throughout the year, so we won't have the exact numbers of what we hit with accretion until we know what the year turns out to be. But clearly double-digits is for sure and high teens would be the least of it.

In theory what's ironic is that in other words if the MoneyCard impact is worse, the TPG jewel will look more accretive right? So we won't know those accretion numbers but highly accretive would be the right phrase.

Reggie Smith - *JPMorgan - Analyst*

Got it. Okay, I'll jump back in queue. Thanks a lot

Steve Streit - *Green Dot Corporation - Chairman & CEO*

You bet.

Operator

David Scharf, JMP Securities

David Scharf - *JMP Securities - Analyst*

Maybe two questions. One on reloads, one on Walmart. First of all, did you actually experience any hiccups on reload volumes from Q3 to Q4 with the phase-out of the MoneyPak? Because I know it was sequentially down, I'm wondering, what kind of data points you had?

Steve Streit - *Green Dot Corporation - Chairman & CEO*

So the numbers of reloads for our products, no. The number of total transactions under the cash transfer line probably. Weren't we down a little bit? Our Chief Accounting Officer just said we were up slightly. So that's the answer.

When we think of cash transactions or cash transfers rather, remember that you're thinking of loads to Green Dot cards and our accounts Walmart MoneyCards, Green Dot cards, GoBank accounts. You're also though, talking about loads to third-party programs. You're talking about things that have nothing to do with cards, bill pay transactions, loads to a PayPal account, this kind of thing. So just how much where we up in cash transfers?

Chris Mammone - *Green Dot Corporation - VP of IR*

1%, 2%.

Steve Streit - *Green Dot Corporation - Chairman & CEO*

So about 5%, about 2% up. So we weren't down at all. But having said that, that growth rate, I'm sure, must have been slower because we started pulling MoneyPak off in the middle of Q4 and continuing. So it wouldn't be surprising if PayPal loads and things that are not card related would impact the numbers of cash transfers. But luckily, the reloads to our cards and deposits, in other words, the people using our products look very healthy.

David Scharf - *JMP Securities - Analyst*

Got it. Yes, I'm just trying to get a sense for -- and it's a big range obviously, a cautious range. But to get a sense for the methodology or how you ultimately gauge kind of a $10 million to $40 million --

Steve Streit - *Green Dot Corporation - Chairman & CEO*

It depends on which employee you ask. So, we had -- we actually had teams of people doing their own analysis to sort of have different brains trying to attack it from every angle we could think of. So here's sort of a rundown of it. You have certain transactions which are not card account based, for example, putting money into PayPal or paying a DirecTV bill or off-track betting. For something of that nature, you have to have a MoneyPak for that. So we know where that's going to go away. But that's the minority of it, right?

But that's -- you know that going to go away. That's maybe $10 million or something like that. We do have this really cool barcode solution that PayPal is going to be using and that we've rolled out so that you'll still be able to put money into a PayPal account using this barcode. That may work really well. Who knows, right? But assuming that all goes away, and nobody ever uses it for that ever again, then that would be your low end of the scale.

Now, the next question is the next $30 million of it is under the category of, who knows? The reason is because you're dealing with behavior of consumers. So for 15 years, remember we invented this whole ecosystem, right? We sort of invented DOS to use an old Microsoft phrase. Consumers have either swiped their cards to reload or they bought a MoneyPak.

Well now we go up to that Rite-Aid stand or that Walgreens or that CVS, you don't see the old MoneyPak, you see a new MoneyPak. It's basically, it looks like the same one, same artwork, same thing that consumer would think. But when you pick it up and turn over on the back, there's no PIN number, instead it says, hey now even easier than ever to reload your card. So we take your card to the cashier and swipe it. That's it.

Already we're up to 75%, 80% swipe penetration. Walmart, we've been 100% swipe since April of last year. It went very, very smoothly. It's a very logical behavior for the consumer. But who knows, will some people be confused? Are Walmart cashiers better trained than cashiers at another retailer? Will some retailers not put up those other placards and therefore the consumer can't find them?

So you have every scenario from crisis and doomsday and that's your 40% to customers won't really care. It's easier to swipe and whatever. That's your lower end of the range. So we don't know. So we made a really broad guesstimate. My sense is, it's fairly binary. I would think by, certainly, our Q2 call, we'll know one way or the other. But we wanted to make sure the range was fat enough.

What we didn't want to do, although, I suppose it could still happen -- what we didn't want to do is forecast only $10 million and then have it be $20 million and then have a disconnect with the market. So we thought by looking at everything from doomsday to nothing, we'd have a range and be more likely to hit it. So I know that doesn't sound very scientific but that was the exercise.

David Scharf - *JMP Securities - Analyst*

Got it. No. No, that's helpful. I actually kind of experienced firsthand some confusion on the part of a Rite-Aid checkout cashier. (laughter) So there's no question that it's out there.

Steve, on Walmart, I wanted to kind of maybe ask you kind of the concentration question but from a different angle. When I do the math at the midpoint, based on the concentration figures you gave; 30% of revenue,15% of EBITDA. I come up with an EBITDA margin for the MoneyCard program based on your guidance today of just 10.7%.

I come up with an EBITDA margin for the rest of the Company, excluding MoneyCard, of 25.9%. That's even before commissions go up, theoretically on a renewal. So the gulf would be even greater. You can see where I'm heading, which ultimately is, why do you want to renew this so badly? I mean it's 15% of earnings now. Presumably if it were in melting ice cube mode, you would right size the Company.

But at the end of the day, this program seems to be one-third to one-fourth the marginal profitability of the rest of your Company. It really probably only represents about 5% to 7% earnings hit once you right size things.

I guess, if I were to ask you in terms of what acquisitions are you looking at? Would you use deployable cash to go after a 10%, 11% EBITDA acquisition? So maybe you can give a little more color on just how meaningful this program is to the overall strategy?

Steve Streit - *Green Dot Corporation - Chairman & CEO*

Well, look. So the answer is nobody matches the scale and the sheer volume of focus, especially if your target is low and moderate income Americans then Walmart. So we would always fight tooth and nail and do anything ever that we could to please Walmart and to ensure to them that we were their best partner and their best selection. Because it's still a lot of revenue. It's still a very big program. It's part of our scale. So in fact, if I have to think about it, that scale is what helps buy the efficiency of the overall platform.

Plus, as an entrepreneur frankly and as a Company that invents products that wants to delight consumers, what a fabulous and wonderful partner to have in Walmart. They touch a tremendous number of Americans every year. All of whom are in the demographic of folks we serve.

So whether it was at a 10% margin, a 20% margin or a 1% margin, we would always seek to renew that business and earn that business. And do everything we can to please Walmart every day. So I want to be clear about that.

At the same time, the broader point is well-taken. And that is that nobody, I would not imagine, looks at Walmart as a high margin account. Whether you're a Green Dot or Procter & Gamble or Johnson & Johnson or whoever the private equity company is that makes Little Debbie's now, (laughter) whatever that company is, Wholesome. Nobody I think is going to look at Walmart as a high margin business.

But it's a high scale business. They're a wonderful partner. But to your point, we need to then figure out which is what were doing; how do we grow more on the organic side, like we've been doing on the Green Dot brand. How do we diversify and buy more companies. How do we make sure we can develop more products using our amazing technology, which I'm very proud of.

And our unparalleled reach and incredible brand name with so many consumers to launch new products that have different margin characteristics that can help us grow. So you never win a football game by putting fewer points on the board no matter what anyone says. But to your point, we need to put on more points. We need to continue to focus on margin with those new points.

David Scharf - *JMP Securities - Analyst*

Got it. Fair enough. Thank you very much

Steve Streit - *Green Dot Corporation - Chairman & CEO*

You bet.

Operator

Mike Grondahl, Piper Jaffray

Mike Grondahl - *Piper Jaffray & Co. - Analyst*

In the September quarter, you said that the Green Dot branded cards, I think, grew 37% year-over-year. What was that number in the December quarter?

Steve Streit - *Green Dot Corporation - Chairman & CEO*

It was definitely high double-digits but because it lapped the dollar stores, probably not quite as high as 37%. The answer is, I don't know. We can get it for you maybe in the follow-up call. But big, the Green Dot brand continues to be big double-digit growers.

Mike Grondahl - *Piper Jaffray & Co. - Analyst*

Okay. Then could you talk a little bit about -- has there been a marketing strategy around GoBank and Walmart?

Steve Streit - *Green Dot Corporation - Chairman & CEO*

So thus far, other than putting it on the shelf and having the shelf talkers, which are the -- oh, the signage if you will that goes on the displays. We've not done any marketing at Walmart, that's outpaced that. Now in Q1 we will. We start the digital machine ramping up in Q1 as we get into tax season. We'll have some displays in the money centers and doing some other cool things to promote GoBank.

But right now, we just wanted a naked, au naturale, acquisition rate to say, hey, somebody sees 14, 15 products on the shelf. This is one of them, do they buy it? Do they know what it means? Does it have any differentiated behavior from a customer who buys a prepaid card? The answer is yes to all those things.

Now we know better how to refine our messaging and marketing. So Q1 coming up. We'll be starting the tax season February 1 in particular. It will be the first real marketing we do other than just putting the package on a jayhook.

Mike Grondahl - *Piper Jaffray & Co. - Analyst*

Okay, thank you.

Chris Mammone - *Green Dot Corporation - VP of IR*

Yes.

Operator

Matt Lipton, Autonomous Research

Matt Lipton - *Autonomous Research LLP - Analyst*

I guess first, I just had a few questions today on the margin guidance. Just the low end (inaudible) modeling, I guess one of the factors that I've been thinking about is when we did the call for tax products group. It was talked about being a 500 to 600 basis point additive contribution to Green Dot's margin at the time.

You have disclosure here in the PDF about core margins ex those two items that you called out earlier, Steve, from the MoneyPak and from the one-time item being 200 basis points. So to me it seems like there's a 300 to 400 basis point delta there between what the margin can be with the accretion from TPG and what you're guiding to.

So are there other investments we should be aware of? Or is this just conservatism on your part?

Steve Streit - *Green Dot Corporation - Chairman & CEO*

Well, it also depends on what part of the EBITDA range you look at. So the margins would look better, the more EBITDA you see dropping to the bottom line. I think we're assuming the midpoint is our max that we're using for our analytics in these decks. We didn't use the $150 million nor the $170 million. I want to say it was all based on the $160 million.

So part of that is debt. It's just variable, if the MoneyPak issue had not been an issue, you'd feel more confident in looking at the revenue dropping to the bottom line. With that product being disabled, you don't know. So safety is the better part of valor.

But we always have optimism of controlling expenses, any growth we have in the core business falls to EBITDA and the expanded margin. So we're not saying that's the best we're going to do, but in these forecasts we try to give a number that we don't violate. Sometimes it happens and if it happens, things happen when you're a business. But we try to give a number that you can rely on. Then if we do better, people don't get upset.

So we would say we feel really confident in the 21.3% but that doesn't mean it can't get better. The comment about an improvement is again that $10 million per MoneyPak, the $6 million one-time benefit that we lost from last year, we're not going to get it twice, in other words. That's money that would have fallen right to margin. There's nothing against it.

There's no additional infrastructure. There's no variable cost. So when you wiped out that $16 million in potential negative margin, it does have that impact of 21.3% but that's a lot of EBITDA in our base to get rid of, right? 10% of EBITDA just wiped out of the assumption. So that otherwise would've been a fitted margin.

Matt Lipton - *Autonomous Research LLP - Analyst*

All right. Then -- when I addressed your MoneyPak, on the top line, it seems like you're forecasting just to make sure I'm right, that's double-digit organic growth, which is something that we talked about at the analysts day 1.5 years ago.

Does that -- with more coming from the pieces of the guidance, does that assume that Walmart which definitely decline last year, low double-digits. Did that kind of turn a corner and start to improve? Or are there other things that you're assuming come into the numbers in 2015 that it helps you get to that double-digit organic growth, ex the MoneyPak issues.

Steve Streit - *Green Dot Corporation - Chairman & CEO*

It assumes in the blackbox on the model that assumes that Walmart stays flat and doesn't get better or worse, just kind of stays where it is. It assumes that the Green Dot brand continues to do reasonably well, not as high as we did in the past, because we blocked a lot of those retailers. But assumes that we still stayed double-digit on Green Dot. So those are the two assumptions.

To your point, is the question of MoneyPak and how that affects -- cause you could call that cash transfer revenue is heritage or organic revenue, so that's a bit of an unknown. But on cards assumes that everything says the way it is at Walmart at the level they are today and it assumes that Green Dot pretty much does what it's doing in real life. So it not really an aggressive assumption nor have we baked in declines because we don't have a reason to bake in declines. But that's where that is.

Matt Lipton - *Autonomous Research LLP - Analyst*

That's great. Grace, can you just give us the unencumbered cash number. Then also when you look at the bank sub, how much you could actually bring up to the holding company?

Grace Wang - *Green Dot Corporation - CFO*

Yes. We're sitting around $136 million in unencumbered cash at the 12/31 mark. I think from a cash at the bank perspective --

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Steve Streit - *Green Dot Corporation - Chairman & CEO*

I didn't mean how much would come back. Would the bank give up excess capital and put it back to the holding company?

Matt Lipton - *Autonomous Research LLP - Analyst*

I think it was a number that you gave last quarter as well. I think it was around $125 million of money, cash at the bank, it could for regulatory purposes, become part of the Hold Co and then dividend up.

Steve Streit - *Green Dot Corporation - Chairman & CEO*

I don't think we would've said that. I always look at -- I'm sure there are ways that banks can give dividends. I can tell you that in my conservative mind in banking, it's a -- what is that fish that has the one-way sword, that once the sword goes in, it never comes out?

When we put capital into the bank, we put it there to keep it there, to fund our other initiatives of deposit growth, programs like the kinds of things we're talking about. So I wouldn't bank on, no pun intended, any of the money at the bank becoming unencumbered at the holding company, I wouldn't think. Unless I'm misunderstanding the question.

Grace Wang - *Green Dot Corporation - CFO*

I don't think we talked about that way. I think somebody had asked a different question.

Steve Streit - *Green Dot Corporation - Chairman & CEO*

Don't know. Yes, but I wouldn't count on any of that. The money at the bank is there to support the bank's activities and growth at the bank which has been tremendous. If you look at our overall balance sheet, we're at eight -- oh, I don't know, $868 million, somebody help me out, I forgot the number in total balance sheet this year versus --

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Chris Mammone - *Green Dot Corporation - VP of IR*

$845 million at the end of --

Steve Streit - *Green Dot Corporation - Chairman & CEO*

Yes. $845 million, so it's up like 30%, 40% over a year ago. So we continue to grow the bank pretty quickly. That capital is there as a safety net to do that.

Matt Lipton - *Autonomous Research LLP - Analyst*

All right. Thanks, guys.

Steve Streit - *Green Dot Corporation - Chairman & CEO*

Sure

Operator

Ashish Sabadra, Deutsche Bank.

Ashish Sabadra - *Deutsche Bank - Analyst*

A quick question on the Walmart extension. I was just wondering if you could provide some color on why did Walmart decide to extend [worse is] their renewal? If there are other players involved in the negotiation process if you're aware of?

Steve Streit - *Green Dot Corporation - Chairman & CEO*

Well I can't give you a lot of color because I think it would be somewhat inappropriate for a public call. I think the way to express it is that it's a complex process. Of course, we are not only player and the only bidder in that process. They requested more time to complete their process. We're happy to oblige. I don't think there's more to it than that really.

Ashish Sabadra - *Deutsche Bank - Analyst*

Okay. Quickly at Walmart you had mentioned some stocking issues in the past. I was wondering if those have been resolved? So your expectation is that Walmart growth will still be flat but I just wanted to make sure that if the issues -- the stocking issues have been resolved? Are there other things that we should take -- keep in mind at Walmart going into 2015?

Steve Streit - *Green Dot Corporation - Chairman & CEO*

Well I think we've done a great job with Walmart. They have some wonderfully talented executives and operational personnel that focuses on this issue in out category and others. I think we've made improvements.

We had the launch of that financial destination center, which is a large refrigerator sized cube that sits in the middle of Action Alley. I do believe that's been more consistently stocked and better stocked. We're hoping that once consumers can find that and know to depend on it that will fix some of those merchandising issues.

But to be fair to Walmart and every retailer, it's just retail. It is so hard when you have so many front-end employees and so many people and so much traffic to keep those stores perfectly stocked at all times. So I want to say we're doing a good job. I want to say Walmart's doing a great job. I think that destination center will be helpful in that.

Ashish Sabadra - *Deutsche Bank - Analyst*

Okay, that's helpful. Quickly on your other large retailers, other than Walmart which have been with the Company for a long time. Have you -- I was wondering if you can just comment on the Green Dot growth or at those retailers, like the discounts.

Steve Streit - *Green Dot Corporation - Chairman & CEO*

Yes. At our legacy retailer for Green Dot, think about the Walgreens and Rite-Aids and CVSs and the 7/11s of the world, the growth is often variable quarter-by-quarter and year-by-year. But generally, as you can tell from the Green Dot brand, they've continued to grow quite nicely.

I'm always impressed with some of these retailers, where we've been in for 10-years plus. Rite-Aid, it's been -- oh my gosh, it has to be 14 years now. CVS a decade. And it's just amazing to me -- more than a decade, 2012, so it's been 12 years at CVS. How we continue to grow there year-over-year. It's a testament to the appeal of the product and the main-streaming of the product. So growth is good.

But every retailer has different growth rates, somebody will try a new merchandising routine, somebody has an issue where they get lower, the other guy gets higher. So we sort of look at it as a portfolio of retailers. Together as a portfolio, they've done quite well

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Ashish Sabadra - *Deutsche Bank - Analyst*

Okay. I have one final question for me was around active card growth. So when we look at the active card growth that's been around 5% year-on-year over the last two quarters -- in third and the fourth quarter. How should we think about it going forward?

You have some of the growth from the new retail channels slowing down. Walmart will be flat. So how should we think about the active card growth, should we -- is there an expectation of any improvement in the overall active card growth?

Steve Streit - *Green Dot Corporation - Chairman & CEO*

So again it's a portfolio business. So we'll have some portfolios growing. We'll have other portfolios flat or shrinking. That's the way it works. So in general on average, our active cards is typically tracked our growth in card revenue.

So we would expect it to be up. Will it be much more than 5%? I don't know I haven't looked at it. But I'm going to say 5% to 10%. I don't have that particular metric. But if I guess 5% to 10% for next year I don't think I'm going to be that wrong.

Ashish Sabadra - *Deutsche Bank - Analyst*

Okay, thanks. Thank you very much.

Steve Streit - *Green Dot Corporation - Chairman & CEO*

Yes.

Operator

Tulu Yunus, Nomura Securities.

Tulu Yunus - *Nomura Securities - Analyst*

Just a revenue guidance question first and sort of piggybacking off of Matt's question. If I look at -- assuming TPG I think you had indicated about $90 million back in September as sort of the revenue run rate. Adjusting for the acquisition and then the lost MoneyPak revenues, I do get to sort of a double-digit revenue run rate up from the 4Q exit of 6%.

So a question surrounding what is causing that acceleration? It seems like the Walmart stability that you talked about is a big part of it. Now question is, how much of that -- just to clarify, are you speaking about Walmart as it stands -- a Walmart in the aggregate of a system wide which would include GoBank? Or are you talking about MoneyPak stability there? In other words a long drawn out way to ask, what are you assuming in your guidance for GoBank?

Steve Streit - *Green Dot Corporation - Chairman & CEO*

For GoBank? GoBank we talked about. They were at a run rate of about six -- well into six figures, which is fabulous for a brand new checking account like that. But for it to have a real impact -- remember these are portfolio business. So even if you sold, let's pretend, 1 million accounts on day one, you don't get all the money from that, it takes time for those portfolios to build and age and generate the revenue.

But for GoBank this year, I don't know what we're forecasting, we're not breaking it down line item by line item. But I wouldn't say it's overly material. Even though I think we'll acquire a lot of accounts is just that it takes time for those portfolios to build, just like it took years for a prepaid to bill. That's the way it works.

So GoBank is also not only in Walmart, but it's also in the app stores and online. So it's all that together. So, on GoBank, that said that. But then the other question --

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Tulu Yunus - *Nomura Securities - Analyst*

Yes. I mean that's what I was trying to get at is, I guess when you say Walmart will be will stabilize in 2015?

Steve Streit - *Green Dot Corporation - Chairman & CEO*

Yes. I'm referring to the wall -- usually this goes back -- it's funny you say that, this goes back to Reggie's question a few questions ago of JPMorgan. When people say the word Walmart, they're referring to -- even if they don't know they're referring to it -- they're referring to the Walmart MoneyCard program which is three or four SKUs out of the 14 products they have on the shelf, but that's the one that generates the majority of the revenue.

That's a big legacy portfolio for us. That's what we started at Walmart together with them in 2006 and 2007. So that's what people refer to when they say how is Walmart doing?

I don't think they don't intend to say how is this product doing at Walmart versus that product. So when people say hey, what is Walmart looking like, they're really referring to the Walmart MoneyCard program. That's what we're referring to unless we talk about something else differently.

So when we talk about a softness year-over-year in revenue relative to where we were, it doesn't mean that Walmart's doing poorly. In fact if you're on the Walmart side of the house, you're probably very pleased with the portfolio because you have a lot of new products in there. Everything's doing well and growing. But as it relates to that particular program, the Walmart MoneyCard, it's now a smaller percentage of all the cards on the rack. There's more competition against it.

The fees are lower, right? We got rid of the reload fee on one of the cards. We have easier fee hurdles, so all that contributes to that one program being lower year-over-year.

It doesn't mean that all of our products combined in Walmart are less year-over-year. It doesn't mean that Walmart themselves is suffering from sluggish sales or anything else. In fact, I would think they're quite pleased with the category overall.

Because they have so many vibrant competitors, us, American Express, [encom], netspend, everybody is in that retailer, not just Green Dot. So while we're the predominant seller and we've done a fabulous job maintaining a huge lead over the competition, it does all add up.

So the fact that there's a loss to Green Dot year-over-year does not mean there's a loss to Walmart. I don't know if that makes sense or if I'm explaining that well, but does that kind of logically hold together?

Tulu Yunus - *Nomura Securities - Analyst*

Yes. No, I think I definitely get it. The other question just on the target for us, seven digit accounts. I'm sure you know in the Amex's disclosures back in 2013 when they first launched bluebird, I think nine months in, they talked about 1 million plus accounts of data required. Now obviously know there was a lot of big marketing machine that went behind it.

So I guess, you're sort of looking at a similar type of ramp, the question is given that there's already another, Amex -- that there are let's say other prepaid products -- more prepaid products a day at Walmart than there were back then. How confident are you that you can get to that $1 million plus by the end of 2015?

Steve Streit - *Green Dot Corporation - Chairman & CEO*

Yes. While so, GoBank is both Walmart but it's also app stores and online. Frankly we do a lot of applications through the app stores and online that some days are equal to or greater than what we have in Walmart. Likely the same is true for bluebird.

So I don't know this for a fact, you'd need to ask American Express. But when they quoted that number my guess is that was too all applications sources, not specifically just in the retail environment.

But GoBank attracts a different kind of a customer. It's a millennial. It's a technology customer. It's also a low and moderate income customer, who looks at it too, has a really good quality inexpensive checking account.

I just got another wonderful review from Consumer Reports that I think will help drive online acquisition and app store acquisition. It's a really cool account. So it isn't a question of how much can we sell on a rack in a Walmart versus prepaid. It's how many folks can we attract to try this product in all of the country? Walmart being a big part of that, but also all kinds of medium.

So that number I gave you didn't mean to say that Walmart itself has a retailer within its four walls which sell, a run rate of $1 million account by the end of the year. Reversing the product called GoBank through all the acquisition channels combined.

Tulu Yunus - *Nomura Securities - Analyst*

Okay. Fair enough. Then last question is just on -- just a clarifier on the margin headwind from MoneyPak. So you referred to the $10 million, Steve. You said, it all falls to the bottom line.

I'm just trying to reconcile that with the disclosure on page 11 where you talk about $10 million to $40 million of revenue impact but $2 million to $10 million of EBITDA impact. If it was 100% margin, wouldn't those two numbers be the same?

Steve Streit - *Green Dot Corporation - Chairman & CEO*

No. I don't know that. If any of these questions say all, I don't mean all would equal 100%. I'm not speaking socially here in terms of reconciliation tables. But what I'm saying is incremental -- in any Company incremental revenue on a fixed base of expenses has a disproportionately larger impact on margin than a fresh dollar made on fresh infrastructure, right?

So what I'm saying is when you have a fixed infrastructure of an ecosystem and you suck out $10 million from it is going to have a disproportionately larger impact to EBITDA than another product that was brand-new. Because you haven't changed your operating expense, you just got rid of $10 million of revenue. So it does have a disproportionately higher impact on EBITDA.

In the case of that forecast for MoneyPak a lot's going into that not just the margin from the sale of the MoneyPak but in the case of the elimination of that MoneyPak PIN product, that's where 100% of the fraud lives. If you think of and you're not on our side of the desk but the angst that product has created in terms of write-offs and fraud reviews and employees in risk operations and dealing with customers and settling issues and all the stuff that surrounds the victim assisted fraud which is the reason why we got rid of the product.

All that will go away as part of this MoneyPak coming out. So the revenue, yes, disproportionately affects your margin at a higher rate than other revenue. That's just the law of how business works. But at the same time, we also believe we're going to get rid of a lot of the nonsense that we have to pay for and deal with that product has created.

This is a case where the fraudsters got the best of us and my decision was and I'm glad I made it that whilst having a one-time reset of financial impact, I'm glad it's gone. We did our best. We had every fraud control we could imagine on the product. We worked with consumer groups and advocates and everyone else. At the end of the day, I just didn't feel like I was going to be successful or the Company would be successful at getting rid of the victim assisted fraud. So I got rid of the product.

So in that range of EBITDA, I wish I could tell you it's black-and-white and say, okay, well MoneyPak number three sold for x and that means it is. You're sort of trading in the incremental EBITDA margin from that money generated, minus what you're going to save in fraud expense and printing costs of all the MoneyPak PINS and all the things that are going -- all the call centers and all the customer service and the millions of calls, so it balances out. It's really hard to be precise.

Anyhow, I hope that's a better explanation but for sure, I don't have the transcript, but if I implied that 100% of MoneyPak revenue goes to margin, that would have been an incorrect statement. I don't think I said that, but I wanted to make sure I didn't.

Tulu Yunus - *Nomura Securities - Analyst*

Yes. I may have misheard but thanks for clarifying.

Steve Streit - *Green Dot Corporation - Chairman & CEO*

Sure. Very good. I don't even know where we are on time, guys. How are we doing?

Chris Mammone - *Green Dot Corporation - VP of IR*

Way past.

Steve Streit - *Green Dot Corporation - Chairman & CEO*

Oh my gosh. We went another 10 minutes. With that, we're done with the call. I think there was no more questions either. So thank you everybody for your time. We look forward to seeing you at upcoming conferences.

THOMSON REUTERS

Operator

The conference is now concluded. Thank you for attending today's presentation. You may now disconnect