

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 June 30, 2020

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



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)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class:	Trading Symbol(s):	Name of each exchange on which registered:
Class A Common Stock, \$0.001 par value	GDOT	New York Stock Exchange

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 every Interactive Data File required to be submitted 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 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 the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	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 53,372,108 shares of Class A common stock outstanding, par value \$.001 per share as of July 31, 2020.

GREEN DOT CORPORATION
TABLE OF CONTENTS

	<u>Page</u>
PART I – FINANCIAL INFORMATION	
Item 1. Financial Statements	1
Consolidated Balance Sheets – June 30, 2020 and December 31, 2019	1
Consolidated Statements of Operations – Three and Six Months Ended June 30, 2020 and 2019	2
Consolidated Statements of Comprehensive Income – Three and Six Months Ended June 30, 2020 and 2019	3
Consolidated Statements of Changes in Stockholders' Equity – Three and Six Months Ended June 30, 2020 and 2019	4
Consolidated Statements of Cash Flows – Six Months Ended June 30, 2020 and 2019	6
Notes to Consolidated Financial Statements	7
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	26
Item 3. Quantitative and Qualitative Disclosures about Market Risk	40
Item 4. Controls and Procedures	41
PART II – OTHER INFORMATION	
Item 1. Legal Proceedings	42
Item 1A. Risk Factors	42
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	59
Item 5. Other Information	59
Item 6. Exhibits	60
Signature	61

PART I

ITEM 1. Financial Statements

GREEN DOT CORPORATION
CONSOLIDATED BALANCE SHEETS

	June 30, 2020 (unaudited)	December 31, 2019
Assets		
(In thousands, except par value)		
Current assets:		
Unrestricted cash and cash equivalents	\$ 1,931,467	\$ 1,063,426
Restricted cash	5,944	2,728
Investment securities available-for-sale, at fair value	—	10,020
Settlement assets	312,401	239,222
Accounts receivable, net	46,562	59,543
Prepaid expenses and other assets	57,694	66,183
Income tax receivable	1,364	870
Total current assets	2,355,432	1,441,992
Investment securities available-for-sale, at fair value	241,534	267,419
Loans to bank customers, net of allowance for loan losses of \$570 and \$1,166 as of June 30, 2020 and December 31, 2019, respectively	19,551	21,417
Prepaid expenses and other assets	42,346	10,991
Property, equipment, and internal-use software, net	148,258	145,476
Operating lease right-of-use assets	23,476	26,373
Deferred expenses	6,910	16,891
Net deferred tax assets	9,097	9,037
Goodwill and intangible assets	506,117	520,994
Total assets	\$ 3,352,721	\$ 2,460,590
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 27,351	\$ 37,876
Deposits	2,000,570	1,175,341
Obligations to customers	88,508	69,377
Settlement obligations	10,696	13,251
Amounts due to card issuing banks for overdrawn accounts	255	380
Other accrued liabilities	133,256	107,842
Operating lease liabilities	8,075	8,764
Deferred revenue	13,448	28,355
Income tax payable	20,035	3,948
Total current liabilities	2,302,194	1,445,134
Other accrued liabilities	7,547	10,883
Operating lease liabilities	20,912	24,445
Line of credit	—	35,000
Net deferred tax liabilities	17,843	17,772
Total liabilities	2,348,496	1,533,234
Commitments and contingencies (Note 17)		
Stockholders' equity:		
Class A common stock, \$0.001 par value; 100,000 shares authorized as of June 30, 2020 and December 31, 2019; 53,297 and 51,807 shares issued and outstanding as of June 30, 2020 and December 31, 2019, respectively	53	52
Additional paid-in capital	323,083	296,224
Retained earnings	678,898	629,040
Accumulated other comprehensive income	2,191	2,040
Total stockholders' equity	1,004,225	927,356
Total liabilities and stockholders' equity	\$ 3,352,721	\$ 2,460,590

See notes to unaudited consolidated financial statements

GREEN DOT CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
(In thousands, except per share data)				
Operating revenues:				
Card revenues and other fees	\$ 152,681	\$ 121,613	\$ 294,075	\$ 251,190
Processing and settlement service revenues	65,450	67,073	188,516	174,652
Interchange revenues	95,970	81,334	186,836	173,875
Interest income, net	2,139	8,306	8,982	19,123
Total operating revenues	316,240	278,326	678,409	618,840
Operating expenses:				
Sales and marketing expenses	106,811	87,432	223,549	186,133
Compensation and benefits expenses	58,867	48,298	111,932	109,773
Processing expenses	71,371	49,222	142,466	100,854
Other general and administrative expenses	73,801	49,411	136,223	96,732
Total operating expenses	310,850	234,363	614,170	493,492
Operating income	5,390	43,963	64,239	125,348
Interest expense, net	443	66	684	1,670
Other income (expense), net	2,154	(99)	2,346	34
Income before income taxes	7,101	43,798	65,901	123,712
Income tax expense	3,807	9,106	15,762	24,977
Net income	\$ 3,294	\$ 34,692	\$ 50,139	\$ 98,735
Basic earnings per common share:				
	\$ 0.06	\$ 0.66	\$ 0.95	\$ 1.87
Diluted earnings per common share:				
	\$ 0.06	\$ 0.64	\$ 0.93	\$ 1.82
Basic weighted-average common shares issued and outstanding:	52,275	52,588	52,084	52,818
Diluted weighted-average common shares issued and outstanding:	53,164	53,811	52,913	54,154

See notes to unaudited consolidated financial statements

GREEN DOT CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	(In thousands)			
Net income	\$ 3,294	\$ 34,692	\$ 50,139	\$ 98,735
Other comprehensive income				
Unrealized holding (loss) gain, net of tax	(4,006)	996	151	2,162
Comprehensive (loss) income	<u>\$ (712)</u>	<u>\$ 35,688</u>	<u>\$ 50,290</u>	<u>\$ 100,897</u>

See notes to unaudited consolidated financial statements

GREEN DOT CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(UNAUDITED)

Three Months Ended June 30, 2020

	Class A Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Stockholders' Equity
	Shares	Amount				
(In thousands)						
Balance at March 31, 2020	52,854	\$ 53	\$ 306,151	\$ 675,604	\$ 6,197	\$ 988,005
Common stock issued under stock plans, net of withholdings and related tax effects	443	—	3,330	—	—	3,330
Stock-based compensation	—	—	13,602	—	—	13,602
Net income	—	—	—	3,294	—	3,294
Other comprehensive income	—	—	—	—	(4,006)	(4,006)
Balance at June 30, 2020	53,297	\$ 53	\$ 323,083	\$ 678,898	\$ 2,191	\$ 1,004,225

Three Months Ended June 30, 2019

	Class A Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Stockholders' Equity
	Shares	Amount				
(In thousands)						
Balance at March 31, 2019	53,148	\$ 53	\$ 384,447	\$ 593,186	\$ 1,029	\$ 978,715
Common stock issued under stock plans, net of withholdings and related tax effects	327	1	(918)	—	—	(917)
Stock-based compensation	—	—	8,427	—	—	8,427
Repurchases of Class A common stock	(1,666)	(2)	(99,998)	—	—	(100,000)
Net income	—	—	—	34,692	—	34,692
Other comprehensive income	—	—	—	—	996	996
Balance at June 30, 2019	51,809	\$ 52	\$ 291,958	\$ 627,878	\$ 2,025	\$ 921,913

See notes to unaudited consolidated financial statements

GREEN DOT CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (CONTINUED)
(UNAUDITED)

Six Months Ended June 30, 2020

	Class A Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Stockholders' Equity
	Shares	Amount				
(In thousands)						
Balance at December 31, 2019	51,807	\$ 52	\$ 296,224	\$ 629,040	\$ 2,040	\$ 927,356
Common stock issued under stock plans, net of withholdings and related tax effects	515	—	1,873	—	—	1,873
Stock-based compensation	—	—	24,987	—	—	24,987
Walmart restricted shares	975	1	(1)	—	—	—
Net income	—	—	—	50,139	—	50,139
Other comprehensive income	—	—	—	—	151	151
Cumulative effect adjustment for adoption of ASU No. 2016-13 (CECL)	—	—	—	(281)	—	(281)
Balance at June 30, 2020	53,297	\$ 53	\$ 323,083	\$ 678,898	\$ 2,191	\$ 1,004,225

Six Months Ended June 30, 2019

	Class A Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount				
(In thousands)						
Balance at December 31, 2018	52,917	\$ 53	\$ 380,753	\$ 529,143	\$ (137)	\$ 909,812
Common stock issued under stock plans, net of withholdings and related tax effects	558	1	(12,039)	—	—	(12,038)
Stock-based compensation	—	—	23,242	—	—	23,242
Repurchases of Class A common stock	(1,666)	(2)	(99,998)	—	—	(100,000)
Net income	—	—	—	98,735	—	98,735
Other comprehensive income	—	—	—	—	2,162	2,162
Balance at June 30, 2019	51,809	\$ 52	\$ 291,958	\$ 627,878	\$ 2,025	\$ 921,913

See notes to unaudited consolidated financial statements

GREEN DOT CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Six Months Ended June 30,	
	2020	2019
(In thousands)		
Operating activities		
Net income	\$ 50,139	\$ 98,735
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of property, equipment and internal-use software	28,175	23,003
Amortization of intangible assets	14,231	16,349
Provision for uncollectible overdrawn accounts from purchase transactions	4,398	4,047
Stock-based compensation	24,987	23,242
Losses in equity method investment	2,716	—
Realized gain on sale of available-for-sale investment securities	(5,062)	—
Amortization of premium (discount) on available-for-sale investment securities	432	(224)
Amortization of deferred financing costs	84	1,124
Impairment of internal-use software	1,068	104
Changes in operating assets and liabilities:		
Accounts receivable, net	8,583	8,696
Prepaid expenses and other assets	9,285	8,051
Deferred expenses	9,981	13,634
Accounts payable and other accrued liabilities	13,665	(31,207)
Deferred revenue	(15,096)	(18,799)
Income tax receivable/payable	15,407	20,929
Other, net	(1,477)	(616)
Net cash provided by operating activities	161,516	167,068
Investing activities		
Purchases of available-for-sale investment securities	(208,502)	(90,216)
Proceeds from maturities of available-for-sale securities	61,717	50,354
Proceeds from sales of available-for-sale securities	187,668	101
Payments for acquisition of property and equipment	(31,395)	(37,746)
Net changes in loans	1,612	(1,296)
Investment in TailFin Labs, LLC	(35,000)	—
Other	(832)	—
Net cash used in investing activities	(24,732)	(78,803)
Financing activities		
Repayments of borrowings from notes payable	—	(60,000)
Borrowings on revolving line of credit	100,000	—
Repayments on revolving line of credit	(135,000)	—
Proceeds from exercise of options and ESPP purchases	4,858	4,836
Taxes paid related to net share settlement of equity awards	(2,985)	(16,874)
Net increase in deposits	826,203	140,110
Net decrease in obligations to customers	(56,603)	(48,306)
Contingent consideration payments	(2,000)	(2,634)
Repurchase of Class A common stock	—	(100,000)
Net cash provided by (used in) financing activities	734,473	(82,868)
Net increase in unrestricted cash, cash equivalents and restricted cash	871,257	5,397
Unrestricted cash, cash equivalents and restricted cash, beginning of period	1,066,154	1,095,218
Unrestricted cash, cash equivalents and restricted cash, end of period	\$ 1,937,411	\$ 1,100,615
Cash paid for interest	\$ 759	\$ 1,604
Cash paid for income taxes	\$ 34	\$ 3,702
Reconciliation of unrestricted cash, cash equivalents and restricted cash at end of period:		
Unrestricted cash and cash equivalents	\$ 1,931,467	\$ 1,096,498
Restricted cash	5,944	4,117
Total unrestricted cash, cash equivalents and restricted cash, end of period	\$ 1,937,411	\$ 1,100,615

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 financial technology leader and bank holding company with a mission to reinvent banking for the masses. Our company’s long-term strategy is to create a unique, sustainable and highly valuable fintech ecosystem, in part through the continued evolution of our innovative Banking as a Service (“BaaS”) platform, that’s intended to fuel the engine of innovation and growth for us and our business partners.

Enabled by proprietary technology, our commercial bank charter and our high-scale program management operating capability, our vertically integrated technology and banking platform is used by a growing list of America’s most prominent consumer and technology companies to design and deploy their own bespoke financial services solutions to their customers and partners, while we use that same integrated platform for our own leading collection of banking and financial services products marketed directly to consumers through what we believe to be the most broadly distributed, omni-channel branchless banking platforms in the United States.

We were incorporated in Delaware in 1999 and became a bank holding company under the Bank Holding Company Act and a member bank of the Federal Reserve System in December 2011. We are headquartered in Pasadena, California, with additional facilities throughout the United States and in Shanghai, China.

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, 2019 for additional disclosures, including a summary of our significant accounting policies. There have been no material changes to our significant accounting policies during the six months ended June 30, 2020, other than the adoption of the accounting pronouncements discussed herein. In our opinion, the accompanying unaudited consolidated financial statements contain all adjustments, consisting of normal and recurring items, necessary for the fair presentation of our financial position, results of operations and cash flows for the interim periods presented.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Future events and their effects cannot be predicted with certainty; accordingly, accounting estimates require the exercise of judgment. These financial statements were prepared using information reasonably available as of June 30, 2020 and through the date of this Report. The accounting estimates used in the preparation of the Company’s consolidated financial statements may change as new events occur, as more experience is acquired, as additional information is obtained and as the Company’s operating environment changes. Actual results may differ from these estimates due to the uncertainty around the magnitude, duration and effects of the COVID-19 pandemic, as well as other factors.

Recent Accounting Pronouncements***Recently adopted accounting pronouncements***

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. The amendments under ASU 2016-13 eliminate the probable incurred loss recognition model under GAAP and introduce a forward-looking approach, based on expected losses, to estimate credit losses on certain types of financial instruments. The estimate of expected credit losses requires entities to incorporate considerations of historical information, current information, and reasonable and supportable forecasts. The new ASU also expands the disclosure requirements to enable users of financial statements to understand the entity’s

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

Note 2—Summary of Significant Accounting Policies (continued)

assumptions, models, and methods for estimating expected credit losses. ASU 2016-13 is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years.

We adopted ASU 2016-13 using the modified retrospective method for all financial assets measured at amortized cost. Results for periods after January 1, 2020 are presented under ASU 2016-13 while prior period amounts continue to be reported under previously applicable accounting standards. The adoption of ASU 2016-13 resulted in an adjustment of approximately \$0.3 million, net of tax, to beginning retained earnings, the effect of which we do not consider material to our consolidated financial statements.

Most of our financial assets within the scope of ASU 2016-13 are considered highly short-term in nature and therefore, we are less susceptible to risks and uncertainty of credit losses over extended periods of time. The adoption of ASU 2016-13 did not result in any material changes to our methods for developing our allowance for credit losses, or the information we assess in developing our current estimate of expected credit losses. See Notes 4, 5 and 6 to these consolidated financial statements for additional information on our financial assets within scope of the new accounting standard.

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. We adopted the provisions of ASU 2017-04 on January 1, 2020, the effect of which did not have a material impact on our consolidated financial statements.

Recently issued accounting pronouncements not yet adopted

In December 2019, the FASB issued ASU No. 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes ("ASU 2019-12")*, which simplifies the accounting for income taxes by removing certain exceptions and improves consistent application of Topic 740. ASU 2019-12 is effective for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. Early adoption is permitted. We are currently evaluating the impact of ASU 2019-12 on our consolidated financial statements.

Note 3—Revenues

Disaggregation of Revenues

Our products and services are offered only to customers within the United States. We determine our operating segments based on how our chief operating decision maker manages our operations, makes operating decisions and evaluates operating performance. Within our segments, we believe that the nature, amount, timing and uncertainty of our revenue and cash flows and how they are affected by economic factors can be further illustrated based on the timing in which revenue for each of our products and services is recognized.

The following table disaggregates our revenues by the timing in which the revenue is recognized:

	Three Months Ended June 30, 2020		Three Months Ended June 30, 2019	
	Account Services	Processing and Settlement Services	Account Services	Processing and Settlement Services
	(In thousands)			
Timing of revenue recognition				
Transferred at a point in time	\$ 132,059	\$ 65,450	\$ 123,152	\$ 67,071
Transferred over time	115,290	1,302	77,564	2,233
Operating revenues ⁽¹⁾	\$ 247,349	\$ 66,752	\$ 200,716	\$ 69,304
	Six Months Ended June 30, 2020		Six Months Ended June 30, 2019	
	Account Services	Processing and Settlement Services	Account Services	Processing and Settlement Services
	(In thousands)			
Timing of revenue recognition				
Transferred at a point in time	\$ 256,179	\$ 188,516	\$ 264,074	\$ 174,647
Transferred over time	222,479	2,253	157,331	3,665
Operating revenues ⁽¹⁾	\$ 478,658	\$ 190,769	\$ 421,405	\$ 178,312

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

Note 3—Revenues (continued)

(1) Excludes net interest income, a component of total operating revenues, as it is outside the scope of ASC 606, *Revenues*

Within our Account Services segment, revenues recognized at a point in time are comprised principally of ATM fees, interchange, and other similar transaction-based fees. Revenues recognized over time consist of new card fees, monthly maintenance fees, revenue earned from gift cards and substantially all BaaS partner program management fees. Substantially all of our processing and settlement services are recognized at a point in time.

Refer to *Note 19 — Segment Information* for our revenues disaggregated by our products and services and the components to our total operating revenues on our Consolidated Statements of Operations for additional information.

Contract Balances

As disclosed on our Consolidated Balance Sheets, we record deferred revenue for any upfront payments received in advance of our performance obligations being satisfied. These contract liabilities consist principally of unearned new card fees and monthly maintenance fees. We recognized approximately \$8.9 million and \$10.2 million in revenue for the three months ended June 30, 2020 and 2019, respectively, and \$25.9 million and \$31.4 million for the six months ended June 30, 2020 and 2019, respectively, that were included in deferred revenue at the beginning of the periods and did not recognize any revenue during these periods from performance obligations satisfied in previous periods. Changes in the deferred revenue balance are driven primarily by the amount of new card fees recognized during the period, and the degree to which these reductions to the deferred revenue balance are offset by the deferral of new card fees associated with cards sold during the period.

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)			
June 30, 2020				
Corporate bonds	\$ 10,000	\$ 58	\$ —	\$ 10,058
Agency bond securities	15,000	44	—	15,044
Agency mortgage-backed securities	189,533	2,320	(49)	191,804
Municipal bonds	4,275	143	—	4,418
Asset-backed securities	19,896	314	—	20,210
Total investment securities	<u>\$ 238,704</u>	<u>\$ 2,879</u>	<u>\$ (49)</u>	<u>\$ 241,534</u>
December 31, 2019				
Corporate bonds	\$ 10,000	\$ 12	\$ —	\$ 10,012
Agency bond securities	19,980	20	—	20,000
Agency mortgage-backed securities	208,821	2,453	(241)	211,033
Municipal bonds	4,342	2	(2)	4,342
Asset-backed securities	31,814	238	—	32,052
Total investment securities	<u>\$ 274,957</u>	<u>\$ 2,725</u>	<u>\$ (243)</u>	<u>\$ 277,439</u>

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

Note 4—Investment Securities (continued)

As of June 30, 2020 and December 31, 2019, 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)						
June 30, 2020						
Agency mortgage-backed securities	\$ 6,768	\$ (45)	\$ 1,371	\$ (4)	\$ 8,139	\$ (49)
December 31, 2019						
Agency mortgage-backed securities	\$ 43,337	\$ (153)	\$ 8,735	\$ (88)	\$ 52,072	\$ (241)
Municipal bonds	—	—	113	(2)	113	(2)
Total investment securities	\$ 43,337	\$ (153)	\$ 8,848	\$ (90)	\$ 52,185	\$ (243)

Our investments generally consist of highly rated securities, as our investment policy restricts our investments to highly liquid, low credit risk assets. We did not record any significant credit-related impairment losses during the three and six months ended June 30, 2020 or 2019 on our available-for-sale investment securities. Upon adoption of ASU 2016-13, we establish an allowance for credit losses limited by the amount that the fair value of the investment is less than its amortized cost, rather than a direct write down under previous GAAP. Any subsequent improvements in credit will be recognized in income through a reversal of the allowance established. We continue to record non-credit-related losses as a component of accumulated other comprehensive income or loss. We do not intend to sell our investments and we have determined that it is more likely than not that we will not be required to sell our investments before recovery of their amortized cost bases, which may be at maturity.

For the three months ended June 30, 2020, we recorded a realized gain of approximately \$5.1 million as a result of the sale of certain investment securities. The gain recognized upon sale of the investments was reclassified from accumulated other comprehensive income and is recorded as a component of other income and expenses on our consolidated statements of operations.

As of June 30, 2020, the contractual maturities of our available-for-sale investment securities were as follows:

	Amortized cost	Fair value
(In thousands)		
Due after one year through five years	10,000	10,058
Due after five years through ten years	10,000	10,000
Due after ten years	9,275	9,462
Mortgage and asset-backed securities	209,429	212,014
Total investment securities	\$ 238,704	\$ 241,534

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:

	June 30, 2020	December 31, 2019
	(In thousands)	
Trade receivables	\$ 17,141	\$ 14,512
Reserve for uncollectible trade receivables	(241)	(202)
Net trade receivables	16,900	14,310
Overdrawn cardholder balances from purchase transactions	6,615	4,327
Reserve for uncollectible overdrawn accounts from purchase transactions	(5,070)	(3,398)
Net overdrawn cardholder balances from purchase transactions	1,545	929
Overdrawn cardholder balances from maintenance fees	3,335	2,235
Total net overdrawn account balances due from cardholders	4,880	3,164
Receivables due from card issuing banks	5,382	5,758
Fee advances, net	1,677	26,268
Other receivables	17,723	10,043
Accounts receivable, net	\$ 46,562	\$ 59,543

Our net overdrawn account balances due from cardholders are a result of purchase transactions that we honor or maintenance fee assessments, in each case, in excess of the funds in the cardholder's account. Reserves for overdrawn account balances from purchase transactions are subject to our recent adoption of ASU 2016-13 and are included as a component of other general and administrative expenses on our consolidated statements of operations. Overdrawn cardholder balances from maintenance fee assessments are presented net of the consideration we expect to receive under ASC 606 and are recorded as contra-revenue within card revenues and other fees. The adoption of ASU 2016-13 did not result in any material changes to our methods for developing allowances for any component within our accounts receivable.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
	(In thousands)			
Balance, beginning of period	\$ 3,680	\$ 3,329	\$ 3,398	\$ 2,710
Provision for uncollectible overdrawn accounts from purchase transactions	3,082	1,316	4,398	4,047
Charge-offs	(1,692)	(2,277)	(2,726)	(4,389)
Balance, end of period	\$ 5,070	\$ 2,368	\$ 5,070	\$ 2,368

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

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)						
June 30, 2020						
Residential	\$ 125	\$ —	\$ —	\$ 125	\$ 3,645	\$ 3,770
Commercial	—	—	—	—	1,074	1,074
Installment	2	—	—	2	1,215	1,217
Secured credit card	488	435	759	1,682	12,378	14,060
Total loans	\$ 615	\$ 435	\$ 759	\$ 1,809	\$ 18,312	\$ 20,121
Percentage of outstanding	3.1 %	2.2 %	3.8 %	9.0 %	91.0 %	100.0 %

December 31, 2019

Residential	\$ 1	\$ —	\$ —	\$ 1	\$ 4,530	\$ 4,531
Commercial	—	—	—	—	158	158
Installment	1	—	—	1	1,246	1,247
Secured credit card	1,080	939	2,183	4,202	12,445	16,647
Total loans	\$ 1,082	\$ 939	\$ 2,183	\$ 4,204	\$ 18,379	\$ 22,583
Percentage of outstanding	4.8 %	4.2 %	9.7 %	18.6 %	81.4 %	100.0 %

Nonperforming Loans

The following table presents the carrying value, gross of the related allowance for loan losses, of our nonperforming loans. 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, 2019 for further information on the criteria for classification as nonperforming.

	June 30, 2020	December 31, 2019
(In thousands)		
Residential	\$ 262	\$ 290
Installment	131	147
Secured credit card	759	2,183
Total loans	\$ 1,152	\$ 2,620

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.

Our secured credit card portfolio is collateralized by cash deposits made by each cardholder in an amount equal to the user's available credit limit, which mitigates the risk of any significant credit losses we expect to incur.

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:

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

Note 6—Loans to Bank Customers (continued)

	June 30, 2020		December 31, 2019	
	Non-Classified	Classified	Non-Classified	Classified
	(In thousands)			
Residential	\$ 3,508	\$ 262	\$ 4,241	\$ 290
Commercial	1,074	—	158	—
Installment	1,062	155	1,058	189
Secured credit card	13,301	759	14,464	2,183
Total loans	\$ 18,945	\$ 1,176	\$ 19,921	\$ 2,662

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. As of June 30, 2020, none of our TDR modifications have been made in response to the COVID-19 pandemic.

The following table presents our impaired loans and loans that we modified as TDRs as of June 30, 2020 and December 31, 2019:

	June 30, 2020		December 31, 2019	
	Unpaid Principal Balance	Carrying Value	Unpaid Principal Balance	Carrying Value
	(In thousands)			
Residential	\$ 262	\$ 196	\$ 290	\$ 221
Installment	142	138	160	48

Allowance for Loan Losses

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
	(In thousands)			
Balance, beginning of period	\$ 1,057	\$ 948	\$ 1,166	\$ 1,144
Provision for loans	62	590	254	1,256
Loans charged off	(634)	(637)	(1,121)	(1,549)
Recoveries of loans previously charged off	85	69	271	119
Balance, end of period	\$ 570	\$ 970	\$ 570	\$ 970

Note 7—Equity Method Investment

On January 2, 2020, we effectuated our agreement with Walmart to jointly establish a new fintech accelerator under the name TailFin Labs, LLC ("TailFin Labs"), with a mission to develop innovative products, services and technologies that sit at the intersection of retail shopping and consumer financial services. The entity is majority-owned by Walmart and will focus on developing tech-enabled solutions to integrate omni-channel retail shopping and financial services. We hold a 20% ownership interest in the entity, in exchange for annual capital contributions of \$35.0 million per year through January 2024.

We account for our investment in TailFin Labs under the equity method of accounting in accordance with ASC 323, *Investments – Equity Method and Joint Ventures*. Under the equity method of accounting, the initial investment is recorded at cost and the investment is subsequently adjusted for, among other things, its proportionate share of earnings or losses. However, given the capital structure of the TailFin Labs arrangement, we apply the Hypothetical Liquidation Book Value ("HLBV") method to determine the allocation of profits and losses since our liquidation rights and priorities, as defined by the agreement, differ from our underlying ownership interest. The HLBV method calculates the proceeds that would be attributable to each partner in an investment based on the liquidation provisions of the agreement if the partnership was to be liquidated at book value as of the balance sheet date. Each partner's allocation of income or loss in the period is equal to the change in the amount of net equity they are legally

Note 7—Equity Method Investment (continued)

able to claim based on a hypothetical liquidation of the entity at the end of a reporting period compared to the beginning of that period, adjusted for any capital transactions.

Any future economic benefits derived from products or services developed by TailFin Labs will be negotiated on a case-by-case basis between the parties.

We recorded total equity in losses of approximately \$2.9 million and \$2.7 million for the three and six months ended June 30, 2020, which is recorded as a component of other income and expense on our consolidated statements of operations. As of June 30, 2020, our net investment balance is included in the long term portion of the caption entitled prepaid expenses and other assets on our consolidated balance sheet. Total equity in losses also includes income and losses from an investment held by our bank under the Community Reinvestment Act, which is not material to these consolidated financial statements.

Note 8—Deposits

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

	June 30, 2020	December 31, 2019
	(In thousands)	
Non-interest bearing deposit accounts	\$ 1,964,690	\$ 1,055,818
Interest-bearing deposit accounts		
Checking accounts	8,304	95,995
Savings	8,110	6,619
GPR deposits	14,576	11,892
Time deposits, denominations greater than or equal to \$100	3,830	3,854
Time deposits, denominations less than \$100	1,060	1,163
Total interest-bearing deposit accounts	35,880	119,523
Total deposits	\$ 2,000,570	\$ 1,175,341

Total deposit balances have increased substantially as compared to December 31, 2019, principally as a result of stimulus funds and other government benefits received by our cardholders under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act).

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

	June 30, 2020
	(In thousands)
Due in 2020	\$ 818
Due in 2021	1,150
Due in 2022	1,484
Due in 2023	627
Due in 2024	454
Thereafter	357
Total time deposits	\$ 4,890

Note 9—Debt*2019 Revolving Facility*

In October 2019, we entered into a secured credit agreement with Wells Fargo Bank, National Association, and other lenders party thereto. The credit facility provides for a \$100.0 million five-year revolving line of credit (the "2019 Revolving Facility"), maturing in October 2024. We use the proceeds of any borrowings under the revolving facility for working capital and other general corporate purposes, subject to the terms and conditions set forth in the credit agreement. We classify amounts outstanding as long-term on our consolidated balance sheets, however, we may make voluntary repayments at any time prior to maturity. In March 2020, we drew down the full amount available under our 2019 Revolving Facility to strengthen our liquidity position as a precautionary measure due to the uncertainty associated with the COVID-19 pandemic and to provide flexibility to pursue strategic priorities, but have since repaid the entire balance drawn as of June 30, 2020. As of December 31, 2019, the outstanding balance

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

Note 9—Debt (continued)

on our revolving line of credit was \$35.0 million. The entire \$100.0 million remains available for use under the credit facility as of June 30, 2020.

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 United States federal funds rate plus .50%, (a) the Wells Fargo prime rate 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 margin is dependent upon on our total leverage ratio and varies from 1.25% to 2.00% for LIBOR Rate loans and .25% to 1.00% for Base Rate loans.

We also pay a commitment fee, which varies from .20% to .35% per annum on the actual daily unused portions of the 2019 Revolving Facility. Letter of credit fees are payable in respect of outstanding letters of credit at a rate per annum equal to the applicable margin for LIBOR Rate loans.

The 2019 Revolving Facility 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 also 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 June 30, 2020, we were in compliance with all such covenants.

If an event of default shall occur and be continuing under the facility, the commitments may be terminated and the principal amounts outstanding under the 2019 Revolving Facility, together with all accrued unpaid interest and other amounts owing in respect thereof, may be declared immediately due and payable.

Senior Credit Facility

In October 2014, we entered into a \$225.0 million 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 provided 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"). In March 2019, we elected to make a voluntary prepayment of \$60.0 million to retire the Term Facility without penalty or additional premium. The Revolving Facility remained available for use until the Senior Credit Facility matured in October 2019, at which point we entered into the 2019 Revolving Facility discussed above.

Cash interest expense related to our debt was \$0.4 million for the three months ended June 30, 2020 and \$0.6 million for each of the six months ended June 30, 2020 and 2019. We did not incur any cash interest expense during the three months ended June 30, 2019.

Note 10—Income Taxes

Income tax expense for the six months ended June 30, 2020 and 2019 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:

	Six Months Ended June 30,	
	2020	2019
U.S. federal statutory tax rate	21.0 %	21.0 %
State income taxes, net of federal tax benefit	(0.6)	1.7
General business credits	(6.6)	(1.5)
Employee stock-based compensation	1.8	(3.7)
IRC 162(m) limitation	8.1	2.4
Nondeductible expenses	0.7	0.1
Other	(0.5)	0.2
Effective tax rate	<u>23.9 %</u>	<u>20.2 %</u>

The effective tax rate for the six months ended June 30, 2020 and 2019 differs from the statutory federal income tax rate of 21%, primarily due to state income taxes, net of federal tax benefits, general business credits, employee stock-based compensation, and the Internal Revenue Code (IRC) 162(m) limitation on the deductibility of certain executive compensation. The increase in the effective tax rate for the six months ended June 30, 2020 as compared to the six months ended June 30, 2019 is primarily due to an increase of \$2.4 million as a result of the IRC 162(m)

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

Note 10—Income Taxes (continued)

limitation on the deductibility of certain executive compensation and a \$5.8 million decline in excess tax benefits from stock-based compensation. We recognized a discrete tax expense related to tax shortfalls from stock based-compensation of \$1.2 million for the six months ended June 30, 2020, compared to a \$4.6 million excess tax benefit for the prior year comparable period. These increases were partially offset by the impact of general business credits.

On March 27, 2020, the CARES Act was signed into law, which, among other things, includes certain income tax provisions for individuals and corporations; however, these benefits do not impact our current tax provision.

We have made a policy election to account for Global Intangible Low-Taxed Income ("GILTI") in the year the GILTI tax is incurred. For the six months ended June 30, 2020, the provision for GILTI tax expense was not material to our financial statements.

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 June 30, 2020, we released our valuation allowance against our capital loss carryforwards, as we recognized capital gains on the sale of certain investment securities during the current period sufficient to offset our capital loss carryforward amount. Accordingly, it is more-likely-than-not that the tax benefits related to the capital loss carryforwards will be realized before they expire. As of June 30, 2019, 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 years ended December 31, 2016 through 2019. We generally remain subject to examination of our various state income tax returns for a period of four to five years from the respective dates the returns were filed. During the quarter ended June 30, 2020, the IRS initiated an examination of our 2017 U.S. federal tax return. We do not expect that this examination will have a material impact on our consolidated financial statements.

As of June 30, 2020, we have federal net operating loss carryforwards of approximately \$31.9 million and state net operating loss carryforwards of approximately \$57.9 million which will be available to offset future income. If not used, the federal net operating losses will expire between 2021 and 2035. Of our total state net operating loss carryforwards, approximately \$31.7 million will expire between 2021 and 2039, while the remaining balance of approximately \$26.2 million does not expire and carries forward indefinitely. The net operating losses are subject to an annual IRC Section 382 limitation, which restricts their utilization against taxable income in future periods. In addition, we have state business tax credits of approximately \$16.3 million that can be carried forward indefinitely and other state business tax credits of approximately \$1.1 million that will expire between 2023 and 2027.

As of June 30, 2020 and December 31, 2019, we had a liability of \$9.7 million and \$8.3 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:

	Six Months Ended June 30,	
	2020	2019
	(In thousands)	
Beginning balance	\$ 8,398	\$ 6,965
Increases related to positions taken during prior years	235	—
Increases related to positions taken during the current year	1,200	1,569
Ending balance	\$ 9,833	\$ 8,534
The total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate	\$ 9,660	\$ 8,481

As of June 30, 2020 and 2019, we recognized accrued interest and penalties related to unrecognized tax benefits of approximately \$0.7 million and \$0.5 million, respectively.

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

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

In May 2017, our Board of Directors authorized, subject to regulatory approval, expansion of our stock repurchase program by an additional \$150 million. We sought and received regulatory approval during the second quarter of 2019 and entered into an accelerated share repurchase agreement for \$100 million in May 2019. In August 2019, we completed final settlement of shares purchased under this agreement, receiving in total approximately 2.1 million shares at an average repurchase price of \$48.26. As of June 30, 2020, we have an authorized \$50 million remaining under our current stock repurchase program for any additional repurchases.

Walmart Restricted Shares

On January 2, 2020, we issued Walmart, in a private placement, 975,000 restricted shares of our Class A Common Stock. The shares vest in equal monthly increments through December 1, 2022. Walmart is entitled to voting rights and participate in any dividends paid from the issuance date on the unvested balance, and therefore, the total amount of restricted shares issued are included in our total Class A shares outstanding. As of June 30, 2020, there were 812,502 unvested shares outstanding.

The estimated grant-date fair value of the restricted shares is recorded as a component of stock-based compensation expense over the related period we expect to benefit under our relationship with Walmart.

Note 12—Stock-Based Compensation

We currently grant restricted equity awards to employees, directors and non-employee consultants 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.

Restricted Stock Units

The following table summarizes restricted stock units subject to only service conditions granted under our 2010 Equity Incentive Plan:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
	(In thousands, except per share data)			
Restricted stock units granted	266	53	1,500	89
Weighted-average grant-date fair value	\$ 38.49	\$ 48.63	\$ 28.62	\$ 55.92

Performance-Based Restricted Stock Units

We grant performance-based restricted stock units to certain employees which are subject to the attainment of pre-established annual performance targets. The actual number of shares subject to the award is determined at the end of the annual performance period and may range from 0% to 200% of the target shares granted. These awards generally contain an additional service component after each annual performance period is concluded and the unvested balance of the shares determined at the end of the annual performance period will vest over the remaining requisite service period. Compensation expense related to these awards is recognized using the accelerated attribution method over the vesting period (generally, a period of four years) based on the fair value of the closing market price of our Class A common stock on the date of the grant and the estimated performance that is expected to be achieved.

The following table summarizes the performance-based restricted stock units granted under our 2010 Equity Incentive Plan:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
	(In thousands, except per share data)			
Performance-based restricted stock units granted ⁽¹⁾	128	627	572	883
Weighted-average grant-date fair value	\$ 41.84	\$ 49.17	\$ 32.18	\$ 50.15

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

Note 12—Stock-Based Compensation (continued)

- (1) Performance awards granted also reflects, as applicable, the issuance of any shares awarded in excess of their original target amount based on the Compensation Committee's certification of completed performance years. The grant date fair value for these awards are based on the grant price at the time of the original award.

Performance-Based Stock Options

In connection with the recent hiring of certain executive officers, we granted performance-based stock options with a seven-year term that vest subject to continued service over three years, and upon our company achieving certain stock trading prices within a five-year period. Compensation expense related to these awards is recognized over the greater of the explicit service period or a derived implicit period based on when the performance targets are expected to be achieved. The grant date fair value is determined through the use of a Monte Carlo simulation and is not subsequently re-measured.

The following table summarizes the performance-based stock options granted to date:

	<u>Six Months Ended June 30,</u> <u>2020</u>
	<u>(In thousands, except per share data)</u>
Performance-based stock options granted	1,750
Weighted-average exercise price	\$ 25.70
Weighted-average grant-date fair value	\$ 11.48

The estimated grant-date fair value of each performance option grant was based on the following weighted-average assumptions:

	<u>Six Months Ended June 30,</u> <u>2020</u>
Risk-free interest rate	0.68 %
Expected term (in years)	3.18
Expected dividends	—
Expected volatility	53.4 %

The total stock-based compensation expense recognized was \$13.6 million and \$8.4 million for the three months ended June 30, 2020 and 2019, respectively, and \$25.0 million and \$23.2 million for the six months ended June 30, 2020 and 2019, respectively. Total stock-based compensation expense includes amounts related to each of the awards discussed above and purchases made under our 2010 Employee Stock Purchase Plan, and reflects, as applicable, accelerated expense recognition associated with our retirement policy.

Under our retirement policy, following a qualified retirement, any service-based requirement for unvested stock awards held by the eligible employee is eliminated. Accordingly, the related compensation expense is recognized immediately for qualifying awards granted to eligible employees, or in the case of ineligible employees who later become eligible under the retirement policy, over the period from the grant date to the date a qualifying retirement is achieved, if earlier than the standard vesting dates. Performance-based restricted stock units issued to retirement eligible employees remain subject to the stock awards' annual performance targets and the expense will be adjusted accordingly based expected achievement.

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

Note 13—Earnings per Common Share

The calculation of basic and diluted earnings per share (EPS) was as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
(In thousands, except per share data)				
Basic earnings per Class A common share				
Numerator:				
Net income	\$ 3,294	\$ 34,692	\$ 50,139	\$ 98,735
Income attributable to unvested Walmart restricted shares	(52)	—	(828)	—
Net income allocated to Class A common stockholders	<u>\$ 3,242</u>	<u>\$ 34,692</u>	<u>\$ 49,311</u>	<u>\$ 98,735</u>
Denominator:				
Weighted-average Class A shares issued and outstanding	52,275	52,588	52,084	52,818
Basic earnings per Class A common share	<u>\$ 0.06</u>	<u>\$ 0.66</u>	<u>\$ 0.95</u>	<u>\$ 1.87</u>
Diluted earnings per Class A common share				
Numerator:				
Net income allocated to Class A common stockholders	\$ 3,242	\$ 34,692	\$ 49,311	\$ 98,735
Re-allocated earnings	1	—	13	—
Diluted net income allocated to Class A common stockholders	<u>\$ 3,243</u>	<u>\$ 34,692</u>	<u>\$ 49,324</u>	<u>\$ 98,735</u>
Denominator:				
Weighted-average Class A shares issued and outstanding	52,275	52,588	52,084	52,818
Dilutive potential common shares:				
Stock options	58	131	57	150
Restricted stock units	567	456	469	586
Performance-based restricted stock units	258	630	299	592
Employee stock purchase plan	6	6	4	8
Diluted weighted-average Class A shares issued and outstanding	<u>53,164</u>	<u>53,811</u>	<u>52,913</u>	<u>54,154</u>
Diluted earnings per Class A common share	<u>\$ 0.06</u>	<u>\$ 0.64</u>	<u>\$ 0.93</u>	<u>\$ 1.82</u>

The restricted shares issued to Walmart contain non-forfeitable rights to dividends and are considered participating securities for purposes of computing EPS pursuant to the two-class method. The computation above excludes income attributable to the unvested restricted shares from the numerator and excludes the dilutive impact of those underlying shares from the denominator.

For the periods presented, we excluded certain restricted stock units and stock options outstanding (as applicable), which could potentially dilute basic EPS in the future, from the computation of diluted EPS as their effect was anti-dilutive. Additionally, we have excluded any performance-based restricted stock units and performance-based stock options where the performance contingency has not been met as of the end of the period. The following table shows the weighted-average number of shares excluded from the diluted EPS calculation as their effects were anti-dilutive:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
(In thousands)				
Class A common stock				
Options to purchase Class A common stock	795	—	772	—
Restricted stock units	268	329	295	226
Performance-based restricted stock units	453	431	286	217
Unvested Walmart restricted shares	840	—	875	—
Total	<u>2,356</u>	<u>760</u>	<u>2,228</u>	<u>443</u>

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

Note 14—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, 2019.

As of June 30, 2020 and December 31, 2019, 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)			
June 30, 2020				
Assets				
Corporate bonds	\$ —	\$ 10,058	\$ —	\$ 10,058
Agency bond securities	—	15,044	—	15,044
Agency mortgage-backed securities	—	191,804	—	191,804
Municipal bonds	—	4,418	—	4,418
Asset-backed securities	—	20,210	—	20,210
Total assets	\$ —	\$ 241,534	\$ —	\$ 241,534
Liabilities				
Contingent consideration	\$ —	\$ —	\$ 7,300	\$ 7,300
December 31, 2019				
Assets				
Corporate bonds	\$ —	\$ 10,012	\$ —	\$ 10,012
Agency bond securities	—	20,000	—	20,000
Agency mortgage-backed securities	—	211,033	—	211,033
Municipal bonds	—	4,342	—	4,342
Asset-backed securities	—	32,052	—	32,052
Total assets	\$ —	\$ 277,439	\$ —	\$ 277,439
Liabilities				
Contingent consideration	\$ —	\$ —	\$ 9,300	\$ 9,300

We based the fair value of our fixed income securities held as of June 30, 2020 and December 31, 2019 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 and six months ended June 30, 2020 or 2019.

The following table presents changes in our contingent consideration payable for the three and six months ended June 30, 2020 and 2019, which is categorized in Level 3 of the fair value hierarchy:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
	(In thousands)			
Balance, beginning of period	\$ 8,300	\$ 15,800	\$ 9,300	\$ 15,800
Payments of contingent consideration	(1,000)	(2,634)	(2,000)	(2,634)
Balance, end of period	\$ 7,300	\$ 13,166	\$ 7,300	\$ 13,166

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

Note 15—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, 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, 2019. 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-out associated with our acquisition of UniRush LLC ("UniRush") in 2017, is 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.

Debt

The fair value of our revolving line of credit is based on borrowing rates currently available to a market participant for loans with similar terms or maturity. The carrying amount of our outstanding revolving line of credit 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 revolving line of credit 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 June 30, 2020 and December 31, 2019 are presented in the table below.

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

Note 15—Fair Value of Financial Instruments (continued)

	June 30, 2020		December 31, 2019	
	Carrying Value	Fair Value	Carrying Value	Fair Value
(In thousands)				
Financial Assets				
Loans to bank customers, net of allowance	\$ 19,551	\$ 18,056	\$ 21,417	\$ 19,563
Financial Liabilities				
Deposits	\$ 2,000,570	\$ 2,000,512	\$ 1,175,341	\$ 1,175,298
Line of credit	\$ —	\$ —	\$ 35,000	\$ 35,000

Note 16—Leases

We enter into operating lease agreements principally related to our corporate office locations. Currently, we do not enter into any financing lease agreements. Our leases have remaining lease terms of less than 1 year to approximately 5 years, most of which include renewal options of varying terms. We made a policy election to adopt the short term lease exemption for all leases with an initial term of 12 months or less.

Significant Assumptions, Judgments and Policies

Under Topic 842, we determine if an arrangement is or contains a lease at inception. Right-of-use (ROU) assets and liabilities are recognized at the lease commencement date based on the present value of remaining lease payments over the lease term. For this purpose, we consider only fixed payments stated in the leases at the time of commencement. Variable lease payments that are not based on a specified rate or index are expensed when incurred. Since an implicit interest rate for our leases cannot be determined under our contracts, we use an incremental borrowing rate based on the information available to us at the commencement date in determining the present value of our lease payments. Our incremental borrowing rate is based on a variety of considerations, including borrowing rates currently available to us for loans with similar terms and market participant information based on credit spreads for issuers of similar risk and credit rating.

The ROU asset also reflects any lease payments made prior to commencement and is recorded net of any lease incentives received. Our ROU asset and liability reflects, as applicable, options to extend or terminate a lease when it is reasonably certain that we will exercise such options. We also made a policy election to combine our lease and non-lease components for each of our existing classes of leased assets. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants. Lease expense is recognized on a straight-line basis over the lease term.

Our total lease expense amounted to approximately \$2.2 million and \$2.7 million for the three months ended June 30, 2020 and 2019, respectively, and \$4.6 million for each of the six months ended June 30, 2020 and 2019. Our lease expense is generally based on fixed payments stated within the agreements. Any variable payments for non-lease components and other short term lease expenses are not considered material.

Supplemental Information

Supplemental information related to our ROU assets and related lease liabilities is as follows:

	June 30, 2020
Cash paid for operating lease liabilities (in thousands)	\$ 4,993
Weighted average remaining lease term (years)	3.7
Weighted average discount rate	4.7 %

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

Note 16—Leases (continued)

Maturities of our operating lease liabilities as of June 30, 2020 is as follows:

	Operating Leases
	(In thousands)
Remainder of 2020	\$ 4,871
2021	9,707
2022	8,740
2023	3,500
2024	3,464
Thereafter	1,732
	<hr/> 32,014
Less: imputed interest	(3,027)
Total lease liabilities	<hr/> \$ 28,987 <hr/>

Note 17—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.

On December 18, 2019, an alleged class action entitled *Koffsmo v. Green Dot Corp., et al.*, No. 19-cv-10701-DDP-E, was filed in the United States District Court for the Central District of California, against us and two of our officers. The suit asserts purported claims under Sections 10(b) and 20(a) of the Exchange Act for allegedly misleading statements regarding our business strategy. Plaintiff alleges that defendants made statements that were misleading because they allegedly failed to disclose details regarding our customer acquisition strategy and its impact on our financial performance. The suit is purportedly brought on behalf of purchasers of our securities between May 9, 2018 and November 7, 2019, and seeks compensatory damages, fees and costs. On February 18, 2020, a shareholder derivative suit and securities class action entitled *Hellman v. Streit, et al.*, No. 20-cv-01572-SVW-PVC was filed in United States District Court for the Central District of California, against us and certain of our officers and directors. The suit avers purported breach of fiduciary duty and unjust enrichment claims, as well as claims under Sections 10(b), 14(a) and 20(a) of the Exchange Act, on the basis of the same wrongdoing alleged in the first lawsuit described above. The suit does not define the purported class allegedly damaged. These cases have been related. The defendants have not yet responded to the complaints in these matters.

Due to the inherent uncertainties of litigation, we cannot accurately predict the ultimate outcome of this matter. We are unable at this time to determine whether the outcome of the litigation would have a material impact on our results of operations, financial condition or cash flows.

Other Legal 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,

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

Note 17—Commitments and Contingencies (continued)

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*.

Financial Commitments

As discussed in *Note 7 — Equity Method Investments*, we are committed to make annual capital contributions in TailFin Labs, LLC of \$35.0 million per year through January 2024.

On February 28, 2017, we completed our acquisition of all the membership interests of UniRush, an online direct-to-consumer GPR card and corporate payroll card provider. 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 five years.

Note 18—Significant Retailer 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 June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Walmart	29%	35%	27%	32%

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:

	June 30, 2020	December 31, 2019
Walmart	*	13%

* Constitutes less than 10% for the period presented.

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

Note 19—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, who is our Chief Executive Officer, 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 deposit account programs, such as prepaid cards, debit cards, consumer and small business checking accounts, secured credit cards, payroll debit cards and gift cards. These deposit account programs are marketed under several of our leading consumer brand names and under the brand names of our BaaS partners. The Processing and Settlement Services segment consists of revenues and expenses derived from our products and services that specialize in facilitating the movement of cash on behalf of consumers and businesses, such as consumer cash processing services, wage disbursements and 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 June 30, 2020				
	Account Services	Processing and Settlement Services	Corporate and Other	Total
	(In thousands)			
Operating revenues	\$ 255,766	\$ 67,877	\$ (7,403)	\$ 316,240
Operating expenses	228,723	49,669	32,458	310,850
Operating income	\$ 27,043	\$ 18,208	\$ (39,861)	\$ 5,390

Three Months Ended June 30, 2019				
	Account Services	Processing and Settlement Services	Corporate and Other	Total
	(In thousands)			
Operating revenues	\$ 216,032	\$ 70,040	\$ (7,746)	\$ 278,326
Operating expenses	165,574	45,867	22,922	234,363
Operating income	\$ 50,458	\$ 24,173	\$ (30,668)	\$ 43,963

Six Months Ended June 30, 2020				
	Account Services	Processing and Settlement Services	Corporate and Other	Total
	(In thousands)			
Operating revenues	\$ 501,116	\$ 193,507	\$ (16,214)	\$ 678,409
Operating expenses	440,266	116,988	56,916	614,170
Operating income	\$ 60,850	\$ 76,519	\$ (73,130)	\$ 64,239

Six Months Ended June 30, 2019				
	Account Services	Processing and Settlement Services	Corporate and Other	Total
	(In thousands)			
Operating revenues	\$ 455,665	\$ 180,689	\$ (17,514)	\$ 618,840
Operating expenses	342,361	100,382	50,749	493,492
Operating income	\$ 113,304	\$ 80,307	\$ (68,263)	\$ 125,348

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 the impact of the coronavirus (COVID-19) pandemic on our business, results of operations and financial condition, results of operations and financial condition, and our response to it, and 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 financial technology leader and bank holding company with a mission to reinvent banking for the masses. Our company's long-term strategy is to create a unique, sustainable and highly valuable fintech ecosystem, in part through the continued evolution of Green Dot's innovative Banking as a Service ("BaaS") platform, that's intended to fuel the engine of innovation and growth for Green Dot and its business partners.

Enabled by proprietary technology, our commercial bank charter and our high-scale program management operating capability, our vertically integrated technology and banking platform is used by a growing list of America's most prominent consumer and technology companies to design and deploy their own bespoke financial services solutions to their customers and partners, while we use that same integrated platform for our own leading collection of banking and financial services products marketed directly to consumers through what we believe to be the most broadly distributed, omni-channel branchless banking platforms in the United States.

Our products and services are divided among our two reportable segments: 1) Account Services and 2) Processing and Settlement Services. We also consider our product and service offerings based on our market distribution strategies, which we refer to as our Consumer Business and Platform Services Business. Refer to our latest Annual Report on Form 10-K "Part 1, Item 1. Business" for more detailed information.

Financial Results and Trends

Our consolidated results of operations for the three and six months ended June 30, 2020 and 2019 were as follows:

	Three Months Ended June 30,				Six Months Ended June 30,			
	2020	2019	Change	%	2020	2019	Change	%
(In thousands, except percentages)								
Total operating revenues	\$ 316,240	\$ 278,326	\$ 37,914	13.6 %	\$ 678,409	\$ 618,840	\$ 59,569	9.6 %
Total operating expenses	310,850	234,363	76,487	32.6 %	614,170	493,492	120,678	24.5 %
Net income	3,294	34,692	(31,398)	(90.5)%	50,139	98,735	(48,596)	(49.2)%

Impact of COVID-19

The unprecedented and rapid spread of the COVID-19 pandemic and the measures implemented to contain it have created a significant amount of economic volatility in our markets. We have taken steps to ensure the health and safety of our employees and continued service to our customers and partners, while at the same time seeking to mitigate the impact of the pandemic on our financial condition and results of operations. The duration and extent of the impact from the COVID-19 pandemic depends on future developments that cannot be accurately predicted at this time and the ultimate business and economic impact remains unknown.

Our employees and business continuity

In response to the pandemic, we enacted business continuity plans in Shanghai, China and across the U.S., mandated that our employees work from home, required contractors to work remotely and implemented strict travel restrictions. To date, our U.S. employees have been successful in maintaining our operations in a remote work environment and our offices in China have since reopened consistent with local guidelines. While we experienced disruption in staffing levels at our third-party call centers across the globe during March and the second quarter of 2020 staffing level have been restored to appropriate levels and we continue to monitor the situation, as we evaluate future operating plans.

Demand for our products and services

Beginning in March 2020, the business and operations of our retail distributors, employers offering our PayCard programs and certain of our BaaS partners have been disrupted, with many experiencing reduced foot traffic or usage of their products and services. The conditions caused by the COVID-19 pandemic adversely affected our customers' spending levels and the ability or willingness to purchase our products and services through our retail distributors, lowered the volume of transactions through our BaaS and PayCard programs and delayed the launching of new products and services.

Governmental actions such as the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) helped mitigate the effects of COVID-19 on our business during the second quarter of 2020. In particular, stimulus funds and incremental unemployment benefits provided under the CARES Act created a higher demand and usage of our products and services. In the second quarter of 2020, our gross dollar volume, purchase volume and the number of active accounts grew year-over-year by 51%, 31% and 10%, respectively.

However, the incremental federal unemployment benefits from the CARES Act expired on July 31, 2020 and unless the government extends the duration of these additional unemployment benefits and does not significantly reduce these benefits, or offers comparable or better benefits, our customers' spending levels and usage of our products may be impacted, resulting in additional uncertainty on our revenue results for the remainder of the year.

Impact on interest income, cost structure and liquidity

Interest Income

The Federal Reserve recently announced reductions in short-term interest rates that have lowered the yields on our cash and investment balances and therefore, we expect a reduction in the amount of interest income we earn for the remainder of the year.

Cost Structure

We have experienced and may continue to experience increased costs, including higher call center costs and disputed transaction losses, which were exacerbated by the disruption in staffing levels at our third-party call centers in the first half of 2020. While we have implemented cost-saving measures to offset increased costs and are otherwise working to mitigate the conditions driving our higher costs, the conditions caused by the pandemic could continue to adversely affect our business, results of operations, and financial condition in future periods.

Liquidity

We have taken steps to strengthen our liquidity position and ensure we have ample flexibility to pursue strategic priorities, including utilizing our revolving credit facility, instituting an enterprise-wide headcount freeze and delaying or reducing non-critical projects. In March 2020, we drew down the full \$100 million available to us under our revolving credit facility as a precautionary measure due to the uncertainty associated with the COVID-19 pandemic. We have since repaid the entire balance drawn as of June 30, 2020 and continue to have the full amount available to us should we need it to invest in strategic initiatives.

Additionally, the CARES Act provides for deferred payment of the employer portion of social security taxes through the end of 2020, with 50% of the deferred amount due December 31, 2021 and the remaining 50% due December 31, 2022. This is expected to provide us with approximately \$6 million of additional liquidity during the current year.

The duration and magnitude of the effects of COVID-19 remains uncertain and dependent on various factors, including the continued severity and transmission rate of the virus, the nature of and duration for which the preventative measures remain in place, the extent and effectiveness of containment and mitigation actions, the type of stimulus measures and other policy responses that the U.S. government may further adopt, and the impact of these and other factors on our employees, customers, retail distributors, partners and vendors.

See *Part II, Item 1A, Risk Factors*, for an additional discussion of risk related to the COVID-19 pandemic.

Total operating revenues

Our total operating revenues for the three and six months ended June 30, 2020 increased \$37.9 million, or 14%, and \$59.6 million, or 10%, respectively, over the prior year comparable periods, generating revenue growth from both our Account Services and Processing and Settlement Services segments.

Account Services

Within our Account Services segment, total operating revenues increased year-over-year for the three and six months ended June 30, 2020 by 18% and 10%, respectively, primarily attributable to growth in BaaS program management service fee revenues earned from platform partners and growth in the number of direct deposit active accounts as new and existing customers utilized our platform to receive stimulus funds and unemployment benefits and in turn, drove gross dollar volume and purchase volume growth of 51% and 31%, respectively. Our account holders enrolled in direct deposit tend to generate higher levels of gross dollar volume and purchase volume than other active accounts, and consequently have a greater impact on the amount of interchange revenue we earn.

We also experienced a year-over-year decline in net interest income during the three and six months ended June 30, 2020 due to lower yields on our cash and investment balances as a result of rate decreases by the Federal Reserve.

While we believe gross dollar volume is a strong indicator of our revenue for all our account programs and believe our long term strategy and unique collection of assets provide a competitive advantage to address the competitive pressures we face from new entrants, current economic conditions caused by the COVID-19 pandemic have created mixed trends in our business that make it difficult to forecast future results. We continue to monitor our direct deposit active base to better understand sources of our gross dollar volume. We have seen an increased proportion of ACH deposits coming from government benefits as account holders file for unemployment benefits. While state and federal unemployment benefits afforded under the CARES Act has helped offset erosion in payroll deposits, as we noted above, such benefits have since expired and it is unclear whether or how long such benefits will be extended or whether such benefits will be maintained, significantly reduced or replaced.

Processing and Settlement Services

Within our Processing and Settlement Services segment, total operating revenues decreased slightly year-over-year by 3% for the three months ended June 30, 2020 due to a shift in the number of tax refunds processed from the second quarter of 2020 to the third quarter of 2020 as a result of the extension of tax filing deadlines and a year-over-year decline in Simply Paid disbursement transactions, partially offset by growth in the number of cash transfers. The deferral of the deadline to submit tax returns to July 2020 in response to the COVID-19 pandemic has shifted volumes from the first half to the second half of the year, but we do not expect it to have a material impact on the number of tax refunds processed for the full year 2020.

Total operating revenues increased 7% for the six months ended June 30, 2020, as a result of year-over-year growth in the number of cash transfers, expanded adoption of our taxpayer advance programs and the introduction of new tax processing services compared with the prior year periods.

Total operating expenses

Our total operating expenses for the three and six months ended June 30, 2020 increased \$76.5 million, or 33%, and \$120.7 million, or 24%, respectively, over the prior year comparable periods. This increase was primarily the result of several factors, including higher processing expenses associated with the growth of BaaS account programs, higher sales and marketing expenses attributable to the year-over-year increases in operating revenues generated from products and services that are subject to revenue-sharing arrangements with our distributors and partners, our continued marketing investment in our Green Dot Unlimited Cash Back Bank Account ("Green Dot Unlimited") and higher compensation and benefits expenses, principally due to accrued bonus compensation for non-executive employees and employee stock-based compensation expenses associated with performance-based equity awards. We also experienced an increase in other general and administrative expenses, primarily due to a year-over-year growth in dispute transaction losses and higher depreciation and amortization of property, plant and equipment as a result of growth in capital expenditures in recent years.

While we continue to build operational efficiencies and implement best practices within our customer service operations, in the short-term, we continue to incur significantly higher dispute transaction losses year-over-year, primarily due to higher volumes of customer complaints and reserves for credits to be issued for previously denied disputes. While we do not anticipate these conditions to persist over a long duration, dispute transaction losses have negatively impacted other general and administrative expenses for the three and six months ended June 30, 2020 and are expected to impact the same during the three months ending September 30, 2020.

Additionally, under our new Walmart MoneyCard agreement, beginning January 1, 2020, the sales commission rate we pay to Walmart for the MoneyCard program increased from the prior agreement. Consequently, we expect our sales and marketing expenses throughout 2020 to be negatively impacted by the increased commission rate.

Income taxes

Our income tax expense for the three and six months ended June 30, 2020 decreased \$5.3 million and \$9.2 million, respectively, or 58% and 37%, respectively, from the prior year comparable periods. The decrease was primarily due to a decline in operating income generated, offset by a higher effective tax rate year-over-year.

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:

	Three Months Ended June 30,				Six Months Ended June 30,			
	2020	2019	Change	%	2020	2019	Change	%
	(In millions, except percentages)							
Gross Dollar Volume	\$ 15,107	\$ 10,019	\$ 5,088	50.8 %	\$ 29,401	\$ 22,996	\$ 6,405	27.9 %
GDV from Direct Deposit Sources	\$ 10,568	\$ 7,208	\$ 3,360	46.6 %	\$ 21,222	\$ 17,425	\$ 3,797	21.8 %
Number of Active Accounts*	6.25	5.66	0.59	10.4 %	n/a	n/a	n/a	n/a
Direct Deposit Active Accounts*	3.12	2.31	0.81	35.1 %	n/a	n/a	n/a	n/a
Purchase Volume	\$ 8,477	\$ 6,470	\$ 2,007	31.0 %	\$ 16,759	\$ 14,670	\$ 2,089	14.2 %
Cash Transfers	12.48	11.25	1.23	10.9 %	24.61	22.23	2.38	10.7 %
Tax Refunds Processed	1.90	2.52	(0.62)	(24.6)%	11.6	11.91	(0.31)	(2.6)%

* Represents number of active and direct deposit active accounts as of June 30, 2020 and 2019, respectively.

Gross Dollar Volume — represents the total dollar volume of funds loaded to our account products from direct deposit and non-direct deposit sources. A substantial portion of our gross dollar volume is generated from direct deposit sources. We use these metrics to analyze the total amount of money moving onto our account programs, determine the overall engagement and usage patterns of our account holder base. This metric also serves as a leading indicator of revenue generated through our Account Services segment products, inclusive of interest income generated on deposits held at Green Dot Bank, fees charged to account holders and interchange revenues generated through the spending of account balances. The increases in total dollar volume of 51% and 28% during the three and six months ended June 30, 2020, respectively, and the increases in gross dollar volume from direct deposit sources of 47% and 22% during the three and six months ended June 30, 2020, respectively, from the comparable prior year periods were principally driven by an increase in the number of direct deposit active accounts and stimulus funds and unemployment benefits received under the CARES Act.

Number of Active Accounts — represents any bank account within our Account Services segment that is subject to United States Patriot Act compliance and, therefore, requires customer identity verification prior to use and is intended to accept ongoing customer cash or ACH deposits. This metric includes general purpose reloadable prepaid card accounts, demand deposit or checking accounts, and credit card accounts in our portfolio that had a purchase, deposit or ATM withdrawal transaction during the applicable quarter. We use this metric to analyze the overall size of our active customer base and to analyze multiple metrics expressed as an average across this active account base. Within our active accounts, we monitor the mix of direct deposit accounts and non-direct deposit accounts. Our direct deposit active accounts, on average, have the longest tenure and generate the majority of our gross dollar volume in any period and thus, generate more revenue over their lifetime than other active accounts. We experienced an increase in direct deposit active accounts of 35% as of June 30, 2020 on a year-over-year basis, primarily driven by new and existing customers utilizing our platform to receive stimulus funds and unemployment benefits provided for under the CARES Act.

Purchase Volume — represents the total dollar volume of purchase transactions made by our account holders. This metric excludes the dollar volume of ATM withdrawals and in 2020, excludes volume generated by certain BaaS programs where the BaaS partner earns interchange and we earn a platform fee. We use this metric to analyze interchange revenue, which is a key component of our financial performance. Purchase volume increased approximately 31% and 14% during the three and six months ended June 30, 2020, respectively, from the comparable prior year periods, in line with the increase in Gross Dollar Volume as described above.

Number of Cash Transfers — represents the total number of cash transfer transactions conducted by consumers, such as a point-of-sale swipe reload transaction, the purchase of a MoneyPak or an e-cash mobile remittance transaction marketed under various brand names, that we conducted through our retail distributors in a specified period. This metric excludes disbursements made through our Simply Paid wage disbursement platform. We review this metric as a measure of the size and scale of our retail cash processing network, as an indicator of customer engagement and usage of our products and services, and to analyze cash transfer revenue, which is a key component of our financial performance. Our cash transfers increased 11% during the three and six months ended June 30, 2020, respectively, over the prior year comparable periods primarily due to an increase in transactions and the number of third-party account programs that utilize the Green Dot Network to accept funds through our cash processing network.

Number of Tax Refunds Processed — represents the total number of tax refunds processed in a specified period. 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 as an indicator of customer engagement and usage of its products and services. The overall decrease in the number of tax refunds processed of 3% during the six months ended June 30, 2020 compared to the prior year period is primarily attributable to a shift in volume from the second quarter of 2020 to the third quarter of 2020 as a result of the extension of the tax filing deadline to July 2020.

Key components of our results of operations

Operating Revenues

We classify our operating revenues into the following four 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, checking accounts and certain cash transfer products, such as MoneyPak, pursuant to the terms and conditions in our customer 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, annual fees associated with our secured credit card portfolio, transaction-based fees, fees associated with optional products or services, and cash-back rewards we offer to cardholders. Our cash-back rewards are recorded as a reduction to card revenues and other fees. Also included in card revenues and other fees are program management fees earned from our BaaS partners for programs we manage on their behalf.

Our aggregate monthly maintenance fee revenues vary primarily based upon the number of active accounts 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. The revenue we earn from each of these fees may also vary depending upon the channel in which the active accounts were acquired. For example, certain BaaS programs may not assess monthly maintenance fees and as a result, these accounts may generate lower fee revenue than other active accounts. 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, tax refund processing service revenues and Simply Paid disbursement revenues. 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 at the point in time when a customer of a third-party tax preparation company chooses to pay his or her tax preparation fee through the use of our tax refund processing services. We earn Simply Paid disbursement fees from our business partners at the point in time payment 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, at the point in time when customers make purchase

transactions using our products. Our aggregate interchange revenues vary based primarily on the number of active accounts in our portfolio, the average transactional volume of the active accounts 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.

Interest Income, net — Net interest income represents the difference between the interest income earned on our interest-earning assets and the interest expense on our interest-bearing liabilities held at Green Dot Bank. Interest-earning assets include customer deposits, loans, and investment securities. Our interest-bearing liabilities held at Green Dot Bank include interest-bearing deposits. Our net interest income and our net interest margin fluctuate based on changes in the federal funds interest rates and changes in the amount and composition of our interest-bearing assets and liabilities.

Operating Expenses

We classify our operating expenses into the following four categories:

Sales and Marketing Expenses — Sales and marketing expenses consist primarily of the commissions we pay to our retail distributors, brokers and platform partners, 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 commission percentages in long-term distribution agreements with our retail distributors and platform partners. Aggregate commissions with our retail distributors are determined by the number of account products and cash transfers sold at their respective retail stores. Commissions with our platform partners and, in certain cases, our retail distributors are determined by the revenue generated from the ongoing use of the associated card programs. We incur advertising and marketing expenses for television, sponsorships, 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 account 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 maintain the records of our customers' accounts and process transaction authorizations and postings for us and the third-party banks that 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 and gateway and network fees associated with our Simply Paid disbursement services. Bank fees generally vary based on the total number of tax refund transfers processed and gateway and network fees vary based on the numbers of disbursements made.

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 accounts 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. On March 27, 2020, the CARES Act was signed into law, which among

other things, includes certain income tax provisions for individuals and corporations; however, these benefits do not impact our current tax provision.

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, 2019. 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 six months ended June 30, 2020.

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 June 30, 2020 and 2019

Operating Revenues

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

	Three Months Ended June 30,			
	2020		2019	
	Amount	% of Total Operating Revenues	Amount	% of Total Operating Revenues
(In thousands, except percentages)				
Operating revenues:				
Card revenues and other fees	\$ 152,681	48.3 %	\$ 121,613	43.7 %
Processing and settlement service revenues	65,450	20.7	67,073	24.1
Interchange revenues	95,970	30.3	81,334	29.2
Interest income, net	2,139	0.7	8,306	3.0
Total operating revenues	\$ 316,240	100.0 %	\$ 278,326	100.0 %

Card Revenues and Other Fees — Card revenues and other fees totaled \$152.7 million for the three months ended June 30, 2020, an increase of \$31.1 million, or 25.6%, from the comparable prior year period. Our card revenues and other fees increased principally as a result of BaaS program management service fee revenues earned from platform partners. This increase was offset partially by an increase in estimated cash back rewards that we record as a reduction to card revenues and other fees. Our estimate of cash rewards varies based on multiple factors including the terms and conditions of the cash back program, customer activity and customer redemption rates. Cash rewards have increased steadily year-over-year as our cash-back programs have grown, principally from those launched in 2016 and to a lesser extent, new cash-back programs launched in 2019.

Processing and Settlement Service Revenues — Processing and settlement service revenues totaled \$65.5 million for the three months ended June 30, 2020, a decrease of \$1.6 million, or 2%, from the comparable prior year period. The decrease is attributable in part to a shift in the timing of tax refunds processed from the second quarter of 2020 to the third quarter of 2020 as a result of the extension of the tax filing deadline to July 2020, partially offset by growth in the number of cash transfers.

Interchange Revenues — Interchange revenues totaled \$96.0 million for the three months ended June 30, 2020, an increase of \$14.7 million, or 18%, from the comparable prior year period. The increase was primarily due to an increase in the amount of purchase volume during the three months ended June 30, 2020 compared to the prior year period, which we attribute primarily to stimulus funds and unemployment benefits made available under the CARES Act, partially offset by a decline in the interchange rate earned as a result of an increase in the average dollar amount purchased per transaction.

Interest Income, net — Net interest income totaled \$2.1 million for the three months ended June 30, 2020, a decrease of \$6.2 million, or 75%, from the comparable prior year period. The decrease was principally the result of lower yields on our investment securities portfolio and customer funds on deposit as a result of rate decreases by the Federal Reserve during the first quarter of 2020.

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 June 30,			
	2020		2019	
	Amount	% of Total Operating Revenues	Amount	% of Total Operating Revenues
(In thousands, except percentages)				
Operating expenses:				
Sales and marketing expenses	\$ 106,811	33.8 %	\$ 87,432	31.4 %
Compensation and benefits expenses	58,867	18.6	48,298	17.4
Processing expenses	71,371	22.6	49,222	17.7
Other general and administrative expenses	73,801	23.3	49,411	17.7
Total operating expenses	\$ 310,850	98.3 %	\$ 234,363	84.2 %

Sales and Marketing Expenses — Sales and marketing expenses totaled \$106.8 million for the three months ended June 30, 2020, an increase of \$19.4 million, or 22% from the comparable prior year period. This increase was primarily driven by an increase in sales commissions associated with higher revenues generated from products that are subject to revenue-sharing agreements and an increase in advertising expenses in continued support of our Green Dot Unlimited product launched in the second half of 2019. Under our new agreement with Walmart, beginning on January 1, 2020, the sales commission rate we pay for the MoneyCard program increased from the prior agreement. As such, we expect our sales and marketing expenses in 2020 to be negatively impacted by the increased commission rate.

Compensation and Benefits Expenses — Compensation and benefits expenses totaled \$58.9 million for the three months ended June 30, 2020, an increase of \$10.6 million or 22% from the comparable prior year period. The increase was due to higher salaries and wages of \$8.6 million, a portion of which was attributable to accrued bonus compensation for non-executive employees and an increase in stock-based compensation expense of approximately \$5.2 million due to certain performance-based awards. These increases were partially offset by lower third-party contractor and employee benefit expenses.

Processing Expenses — Processing expenses totaled \$71.4 million for the three months ended June 30, 2020, an increase of \$22.2 million or 45% from the comparable prior year period. This increase was principally due to growth in BaaS account programs within our Account Services segment and overall volume of transactions processed through our platform.

Other General and Administrative Expenses — Other general and administrative expenses totaled \$73.8 million for the three months ended June 30, 2020, an increase of \$24.4 million or 49%, from the comparable prior year period. This increase was primarily due to a year-over-year growth in dispute transaction losses, as discussed above, and higher depreciation and amortization of property, plant and equipment as a result of growth in capital expenditures in recent years.

Income Tax Expense

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

	Three Months Ended June 30,	
	2020	2019
U.S. federal statutory tax rate	21.0 %	21.0 %
State income taxes, net of federal tax benefit	3.0	1.8
General business credits	(6.6)	(1.6)
Employee stock-based compensation	(0.5)	(3.3)
IRC 162(m) limitation	40.2	2.5
Nondeductible expenses	1.1	0.2
Capital loss valuation allowance release	(4.4)	—
Other	(0.2)	0.2
Effective tax rate	53.6 %	20.8 %

Our income tax expense decreased by \$5.3 million to \$3.8 million for the three months ended June 30, 2020 from the comparable prior year period primarily due to a decline in our operating income. The increase in the effective tax rate for the three months ended June 30, 2020, as compared to the same period in 2019, was primarily due to a decline in excess tax benefits from stock-based compensation and an increase in the IRC 162(m) limitation on the deductibility of certain executive compensation. The IRC 162(m) limitation increased principally due to performance-based stock awards granted in connection with the recent hiring of certain executive officers. These increases were partially offset by the impact of general business credits and the release of the valuation allowance reserve on capital losses.

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

Comparison of Six-Month Periods Ended June 30, 2020 and 2019

Operating Revenues

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

	Six Months Ended June 30,			
	2020		2019	
	Amount	% of Total Operating Revenues	Amount	% of Total Operating Revenues
(In thousands, except percentages)				
Operating revenues:				
Card revenues and other fees	\$ 294,075	43.3 %	\$ 251,190	40.6 %
Processing and settlement service revenues	188,516	27.8	174,652	28.2
Interchange revenues	186,836	27.6	173,875	28.1
Interest income, net	8,982	1.3	19,123	3.1
Total operating revenues	\$ 678,409	100.0 %	\$ 618,840	100.0 %

Card Revenues and Other Fees — Card revenues and other fees totaled \$294.1 million for the six months ended June 30, 2020, an increase of \$42.9 million, or 17%, from the comparable prior year period. This increase was driven by the same factors discussed above under "Comparison of Three-Month Periods Ended June 30, 2020 and 2019—Operating Revenues—Card Revenues and Other Fees."

Processing and Settlement Service Revenues — Processing and settlement service revenues totaled \$188.5 million for the six months ended June 30, 2020, an increase of \$13.8 million, or 8%, from the comparable prior year period. This increase was driven primarily by year-over-year growth in transaction volume associated with cash transfers, expanded adoption of our taxpayer advance programs and the introduction of new tax processing services for the six months ended June 30, 2020 compared to the prior year period.

Interchange Revenues — Interchange revenues totaled \$186.8 million for the six months ended June 30, 2020, an increase of \$12.9 million, or 7%, from the comparable prior year period. This increase was driven by the same factors discussed above under "Comparison of Three-Month Periods Ended June 30, 2020 and 2019—Operating Revenues—Interchange Revenues."

Interest Income, net — Net interest income totaled \$9.0 million for the six months ended June 30, 2020, a decrease of \$10.1 million, or 53%, from the comparable prior year period. This decrease was driven by the same factors discussed above under "Comparison of Three-Month Periods Ended June 30, 2020 and 2019—Operating Revenues—Interest Income, net."

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:

	Six Months Ended June 30,			
	2020		2019	
	Amount	% of Total Operating Revenues	Amount	% of Total Operating Revenues
(In thousands, except percentages)				
Operating expenses:				
Sales and marketing expenses	\$ 223,549	33.0 %	\$ 186,133	30.1 %
Compensation and benefits expenses	111,932	16.5	109,773	17.7
Processing expenses	142,466	21.0	100,854	16.3
Other general and administrative expenses	136,223	20.0	96,732	15.6
Total operating expenses	<u>\$ 614,170</u>	<u>90.5 %</u>	<u>\$ 493,492</u>	<u>79.7 %</u>

Sales and Marketing Expenses — Sales and marketing expenses totaled \$223.5 million for the six months ended June 30, 2020, an increase of \$37.4 million, or 20% from the comparable prior year period. This increase was driven by the same factors as discussed above under "Comparison of Three-Month Periods Ended June 30, 2020 and 2019—Operating Expenses—Sales and Marketing Expenses."

Compensation and Benefits Expenses — Compensation and benefits expenses totaled \$111.9 million for the six months ended June 30, 2020, an increase of \$2.1 million or 2% from the comparable prior year period. This increase was driven by the same factors as discussed above under "Comparison of Three-Month Periods Ended June 30, 2020 and 2019—Operating Expenses—Compensation and Benefits Expenses."

Processing Expenses — Processing expenses totaled \$142.5 million for the six months ended June 30, 2020, an increase of \$41.6 million or 41% from the comparable prior year period. This increase was driven by the same factors as discussed above under "Comparison of Three-Month Periods Ended June 30, 2020 and 2019—Operating Expenses—Processing Expenses."

Other General and Administrative Expenses — Other general and administrative expenses totaled \$136.2 million for the six months ended June 30, 2020, an increase of \$39.5 million or 41%, from the comparable prior year period. This increase was driven by the same factors as discussed above under "Comparison of Three-Month Periods Ended June 30, 2020 and 2019—Operating Expenses—Other General and Administrative Expenses."

Income Tax Expense

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

	Six Months Ended June 30,	
	2020	2019
U.S. federal statutory tax rate	21.0 %	21.0 %
State income taxes, net of federal tax benefit	(0.6)	1.7
General business credits	(6.6)	(1.5)
Employee stock-based compensation	1.8	(3.7)
IRC 162(m) limitation	8.1	2.4
Nondeductible expenses	0.7	0.1
Other	(0.5)	0.2
Effective tax rate	<u>23.9 %</u>	<u>20.2 %</u>

Our income tax expense decreased by \$9.2 million to \$15.8 million for the six months ended June 30, 2020 from the comparable prior year period primarily due to a decline in our operating income. The increase in the effective tax rate was primarily due to a year-over-year increase of \$2.4 million as a result of the IRC 162(m) limitations on the deductibility of certain executive compensation and a year-over-year decline of \$5.8 million in excess tax benefits from stock-based compensation, partially offset by the impact of general business credits.

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:

	Six Months Ended June 30,	
	2020	2019
	(In thousands)	
Total cash provided by (used in)		
Operating activities	\$ 161,516	\$ 167,068
Investing activities	(24,732)	(78,803)
Financing activities	734,473	(82,868)
Increase in unrestricted cash, cash equivalents and restricted cash	\$ 871,257	\$ 5,397

For the six months ended June 30, 2020 and 2019, we financed our operations primarily through our cash flows generated from operations and customer funds held on deposit. As of June 30, 2020, our primary source of liquidity was unrestricted cash and cash equivalents totaling \$1.9 billion. We also consider our \$241.5 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 our current unrestricted cash and cash equivalents, cash flows from operations and financing from our revolving credit facility will be sufficient to meet our working capital, capital expenditure and other commitments for at least the next 12 months, as discussed below. We continue to monitor the impact of COVID-19 on our business to ensure our liquidity and capital resources remain appropriate throughout this period of uncertainty.

Cash Flows from Operating Activities

Our \$161.5 million of net cash provided by operating activities during the six months ended June 30, 2020 was the result of \$50.1 million of net income, adjusted for certain non-cash operating items of \$71.0 million and increases in net changes in our working capital assets and liabilities of \$40.3 million. Our \$167.1 million of net cash provided by operating activities during the six months ended June 30, 2019 was primarily the result of \$98.7 million of net income, adjusted for certain non-cash operating items of \$67.6 million and increases in net changes in our working capital assets and liabilities of \$0.7 million.

Cash Flows from Investing Activities

Our \$24.7 million of net cash used in investing activities during the six months ended June 30, 2020 was primarily due to the acquisition of property and equipment of \$31.4 million, and capital contributions related to our investment in TailFin Labs, LLC of \$35.0 million, partially offset by proceeds from the sale and maturities of available-for-sale investment securities, net of purchases, of \$40.9 million. Our \$78.8 million of net cash used in investing activities during the six months ended June 30, 2019 was due to the purchase of available-for-sale investment securities, net of proceeds from sales and maturities, of \$39.8 million and the acquisition of property and equipment of \$37.7 million.

Cash Flows from Financing Activities

Our \$734.5 million of net cash provided from financing activities during the six months ended June 30, 2020 was principally the result of a net increase in customer deposits of \$826.2 million, offset by a net decrease of \$56.6 million in obligations to customers and net repayments on our revolving credit facility of \$35.0 million. Our \$82.9 million of net cash used in financing activities during the six months ended June 30, 2019 was primarily the result of \$100 million used for stock repurchases under our stock repurchase program, a \$60.0 million voluntary prepayment of our note payable, a net decrease of \$48.3 million in obligations to customers and \$16.9 million in tax payments made to net settle equity awards, offset by a net increase in customer deposits of \$140.1 million.

Commitments

While the effect of COVID-19 has created economic uncertainty and impacted how we manage our liquidity and capital resources, we anticipate we will continue to purchase property and equipment we consider necessary to support 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 when we begin hiring new employees, the rate of change of computer hardware and software used in our business and our business outlook as a result of the COVID-19 pandemic. We intend to continue to invest in new products and programs we believe are critical, new features for our existing products and IT infrastructure to scale and operate effectively to meet our strategic

objectives. However, we do not expect these capital expenditures will exceed the amount of our capital expenditures in the previous year.

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.

See *Note 17—Commitments and Contingencies* of the Notes to our Consolidated Financial Statements for additional financial commitments. We may also 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.

2019 Revolving Facility

In October 2019, we entered into a revolving credit agreement with Wells Fargo Bank, National Association, and other lenders party thereto. The credit agreement provides for a \$100 million five-year revolving facility and matures in October 2024. 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 United States federal funds rate plus 0.50%, (b) the Wells Fargo prime rate, and (c) 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 1.25% to 2.00% for LIBOR Rate loans and 0.25% to 1.00% for Base Rate loans. During the first quarter of 2020, we drew the maximum amount available of \$100 million as a precautionary measure due to the uncertainty associated with the COVID-19 pandemic, but have since repaid the entire balance resulting in there being no borrowings outstanding as of June 30, 2020.

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. At June 30, 2020, we were in compliance with all such covenants.

Stock Repurchase Program

In previous years, we have repurchased shares of our Class A Common Stock under an authorized stock repurchase program. In May 2017, our Board of Directors authorized, subject to regulatory approval, expansion of our stock repurchase program by an additional \$150 million. We sought and received regulatory approval during the second quarter of 2019, at which point we made an up-front payment of \$100 million to enter into an accelerated share repurchase agreement. In August 2019, we completed final settlement of shares purchased under this agreement, receiving in total approximately 2.1 million shares at an average repurchase price of \$48.26. We have an authorized \$50 million remaining under our current stock repurchase program for any additional repurchases.

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, 2019.

Off-Balance Sheet Arrangements

On January 2, 2020, we effectuated our agreement with Walmart to jointly establish a new fintech accelerator under the name TailFin Labs, LLC, with a mission to develop innovative products, services and technologies that sit at the intersection of retail shopping and consumer financial services. See *Note 7—Equity Method Investments* of the Notes to our Consolidated Financial Statements for additional information.

As of and for the six months ended June 30, 2019, 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.

The Basel III rules, which were promulgated by the Federal Reserve and other U.S. banking regulators, provide for risk-based capital, leverage and liquidity standards. The U.S. Basel III rules contain 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 imposes 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 June 30, 2020 and December 31, 2019, 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 June 30, 2020 which management believes would have changed our category as "well capitalized."

As a result of the economic disruption caused by the COVID-19 pandemic, in March 2020 the joint federal bank regulatory agencies issued an interim final rule (the "Interim Rule") that allows banking organizations that were required to implement the Current Expected Credit Loss ("CECL") accounting standard in 2020 optional relief that delays an estimate of the impact of CECL on its regulatory capital for two years. This two-year delay is in addition to the three-year transition period that the agencies had already made available. We did not adopt the option provided by the Interim Rule because the impact of adopting CECL was not material to our financial statements and regulatory capital.

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

Ratio	Definition
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
Terms	Definition
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

The actual amounts and ratios, and required "well capitalized" minimum capital amounts and ratios at June 30, 2020 and December 31, 2019 were as follows:

	June 30, 2020			
	Amount	Ratio	Regulatory Minimum	"Well-capitalized" Minimum
	(In thousands, except ratios)			
Green Dot Corporation:				
Tier 1 leverage	\$ 494,218	16.0 %	4.0 %	n/a
Common equity Tier 1 capital	\$ 494,218	81.9 %	4.5 %	n/a
Tier 1 capital	\$ 494,218	81.9 %	6.0 %	6.0 %
Total risk-based capital	\$ 500,168	82.9 %	8.0 %	10.0 %
Green Dot Bank:				
Tier 1 leverage	\$ 234,384	9.0 %	4.0 %	5.0 %
Common equity Tier 1 capital	\$ 234,384	87.3 %	4.5 %	6.5 %
Tier 1 capital	\$ 234,384	87.3 %	6.0 %	8.0 %
Total risk-based capital	\$ 235,092	87.6 %	8.0 %	10.0 %
	December 31, 2019			
	Amount	Ratio	Regulatory Minimum	"Well-capitalized" Minimum
	(In thousands, except ratios)			
Green Dot Corporation:				
Tier 1 leverage	\$ 400,445	22.2 %	4.0 %	n/a
Common equity Tier 1 capital	\$ 400,445	70.5 %	4.5 %	n/a
Tier 1 capital	\$ 400,445	70.5 %	6.0 %	6.0 %
Total risk-based capital	\$ 404,469	71.2 %	8.0 %	10.0 %
Green Dot Bank:				
Tier 1 leverage	\$ 204,141	13.9 %	4.0 %	5.0 %
Common equity Tier 1 capital	\$ 204,141	82.8 %	4.5 %	6.5 %
Tier 1 capital	\$ 204,141	82.8 %	6.0 %	8.0 %
Total risk-based capital	\$ 205,548	83.4 %	8.0 %	10.0 %

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

While operating net interest income has become a more meaningful component to our consolidated operating results, we do not consider our cash and cash equivalents or our investment securities to be subject to material interest rate risk due to their short duration. However, the Federal Open Market Committee (FOMC) decreased the federal funds target rate in March 2020 to a range of 0%-0.25%. An extended duration of near zero short-term interest rates could adversely impact the amount of net interest income we earn in the future.

In March 2020, we drew the maximum amount available under our \$100.0 million line of credit agreement, but have since repaid the entire amount as of June 30, 2020. Refer to *Note 9 — Debt* to the Consolidated Financial Statements included herein for additional information. Our revolving credit facility is, and is expected to be, at variable rates of interest and expose us to interest rate risk. 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. For example, assuming we continued to have our revolving facility drawn up to its maximum borrowing capacity of \$100.0 million, based on the applicable LIBOR and margin in effect as of June 30, 2020, each quarter point of change in interest rates would result in a \$0.3 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 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 Simply Paid distribution partners and retail distributors that collect funds and fees from our customers and amounts due from our 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, well capitalized institutions and restricts investments to highly liquid, low credit 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 risk committee of our Board of Directors.

Our exposure to credit risk associated with our retail distributors and Simply Paid distribution partners is mitigated due to the short time period, currently an average of two days, that retailer settlement assets are outstanding. We perform an initial credit review and assign a credit limit to each new retail distributor and Simply Paid distribution partner. We monitor each retail distributor's and Simply Paid 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 management's Enterprise Risk Management Committee is responsible for monitoring our retail distributor and Simply Paid distribution partner exposure and assigning credit limits, and reports regularly to the risk committee of our Board of Directors. We will continue to monitor our exposure to credit risk with our retail distributors and other business partners in light of the COVID-19 pandemic.

ITEM 4. Controls and Procedures

Disclosure controls and procedures — Our management, with the participation of our Chief Executive Officer and Interim 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)) 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 Interim 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 Interim 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 June 30, 2020 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. We have not experienced any significant impact to our internal controls over financial reporting despite the fact that most of our employees are working remotely due to the COVID-19 pandemic. The design of our processes and controls allow for remote execution with accessibility to secure data. We are continually monitoring and assessing the COVID-19 situation to minimize the impact, if any, on the design and operating effectiveness on our internal controls.

Limitations on Effectiveness of Controls — Our management, including our Chief Executive Officer and Interim 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 17 — 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

The effects of the COVID-19 pandemic have significantly affected how we and our retail distributors are operating our businesses, and the duration and extent to which this will impact our future results of operations and overall financial performance remains uncertain.

The COVID-19 pandemic and efforts to control its spread have significantly curtailed the movement of people, goods, and services worldwide and has reduced consumer spending in the markets in which we operate and across the global economy. Our operations have and may continue to be negatively affected by a range of external factors related to the COVID-19 pandemic that are not within our control. As a result of the COVID-19 pandemic, in the first quarter, we closed our offices in both China and the United States, and required our employees and certain of our contractors to work remotely and implemented certain travel restrictions. While we did not experience a significant decline in productivity during this period and our offices in China have since reopened consistent with local guidelines, our personnel in China and the United States continue to be subject to certain restrictions, which could increase our costs, lower productivity or otherwise impact our business, results of operations and financial condition while these conditions persist. In addition, many of the third-party call centers we rely on to provide customer support were closed during portions of the first and second quarter due to the pandemic, which resulted in delayed responses to customers and a higher usage of automated services, and contributed to higher transaction losses in the first and second quarters as compared to prior periods. While such staffing issues have been largely resolved, it is possible that we may continue to experience similar issues in the future due to the pandemic. The business and operations of our retail distributors and our BaaS and other partners have likewise been disrupted, with many experiencing reduced foot traffic or usage of their services. If the COVID-19 pandemic has a substantial and prolonged impact on our employees, partners or distributors' attendance or productivity, our results of operations and overall financial performance may adversely be harmed.

The duration and magnitude of the effects of COVID-19 remains uncertain and dependent on various factors, including the continued severity and transmission rate of the virus, the nature of and duration for which the preventative measures remain in place, the extent and effectiveness of containment and mitigation actions, the type of stimulus measures and other policy responses that the U.S. government may further adopt, and the impact of these and other factors on our employees, customers, retail distributors, partners and vendors. The COVID-19 pandemic has already had an adverse effect on the global economy, and the ultimate business and economic impact of the COVID-19 pandemic remains unknown. The conditions caused by the COVID-19 pandemic adversely affected our customers' spending levels and ability or willingness to purchase our products and services through our retail distributors, lowered the volume of transactions through our BaaS and PayCard programs and delayed the launching of new products and services, although governmental actions such as the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) have helped mitigate the effects of COVID-19 on our business during the second quarter of 2020. However, the incremental federal unemployment benefits from the CARES Act expired on July 31, 2020 and unless the government extends the duration of these additional unemployment benefits and does not significantly reduce these benefits, or offers comparable or better benefits, our customers' spending levels and usage of our products may be impacted, resulting in additional uncertainty on our revenue results for the remainder of the year.

As a result of these conditions since the beginning of this pandemic, we have experienced and may continue to experience increased costs, including higher call center costs and disputed transaction losses, which could continue to adversely affect our business, results of operations, and financial condition in future periods. Furthermore, in March 2020, the Federal Reserve announced reductions in short-term interest rates, which have lowered the yields on our cash and investment balances and therefore, we expect a reduction in the amount of interest income we earn for the remainder of the year. Additionally, concerns over the economic impact of the COVID-19 pandemic have caused extreme volatility in financial and other capital markets, which may adversely affect our stock price and our ability to access capital markets in the future.

We have taken steps to strengthen our liquidity position and to ensure we have ample flexibility to pursue strategic priorities, including utilizing our revolving credit facility, instituting an enterprise-wide headcount freeze and delaying or reducing non-critical projects. Should we require additional credit at levels we are unable to access, the

cost of credit is greater than expected, or the cost-savings measures we have implemented are ineffective or result in us incurring greater costs, our operating results could be adversely affected. Further, additional borrowings on our revolving line of credit have and will cause us to incur additional interest expense, which will negatively affect our earnings.

Please see “Management’s Discussion and Analysis of Financial Position and Results of Operations” for a more detailed discussions of the potential impact of the COVID-19 pandemic and associated economic disruptions.

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 and use of our products and services;
- the timing and volume of tax refunds or other government payments (including stimulus payments related to the COVID-19 pandemic) processed by us, including the impact of any general delays in 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 BaaS platform partners;
- the timing of commencement of new product development and initiatives, the timing of costs of existing product roll-outs 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 direct-to-consumer initiatives;
- changes in our or our competitors’ pricing policies or sales terms;
- new product offerings from our competitors;
- costs associated with 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 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, including interruptions in the services we provide to other businesses, 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;
- interest rate volatility;
- changes in our executive leadership team;
- 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;
- changes in the political or regulatory environment affecting the banking, electronic payments or tax refund processing industries;
- economic recessions or uncertainty in financial markets, including those recently caused by the COVID-19 pandemic; and
- other factors beyond our control, such as terrorism, war, natural disasters and pandemics, including the COVID-19 pandemic.

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 the products and 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 29% and 27% for the three and six months ended June 30, 2020, respectively. 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 or any significant decrease in customers' spending levels and ability or willingness to purchase our account products through Walmart, for any reason, including due to the COVID-19 pandemic, 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.

The term of our Walmart Money Card agreement (which governs the MoneyCard program) expires on January 31, 2027, unless renewed under its automatic renewal provision which provides for a one-year extension. Our contracts with our three other largest retail distributors have terms that are set to expire at various dates through 2022, with some subject to automatic renewal provisions. Our contracts with Walmart and our three other largest retail distributors 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 is 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 account programs 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 products and services that may not be successful.

Our prospects for growth depend on our ability to innovate by offering new, and adding value to our existing, product and service offerings and on our ability to effectively commercialize such innovations. We will continue to make investments in research, development, and marketing for new products and services. Investments in new products and services are speculative. Commercial success depends on many factors, including innovativeness, price, the competitive environment and effective distribution and marketing. If customers do not perceive our new offerings as providing significant value, they may fail to accept our new products and services, which would negatively impact our operating revenues. 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 may not be profitable, and even if they are profitable, operating margins for new products and services may not be as high as the margins we have experienced in the past.

Future revenue growth depends on our ability to retain and attract new long-term users of our products.

Our ability to increase account usage and account holder retention and to attract new long-term users of our products can have a significant impact on our operating revenues. We may be unable to generate increases in account usage, account holder retention or attract new long-term users of our products for a number of reasons, including if we are unable to maintain our existing distribution channels, predict accurately consumer preferences or industry changes and modify our products and services on a timely basis in response thereto, produce new features and services that appeal to existing and prospective customers, and influence account holder behavior through cardholder retention and usage incentives. Our results of operations could vary materially from period to period based on the degree to which we are successful in increasing usage and retention and attracting long-term users of our products. Additionally, while the impact on our total operating revenues from the decline in total number of active accounts in our Account Services segment in recent periods has been limited, if this trend persists over a long period or deteriorates more rapidly in the short term, our financial results would be materially impacted.

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, 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 accounts, which caused our operating revenues to be typically higher in the first half of those years than they were in the corresponding second half of those years. Our tax refund processing services business is also 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 industries in which we compete are highly competitive and subject to rapid and significant changes. We compete against companies and financial institutions across the retail banking, financial services, transaction processing, consumer technology and financial technology services industries and may compete with others in the

market who may in the future provide offerings similar to ours, particularly vendors who may provide program management and other services through a platform similar to our BaaS platform. These and other competitors in the banking and electronic payments industries are introducing innovative products and services that may compete with ours. We expect that this competition will continue as banking and electronic payments industries continue to evolve, particularly if non-traditional payments processors and other parties gain greater market share in these industries. If we are unable to differentiate our products and platform from and successfully compete with those of our competitors, our business, results of operations and financial condition will be materially and adversely affected.

Many existing and potential competitors are entities substantially larger in size, more highly diversified in revenue and substantially more established with significantly more broadly known brand awareness than ours. As such, many of our competitors can leverage their size, robust networks, financial wherewithal, brand awareness, pricing power and technological assets to compete with us. Additionally, some of our current and potential competitors are subject to fewer regulations and restrictions than we are, and thus may be able to respond more quickly in the face of regulatory and technological changes. We are also experiencing increased price competition as a result of new entrants offering free or low-cost alternatives to our products and services. To the extent these new entrants gain market share, 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 banking and 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.

Our business is dependent on the efficient and uninterrupted operation of computer network systems and data centers, including third party systems, and any disruption in the operations of these systems and data centers could materially and adversely affect our business.

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 the 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 account programs, including our BaaS programs, as well as our processing and settlement services, depends upon the efficient and error-free handling of the money that is collected, remitted or deposited in connection with the provision of our products and services. 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, other business partners 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 our operating revenues for our tax refund processing services and a significant portion of our other operating revenues.

Our systems and the systems of third-party processors are susceptible to outages and interruptions due to fire, natural disaster, power loss, telecommunications failures, software or hardware defects, terrorist attacks, pandemics such as the COVID-19 pandemic and similar events. We use both internally developed and third-party systems, including cloud computing and storage systems, for our services and certain aspects of transaction processing. Interruptions in our service may result for a number of reasons. For example, the data center hosting facilities that we use could be closed without adequate notice or suffer unanticipated problems resulting in lengthy interruptions in our service. Moreover, as we continue to add data centers and add capacity in our existing data centers, we could experience problems transferring customer accounts and data, impairing the delivery of our service.

Any damage to, or failure of, or delay in our processes or systems generally, or those of our vendors (including as a result of disruptions at our third-party data center hosting facilities and cloud providers), or an improper action by our employees, agents or third-party vendors, could result in interruptions in our service, causing customers, retail distributors and other partners to become dissatisfied with our products and services or obligate us to issue credits or pay fines or other penalties to them. Sustained or repeated process or system failures could reduce the attractiveness of our products and services, including our BaaS platform, and result in contract terminations, thereby reducing operating revenue and harming our results of operations. Further, negative publicity arising from these types of disruptions could be damaging to our reputation and may adversely impact use of our products and services, including our BaaS platform, and adversely affect our ability to attract new customers and business partners. Additionally, 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. In addition, our insurance costs may also increase substantially in the future to cover the costs our insurance carriers may incur.

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 BaaS platform partners 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 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, BaaS platform partners, 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.

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 using deposit account products (including prepaid cards), reload products, or customer information. Illegal activities involving our products and services often include malicious social engineering schemes. 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 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 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 with 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 are currently 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.

A vast majority of Green Dot Bank's deposits are currently classified as brokered. If Green Dot Bank ceases to be categorized as "well capitalized" under banking regulations, 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 affect 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.

In February 2020, the FDIC released a notice of proposed rulemaking seeking comment on proposed revisions to its regulations relating to the brokered deposits restrictions that apply to less than well capitalized insured depository institutions. The FDIC states in the notice of proposed rulemaking that through the proposed changes, it intends to modernize its brokered deposit regulations to reflect recent technological changes and innovations. The proposed rule would create a new framework for analyzing certain provisions of the "deposit broker" definition, which will affect the classification of deposits as "brokered". We cannot predict whether or when the proposed rule will be implemented and whether it will result in a change in the way our deposits are classified.

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 or other business partners 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. For example, we are subject to the anti-money laundering reporting and recordkeeping requirements of the Bank Secrecy Act ("BSA"), as amended by the PATRIOT Act. In addition, legal requirements relating to the collection, storage, handling, use, disclosure, transfer, and security of personal data continue to increase, along with enforcement actions and investigations by regulatory authorities related to data security incidents and privacy violations.

Many of these laws and regulations are evolving, can be unclear and inconsistent across various jurisdictions, and ensuring compliance with them is difficult and costly. 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, banks that issue our cards and regulators, and could materially and adversely affect our business, operating results and financial condition.

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 banking, financial technology, transaction processing and tax refund processing services industries are highly regulated and, from time to time, the federal and state 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, tax preparation partners or other business 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 if 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.

From time to time, federal and state legislators and regulatory authorities, including state attorney generals, increase their focus on the banking, consumer financial services and tax preparation 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 the 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 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 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 June 30, 2020, interchange revenues represented 30.3% 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, consumer and competitive uncertainties and contingencies, as well other factors, many of which are beyond our control (such as the COVID-19 pandemic), 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 over the last several years 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, especially in times of economic uncertainty. In addition, 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.

Due to the uncertainty around the scope and the duration of the COVID-19 pandemic, we have decided to withdraw our guidance for 2020 until we have better visibility into the effect of the COVID-19 pandemic on our results of operations. If and when we provide guidance in the future, if our operating or financial results for a particular period do not meet our guidance or the expectations of our investors and analysts, or if we reduce our guidance for future periods, the market price of our common stock may decline.

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.

Further, we have in the past and may in the future experience operational issues with the third-party call centers that we rely on to provide customer support. For example, recently, many of our U.S. third-party call centers were closed during portions of the first and second quarters due to the COVID-19 pandemic, which resulted in delayed responses to customers and a higher usage of automated services. While such issues have largely been resolved, these conditions contributed to transaction losses as compared to prior periods. Any prolonged closure or disruption in the services provided by such call centers could have an adverse effect on our 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, new technologies, a decrease in our distribution partners' willingness to sell these products as a result of a more challenging regulatory environment or other factors outside of our control such as the current economic recession due to the COVID-19 pandemic. 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 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.

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,

other business partners, 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, other business partners, 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, among 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, other business partners 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 may be unable to adequately protect our brand and our intellectual property rights related to our products and services or third parties may allege that we are infringing their intellectual property rights.

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 12 issued patents and 5 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.

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.

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 \$506.1 million as of June 30, 2020. 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.

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

The majority of our business is conducted through retail distributors that sell 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 accounts established for the benefit of these consumers at 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 June 30, 2020, we had assets subject to settlement risk of \$312.4 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 recessions, such as the current recession due to the COVID-19 pandemic, 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. On June 8, 2020, the National Bureau of Economic Research announced that the United States was in an economic recession. A prolonged recession may result in us experiencing a reduction in the number of our accounts 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 and scale 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 of our founder, President and Chief Executive Officer, Steven W. Streit, as well as our Chief Operating Officer and Chief Financial Officer since December 31, 2019. We appointed a new Chief Executive Officer in March 2020 and are in the process of appointing a permanent Chief Financial Officer. 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. In order to attract and retain personnel in a competitive marketplace, we must provide competitive pay packages, including cash and equity-based compensation and the volatility in our stock price may from time to time adversely affect our ability to recruit or retain employees. If we fail to attract, integrate, retain and incentivize key personnel, our ability to manage and grow our business could be harmed. If we fail to manage any future 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 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 new 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.

To maximize our liquidity and increase our available cash on hand in the event of a protracted COVID-19 pandemic, in March 2020 we drew down the full \$100 million available under our revolving line of credit, instituted an enterprise-wide headcount freeze and delayed or reduced non-critical projects. We have since repaid the entire balance on our revolving line of credit as of June 30, 2020. Should we require additional credit at levels we are unable to access, the cost of credit is greater than expected, or the cost-savings measures we have implemented are ineffective or result in us incurring greater costs, our operating results could be adversely affected. Further, additional borrowings on our revolving line of credit have and will cause us to incur additional interest expense, which will negatively affect our earnings.

Some of our operations, including a significant portion of our software development operations, are located outside of the United States, which subjects us to additional risks, including increased complexity and costs of managing international operations and geopolitical instability.

We have significantly expanded our software development operations in Shanghai, China and we expect to continue to increase headcount and infrastructure as we scale our operations in this region. A prolonged disruption at our China facility for any reason due to natural- or man-made disasters, natural disasters, outbreaks of pandemic disease, such as the COVID-19 pandemic, climate change or other events outside of our control, such as equipment malfunction or large-scale outages or interruptions of service from utilities or telecommunications providers, could potentially delay our ability to launch new products or services, which could materially and adversely affect our business.

Additionally, as a result of our international operations, we face numerous other challenges and risks, including:

- increased complexity and costs of managing international operations;
- regional economic instability;
- geopolitical instability and military conflicts;
- limited protection of our intellectual property and other assets;
- compliance with local laws and regulations and unanticipated changes in local laws and regulations, including tax laws and regulations;
- foreign currency exchange fluctuations relating to our international operating activities;
- local business and cultural factors that differ from our normal standards and practices; and
- differing employment practices and labor relations.

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, pandemics, such as COVID-19, and similar unforeseen events beyond our control. Our principal offices, for example, are situated in southern California near known earthquake fault zones and are currently subject to the state-wide shelter in place order. 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. Our insurance costs may also increase substantially in the future to cover the costs our insurance carriers may incur related to such events. 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.

Under our \$100 million five-year revolving facility, we are subject to 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 2.50 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.

Changes in the method of determining LIBOR, or the replacement of LIBOR with an alternative reference rate, may adversely affect interest rates on our future indebtedness and may otherwise adversely affect our financial condition and results of operations.

Certain of our indebtedness is made at variable interest rates that use the London Interbank Offered Rate, or LIBOR (or metrics derived from or related to LIBOR), as a benchmark for establishing the interest rate. On July 27, 2017, the United Kingdom's Financial Conduct Authority announced that it intends to stop persuading or compelling banks to submit LIBOR rates after 2021. These reforms may cause LIBOR to cease to exist, new methods of calculating LIBOR to be established, or alternative reference rates to be established. The potential consequences cannot be fully predicted and could have an adverse impact on the market value for or value of LIBOR-linked securities, loans, and other financial obligations or extensions of credit held by or due to us. Changes in market interest rates may influence our financing costs, returns on financial investments and the valuation of derivative contracts and could reduce our earnings and cash flows. In addition, any transition process may involve, among other things, increased volatility or illiquidity in markets for instruments that rely on LIBOR, reductions in the value of certain instruments or the effectiveness of related transactions such as hedges, increased borrowing costs, uncertainty under applicable documentation, or difficult and costly consent processes. This could materially and

adversely affect our results of operations, cash flows, and liquidity. We cannot predict the effect of the potential changes to LIBOR or the establishment and use of alternative rates or benchmarks.

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 (including those caused by the COVID-19 pandemic);
- changes to the indices in which our Class A common stock is included;
- sales of shares of our Class A common stock by us or our stockholders; and
- other factors beyond our control, such as terrorism, war, natural disasters and pandemics, including the COVID-19 pandemic.

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 business could be negatively affected by 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.

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;
- 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.

If securities analysts do not continue to publish research or reports about our business or if they publish negative evaluations of our Class A common stock, the trading price of our Class A common stock could decline.

We expect that the trading price for our Class A common stock will be affected by any research or reports that securities analysts publish about us or our business. If one or more of the analysts who currently cover us or our business downgrade their evaluations of our Class A common stock, the price of our Class A common stock would likely decline. If one or more of these analysts cease coverage of our company, we could lose visibility in the market for our Class A common stock, which in turn could cause our stock price to decline.

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

None.

ITEM 5. Other Information

None.

ITEM 6. Exhibits

The following documents are filed as exhibits to this report:

Exhibit Number	Description of Exhibits
10.1	Green Dot Corporation Inducement Stock Option Award Agreement, dated May 6, 2020. *
10.2	Green Dot Corporation Inducement Award Agreement (Performance Restricted Stock Unit), dated May 6, 2020.
10.3	Green Dot Corporation Inducement Award Agreement (Restricted Stock Unit), dated May 6, 2020.
10.4	Green Dot Corporation 2010 Equity Incentive Plan, as amended (including related forms of agreements and policies).
31.1	Certification of Dan Henry, 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 Jess Unruh, Interim 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 Dan Henry, 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 Jess Unruh, Interim 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	The following financial statements from the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2020, formatted in Inline XBRL: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Comprehensive Income, (iv) Consolidated Statements of Changes in Stockholders' Equity, (v) Consolidated Statements of Cash Flows and (vi) Notes to Consolidated Financial Statements, tagged as blocks of text and including detailed tags
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Certain portions of this document that constitute confidential information have been redacted in accordance with Regulation S-K, Item 601(b)(10).

** Furnished and not filed.

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: August 5, 2020

By: /s/ Jess Unruh
Name: Jess Unruh
Title: Interim Chief Financial Officer (Duly Authorized Officer and Principal Financial Officer)

Certain confidential information (indicated by [***]) has been omitted from this exhibit because it is both (i) not material and (ii) would likely cause competitive harm if publicly disclosed.

GREEN DOT CORPORATION
NOTICE OF STOCK OPTION GRANT

Unless otherwise defined herein, the terms defined in the Green Dot Corporation (the “Company”) 2010 Equity Incentive Plan (the “Plan”) shall have the same meanings in this Notice of Stock Option Grant (the “Notice”), except to the extent defined in that certain employment agreement by and between the Company and Daniel Eckert (the “Employment Agreement”).

Name: Daniel Eckert

Address: By Electronic Mail

You (the “Participant”) have been granted an option to purchase shares of Common Stock of the Company subject to the terms and conditions of the Plan, this Notice and the Stock Option Award Agreement (the “Option Agreement”).

Date of Grant:	<u>May 6, 2020</u>
Vesting Commencement Date:	<u>May 6, 2020</u>
Exercise Price per Share:	<u>\$28.19</u>
Total Number of Shares:	<u>750,000</u>
Type of Option:	<u> X </u> Non-Qualified Stock Option
Expiration Date:	<u>May 6, 2027</u>

Post-Termination Exercise Period: Voluntary without Good Reason (other than for Disability or Death) = 3 Months
 Disability = 12 Months
 Death = 12 Months
 Voluntary for Good Reason = 24 months
 Involuntary Termination without Cause = 24 months

Vesting Schedule: Subject to the limitations set forth in this Notice and the Option Agreement, the Option will vest and may be exercised, in whole or in part, in accordance with the following schedule:

- (a) **Performance-vesting requirement:** The Option shall satisfy the performance-vesting requirement to the extent that the Company's closing stock price over any twenty (20) consecutive trading day period occurring prior to the fifth anniversary of the Date of Grant is equal to or exceeds the applicable Stock Price Hurdle, during which the applicable Stock Price Hurdle of each such tranche is achieved, as follows:

Tranche	Stock Price Hurdle
Tranche 1: 33 1/3% of Option	[***]
Tranche 2: 33 1/3% of Option	[***]
Tranche 3: 33 1/3% of Option	[***]

- (b) **Service-vesting requirement:** Subject to the satisfaction of the performance-vesting requirements above, to the extent you remain employed with the Company or are otherwise engaged as a service provider (within the meaning of Section 409A of the Code) to the Company through each of the applicable dates, the option shall vest and become exercisable as follows: (i) the first one-third (33%) of each Tranche of the Option shall become service-vested upon the first anniversary of the Date of Grant and (ii) the remaining two-thirds (66%) of each Tranche of the Option shall become service-vested in twenty-four (24) equal installments at the end of each calendar month occurring after such first anniversary.

- (c) **Voluntary Termination for Good Reason/Involuntary Termination without Cause:** Notwithstanding anything in this Notice, the Plan or the Option Agreement to the contrary, upon the termination of your employment without Cause by the Company or by you for Good Reason (each, as such term is defined in the Employment Agreement), this Option shall become vested and exercisable in accordance with the terms of Section 10(b)(v) of the Employment Agreement.

You understand that your employment with the Company is subject to your Employment Agreement. You acknowledge that the vesting of the Options pursuant to this Notice is earned only by continuing service as an Employee, Director or Consultant of the Company, except as otherwise provided herein. Participant has read both the Option Agreement and the Plan.

PARTICIPANT:

Signature: /s/ Daniel Eckert

Print Name: Daniel Eckert

Date: May 23, 2020

GREEN DOT CORPORATION

By: /s/ John C. Ricci

Its: General Counsel and Secretary

Date: May 6, 2020

GREEN DOT CORPORATION

INDUCEMENT STOCK OPTION AWARD AGREEMENT

Unless otherwise defined in this Stock Option Award Agreement (the “**Agreement**”), any capitalized terms used herein shall have the meaning ascribed to them in the Green Dot Corporation (the “**Company**”) 2010 Equity Incentive Plan (the “**Plan**”). This Award is not being made pursuant to the terms of the Plan, but shall be subject to the terms of the Plan as if granted thereunder and such terms shall be deemed incorporated herein by reference and made a part of this inducement grant. This Award is instead being made pursuant to Section 303A.08 of the New York Stock Exchange Listed Company Manual in connection with the Participant’s commencement of service as Executive Vice President, Chief Product, Strategy and Development Officer of the Company.

Participant has been granted an option to purchase Shares (the “**Option**”), subject to the terms and conditions of the Notice of Stock Option Grant (the “**Notice**”) and this Agreement.

1. **Vesting Rights.** Subject to the applicable provisions of the Plan and this Agreement, this Option may be exercised, in whole or in part, in accordance with the schedule set forth in the Notice.

2. **Termination Period.**

(a) **General Rule.** Except as provided in the Notice, this Agreement and the Plan, in no event shall this Option be exercised later than the Expiration Date set forth in the Notice.

(b) **Termination of Employment.** Upon the termination of Participant’s service to the Company, any vested portion of this Option may be exercised for the period set forth in the Notice and this Agreement, provided that (i) upon a termination of the Participant’s employment for Cause, this Option (whether vested or unvested) shall immediately expire and (ii) in no event shall this Option be exercised later than the Expiration Date set forth in the Notice.

3. **Grant of Option.** The Participant named in the Notice has been granted an Option for the number of Shares set forth in the Notice at the exercise price per Share set forth in the Notice (the “**Exercise Price**”). In the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this Agreement, the terms and conditions of the Plan shall prevail.

4. **Exercise of Option.**

(a) **Right to Exercise.** This Option is exercisable during its term in accordance with the Vesting Schedule set forth in the Notice and the applicable provisions of the Plan and this Agreement.

(b) **Method of Exercise.** This Option is exercisable by delivery of an exercise notice (the “**Exercise Notice**”), which shall state the election to exercise the Option, the number of Shares in respect of which the Option is being exercised (the “**Exercised Shares**”), and such other representations and agreements as may be required by the Company pursuant to the provisions of the Plan. The Exercise Notice shall be delivered in person, by mail, via electronic mail or facsimile or by other authorized method to the Secretary of the Company or other person designated by the Company. The Exercise Notice shall be accompanied by payment of the aggregate Exercise Price as to all Exercised Shares. This Option shall be deemed to be exercised upon receipt by the Company of such fully executed Exercise Notice accompanied by such aggregate Exercise Price.

(c) No Shares shall be issued pursuant to the exercise of this Option unless such issuance and exercise complies with all relevant provisions of law and the requirements of any stock exchange or quotation service upon which the Shares are then listed. Assuming such compliance, for income tax purposes the Exercised Shares shall be considered transferred to the Participant on the date the Option is exercised with respect to such Exercised Shares.

5. **Method of Payment.** Payment of the aggregate Exercise Price shall be by any of the following, or a combination thereof, at the election of the Participant:

- (a) cash;
- (b) check;
- (c) a “broker-assisted” or “same-day sale” (as described in Section 11(d) of the Plan); or
- (d) other method authorized by the Company.

6. **Non-Transferability of Option.** This Option may not be transferred in any manner other than by will or by the laws of descent or distribution or court order and may be exercised during the lifetime of Participant only by the Participant unless otherwise permitted by the Committee on a case-by-case basis. The terms of the Plan and this Agreement shall be binding upon the executors, administrators, heirs, successors and assigns of the Participant.

7. **Term of Option.** This Option shall in any event expire on the expiration date set forth in the Notice of Stock Option Grant, which date is 7 years after the Date of Grant.

8. **U.S. Tax Consequences.** For Participants subject to U.S. income tax, some of the federal tax consequences relating to this Option, as of the date of this Option, are set forth

below. All other Participants should consult a tax advisor for tax consequences relating to this Option in their respective jurisdiction. THIS SUMMARY IS NECESSARILY INCOMPLETE, AND THE TAX LAWS AND REGULATIONS ARE SUBJECT TO CHANGE. THE PARTICIPANT SHOULD CONSULT A TAX ADVISER BEFORE EXERCISING THIS OPTION OR DISPOSING OF THE SHARES. The Participant may incur federal ordinary income tax liability upon exercise of a Nonqualified Stock Option (“NSO”). The Participant will be treated as having received compensation income (taxable at ordinary income tax rates) equal to the excess, if any, of the Fair Market Value of the Exercised Shares on the date of exercise over their aggregate Exercise Price. If the Participant is an Employee or a former Employee, the Company will be required to withhold from his or her compensation an amount equal to the minimum amount the Company is required to withhold for income and employment taxes or collect from Participant and pay to the applicable taxing authorities an amount in cash equal to a percentage of this compensation income at the time of exercise, and may refuse to honor the exercise and refuse to deliver Shares if such withholding amounts are not delivered at the time of exercise.

9. Acknowledgement. The Company and Participant agree that the Option is granted under and governed by the Notice, this Agreement and by the applicable provisions of the Employment Agreement and the Plan (each as incorporated herein by reference). Participant: (i) acknowledges receipt of a copy of the Plan, (ii) represents that Participant has carefully read and is familiar with their provisions, and (iii) hereby accepts the Option subject to all of the terms and conditions set forth herein and those set forth in the Plan and the Notice.

10. Entire Agreement; Enforcement of Rights. This Agreement, the Plan and the Notice constitute the entire agreement and understanding of the parties relating to the subject matter herein and supersede all prior discussions between them. Any prior agreements, commitments or negotiations concerning the purchase of the Shares hereunder are superseded. No modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, shall be effective unless in writing and signed by the parties to this Agreement. The failure by either party to enforce any rights under this Agreement shall not be construed as a waiver of any rights of such party.

11. Compliance with Laws and Regulations. The issuance of Shares will be subject to and conditioned upon compliance by the Company and Participant with all applicable state and federal laws and regulations and with all applicable requirements of any stock exchange or automated quotation system on which the Company’s Common Stock may be listed or quoted at the time of such issuance or transfer.

12. Governing Law; Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (i) such provision shall be excluded from this Agreement,

(ii) the balance of this Agreement shall be interpreted as if such provision were so excluded, and (iii) the balance of this Agreement shall be enforceable in accordance with its terms. This Agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the State of California, without giving effect to principles of conflicts of law.

13. No Rights as Employee, Director or Consultant. Nothing in this Agreement shall affect in any manner whatsoever the right or power of the Company, or a Parent or Subsidiary of the Company, to terminate Participant's service, for any reason, with or without cause.

By your signature and the signature of the Company's representative on the Notice, you and the Company agree that this Option is governed by the terms and conditions of the Plan (as if granted thereunder), the Notice and this Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions relating to the Plan, the Notice and the Agreement. Participant further agrees to notify the Company upon any change in the residence address indicated on the Notice.

GREEN DOT CORPORATION
NOTICE OF INDUCEMENT PERFORMANCE- BASED RESTRICTED STOCK UNIT AWARD

Unless otherwise defined herein, the terms defined in the Green Dot Corporation (the “*Company*”) 2010 Equity Incentive Plan (the “*Plan*”) shall have the same meanings in this Notice of Restricted Stock Unit Award (the “*Notice*”), except to the extent defined in that certain employment agreement by and between the Company and Daniel Eckert (the “*Employment Agreement*”).

Name: Daniel Eckert

Address: Via Electronic Mail

You (you or “*Participant*”) have been granted an award of Restricted Stock Units (“*RSUs*”) subject to the terms and conditions of the Plan, this Notice and the attached Award Agreement (Performance – Based Restricted Stock Units) (hereinafter “*RSU Agreement*”).

Target Number of RSUs:	<u>63,852</u>
Grant Date:	<u>May 6, 2020</u>
Expiration Date:	The date on which settlement of all RSUs granted hereunder occurs, subject to earlier expiration in accordance with the terms of the Award Agreement and Exhibit A attached thereto.
Vesting Schedule:	Subject to the limitations set forth in this Notice, the Plan and the RSU Agreement, the RSUs will vest in accordance with the terms set forth on Exhibit A. Notwithstanding anything in this Notice, the Plan and the RSU Agreement to the contrary, upon the termination of your employment without Cause by the Company or by you for Good Reason (each, as such term is defined in the Employment Agreement), the RSUs shall become vested and settle in accordance with the terms of Sections 10(b)(v), 10(c) and 18 of the Employment Agreement.

You understand that your employment with the Company is subject to your Employment Agreement. You acknowledge that the vesting of the RSUs pursuant to this Notice is earned only by continuing service as an Employee, Director or Consultant of the Company, except as otherwise expressly provided herein. You also understand that this Notice is subject to the terms and conditions of both the RSU Agreement and the Plan, both of which are incorporated herein by reference. Participant has read both the RSU Agreement and the Plan.

PARTICIPANT:

Signature: /s/ Daniel Eckert

Print Name: Daniel Eckert

GREEN DOT CORPORATION

By: /s/ Jason Bibelheimer

Its: Chief Human Resources Officer

GREEN DOT CORPORATION

INDUCEMENT AWARD AGREEMENT (PERFORMANCE RESTRICTED STOCK UNITS)

Unless otherwise defined herein, the terms defined in the Green Dot Corporation (the “**Company**”) 2010 Equity Incentive Plan (the “**Plan**”) shall have the same defined meanings in this Award Agreement (Performance Restricted Stock Units) (the “**Agreement**”), except to the extent defined in that certain employment agreement by and between the Company and Daniel Eckert (the “**Employment Agreement**”). This Award is not being made pursuant to the terms of the Plan, but shall be subject to the terms of the Plan as if granted thereunder and such terms shall be deemed incorporated herein by reference and made a part of this inducement grant. This Award is instead being made pursuant to Section 303A.08 of the New York Stock Exchange Listed Company Manual in connection with the Participant’s commencement of service as Executive Vice President, Chief Product, Strategy and Development Officer of the Company.

You have been granted performance-based Restricted Stock Units (“**PRSUs**”) subject to the terms, restrictions and conditions of the Plan, the Notice of Restricted Stock Unit Award (the “**Notice**”) and this Agreement.

1. **Settlement.** Settlement of PRSUs shall be made within 30 days following the applicable date of vesting under the vesting schedule set forth in the Notice, subject to Section 5. Settlement of PRSUs shall be in Shares.

2. **No Stockholder Rights.** Unless and until such time as Shares are issued in settlement of vested PRSUs, Participant shall have no ownership of the Shares allocated to the PRSUs and shall have no right dividends or to vote such Shares.

3. **Dividend Equivalents.** Dividends, if any (whether in cash or Shares), shall not be credited to Participant.

4. **No Transfer.** The PRSUs and any interest therein shall not be sold, assigned, transferred, pledged, hypothecated, or otherwise disposed of.

5. **Termination.** If Participant’s service Terminates for Cause by the Company or without Good Reason by Participant (including due to death or Disability) (each, as such term is defined in the Employment Agreement), all unvested PRSUs shall be forfeited to the Company forthwith, and all rights of Participant to such PRSUs shall immediately terminate. Notwithstanding anything in the Notice or this Award Agreement to the contrary, upon the termination of Participant’s employment without Cause by the Company or by you for Good Reason, the PRSUs shall become vested and settle in accordance with the terms of Sections 10(b)(v), 10(c) and 19 of the Employment Agreement. In case of any dispute as to whether

Termination has occurred, the Committee shall have sole discretion to determine whether such Termination has occurred and the effective date of such Termination.

6. U.S. Tax Consequences. Participant acknowledges that there will be tax consequences upon settlement of the PRSUs or disposition of the Shares, if any, received in connection therewith, and Participant should consult a tax adviser regarding Participant's tax obligations prior to such settlement or disposition. Upon vesting of the PRSU, Participant will include in income the fair market value of the Shares subject to the PRSU. The included amount will be treated as ordinary income by Participant and will be subject to withholding by the Company when required by applicable law. Further, a PRSU may be considered a deferral of compensation that may be subject to Section 409A of the Code. Section 409A of the Code imposes special rules to the timing of making and effecting certain amendments of this PRSU with respect to distribution of any deferred compensation. You should consult your personal tax advisor for more information on the actual and potential tax consequences of this PRSU.

7. Acknowledgement. The Company and Participant agree that the Option is granted under and governed by the Notice, this Agreement and by the applicable provisions of the Employment Agreement and the Plan (each as incorporated herein by reference). Participant: (i) acknowledges receipt of a copy of the Plan, (ii) represents that Participant has carefully read and is familiar with their provisions, and (iii) hereby accepts the PRSUs subject to all of the terms and conditions set forth herein and those set forth in the Plan and the Notice.

8. Entire Agreement; Enforcement of Rights. This Agreement, the Employment Agreement, the Plan and the Notice constitute the entire agreement and understanding of the parties relating to the subject matter herein and supersede all prior discussions between them. Any prior agreements, commitments or negotiations concerning the acquisition of the Shares hereunder are superseded. No modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, shall be effective unless in writing and signed by the parties to this Agreement. The failure by either party to enforce any rights under this Agreement shall not be construed as a waiver of any rights of such party.

9. Compliance with Laws and Regulations. The issuance of Shares will be subject to and conditioned upon compliance by the Company and Participant with all applicable state and federal laws and regulations and with all applicable requirements of any stock exchange or automated quotation system on which the Company's Common Stock may be listed or quoted at the time of such issuance or transfer.

10. Governing Law; Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (i) such provision shall be excluded from this Agreement, (ii) the balance of this Agreement shall be interpreted as if such provision were so excluded and

(iii) the balance of this Agreement shall be enforceable in accordance with its terms. This Agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the State of California, without giving effect to principles of conflicts of law.

11. Recoupment. This Policy is subject to the terms and conditions of the Compensation Recovery Policy adopted by the Committee in April 2017, as it may be amended from time to time, and any of the Company's other applicable recoupment or clawback policies (as previously adopted, and as may be amended or restated from time to time). Notwithstanding the foregoing, the Company may, in its sole discretion, implement any recoupment or clawback policies or make any changes to any of the Company's existing recoupment or clawback policies, as the Company deems necessary or advisable in order to comply with applicable law or regulatory guidance (including, without limitation, the Dodd-Frank Wall Street Reform and Consumer Protection Act).

12. No Rights as Employee, Director or Consultant. Nothing in this Agreement shall affect in any manner whatsoever the right or power of the Company, or a Parent or Subsidiary of the Company, to terminate Participant's service, for any reason, with or without cause.

By your signature and the signature of the Company's representative on the Notice, Participant and the Company agree that this PRSU is governed by the terms and conditions of the Plan (as if granted thereunder), the Notice and this Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions relating to the Plan, the Notice and this Agreement. Participant further agrees to notify the Company upon any change in Participant's residence address.

Exhibit A
Vesting Schedule
Performance-Based Restricted Stock Unit (“*PRSU*”) Grant
Daniel Eckert PRSU Grant, dated May 6, 2020

Terms not otherwise defined in this Exhibit A shall have the meaning ascribed to them in the Plan or the Award Agreement to which this Exhibit A is attached, as applicable.

The Shares subject to the PRSU shall vest subject to (I) the Company’s achievement of performance targets to be established by the Compensation Committee in accordance with Section 4(a)(ii)(A)(I) of the Employment Agreement within 30 days of the effective date of the Employment Agreement (the “*Performance Metric*”) and (II) Participant’s continued employment with the Company through the date the Compensation Committee certifies achievement of the Performance Metric, at which time, (x) twenty-five percent (25%) of the Percentage Target PRSUs will become immediately vested and settled, and (y) the remaining seventy-five percent (75%) of such Percentage Target PRSUs will become immediately vested and settled in equal annual installments over the next three years on each December 15 such that all Shares subject to this PRSU shall be fully vested on December 15, 2023, subject to Participant’s continued employment hereunder through each such anniversary date. Notwithstanding the foregoing, if the Percentage Target PRSUs are 0%, all PRSUs will immediately terminate without payment on the first anniversary of the Grant Date.

The determination of whether the Performance Metric has been satisfied will be made by the Company’s Compensation Committee of the Board (with such determination to be made not later than March 15, 2021).

Notwithstanding anything in the Notice or this Award Agreement to the contrary, upon the termination of Participant’s employment without Cause by the Company or by Participant for Good Reason (each as such term is defined in the Employment Agreement), this PRSU shall become vested and settle in accordance with the terms of Sections 10(b)(v), 10(c) and 18 of the Employment Agreement.

Definitions/Principles

“Performance Period” means January 1, 2020 through December 31, 2020.

“Target PRSUs” means the number of shares of Common Stock associated with the PRSU grant as determined by the Compensation Committee, and as set forth in the notice of grant as being the “Target Number of PRSUs.”

GREEN DOT CORPORATION

NOTICE OF INDUCEMENT RESTRICTED STOCK UNIT AWARD

Unless otherwise defined herein, the terms defined in the Green Dot Corporation (the “*Company*”) 2010 Equity Incentive Plan (the “*Plan*”) shall have the same meanings in this Notice of Restricted Stock Unit Award (the “*Notice*”), except to the extent defined in that certain employment agreement by and between the Company and Daniel Eckert (the “*Employment Agreement*”).

Name: Daniel Eckert

Address: Via Electronic Mail

You (“*Participant*”) have been granted an award of Restricted Stock Units (“*RSUs*”) subject to the terms and conditions of the Plan, this Notice and the attached Award Agreement (Restricted Stock Units) (hereinafter “*RSU Agreement*”).

Number of RSUs: 42,568

Date of Grant: May 6, 2020

Vesting Commencement Date: May 6, 2020

Expiration Date: The date on which settlement of all RSUs granted hereunder occurs, subject to earlier expiration in accordance with the terms of the Award Agreement.

Vesting Schedule: Subject to the limitations set forth in this Notice, the Plan and the RSU Agreement, the RSUs will vest in equal annual installments on each of the first three anniversaries of the Vesting Commencement Date. Notwithstanding anything in this Notice, the Plan or the RSU Agreement to the contrary, upon the termination of your employment without Cause by the Company or by you for Good Reason (each, as such term is defined in the Employment Agreement), the RSUs shall become vested and settle in accordance with the terms of Sections 10(b)(v), 10(c) and 19 of the Employment Agreement.

You understand that your employment with the Company is subject to your Employment Agreement. You acknowledge that the vesting of the RSUs pursuant to this Notice is earned only by continuing service as an Employee, Director or Consultant of the Company. You also understand that this Notice is subject to the terms and conditions of both the RSU Agreement and the Plan, both of which are incorporated herein by reference. Participant has read both the RSU Agreement and the Plan.

PARTICIPANT:

Signature: /s/ Daniel Eckert

Print Name: Daniel Eckert

GREEN DOT CORPORATION

By: /s/ John C. Ricci

Its: General Counsel and Secretary

GREEN DOT CORPORATION

INDUCEMENT AWARD AGREEMENT (RESTRICTED STOCK UNITS)

Unless otherwise defined herein, the terms defined in the Green Dot Corporation (the “**Company**”) 2010 Equity Incentive Plan (the “**Plan**”) shall have the same defined meanings in this Award Agreement (Restricted Stock Units) (the “**Agreement**”), except to the extent defined in that certain employment agreement by and between the Company and Daniel Eckert (the “**Employment Agreement**”). This Award is not being made pursuant to the terms of the Plan, but shall be subject to the terms of the Plan as if granted thereunder and such terms shall be deemed incorporated herein by reference and made a part of this inducement grant. This Award is instead being made pursuant to Section 303A.08 of the New York Stock Exchange Listed Company Manual in connection with the Participant’s commencement of service as Executive Vice President, Chief Product, Strategy and Development Officer of the Company.

You have been granted Restricted Stock Units (“**RSUs**”) subject to the terms, restrictions and conditions of the Plan, the Notice of Restricted Stock Unit Award (the “**Notice**”) and this Agreement.

1. **Settlement.** Settlement of RSUs shall be made within 30 days following the applicable date of vesting under the vesting schedule set forth in the Notice, subject to Section 5. Settlement of RSUs shall be in Shares.

2. **No Stockholder Rights.** Unless and until such time as Shares are issued in settlement of vested RSUs, Participant shall have no ownership of the Shares allocated to the RSUs and shall have no right dividends or to vote such Shares.

3. **Dividend Equivalents.** Dividends, if any (whether in cash or Shares), shall not be credited to Participant.

4. **No Transfer.** The RSUs and any interest therein shall not be sold, assigned, transferred, pledged, hypothecated, or otherwise disposed of.

5. **Termination.** If Participant’s service Terminates for Cause by the Company or without Good Reason by Participant (including due to death or Disability)(each, as such term is defined in the Employment Agreement), all unvested RSUs shall be forfeited to the Company forthwith, and all rights of Participant to such RSUs shall immediately terminate. Notwithstanding anything in the Notice or this Award Agreement to the contrary, upon the termination of Participant’s employment without Cause by the Company or by you for Good Reason, the RSUs shall become vested and settle in accordance with the terms of Sections 10(b)(v), 10(c) and 19 of the Employment Agreement. In case of any dispute as to whether Termination has occurred, the Committee shall have sole discretion to determine whether such Termination has occurred and the effective date of such Termination.

6. **U.S. Tax Consequences.** Participant acknowledges that there will be tax consequences upon settlement of the RSUs or disposition of the Shares, if any, received in connection therewith, and Participant should consult a tax adviser regarding Participant's tax obligations prior to such settlement or disposition. Upon vesting of the RSU, Participant will include in income the fair market value of the Shares subject to the RSU. The included amount will be treated as ordinary income by Participant and will be subject to withholding by the Company when required by applicable law. Further, an RSU may be considered a deferral of compensation that may be subject to Section 409A of the Code. Section 409A of the Code imposes special rules to the timing of making and effecting certain amendments of this RSU with respect to distribution of any deferred compensation. You should consult your personal tax advisor for more information on the actual and potential tax consequences of this RSU.

7. **Acknowledgement.** The Company and Participant agree that the Option is granted under and governed by the Notice, this Agreement and by the applicable provisions of the Employment Agreement and the Plan (each as incorporated herein by reference). Participant: (i) acknowledges receipt of a copy of the Plan, (ii) represents that Participant has carefully read and is familiar with its provisions, and (iii) hereby accepts the RSUs subject to all of the terms and conditions set forth herein and those set forth in the Plan and the Notice.

8. **Entire Agreement; Enforcement of Rights.** This Agreement, the Employment Agreement, the Plan and the Notice constitute the entire agreement and understanding of the parties relating to the subject matter herein and supersede all prior discussions between them. Any prior agreements, commitments or negotiations concerning the purchase of the Shares hereunder are superseded. No modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, shall be effective unless in writing and signed by the parties to this Agreement. The failure by either party to enforce any rights under this Agreement shall not be construed as a waiver of any rights of such party.

9. **Compliance with Laws and Regulations.** The issuance of Shares will be subject to and conditioned upon compliance by the Company and Participant with all applicable state and federal laws and regulations and with all applicable requirements of any stock exchange or automated quotation system on which the Company's Common Stock may be listed or quoted at the time of such issuance or transfer.

10. **Governing Law; Severability.** If one or more provisions of this Agreement are held to be unenforceable under applicable law, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (i) such provision shall be excluded from this Agreement, (ii) the balance of this Agreement shall be interpreted as if such provision were so excluded and (iii) the balance of this Agreement shall be enforceable in accordance with its terms. This Agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the State of California, without giving effect to principles of conflicts of law.

11. No Rights as Employee, Director or Consultant. Nothing in this Agreement shall affect in any manner whatsoever the right or power of the Company, or a Parent or Subsidiary of the Company, to terminate Participant's service, for any reason, with or without cause.

By your signature and the signature of the Company's representative on the Notice, Participant and the Company agree that this RSU is governed by the terms and conditions of the Plan (as if granted thereunder), the Notice and this Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions relating to the Plan, the Notice and this Agreement. Participant further agrees to notify the Company upon any change in Participant's residence address.

GREEN DOT CORPORATION
2010 EQUITY INCENTIVE PLAN

As Adopted June 4, 2010
And as Thereafter Amended

1. PURPOSE. The purpose of this Plan is to provide incentives to attract, retain and motivate eligible persons whose present and potential contributions are important to the success of the Company, and any Parents and Subsidiaries that exist now or in the future, by offering them an opportunity to participate in the Company's future performance through the grant of Awards. Capitalized terms not defined elsewhere in the text are defined in Section 28.

2. SHARES SUBJECT TO THE PLAN.

2.1 Number of Shares Available. Subject to Sections 2.6 and 21 and any other applicable provisions hereof 16,970,471¹ Shares are available for grant and issuance under the Plan.

2.2 Lapsed, Returned Awards. Except as otherwise may be provided for herein, Shares subject to Awards, and Shares issued under the Plan under any Award, will again be available for grant and issuance in connection with subsequent Awards under this Plan to the extent such Shares: (a) are subject to issuance upon exercise of an Option or SAR granted under this Plan but which cease to be subject to the Option or SAR for any reason other than exercise of the Option or SAR; (b) are subject to Awards granted under this Plan that are forfeited or are repurchased by the Company at the original issue price; or (c) are subject to Awards granted under this Plan that otherwise terminate without such Shares being issued. To the extent an Award under the Plan is paid out in cash rather than Shares, such cash payment will not result in reducing the number of Shares available for issuance under the Plan. The full number of Shares subject to a SAR granted under the Plan that are to be settled by the issuance of Shares shall be counted against the number of Shares available for award under the Plan, regardless of the number of Shares actually issued upon settlement of such SAR. Shares used to pay the exercise price of an Award, to satisfy the tax withholding obligations related to an Award and Shares repurchased on the open market with the proceeds of an Option exercise will not become available for future grant or sale under the Plan. The Shares available for issuance under the Plan may be authorized and issued Shares or treasury Shares. For the avoidance of doubt, Shares that otherwise become available for grant and issuance because of the provisions of this Section 2.2 shall not include Shares subject to Awards that initially became available because of the substitution clause in Section 21.2 hereof.

2.3 Minimum Share Reserve. At all times the Company shall reserve and keep available a sufficient number of Shares as shall be required to satisfy the requirements of all outstanding Awards granted under this Plan.

2.4 Limitations. No more than 25,000,000 Shares shall be issued pursuant to the exercise of ISOs.

¹ Adjusted to reflect (i) the authorization of 1,255,571, 1,063,248, 1,079,831 and 1,131,821 additional Shares as of January 1, 2011, January 1, 2012, January 1, 2013 and January 1, 2014, respectively, pursuant to Section 2.4 of the Plan prior to its amendment in May 2014; (ii) the authorization of 3,400,000 Shares for issuance under the Plan approved by the Company's stockholders in May 2014; (iii) the authorization of 2,790,000 additional Shares for issuance under the Plan approved by the Company's stockholders in May 2017; and (iv) the authorization of 4,250,000 additional Shares for issuance under the Plan approved by the Company's stockholders in June 2020.

2.5 Adjustment of Shares. If the number of outstanding Shares is changed by a stock dividend, recapitalization, stock split, reverse stock split, subdivision, combination, reclassification or similar change in the capital structure of the Company, without consideration, then (a) the number of Shares reserved for issuance and future grant under the Plan set forth in Section 2.1, (b) the Exercise Prices of and number of Shares subject to outstanding Options and SARs, (c) the number of Shares subject to other outstanding Awards, (d) the maximum number of shares that may be issued as ISOs set forth in Section 2.4, (e) the maximum number of Shares that may be issued to an individual or to a new Employee in any one calendar year set forth in Section 3.1 and (f) the number of Shares that are granted as Awards to Non-Employee Directors pursuant to Section 12, shall be proportionately adjusted, subject to any required action by the Board or the stockholders of the Company and in compliance with applicable securities laws; provided that fractions of a Share will not be issued.

3. ELIGIBILITY AND MINIMUM VESTING.

3.1 ISOs may be granted only to Employees. All other Awards may be granted to Employees, Consultants, Directors and Non-Employee Directors of the Company or any Parent or Subsidiary of the Company; provided such Consultants, Directors and Non-Employee Directors render bona fide services not in connection with the offer and sale of securities in a capital-raising transaction. No Participant will be eligible to receive more than two million (2,000,000) Shares in any calendar year under this Plan pursuant to the grant of Awards except that new Employees of the Company or of a Parent or Subsidiary of the Company (including new Employees who are also officers and directors of the Company or any Parent or Subsidiary of the Company) are eligible to receive up to a maximum of four million (4,000,000) Shares in the calendar year in which they commence their employment.

3.2 All Awards granted under the Plan after the Company's 2017 Annual Meeting of Stockholders must be subject to a minimum one-year vesting period following grant, with no portion of any Award vesting prior to the end of such one-year vesting period; provided, however, that up to 5% of the Shares available for future distribution under this Plan immediately following the 2020 Annual Meeting may be granted pursuant to Awards without such minimum vesting requirement and such requirement shall not prevent the acceleration of vesting pursuant to Sections 4 and 21 hereof or under policies or contracts that provide for acceleration of vesting in connection with a Corporate Transaction or termination of employment or services. In addition, any awards assumed or substituted in connection with an acquisition and awards to non-employee directors that vest on the earlier of the one-year anniversary of the date of grant or the next annual meeting of stockholders (which is at least 50 weeks after the immediately preceding year's annual meeting of stockholders) shall not be subject to this minimum vesting requirement.

3.3 With respect to Awards granted under the Plan after the Company's 2020 Annual Meeting of Stockholders, in the event a Participant's regular level of time commitment in the performance of his or her services for the Company and any Parent or Subsidiary of the Company is reduced (for example, and without limitation, if the Participant is an Employee of the Company and the Employee has a change in status from a full-time Employee to a part-time Employee or takes an extended leave of absence) after the date of grant of any Award to the Participant, the Company has the right in its sole discretion to (x) make a corresponding reduction in the number of shares or cash amount subject to any portion of such Award that is scheduled to vest or become payable after the date of such change in time commitment, and (y) in lieu of or in combination with such a reduction, extend the vesting or payment schedule applicable to such Award. In the event of any such reduction, the Participant will have no right with respect to any portion of the Award that is so reduced or extended.

4. ADMINISTRATION.

4.1 Committee Composition; Authority. This Plan will be administered by the Committee or by the Board acting as the Committee. Subject to the general purposes, terms and conditions of this Plan, and to the direction of the Board, the Committee will have full power to implement and carry out this

Plan, except, however, the Board shall establish the terms for the grant of an Award to Non-Employee Directors. The Committee will have the authority to:

(a) construe and interpret this Plan, any Award Agreement and any other agreement or document executed pursuant to this Plan;

(b) prescribe, amend and rescind rules and regulations relating to this Plan or any Award;

(c) select persons to receive Awards;

(d) determine the form and terms and conditions, not inconsistent with the terms of the Plan, of any Award granted hereunder. Such terms and conditions include, but are not limited to, the exercise price, the time or times when Awards may be exercised (which may be based on performance criteria), any vesting acceleration or waiver of forfeiture restrictions, and any restriction or limitation regarding any Award or the Shares relating thereto, based in each case on such factors as the Committee will determine;

(e) determine the number of Shares or other consideration subject to Awards;

(f) determine the Fair Market Value in good faith, if necessary;

(g) determine whether Awards will be granted singly, in combination with, in tandem with, in replacement of, or as alternatives to, other Awards under this Plan or any other incentive or compensation plan of the Company or any Parent or Subsidiary of the Company;

(h) grant waivers of Plan or Award conditions;

(i) determine the vesting, exercisability and payment of Awards;

(j) correct any defect, supply any omission or reconcile any inconsistency in this Plan, any Award or any Award Agreement;

(k) determine whether an Award has been earned;

(l) determine the terms and conditions of any, and to institute any Exchange Program;

(m) reduce or waive any criteria with respect to Performance Factors;

(n) adjust Performance Factors to take into account changes in law and accounting or tax rules as the Committee deems necessary or appropriate to reflect the impact of extraordinary or unusual items, events or circumstances to avoid windfalls or hardships; and

(o) make all other determinations necessary or advisable for the administration of this Plan.

4.2 Committee Interpretation and Discretion. Any determination made by the Committee with respect to any Award shall be made in its sole discretion at the time of grant of the Award or, unless in contravention of any express term of the Plan or Award, at any later time, and such determination shall be final and binding on the Company and all persons having an interest in any Award under the Plan. Any dispute regarding the interpretation of the Plan or any Award Agreement shall be submitted by the Participant or Company to the Committee for review. The resolution of such a dispute by the Committee shall be final and binding on the Company and the Participant. The Committee may delegate to one or more executive officers the authority to review and resolve disputes with respect to Awards held by

Participants who are not Insiders, and such resolution shall be final and binding on the Company and the Participant.

4.3 Administration of Awards Subject to Performance Factors. The Committee will, in its sole discretion, determine the Performance Factors applicable to any Award (including any adjustment(s) thereto that will be applied in determining the achievement of such Performance Factors) on or prior to the Determination Date. As determined by the Committee, to the extent applicable, the Performance Factors may be based on GAAP or non-GAAP results, and may be on an individual, divisional, business unit or Company-wide basis. The Performance Factors may differ from Participant to Participant and from Award to Award. The Committee shall determine and certify in writing the extent to which such Performance Factors have been timely achieved and the extent to which the Shares subject to such Award have thereby been earned (which may be by approval of the minutes in which the certification was made).

4.4 Section 16 of the Exchange Act. Awards granted to Participants who are subject to Section 16 of the Exchange Act must be approved by two or more "non-employee directors" (as defined in the regulations promulgated under Section 16 of the Exchange Act).

4.5 Documentation. The Award Agreement for a given Award, the Plan and any other documents may be delivered to, and accepted by, a Participant or any other person in any manner (including electronic distribution or posting) that meets applicable legal requirements.

5. OPTIONS. The Committee may grant Options to Participants and will determine whether such Options will be Incentive Stock Options within the meaning of the Code ("**ISOs**") or Nonqualified Stock Options ("**NQSOs**"), the number of Shares subject to the Option, the Exercise Price of the Option, the period during which the Option may be exercised, and all other terms and conditions of the Option, subject to the following:

5.1 Option Grant. Each Option granted under this Plan will identify the Option as an ISO or an NQSO. An Option may be, but need not be, awarded upon satisfaction of such Performance Factors during any Performance Period as are set out in advance in the Participant's individual Award Agreement. If the Option is being earned upon the satisfaction of Performance Factors, then the Committee will: (x) determine the nature, length and starting date of any Performance Period for each Option; and (y) select from among the Performance Factors to be used to measure the performance, if any. Performance Periods may overlap and Participants may participate simultaneously with respect to Options that are subject to different performance goals and other criteria.

5.2 Date of Grant. The date of grant of an Option will be the date on which the Committee makes the determination to grant such Option, or a specified future date. The Award Agreement and a copy of this Plan will be delivered to the Participant within a reasonable time after the granting of the Option.

5.3 Exercise Period. Options may be exercisable within the times or upon the conditions as set forth in the Award Agreement governing such Option; provided, however, that no Option will be exercisable after the expiration of ten (10) years from the date the Option is granted; and provided further that no ISO granted to a person who, at the time the ISO is granted, directly or by attribution owns more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or of any Parent or Subsidiary of the Company ("**Ten Percent Stockholder**") will be exercisable after the expiration of five (5) years from the date the ISO is granted. The Committee also may provide for Options to become exercisable at one time or from time to time, periodically or otherwise, in such number of Shares or percentage of Shares as the Committee determines.

5.4 Exercise Price. The Exercise Price of an Option will be determined by the Committee when the Option is granted; provided that: (i) the Exercise Price of an ISO will be not less than one hundred percent (100%) of the Fair Market Value of the Shares on the date of grant and (ii) the Exercise Price of any ISO granted to a Ten Percent Stockholder will not be less than one hundred ten percent (110%) of the Fair Market Value of the Shares on the date of grant. Payment for the Shares purchased may be made in accordance with Section 11. Payment for the Shares purchased must be made in accordance with Section 11 and the Award Agreement and in accordance with any procedures established by the Company. The Exercise Price of a NQSO may not be less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant.

5.5 Method of Exercise. Any Option granted hereunder will be exercisable according to the terms of the Plan and at such times and under such conditions as determined by the Committee and set forth in the Award Agreement. An Option may not be exercised for a fraction of a Share. An Option will be deemed exercised when the Company receives: (i) notice of exercise (in such form as the Committee may specify from time to time) from the person entitled to exercise the Option, and (ii) full payment for the Shares with respect to which the Option is exercised (together with applicable withholding taxes). Full payment may consist of any consideration and method of payment authorized by the Committee and permitted by the Award Agreement and the Plan. Shares issued upon exercise of an Option will be issued in the name of the Participant. Until the Shares are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a stockholder will exist with respect to the Shares, notwithstanding the exercise of the Option. The Company will issue (or cause to be issued) such Shares promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Section 2.6 of the Plan. Exercising an Option in any manner will decrease the number of Shares thereafter available, both for purposes of the Plan and for sale under the Option, by the number of Shares as to which the Option is exercised.

5.6 Termination. The exercise of an Option will be subject to the following (except as may be otherwise provided in an Award Agreement):

(a) If the Participant is Terminated for any reason except for the Participant's death or Disability, then the Participant may exercise such Participant's Options only to the extent that such Options would have been exercisable by the Participant on the Termination Date no later than three (3) months after the Termination Date (or such shorter time period or longer time period not exceeding five (5) years as may be determined by the Committee, with any exercise beyond three (3) months after the Termination Date deemed to be the exercise of an NQSO), but in any event no later than the expiration date of the Options.

(b) If the Participant is Terminated because of the Participant's death (or the Participant dies within three (3) months after the Participant's Disability), then the Participant's Options may be exercised only to the extent that such Options would have been exercisable by the Participant on the Termination Date and must be exercised by the Participant's legal representative, or authorized assignee, no later than twelve (12) months after the Termination Date (or such shorter time period not less than six (6) months or longer time period not exceeding five (5) years as may be determined by the Committee), but in any event no later than the expiration date of the Options.

(c) If the Participant is Terminated because of the Participant's Disability, then the Participant's Options may be exercised only to the extent that such Options would have been exercisable by the Participant on the Termination Date and must be exercised by the Participant (or the Participant's legal representative or authorized assignee) no later than twelve (12) months after the Termination Date (with any exercise beyond (a) three (3) months after the Termination Date when the Termination is for a Disability that is not a "permanent and total disability" as defined in Section 22(e)(3) of the Code, or (b) twelve (12) months after the Termination Date when the Termination is for a Disability that is a "permanent

and total disability” as defined in Section 22(e)(3) of the Code, deemed to be exercise of an NQSO), but in any event no later than the expiration date of the Options.

5.7 Limitations on Exercise. The Committee may specify a minimum number of Shares that may be purchased on any exercise of an Option, provided that such minimum number will not prevent any Participant from exercising the Option for the full number of Shares for which it is then exercisable.

5.8 Limitations on ISOs. With respect to Awards granted as ISOs, to the extent that the aggregate Fair Market Value of the Shares with respect to which such ISOs are exercisable for the first time by the Participant during any calendar year (under all plans of the Company and any Parent or Subsidiary) exceeds one hundred thousand dollars (\$100,000), such Options will be treated as NQSOs. For purposes of this Section 5.8, ISOs will be taken into account in the order in which they were granted. The Fair Market Value of the Shares will be determined as of the time the Option with respect to such Shares is granted. In the event that the Code or the regulations promulgated thereunder are amended after the Effective Date to provide for a different limit on the Fair Market Value of Shares permitted to be subject to ISOs, such different limit will be automatically incorporated herein and will apply to any Options granted after the effective date of such amendment.

5.9 Modification, Extension or Renewal. Subject to Section 409A of the Code, the Committee may modify, extend or renew outstanding Options and authorize the grant of new Options in substitution therefor, provided that any such action may not, without the written consent of a Participant, impair any of such Participant’s rights under any Option previously granted. Any outstanding ISO that is modified, extended, renewed or otherwise altered will be treated in accordance with Section 424(h) of the Code. Subject to Section 18 of this Plan, by written notice to affected Participants, the Committee may reduce the Exercise Price of outstanding Options without the consent of such Participants; provided, however, that the Exercise Price may not be reduced below the Fair Market Value on the date the action is taken to reduce the Exercise Price.

5.10 No Disqualification. Notwithstanding any other provision in this Plan, no term of this Plan relating to ISOs will be interpreted, amended or altered, nor will any discretion or authority granted under this Plan be exercised, so as to disqualify this Plan under Section 422 of the Code or, without the consent of the Participant affected, to disqualify any ISO under Section 422 of the Code.

6. RESTRICTED STOCK AWARDS.

6.1 Awards of Restricted Stock. A Restricted Stock Award is an offer by the Company to sell to a Participant Shares that are subject to restrictions (“**Restricted Stock**”). The Committee will determine to whom an offer will be made, the number of Shares the Participant may purchase, the Purchase Price, the restrictions under which the Shares will be subject and all other terms and conditions of the Restricted Stock Award, subject to the Plan.

6.2 Restricted Stock Purchase Agreement. All purchases under a Restricted Stock Award will be evidenced by an Award Agreement. Except as may otherwise be provided in an Award Agreement, a Participant accepts a Restricted Stock Award by signing and delivering to the Company an Award Agreement with full payment of the Purchase Price, within thirty (30) days from the date the Award Agreement was delivered to the Participant. If the Participant does not accept such Award within thirty (30) days, then the offer of such Restricted Stock Award will terminate, unless the Committee determines otherwise.

6.3 Purchase Price. The Purchase Price for a Restricted Stock Award will be determined by the Committee and may be less than Fair Market Value on the date the Restricted Stock Award is granted. Payment of the Purchase Price must be made in accordance with Section 11 of the Plan, the Award Agreement and in accordance with any procedures established by the Company.

6.4 Terms of Restricted Stock Awards. Restricted Stock Awards will be subject to such restrictions as the Committee may impose or are required by law. These restrictions may be based on completion of a specified number of years of service with the Company or upon completion of Performance Factors, if any, during any Performance Period as set out in advance in the Participant's Award Agreement. Prior to the grant of a Restricted Stock Award, the Committee shall: (a) determine the nature, length and starting date of any Performance Period for the Restricted Stock Award; (b) select from among the Performance Factors to be used to measure performance goals, if any; and (c) determine the number of Shares that may be awarded to the Participant. Performance Periods may overlap and a Participant may participate simultaneously with respect to Restricted Stock Awards that are subject to different Performance Periods and having different performance goals and other criteria.

6.5 Termination of Participant. Except as may be set forth in the Participant's Award Agreement, vesting ceases on such Participant's Termination Date (unless determined otherwise by the Committee).

7. STOCK BONUS AWARDS

7.1 Awards of Stock Bonuses. A Stock Bonus Award is an award to an eligible person of Shares for services to be rendered or for past services already rendered to the Company or any Parent or Subsidiary. All Stock Bonus Awards shall be made pursuant to an Award Agreement. No payment from the Participant will be required for Shares awarded pursuant to a Stock Bonus Award.

7.2 Terms of Stock Bonus Awards. The Committee will determine the number of Shares to be awarded to the Participant under a Stock Bonus Award and any restrictions thereon. These restrictions may be based upon completion of a specified number of years of service with the Company or upon satisfaction of performance goals based on Performance Factors during any Performance Period as set out in advance in the Participant's Stock Bonus Agreement. Prior to the grant of any Stock Bonus Award the Committee shall: (a) determine the nature, length and starting date of any Performance Period for the Stock Bonus Award; (b) select from among the Performance Factors to be used to measure performance goals; and (c) determine the number of Shares that may be awarded to the Participant. Performance Periods may overlap and a Participant may participate simultaneously with respect to Stock Bonus Awards that are subject to different Performance Periods and different performance goals and other criteria.

7.3 Form of Payment to Participant. Payment may be made in the form of cash, whole Shares, or a combination thereof, based on the Fair Market Value of the Shares earned under a Stock Bonus Award on the date of payment, as determined in the sole discretion of the Committee.

7.4 Termination of Participation. Except as may be set forth in the Participant's Award Agreement, vesting ceases on such Participant's Termination Date (unless determined otherwise by the Committee).

8. STOCK APPRECIATION RIGHTS

8.1 Awards of SARs. A Stock Appreciation Right ("SAR") is an award to a Participant that may be settled in cash, or Shares (which may consist of Restricted Stock), having a value equal to (a) the difference between the Fair Market Value on the date of exercise over the Exercise Price multiplied by (b) the number of Shares with respect to which the SAR is being settled (subject to any maximum number of Shares that may be issuable as specified in an Award Agreement). All SARs shall be made pursuant to an Award Agreement.

8.2 Terms of SARs. The Committee will determine the terms of each SAR including, without limitation: (a) the number of Shares subject to the SAR; (b) the Exercise Price and the time or times during which the SAR may be settled; (c) the consideration to be distributed on settlement of the

SAR; and (d) the effect of the Participant's Termination on each SAR. The Exercise Price of the SAR will be determined by the Committee when the SAR is granted, and may not be less than Fair Market Value. A SAR may be awarded upon satisfaction of Performance Factors, if any, during any Performance Period as are set out in advance in the Participant's individual Award Agreement. If the SAR is being earned upon the satisfaction of Performance Factors, then the Committee will: (x) determine the nature, length and starting date of any Performance Period for each SAR; and (y) select from among the Performance Factors to be used to measure the performance, if any. Performance Periods may overlap and Participants may participate simultaneously with respect to SARs that are subject to different Performance Factors and other criteria.

8.3 Exercise Period and Expiration Date. A SAR will be exercisable within the times or upon the occurrence of events determined by the Committee and set forth in the Award Agreement governing such SAR. The SAR Agreement shall set forth the expiration date; provided that no SAR will be exercisable after the expiration of ten (10) years from the date the SAR is granted. The Committee may also provide for SARs to become exercisable at one time or from time to time, periodically or otherwise (including, without limitation, upon the attainment during a Performance Period of performance goals based on Performance Factors), in such number of Shares or percentage of the Shares subject to the SAR as the Committee determines. Except as may be set forth in the Participant's Award Agreement, vesting ceases on such Participant's Termination Date (unless determined otherwise by the Committee). Notwithstanding the foregoing, the rules of Section 5.6 also will apply to SARs.

8.4 Form of Settlement. Upon exercise of a SAR, a Participant will be entitled to receive payment from the Company in an amount determined by multiplying (i) the difference between the Fair Market Value of a Share on the date of exercise over the Exercise Price; times (ii) the number of Shares with respect to which the SAR is exercised. At the discretion of the Committee, the payment from the Company for the SAR exercise may be in cash, in Shares of equivalent value, or in some combination thereof.

8.5 Termination of Participation. Except as may be set forth in the Participant's Award Agreement, vesting ceases on such Participant's Termination Date (unless determined otherwise by the Committee).

9. RESTRICTED STOCK UNITS.

9.1 Awards of Restricted Stock Units. A Restricted Stock Unit ("RSU") is an award to a Participant covering a number of Shares that may be settled in cash, or by issuance of those Shares (which may consist of Restricted Stock). All RSUs shall be made pursuant to an Award Agreement.

9.2 Terms of RSUs. The Committee will determine the terms of an RSU including, without limitation: (a) the number of Shares subject to the RSU; (b) the time or times during which the RSU may be settled; and (c) the consideration to be distributed on settlement, and the effect of the Participant's Termination on each RSU. An RSU may be awarded upon satisfaction of such performance goals based on Performance Factors during any Performance Period as are set out in advance in the Participant's Award Agreement. If the RSU is being earned upon satisfaction of Performance Factors, then the Committee will: (x) determine the nature, length and starting date of any Performance Period for the RSU; (y) select from among the Performance Factors to be used to measure the performance, if any; and (z) determine the number of Shares deemed subject to the RSU. Performance Periods may overlap and participants may participate simultaneously with respect to RSUs that are subject to different Performance Periods and different performance goals and other criteria.

9.3 Form and Timing of Settlement. Payment of earned RSUs shall be made as soon as practicable after the date(s) determined by the Committee and set forth in the Award Agreement. The Committee, in its sole discretion, may settle earned RSUs in cash, Shares, or a combination of both. The Committee may also permit a Participant to defer payment under a RSU to a date or dates after the RSU

is earned provided that the terms of the RSU and any deferral satisfy the requirements of Section 409A of the Code.

9.4 Termination of Participant. Except as may be set forth in the Participant's Award Agreement, vesting ceases on such Participant's Termination Date (unless determined otherwise by the Committee).

10. PERFORMANCE SHARES.

10.1 Awards of Performance Shares. A Performance Share Award is an award to a Participant denominated in Shares that may be settled in cash, or by issuance of those Shares (which may consist of Restricted Stock). Grants of Performance Shares shall be made pursuant to an Award Agreement.

10.2 Terms of Performance Shares. The Committee will determine, and each Award Agreement shall set forth, the terms of each award of Performance Shares including, without limitation: (a) the number of Shares deemed subject to such Award; (b) the Performance Factors and Performance Period that shall determine the time and extent to which each award of Performance Shares shall be settled; (c) the consideration to be distributed on settlement, and the effect of the Participant's Termination on each award of Performance Shares. In establishing Performance Factors and the Performance Period the Committee will: (x) determine the nature, length and starting date of any Performance Period; (y) select from among the Performance Factors to be used; and (z) determine the number of Shares deemed subject to the award of Performance Shares. Prior to settlement the Committee shall determine the extent to which Performance Shares have been earned. Performance Periods may overlap and Participants may participate simultaneously with respect to Performance Shares that are subject to different Performance Periods and different performance goals and other criteria.

10.3 Value, Earning and Timing of Performance Shares. Each Performance Share will have an initial value equal to the Fair Market Value of a Share on the date of grant. After the applicable Performance Period has ended, the holder of Performance Shares will be entitled to receive a payout of the number of Performance Shares earned by the Participant over the Performance Period, to be determined as a function of the extent to which the corresponding Performance Factors or other vesting provisions have been achieved. The Committee, in its sole discretion, may pay earned Performance Shares in the form of cash, in Shares (which have an aggregate Fair Market Value equal to the value of the earned Performance Shares at the close of the applicable Performance Period) or in a combination thereof.

10.4 Termination of Participant. Except as may be set forth in the Participant's Award Agreement, vesting ceases on such Participant's Termination Date (unless determined otherwise by the Committee).

11. PAYMENT FOR SHARE PURCHASES.

Payment from a Participant for Shares purchased pursuant to this Plan may be made in cash or by check or, where expressly approved for the Participant by the Committee and where permitted by law (and to the extent not otherwise set forth in the applicable Award Agreement):

(a) by cancellation of indebtedness of the Company to the Participant;

(b) by surrender of shares of the Company held by the Participant that have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which said Award will be exercised or settled;

(c) by waiver of compensation due or accrued to the Participant for services rendered or to be rendered to the Company or a Parent or Subsidiary of the Company;

(d) by consideration received by the Company pursuant to a broker-assisted or other form of cashless exercise program implemented by the Company in connection with the Plan;

(e) by any combination of the foregoing; or

(f) by any other method of payment as is permitted by applicable law.

12. GRANTS to Non-Employee directors.

12.1 Types of Awards. Non-Employee Directors are eligible to receive any type of Award offered under this Plan except ISOs. Awards pursuant to this Section 12 may be automatically made pursuant to policy adopted by the Board, or made from time to time as determined in the discretion of the Board. The maximum number of Shares subject to Awards granted during a single calendar year under this Plan, taken together with any cash fees paid during such calendar year for services as a Non-Employee Director, will not exceed \$750,000 in total value for any Non-Employee Director (calculating the value of any such Awards based on the grant date fair value of such Awards for financial statement reporting purposes). Such applicable limit will include the value of any Awards that are received in lieu of all or a portion of any cash retainers or fees payable for services as a Non-Employee Director under a policy adopted by the Board or otherwise.

12.2 Eligibility. Awards pursuant to this Section 12 shall be granted only to Non-Employee Directors. A Non-Employee Director who is elected or re-elected as a member of the Board will be eligible to receive an Award under this Section 12.

12.3 Vesting, Exercisability and Settlement. Except as set forth in Section 21, Awards shall vest, become exercisable and be settled as determined by the Board. With respect to Options and SARs, the exercise price granted to Non-Employee Directors shall not be less than the Fair Market Value of the Shares at the time that such Option or SAR is granted.

13. WITHHOLDING TAXES.

13.1 Withholding Generally. Whenever Shares are to be issued in satisfaction of Awards granted under this Plan, the Company may require the Participant to remit to the Company an amount sufficient to satisfy applicable federal, state, local and international withholding tax requirements prior to the delivery of Shares pursuant to exercise or settlement of any Award. Whenever payments in satisfaction of Awards granted under this Plan are to be made in cash, such payment will be net of an amount sufficient to satisfy applicable federal, state, local and international withholding tax requirements.

13.2 Stock Withholding. The Committee, in its sole discretion and pursuant to such procedures as it may specify from time to time, may require or permit a Participant to satisfy such tax withholding obligation, in whole or in part by (without limitation) (i) paying cash, (ii) electing to have the Company withhold otherwise deliverable cash or Shares having a Fair Market Value equal to the minimum statutory amount required to be withheld, or (iii) delivering to the Company already-owned Shares having a Fair Market Value equal to the minimum amount required to be withheld. The Fair Market Value of the Shares to be withheld or delivered will be determined as of the date that the taxes are required to be withheld.

14. TRANSFERABILITY. Unless determined otherwise by the Committee, an Award may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution. If the Committee makes an Award transferable, including,

without limitation, by instrument to an inter vivos or testamentary trust in which the Awards are to be passed to beneficiaries upon the death of the trustor (settlor) or by gift to a Permitted Transferee, such Award will contain such additional terms and conditions as the Administrator deems appropriate; provided, however, that in no event may any Award be transferred for consideration to a third-party financial institution.

15. PRIVILEGES OF STOCK OWNERSHIP; RESTRICTIONS ON SHARES.

15.1 Stockholder and Dividend Rights. No Participant will have any of the rights of a stockholder with respect to any Shares until the Shares are issued to the Participant. Any Participant who holds Restricted Stock awarded under the Plan shall have the same voting, dividend and other rights as the Company's other stockholders; provided however, that in the case of any unvested Award or unvested portion thereof (including but not limited to unvested shares of Restricted Stock), the Participant shall not be entitled to any dividends and other distributions paid or distributed by the Company on an equivalent number of vested Shares. Notwithstanding the foregoing, at the Committee's discretion, such Participant may be credited with dividends and other distributions in the case of any unvested Award or unvested portion thereof (including but not limited to unvested shares of Restricted Stock), provided that such dividends and other distributions shall be paid or distributed to the Participant only if, when and to the extent such Shares vest. The value of dividends and other distributions payable or distributable with respect to any unvested Award or unvested portion thereof that does not vest shall be forfeited.

15.2 Dividend Equivalent Rights. Subject to applicable law, the Committee in its sole discretion may credit to each Participant who holds an Award other than Restricted Stock, Options and SARs, in the form of dividend equivalents or otherwise, an amount equal to the value of all dividends and other distributions (whether in cash or other property) paid or distributed by the Company on an equivalent number of Shares; provided, however, that such Participant will not be paid any dividends or other distributions (or any related earnings or interest on such dividends or distributions, if the Committee in its sole discretion provides for such payments) only if, when and to the extent that the underlying Award vests. The value of dividends or other distributions (or any related earnings or interest, if applicable) payable with respect any Award or any portion thereof that does not vest shall be forfeited. For the avoidance of doubt, no dividend equivalents or otherwise may be credited with respect to Options and SARs.

15.3 Restrictions on Shares. At the discretion of the Committee, the Company may reserve to itself and/or its assignee(s) a right to repurchase (a "**Right of Repurchase**") a portion of any or all Unvested Shares held by a Participant following such Participant's Termination at any time within ninety (90) days after the later of the Participant's Termination Date and the date the Participant purchases Shares under this Plan, for cash and/or cancellation of purchase money indebtedness, at the Participant's Purchase Price or Exercise Price, as the case may be.

16. CERTIFICATES and book entries. All certificates or book entries for Shares or other securities delivered under this Plan will be subject to such stop transfer orders, legends and other restrictions as the Committee may deem necessary or advisable, including restrictions under any applicable federal, state or foreign securities law, or any rules, regulations and other requirements of the SEC or any stock exchange or automated quotation system upon which the Shares may be listed or quoted.

17. ESCROW; PROHIBITION ON LOANS. To enforce any restrictions on a Participant's Shares, the Committee may require the Participant to deposit with the Company or an agent designated by the Company (or place under the control of the Company or its designated agent) all certificates or book entries representing Shares, together with stock powers or other instruments of transfer approved by the Committee, appropriately endorsed in blank, for the purpose of holding in escrow (or controlling)

such certificates or book entries until such restrictions have lapsed or terminated, and the Committee may cause a legend or legends referencing such restrictions to be placed on the certificates or note in the Company's direct registration system for stock issuance and transfer such restrictions and accompanying legends with respect to the book entries. No Participant will be permitted to execute a promissory note as partial or full consideration for the purchase of Shares.

18. STOCKHOLDER APPROVAL OF EXCHANGE PROGRAM. Only with prior stockholder approval may the Committee implement an Exchange Program. For the avoidance of doubt, the Committee may not authorize the Company without prior stockholder approval to reprice Options or SARs or pay cash or issue new Awards in exchange for the surrender and cancellation of outstanding Awards.

19. SECURITIES LAW AND OTHER REGULATORY COMPLIANCE. An Award will not be effective unless such Award is in compliance with all applicable federal and state securities laws, rules and regulations of any governmental body, and the requirements of any stock exchange or automated quotation system upon which the Shares may then be listed or quoted, as they are in effect on the date of grant of the Award and also on the date of exercise or other issuance. Notwithstanding any other provision in this Plan, the Company will have no obligation to issue or deliver certificates or establish book entries for Shares under this Plan prior to: (a) obtaining any approvals from governmental agencies that the Company determines are necessary or advisable; and/or (b) completion of any registration or other qualification of such Shares under any state or federal law or ruling of any governmental body that the Company determines to be necessary or advisable. The Company will be under no obligation to register the Shares with the SEC or to effect compliance with the registration, qualification or listing requirements of any state securities laws, stock exchange or automated quotation system, and the Company will have no liability for any inability or failure to do so.

20. NO OBLIGATION TO EMPLOY. Nothing in this Plan or any Award granted under this Plan will confer or be deemed to confer on any Participant any right to continue in the employ of, or to continue any other relationship with, the Company or any Parent or Subsidiary of the Company or limit in any way the right of the Company or any Parent or Subsidiary of the Company to terminate Participant's employment or other relationship at any time.

21. CORPORATE TRANSACTIONS.

21.1 Assumption or Replacement of Awards by Successor. In the event of a Corporate Transaction any or all outstanding Awards may be assumed or replaced by the successor corporation, which assumption or replacement shall be binding on all Participants. In the alternative, the successor corporation may substitute equivalent Awards or provide substantially similar consideration to Participants as was provided to stockholders (after taking into account the existing provisions of the Awards). The successor corporation may also issue, in place of outstanding Shares of the Company held by the Participant, substantially similar shares or other property subject to repurchase restrictions no less favorable to the Participant. In the event such successor or acquiring corporation (if any) refuses to assume, convert, replace or substitute Awards, as provided above, pursuant to a Corporate Transaction, then notwithstanding any other provision in this Plan to the contrary, such Awards will expire on such transaction at such time and on such conditions as the Board will determine; the Board (or, the Committee, if so designated by the Board) may, in its sole discretion, accelerate the vesting of such Awards in connection with a Corporate Transaction. In addition, in the event such successor or acquiring corporation (if any) refuses to assume, convert, replace or substitute Awards, as provided above, pursuant to a Corporate Transaction, the Committee will notify the Participant in writing or electronically that such Award will be exercisable for a period of time determined by the Committee in its sole discretion, and such Award will terminate upon the expiration of such period. Awards need not be treated similarly in a Corporate Transaction.

21.2 Assumption of Awards by the Company. The Company, from time to time, also may substitute or assume outstanding awards granted by another company, whether in connection with an acquisition of such other company or otherwise, by either; (a) granting an Award under this Plan in substitution of such other company's award; or (b) assuming such award as if it had been granted under this Plan if the terms of such assumed award could be applied to an Award granted under this Plan. Such substitution or assumption will be permissible if the holder of the substituted or assumed award would have been eligible to be granted an Award under this Plan if the other company had applied the rules of this Plan to such grant. In the event the Company assumes an award granted by another company, the terms and conditions of such award will remain unchanged (except that the Purchase Price or the Exercise Price, as the case may be, and the number and nature of Shares issuable upon exercise or settlement of any such Award will be adjusted appropriately pursuant to Section 424(a) of the Code). In the event the Company elects to grant a new Option in substitution rather than assuming an existing option, such new Option may be granted with a similarly adjusted Exercise Price. Substitute Awards shall not reduce the number of Shares authorized for grant under the Plan or authorized for grant to a Participant in any calendar year.

21.3 Non-Employee Directors' Awards. Notwithstanding any provision to the contrary herein, in the event of a Corporate Transaction, the vesting of all Awards granted to Non-Employee Directors shall accelerate and such Awards shall become exercisable (as applicable) in full prior to the consummation of such event at such times and on such conditions as the Committee determines.

22. TERM OF PLAN/GOVERNING LAW. Unless earlier terminated as provided herein, this Plan will terminate on April 27, 2030. This Plan and all Awards granted hereunder shall be governed by and construed in accordance with the laws of the State of Delaware.

23. AMENDMENT OR TERMINATION OF PLAN. The Board may at any time terminate or amend this Plan in any respect, including, without limitation, amendment of any form of Award Agreement or instrument to be executed pursuant to this Plan; provided, however, that the Board will not, without the approval of the stockholders of the Company, amend this Plan in any manner that requires such stockholder approval; provided further, that a Participant's Award shall be governed by the version of this Plan then in effect at the time such Award was granted.

24. NONEXCLUSIVITY OF THE PLAN. Neither the adoption of this Plan by the Board, the submission of this Plan to the stockholders of the Company for approval, nor any provision of this Plan will be construed as creating any limitations on the power of the Board to adopt such additional compensation arrangements as it may deem desirable, including, without limitation, the granting of stock awards and bonuses otherwise than under this Plan, and such arrangements may be either generally applicable or applicable only in specific cases.

25. INSIDER TRADING POLICY. Each Participant who receives an Award shall comply with any policy adopted by the Company from time to time covering transactions in the Company's securities by Employees, officers and/or directors of the Company.

26. OTHER POLICIES. Each Award may be subject to the terms and conditions of any other policy (and any amendments thereto) adopted by the Company from time to time, which may include any policy related to the vesting or transfer of equity awards. Whether any such policy will apply to a particular Award may depend, among other things, on when the Award was granted, whom the Award was granted to, and the type of Award.

27. All Awards Subject to Company Clawback or Recoupment Policy. All Awards granted after adoption of the Company's Compensation Recovery Policy (the "Policy") and subject to

applicable law, shall be subject to clawback or recoupment pursuant to the Policy or any other compensation clawback or recoupment policy that may be adopted by the Board (or its Compensation Committee) from time to time thereafter or required by law during the term of Participant's employment or other service with the Company that is applicable to executive officers, employees, directors or other service providers of the Company, and in addition to any other remedies available under such policy and applicable law, may require the cancellation of outstanding Awards and the recoupment of any gains realized with respect to Awards. In addition, solely with respect to Awards granted after June 9, 2020, if a Participant's employment is terminated for Cause, all the Participant's outstanding Awards will terminate and the Committee may in its sole discretion require such Participant to reimburse the Company for all or a portion of any Award that was settled in cash or Shares after the event giving rise to Cause first occurred.

28. DEFINITIONS. As used in this Plan, and except as elsewhere defined herein, the following terms will have the following meanings:

"Award" means any award under the Plan, including any Option, Restricted Stock, Stock Bonus, Stock Appreciation Right, Restricted Stock Unit or award of Performance Shares.

"Award Agreement" means, with respect to each Award, the written or electronic agreement between the Company and the Participant setting forth the terms and conditions of the Award, which shall be in substantially a form (which need not be the same for each Participant) that the Committee has from time to time approved, and will comply with and be subject to the terms and conditions of this Plan.

"Board" means the Board of Directors of the Company.

"Cause" means any of the following: (i) a Participant's conviction of or plea of nolo contendere to a felony; (ii) an act by a Participant which constitutes gross misconduct in the performance of the Participant's employment obligations and duties; (iii) a Participant's act of fraud against the Company or any of its Subsidiaries; (iv) a Participant's theft or misappropriation of property (including without limitation intellectual property) of the Company or its Subsidiaries; (v) a material breach by a Participant of any confidentiality agreement with, or duties of confidentiality to, the Company or any of its Subsidiaries that involves the Participant's wrongful disclosure of material confidential or proprietary information (including without limitation trade secrets or other intellectual property) of the Company or of any of its Subsidiaries; (vi) a Participant's public disparagement of the Company, its Subsidiaries, its business, its employees or board members; and (vii) a Participant's continued material violation of the Participant's employment obligations and duties to the Company or a Subsidiary (other than due to the Participant's death or Disability) after the Company or the Subsidiary has delivered to the Participant a written notice of such violation that describes the basis for the Company or Subsidiary's belief that such violation has occurred and the Participant has not substantially cured such violation within thirty (30) calendar days after such written notice is given by the Company or Subsidiary. The determination as to whether a Participant is being terminated for Cause will be made in good faith by the Company and will be final and binding on the Participant.

"Code" means the United States Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

"Committee" means the Compensation Committee of the Board or those persons to whom administration of the Plan, or part of the Plan, has been delegated as permitted by law.

"Company" means Green Dot Corporation, or any successor corporation.

"Common Stock" means the Class A common stock of the Company.

“Consultant” means any person, including an advisor or independent contractor, engaged by the Company or a Parent or Subsidiary to render services to such entity.

“Corporate Transaction” means the occurrence of any of the following events: (i) any “person” (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becomes the “beneficial owner” (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company’s then-outstanding voting securities; (ii) the consummation of the sale or disposition by the Company of all or substantially all of the Company’s assets; (iii) the consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation or (iv) any other transaction which qualifies as a “corporate transaction” under Section 424(a) of the Code wherein the stockholders of the Company give up all of their equity interest in the Company (except for the acquisition, sale or transfer of all or substantially all of the outstanding shares of the Company).

“Determination Date” means any time when the achievement of the Performance Factors associated with the applicable Performance Period remains substantially uncertain; provided, however, that if the Determination Date occurs on or before the date on which 25% of the Performance Period has elapsed, the achievement of such Performance Factors shall be deemed to be substantially uncertain.

“Director” means a member of the Board.

“Disability” means total and permanent disability as defined in Section 22(e)(3) of the Code.

“Effective Date” means the date of the underwritten initial public offering of the Company’s Common Stock pursuant to a registration statement that is declared effective by the SEC.

“Employee” means any person, including Officers and Directors, employed by the Company or any Parent or Subsidiary of the Company. Neither service as a Director nor payment of a director’s fee by the Company will be sufficient to constitute “employment” by the Company.

“Exchange Act” means the United States Securities Exchange Act of 1934, as amended.

“Exchange Program” means a program pursuant to which outstanding Awards are surrendered, cancelled or exchanged for cash, the same type of Award or a different Award (or combination thereof).

“Exercise Price” means, with respect to an Option, the price at which a holder may purchase the Shares issuable upon exercise of an Option and with respect to a SAR, the price at which the SAR is granted to the holder thereof.

“Fair Market Value” means, as of any date, the value of a share of the Company’s Common Stock determined as follows:

(a) if such Common Stock is publicly traded and is then listed on a national securities exchange, its closing price on the date of determination on the principal national securities exchange on which the Common Stock is listed or admitted to trading as reported in *The Wall Street Journal*;

(b) if such Common Stock is publicly traded but is neither listed nor admitted to trading on a national securities exchange, the average of the closing bid and asked prices on the date of determination as reported in *The Wall Street Journal*;

(c) in the case of an Option or SAR grant made on the Effective Date, the price per share at which shares of the Company's Common Stock are initially offered for sale to the public by the Company's underwriters in the initial public offering of the Company's Common Stock pursuant to a registration statement filed with the SEC under the Securities Act; or

(d) if none of the foregoing is applicable, by the Board or the Committee in good faith.

"Insider" means an officer or director of the Company or any other person whose transactions in the Company's Common Stock are subject to Section 16 of the Exchange Act.

"Non-Employee Director" means a Director who is not an Employee of the Company or any Parent or Subsidiary.

"Option" means an award of an option to purchase Shares pursuant to Section 5.

"Parent" means any corporation (other than the Company) in an unbroken chain of corporations ending with the Company if each of such corporations other than the Company owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

"Participant" means a person who holds an Award under this Plan.

"Performance Factors" means the factors selected by the Committee, which may include, but are not limited to the, the following measures (whether or not in comparison to other peer companies and whether or not computed in accordance with generally accepted accounting principles) to determine whether the performance goals established by the Committee and applicable to Awards have been satisfied:

- Net revenue (non-GAAP or GAAP) and/or net revenue growth (non-GAAP or GAAP);
- Earnings per share and/or earnings per share growth;
- Earnings before income taxes and amortization and/or earnings before income taxes and amortization growth;
- Operating income and/or operating income growth;
- Net income and/or net income growth;
- Total stockholder return and/or total stockholder return growth;
- Return on equity;
- Return on invested capital;
- Return on assets;
- Cash flow;
- Operating cash flow return on income;
- Adjusted operating cash flow return on income;
- Economic value added;

- Control of expenses;
- Cost of goods sold;
- Profit margin;
- Stock price;
- Debt or debt-to-equity;
- Gross dollar volume;
- Active accounts;
- Purchase volume;
- Cash transfers;
- Tax refunds;
- Liquidity;
- Intellectual property (e.g., patents)/product development;
- Mergers and acquisitions or divestitures;
- Individual business objectives;
- Company specific operational metrics; and
- Any other factor (such as individual business objectives or unit-specific operational metrics) the Committee so designates.

“Performance Period” means the period of service determined by the Committee, not to exceed five (5) years, during which years of service or performance is to be measured for the Award.

“Performance Share” means an Award granted pursuant to Section 10 or Section 12 of the Plan.

“Permitted Transferee” means any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law (including adoptive relationships) of the Employee, any person sharing the Employee’s household (other than a tenant or employee), a trust in which these persons (or the Employee) have more than 50% of the beneficial interest, a foundation in which these persons (or the Employee) control the management of assets, and any other entity in which these persons (or the Employee) own more than 50% of the voting interests.

“Plan” means this Green Dot Corporation 2010 Equity Incentive Plan.

“Purchase Price” means the price to be paid for Shares acquired under the Plan, other than Shares acquired upon exercise of an Option or SAR.

“Restricted Stock Award” means an award of Shares pursuant to Section 6 or Section 12 of the Plan, or issued pursuant to the early exercise of an Option.

"Restricted Stock Unit" means an Award granted pursuant to Section 9 or Section 12 of the Plan.

"SEC" means the United States Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933, as amended.

"Shares" means shares of the Company's Common Stock and any successor security.

"Stock Appreciation Right" means an Award granted pursuant to Section 8 or Section 12 of the Plan.

"Stock Bonus" means an Award granted pursuant to Section 7 or Section 12 of the Plan.

"Subsidiary" means any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company if each of the corporations other than the last corporation in the unbroken chain owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

"Termination" or **"Terminated"** means, for purposes of this Plan with respect to a Participant, that the Participant has for any reason ceased to provide services as an employee, officer, director, consultant, independent contractor or advisor to the Company or a Parent or Subsidiary of the Company. An employee will not be deemed to have ceased to provide services in the case of (i) sick leave, (ii) military leave, or (iii) any other leave of absence approved by the Committee; provided, that such leave is for a period of not more than 90 days, unless reemployment upon the expiration of such leave is guaranteed by contract or statute or unless provided otherwise pursuant to formal policy adopted from time to time by the Company and issued and promulgated to employees in writing. In the case of any employee on an approved leave of absence, the Committee may make such provisions respecting suspension of vesting of the Award while on leave from the employ of the Company or a Parent or Subsidiary of the Company as it may deem appropriate, except that in no event may an Award be exercised after the expiration of the term set forth in the applicable Award Agreement. The Committee will have sole discretion to determine whether a Participant has ceased to provide services and the effective date on which the Participant ceased to provide services (the **"Termination Date"**).

"Unvested Shares" means Shares that have not yet vested or are subject to a right of repurchase in favor of the Company (or any successor thereto).

GREEN DOT CORPORATION
2010 EQUITY INCENTIVE PLAN
NOTICE OF PERFORMANCE- BASED RESTRICTED STOCK UNIT AWARD
GRANT NUMBER: _____

Unless otherwise defined herein, the terms defined in the Green Dot Corporation (the "**Company**") 2010 Equity Incentive Plan (the "**Plan**") shall have the same meanings in this Notice of Restricted Stock Unit Award (the "**Notice**").

Name: _____

Address: _____

You ("**Participant**") have been granted an award of Restricted Stock Units ("**RSUs**") under the Plan subject to the terms and conditions of the Plan, this Notice and the attached Award Agreement (Restricted Stock Units) (hereinafter "**RSU Agreement**"), which includes any RSU Addendum provided to employees in your country ("**RSU Addendum**").

Number of RSUs: [[Max Shares for Performance Awards: [____]]; [Granted: _____ at target]]

Date of Grant: _____

Vesting Commencement Date: N/A _____

Expiration Date: The date on which settlement of all RSUs granted hereunder occurs, with earlier expiration upon the Termination Date

Vesting Schedule: Subject to the limitations set forth in this Notice, the Plan and the RSU agreement, the RSUs will vest in accordance with the schedule set forth on Exhibit A based on performance during the period beginning _____ and ending _____.

You understand that your employment or consulting relationship or service with the Company or any Parent or Subsidiary, as applicable, is for an unspecified duration, can be terminated at any time (i.e., is "at-will") subject to applicable law, and that nothing in this Notice, the RSU Agreement or the Plan changes the at-will nature of that relationship, subject to applicable law. You acknowledge that the vesting of the RSUs pursuant to this Notice occurs only by continuing service as an Employee, Director or Consultant of the Company or any Parent or Subsidiary, as applicable. You also understand that this Notice is subject to the terms and conditions of both the RSU Agreement (including any RSU Addendum) and the Plan, both of which are incorporated herein by reference. Participant has read both the RSU Agreement (including any applicable RSU Addendum) and the Plan.

PARTICIPANT GREEN DOT CORPORATION

Signature: _ By: _

Print Name: _ Its: _

**GREEN DOT CORPORATION
AWARD AGREEMENT (RESTRICTED STOCK UNITS) TO THE
2010 EQUITY INCENTIVE PLAN**

Unless otherwise defined herein, the terms defined in the Green Dot Corporation (the "**Company**") 2010 Equity Incentive Plan (the "**Plan**") shall have the same defined meanings in this Award Agreement (Restricted Stock Units) (the "**Agreement**").

You have been granted Restricted Stock Units ("**RSUs**") subject to the terms, restrictions and conditions of the Plan, the Notice of Restricted Stock Unit Award (the "**Notice**") and this Agreement.

1. Settlement.

[FOR U.S. EMPLOYEES ONLY:

To the extent RSUs vest in accordance with this RSU Agreement (or under any policy, agreement or arrangement maintained by the Company), settlement of the first installment of RSUs shall be by March 15th of the year following the calendar year of grant (or later date in the same calendar year required to satisfy any vesting provisions applicable under any policy, agreement or arrangement maintained by the Company) and settlement of the remaining installments shall be made upon the earliest to occur of: (i) the applicable date of vesting under the vesting schedule set forth in Exhibit A hereto (within 60 days thereafter), (ii) Participant's separation from service (within the meaning of Code Section 409A) that is by the Company without cause or by the Participant for good reason (on the 61st day thereafter), (iii) a change in control event within the meaning of Treasury Regulation Section 1.409-3(i)(5) (on the 60th day thereafter) or (iv) the Participant's death (on the 60th day thereafter). For the avoidance of doubt, no settlement shall occur in the case of (ii), (iii) or (iv) above to extent that the then applicable policy, agreement or arrangement does not provide for vesting of the RSUs and nothing in this Agreement shall preclude the Company from being able to amend or terminate such policy, agreement or arrangement in accordance with its terms. Settlement of RSUs shall be in Shares.

To the extent the RSUs constitute non-exempt deferred compensation subject to Section 409A of the Code and are settled upon the Participant's separation from service, if Participant is deemed at the time of such separation to be a "specified employee" under Section 409A of the Code, then such settlement shall instead be made on the earlier of (i) the date that is six (6)-months and one day after such separation; or (ii) the date of Participant's death following such separation; provided, however, that such deferral shall only be effected to the extent required to avoid adverse tax treatment to the Participant under Section 409A of the Code. It is intended that each RSU vesting installment hereunder constitute a separate "payment" for purposes of Treasury Regulation Section 1.409A-2(b)(2)(i).]

[FOR NON-U.S. EMPLOYEES ONLY:

Settlement of RSUs shall be made within 30 days following the applicable date of vesting under the vesting schedule set forth in the Notice. Settlement of RSUs shall be in Shares. You are not entitled to participate in the Retirement Policy for Equity Awards.]

2. No Stockholder Rights. Unless and until such time as Shares are issued in settlement of vested RSUs, Participant shall have no ownership of the Shares allocated to the RSUs and shall have no right dividends or to vote such Shares.

3. Dividend Equivalents. Dividends, if any (whether in cash or Shares), shall not be credited to Participant.

4. No Transfer. The RSUs and any interest therein shall not be sold, assigned, transferred, pledged, hypothecated, or otherwise disposed of.

5. Termination. Subject to any applicable policy, agreement or arrangement then maintained by the Company, if Participant's service Terminates for any reason, all unvested RSUs shall be forfeited to the Company forthwith, and all rights of Participant to such RSUs shall immediately terminate. In case of

any dispute as to whether forfeiture has occurred, the Committee shall have sole discretion to determine whether such forfeiture has occurred.

6. U.S. Tax Consequences. Participant acknowledges that there will be tax consequences upon settlement of the RSUs or disposition of the Shares, if any, received in connection therewith, and Participant should consult a tax adviser regarding Participant's tax obligations prior to such settlement or disposition. Upon vesting of the RSU, Participant will include in income the fair market value of the Shares subject to the RSU. The included amount will be treated as ordinary income by Participant and will be subject to withholding by the Company when required by applicable law. Upon disposition of the Shares, any subsequent increase or decrease in value will be treated as short-term or long-term capital gain or loss, depending on whether the Shares are held for more than one year from the date of settlement. Further, an RSU may be considered a deferral of compensation that may be subject to Section 409A of the Code. Section 409A of the Code imposes special rules to the timing of making and effecting certain amendments of this RSU with respect to distribution of any deferred compensation. You should consult your personal tax advisor for more information on the actual and potential tax consequences of this RSU.

7. Acknowledgement. The Company and Participant agree that the RSUs are granted under and governed by the Notice, this Agreement (including any RSU Addendum provided to employees in Participant's country (the "RSU Addendum") and the provisions of the Plan. Participant: (i) acknowledges receipt of a copy of the RSU Addendum (if any), the Plan and the Plan prospectus, which is available at <http://www.ubs.com/onesource/GDOT>, or a successor site, , (ii) represents that Participant has carefully read and is familiar with their provisions, and (iii) hereby accepts the RSUs subject to all of the terms and conditions set forth herein (including in any RSU Addendum) and those set forth in the Plan and the Notice.

8. Entire Agreement; Enforcement of Rights. This Agreement (including any applicable aRSU Addendum), the Plan and the Notice constitute the entire agreement and understanding of the parties relating to the subject matter herein and supersede all prior discussions between them. Any prior agreements, commitments or negotiations concerning the purchase of the Shares hereunder are superseded. No modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, shall be effective unless in writing and signed by the parties to this Agreement. The failure by either party to enforce any rights under this Agreement shall not be construed as a waiver of any rights of such party.

9. Compliance with Laws and Regulations. The issuance of Shares will be subject to and conditioned upon compliance by the Company and Participant with all applicable state and federal laws and regulations and with all applicable requirements of any stock exchange or automated quotation system on which the Company's Common Stock may be listed or quoted at the time of such issuance or transfer.

10. Governing Law; Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (i) such provision shall be excluded from this Agreement, (ii) the balance of this Agreement shall be interpreted as if such provision were so excluded and (iii) the balance of this Agreement shall be enforceable in accordance with its terms. This Agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the State of California, without giving effect to principles of conflicts of law.

11. Recoupment. This Policy is subject to the terms and conditions of the Compensation Recovery Policy adopted by the Committee in April 2017 and any of the Company's other applicable recoupment or clawback policies (as previously adopted, and as may be amended or restated from time to time). Notwithstanding the foregoing, the Company may, in its sole discretion, implement any recoupment or clawback policies or make any changes to any of the Company's existing recoupment or clawback policies, as the Company deems necessary or advisable in order to comply with applicable law or

regulatory guidance (including, without limitation, the Dodd-Frank Wall Street Reform and Consumer Protection Act).

12. No Rights as Employee, Director or Consultant. Nothing in this Agreement shall affect in any manner whatsoever the right or power of the Company, or a Parent or Subsidiary of the Company, to terminate Participant's service, for any reason, with or without cause.

By your signature and the signature of the Company's representative on the Notice, or by otherwise accepting this RSU, Participant and the Company agree that this RSU is granted under and governed by the terms and conditions of the Plan, the Notice and this Agreement (including any applicable RSU Addendum). Participant has reviewed the Plan, the Notice and this Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Agreement, and fully understands all provisions of the Plan, the Notice and this Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions relating to the Plan, the Notice and this Agreement. Participant further agrees to notify the Company upon any change in Participant's residence address.

**GREEN DOT CORPORATION
2010 EQUITY INCENTIVE PLAN
NOTICE OF RESTRICTED STOCK UNIT AWARD
GRANT NUMBER: _____**

Unless otherwise defined herein, the terms defined in the Green Dot Corporation (the "**Company**") 2010 Equity Incentive Plan (the "**Plan**") shall have the same meanings in this Notice of Restricted Stock Unit Award (the "**Notice**").

Name: _____

Address: _____

You ("**Participant**") have been granted an award of Restricted Stock Units ("**RSUs**") under the Plan subject to the terms and conditions of the Plan, this Notice and the attached Award Agreement (Restricted Stock Units) (hereinafter "**RSU Agreement**"), which includes any RSU Addendum provided to employees in your country ("**RSU Addendum**").

Number of RSUs: _____

Date of Grant: _____

Vesting Commencement Date: _____

Expiration Date: The date on which settlement of all RSUs granted hereunder occurs, with earlier expiration upon the Termination Date.

Vesting Schedule: Subject to the limitations set forth in this Notice, the Plan and the RSU Agreement, the RSUs will vest in accordance with the following schedule: _____

You understand that your employment or consulting relationship or service with the Company or any Parent or Subsidiary, as applicable, is for an unspecified duration, can be terminated at any time (i.e., is "at-will") subject to applicable law, and that nothing in this Notice, the RSU Agreement or the Plan changes the at-will nature of that relationship, subject to applicable law. You acknowledge that the vesting of the RSUs pursuant to this Notice occurs only by continuing service as an Employee, Director or Consultant of the Company or any Parent or Subsidiary, as applicable. You also understand that this Notice is subject to the terms and conditions of both the RSU Agreement (including any RSU Addendum) and the Plan, both of which are incorporated herein by reference. Participant has read both the RSU Agreement (including any applicable RSU Addendum) and the Plan.

PARTICIPANT GREEN DOT CORPORATION

Signature: _ By: _

Print Name: _ Its: _

**GREEN DOT CORPORATION
AWARD AGREEMENT (RESTRICTED STOCK UNITS) TO THE
2010 EQUITY INCENTIVE PLAN**

Unless otherwise defined herein, the terms defined in the Green Dot Corporation (the "**Company**") 2010 Equity Incentive Plan (the "**Plan**") shall have the same defined meanings in this Award Agreement (Restricted Stock Units) (the "**Agreement**").

You have been granted Restricted Stock Units ("**RSUs**") subject to the terms, restrictions and conditions of the Plan, the Notice of Restricted Stock Unit Award (the "**Notice**") and this Agreement.

1. Settlement.

[FOR U.S. EMPLOYEES ONLY:

To the extent RSUs vest in accordance with the vesting schedule set forth in the Notice (or in the case of (ii), (iii) and (iv) below vest under any policy, agreement or arrangement maintained by the Company), settlement of RSUs shall be made upon the earliest to occur of: (i) the applicable date of vesting under the vesting schedule set forth in the Notice (within 60 days thereafter), (ii) Participant's separation from service (within the meaning of Code Section 409A) that is by the Company without cause or by the Participant for good reason (on the 61st day thereafter), (iii) a change in control event within the meaning of Treasury Regulation Section 1.409-3(i)(5) (on the 60th day thereafter) or (iv) the Participant's death (on the 60th day thereafter). For the avoidance of doubt, no settlement shall occur in the case of (ii), (iii) or (iv) above to extent that the then applicable policy, agreement or arrangement does not provide for vesting of the RSUs and nothing in this Agreement shall preclude the Company from being able to amend or terminate such policy, agreement or arrangement in accordance with its terms. Settlement of RSUs shall be in Shares.

To the extent the RSUs constitute non-exempt deferred compensation subject to Section 409A of the Code and are settled upon the Participant's separation from service, if Participant is deemed at the time of such separation to be a "specified employee" under Section 409A of the Code, then such settlement shall instead be made on the earlier of (i) the date that is six (6)-months and one day after such separation; or (ii) the date of Participant's death following such separation; provided, however, that such deferral shall only be effected to the extent required to avoid adverse tax treatment to the Participant under Section 409A of the Code. It is intended that each RSU vesting installment hereunder constitute a separate "payment" for purposes of Treasury Regulation Section 1.409A-2(b)(2)(i).]

[FOR NON-U.S. EMPLOYEES ONLY:

Settlement of RSUs shall be made within 30 days following the applicable date of vesting under the vesting schedule set forth in the Notice. Settlement of RSUs shall be in Shares. You are not entitled to participate in the Retirement Policy for Equity Awards.]

2. No Stockholder Rights. Unless and until such time as Shares are issued in settlement of vested RSUs, Participant shall have no ownership of the Shares allocated to the RSUs and shall have no right dividends or to vote such Shares.

3. Dividend Equivalents. Dividends, if any (whether in cash or Shares), shall not be credited to Participant.

4. No Transfer. The RSUs and any interest therein shall not be sold, assigned, transferred, pledged, hypothecated, or otherwise disposed of.

5. Termination. Subject to any applicable policy, agreement or arrangement then maintained by the Company, if Participant's service Terminates for any reason, all unvested RSUs shall be forfeited to the Company forthwith, and all rights of Participant to such RSUs shall immediately terminate. In case of any

dispute as to whether forfeiture has occurred, the Committee shall have sole discretion to determine whether such forfeiture has occurred.

6. U.S. Tax Consequences. Participant acknowledges that there will be tax consequences upon settlement of the RSUs or disposition of the Shares, if any, received in connection therewith, and Participant should consult a tax adviser regarding Participant's tax obligations prior to such settlement or disposition. Upon vesting of the RSU, Participant will include in income the fair market value of the Shares subject to the RSU. The included amount will be treated as ordinary income by Participant and will be subject to withholding by the Company when required by applicable law. Upon disposition of the Shares, any subsequent increase or decrease in value will be treated as short-term or long-term capital gain or loss, depending on whether the Shares are held for more than one year from the date of settlement. Further, an RSU may be considered a deferral of compensation that may be subject to Section 409A of the Code. Section 409A of the Code imposes special rules to the timing of making and effecting certain amendments of this RSU with respect to distribution of any deferred compensation. You should consult your personal tax advisor for more information on the actual and potential tax consequences of this RSU.

7. Acknowledgement. The Company and Participant agree that the RSUs are granted under and governed by the Notice, this Agreement (including any RSU Addendum provided to employees in Participant's country (the "RSU Addendum") and the provisions of the Plan. Participant: (i) acknowledges receipt of a copy of the RSU Addendum (if any), the Plan and the Plan prospectus, which is available at <http://www.ubs.com/onesource/GDOT>, or a successor site, (ii) represents that Participant has carefully read and is familiar with their provisions, and (iii) hereby accepts the RSUs subject to all of the terms and conditions set forth herein (including in any RSU Addendum) and those set forth in the Plan and the Notice.

8. Entire Agreement; Enforcement of Rights. This Agreement (including any applicable RSU Addendum), the Plan and the Notice constitute the entire agreement and understanding of the parties relating to the subject matter herein and supersede all prior discussions between them. Any prior agreements, commitments or negotiations concerning the purchase of the Shares hereunder are superseded. No modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, shall be effective unless in writing and signed by the parties to this Agreement. The failure by either party to enforce any rights under this Agreement shall not be construed as a waiver of any rights of such party.

9. Compliance with Laws and Regulations. The issuance of Shares will be subject to and conditioned upon compliance by the Company and Participant with all applicable state and federal laws and regulations and with all applicable requirements of any stock exchange or automated quotation system on which the Company's Common Stock may be listed or quoted at the time of such issuance or transfer.

10. Governing Law; Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (i) such provision shall be excluded from this Agreement, (ii) the balance of this Agreement shall be interpreted as if such provision were so excluded and (iii) the balance of this Agreement shall be enforceable in accordance with its terms. This Agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the State of California, without giving effect to principles of conflicts of law.

11. No Rights as Employee, Director or Consultant. Nothing in this Agreement shall affect in any manner whatsoever the right or power of the Company, or a Parent or Subsidiary of the Company, to terminate Participant's service, for any reason, with or without cause.

By your signature and the signature of the Company's representative on the Notice, or by otherwise accepting this RSU, Participant and the Company agree that this RSU is granted under and governed by the terms and conditions of the Plan, the Notice and this Agreement (including any applicable RSU Addendum). Participant has reviewed the Plan, the Notice and this Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Agreement, and fully understands all provisions of the Plan, the Notice and this Agreement. Participant hereby agrees to accept as binding, conclusive and final all

decisions or interpretations of the Committee upon any questions relating to the Plan, the Notice and this Agreement. Participant further agrees to notify the Company upon any change in Participant's residence address.

**GREEN DOT CORPORATION
2010 EQUITY INCENTIVE PLAN**

NOTICE OF STOCK OPTION GRANT

GRANT NUMBER: _____

Unless otherwise defined herein, the terms defined in the Green Dot Corporation (the "**Company**") 2010 Equity Incentive Plan (the "**Plan**") shall have the same meanings in this Notice of Stock Option Grant (the "**Notice**")[, except to the extent _].

Name: _

Address: _

You (the "**Participant**") have been granted an option to purchase shares of Common Stock of the Company under the Plan subject to the terms and conditions of the Plan, this Notice and the attached Stock Option Award Agreement (hereinafter, the "**Option Agreement**"), which includes any Option Addendum provided to employees in your country ("**Option Addendum**")

..

Date of Grant:

Vesting Commencement Date:

Exercise Price per Share:

Total Number of Shares:

Type of Option:

_____ Non-Qualified Stock Option

Expiration Date:

Post-Termination Exercise Period: _____

Vesting Schedule: Subject to the limitations set forth in this Notice, the Plan and the Option Agreement, the Option will vest and may be exercised, in whole or in part, in accordance with the following schedule:

You understand that your employment or consulting relationship or service with the Company or any Parent or Subsidiary, as applicable, is for an unspecified duration, can be terminated at any time (i.e., is "at-will") subject to applicable law, and that nothing in this Notice, the Option Agreement or the Plan changes the at-will nature of that relationship, subject to applicable law. You acknowledge that the vesting of the Option pursuant to this Notice occurs only by continuing service as an Employee, Director or Consultant of the Company or any Parent or Subsidiary, as applicable. You also understand that this Notice is subject to the terms and conditions of both the Option Agreement (including any Option Addendum) and the Plan, both of which are incorporated herein by reference. Participant has read both the Option Agreement (including any applicable Option Addendum) and the Plan.

PARTICIPANT:

GREEN DOT CORPORATION

Signature: _

By: _

Print Name: _

Its: _

Date: _

Date: _

GREEN DOT CORPORATION

STOCK OPTION AWARD AGREEMENT

Unless otherwise defined in this Stock Option Award Agreement (the "**Agreement**"), any capitalized terms used herein shall have the meaning ascribed to them in the Green Dot Corporation (the "**Company**") 2010 Equity Incentive Plan (the "**Plan**").

Participant has been granted an option to purchase Shares (the "**Option**"), subject to the terms and conditions of the Plan, the Notice of Stock Option Grant (the "**Notice**") and this Agreement.

1. Vesting Rights. Subject to the applicable provisions of the Plan and this Agreement, this Option may be exercised, in whole or in part, in accordance with the schedule set forth in the Notice.

2. Termination Period.

(a) General Rule. Except as provided in the Notice, this Agreement and the Plan, in no event shall this Option be exercised later than the Expiration Date set forth in the Notice.

(b) Termination of Employment. Upon the termination of Participant's service to the Company, any vested portion of this Option may be exercised for the period set forth in the Notice and this Agreement, provided that (i) upon a termination of the Participant's employment for Cause, this Option (whether vested or unvested) shall immediately expire and (ii) in no event shall this Option be exercised later than the Expiration Date set forth in the Notice.

3. Grant of Option. The Participant named in the Notice has been granted an Option for the number of Shares set forth in the Notice at the exercise price per Share set forth in the Notice (the "**Exercise Price**"). In the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this Agreement, the terms and conditions of the Plan shall prevail.

4. Exercise of Option.

(a) Right to Exercise. This Option is exercisable during its term in accordance with the Vesting Schedule set forth in the Notice and the applicable provisions of the Plan and this Agreement.

(b) Method of Exercise. This Option is exercisable by delivery of an exercise notice (the "**Exercise Notice**"), which shall state the election to exercise the Option, the number of Shares in respect of which the Option is being exercised (the "**Exercised Shares**"), and such other representations and agreements as may be required by the Company pursuant to the provisions of the Plan. The Exercise Notice shall be delivered in person, by mail, via electronic mail or facsimile or by other authorized method to the Secretary of the Company or other person designated by the Company. The Exercise Notice shall be accompanied by payment of the aggregate Exercise Price as to all Exercised Shares. This Option shall be deemed to be exercised upon receipt by the Company of such fully executed Exercise Notice accompanied by such aggregate Exercise Price.

(c) No Shares shall be issued pursuant to the exercise of this Option unless such issuance and exercise complies with all relevant provisions of law and the requirements of any stock exchange or quotation service upon which the Shares are then listed. Assuming such compliance, for income tax purposes the Exercised Shares shall be considered transferred to the Participant on the date the Option is exercised with respect to such Exercised Shares.

5. Method of Payment. Payment of the aggregate Exercise Price shall be by any of the following, or a combination thereof, at the election of the Participant:

- (a) cash;
- (b) check;

(c) a “broker-assisted” or “same-day sale” (as described in Section 11(d) of the Plan); or

(d) other method authorized by the Company.

6. Non-Transferability of Option. This Option may not be transferred in any manner other than by will or by the laws of descent or distribution or court order and may be exercised during the lifetime of Participant only by the Participant unless otherwise permitted by the Committee on a case-by-case basis. The terms of the Plan and this Agreement shall be binding upon the executors, administrators, heirs, successors and assigns of the Participant.

7. Term of Option. This Option shall in any event expire on the expiration date set forth in the Notice of Stock Option Grant, which date is 7 years after the Date of Grant.

8. U.S. Tax Consequences. For Participants subject to U.S. income tax, some of the federal tax consequences relating to this Option, as of the date of this Option, are set forth below. All other Participants should consult a tax advisor for tax consequences relating to this Option in their respective jurisdiction. THIS SUMMARY IS NECESSARILY INCOMPLETE, AND THE TAX LAWS AND REGULATIONS ARE SUBJECT TO CHANGE. THE PARTICIPANT SHOULD CONSULT A TAX ADVISER BEFORE EXERCISING THIS OPTION OR DISPOSING OF THE SHARES. The Participant may incur federal ordinary income tax liability upon exercise of a Nonqualified Stock Option (“NSO”). The Participant will be treated as having received compensation income (taxable at ordinary income tax rates) equal to the excess, if any, of the Fair Market Value of the Exercised Shares on the date of exercise over their aggregate Exercise Price. If the Participant is an Employee or a former Employee, the Company will be required to withhold from his or her compensation an amount equal to the minimum amount the Company is required to withhold for income and employment taxes or collect from Participant and pay to the applicable taxing authorities an amount in cash equal to a percentage of this compensation income at the time of exercise, and may refuse to honor the exercise and refuse to deliver Shares if such withholding amounts are not delivered at the time of exercise.

9. Acknowledgement. The Company and Participant agree that the Option is granted under and governed by the Notice, this Agreement (including any Option Addendum provided to employees in Participant’s country (the “Option Addendum”) and the provisions of the Plan. Participant: (i) acknowledges receipt of a copy of the Option Addendum (if any), the Plan and the Plan prospectus, which is available at <http://www.ubs.com/onesource/GDOT>, or a successor site, (ii) represents that Participant has carefully read and is familiar with their provisions, and (iii) hereby accepts the Option subject to all of the terms and conditions set forth herein (including in any Option Addendum) and those set forth in the Plan and the Notice.

10. Entire Agreement; Enforcement of Rights. This Agreement (including any applicable Option Addendum), the Plan and the Notice constitute the entire agreement and understanding of the parties relating to the subject matter herein and supersede all prior discussions between them. Any prior agreements, commitments or negotiations concerning the purchase of the Shares hereunder are superseded. No modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, shall be effective unless in writing and signed by the parties to this Agreement. The failure by either party to enforce any rights under this Agreement shall not be construed as a waiver of any rights of such party.

11. Compliance with Laws and Regulations. The issuance of Shares will be subject to and conditioned upon compliance by the Company and Participant with all applicable state and federal laws and regulations and with all applicable requirements of any stock exchange or automated quotation system on which the Company’s Common Stock may be listed or quoted at the time of such issuance or transfer.

12. Governing Law; Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (i) such provision shall be excluded from this Agreement, (ii) the balance of this Agreement shall be interpreted as if such provision were so excluded, and (iii) the balance of this Agreement shall be enforceable in accordance with its terms. This Agreement and all acts and transactions pursuant hereto and the rights and obligations of the

parties hereto shall be governed, construed and interpreted in accordance with the laws of the State of California, without giving effect to principles of conflicts of law.

13. No Rights as Employee, Director or Consultant. Nothing in this Agreement shall affect in any manner whatsoever the right or power of the Company, or a Parent or Subsidiary of the Company, to terminate Participant's service, for any reason, with or without cause.

By your signature and the signature of the Company's representative on the Notice, or by otherwise accepting this Option, Participant and the Company agree that this Option is granted under and governed by the terms and conditions of the Plan, the Notice and this Agreement (including any applicable Option Addendum). Participant has reviewed the Plan, the Notice and this Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Agreement, and fully understands all provisions of the Plan, the Notice and this Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions relating to the Plan, the Notice and this Agreement. Participant further agrees to notify the Company upon any change in Participant's residence address.

GREEN DOT CORPORATION CORPORATE TRANSACTION POLICY

The Board of Green Dot Corporation (the "**Company**") has determined that it is appropriate to reinforce the continued attention and dedication of the Company's employees to their assigned duties without distraction in circumstances arising from the possibility of a Corporate Transaction of the Company. The Company desires to adopt this Corporate Transaction Policy ("**Policy**") to provide certain benefits as set forth below in connection with a Corporate Transaction of the Company. Where applicable in this Policy, the Company is intended to include any Parent of the Company, subsidiary of the Company and any successor of the Company. This Policy is effective as of the Effective Date and will remain in effect until terminated or modified by the Board.

1. Eligibility. Each employee of the Company who (i) is employed by the Company immediately prior to the consummation of a Corporate Transaction and (ii) holds equity awards granted by the Company that are unvested as of immediately prior to the consummation of a Corporate Transaction ("**Employee**").

2. Benefits upon Termination of Employment following a Corporate Transaction.

(a) Benefits upon a Qualifying Termination. If Employee is subject to a Qualifying Termination at any time during the twelve month period following the consummation of a Corporate Transaction, then, at such time as the termination of Employee's employment (and for employees subject to taxation by the United States the termination of which constitutes a "separation from service" as defined in the regulations promulgated under Section 409A of the Code (a "**Separation from Service**")), all outstanding and unvested equity awards then held by the Employee that were granted prior to the consummation of the Corporate Transaction ("**Pre-Corporate Transaction Equity Awards**") shall have their vesting fully accelerate such that all Pre-Corporate Transaction Equity Awards become 100% vested. For purposes of this Policy any outstanding and unvested performance-based Pre-Corporate Transaction Equity Awards shall have their vesting accelerate at "target." With respect to Pre-Corporate Transaction Equity Awards that do not contain a "target" level of achievement with respect to their applicable performance metrics, then such awards shall have their vesting accelerate in full with respect to any outstanding shares still subject to such award.

(b) Definitions. For all purposes hereunder, the following terms shall be defined as specified below:

(i) "Board" means the Board of Directors of Green Dot Corporation.

(ii) "Cause" means any of the following: (i) Employee's conviction of or plea of nolo contendere to a felony; (ii) an act by Employee which constitutes gross misconduct in the performance of Employee's employment obligations and duties; (iii) Employee's act of fraud against the Company or any of its affiliates; (iv) Employee's theft or misappropriation of property (including without limitation intellectual property) of the Company or its affiliates; (v) material breach by Employee of any confidentiality agreement with, or duties of confidentiality to, the Company or any of its affiliates that involves Employee's wrongful disclosure of material confidential or proprietary information (including without limitation trade secrets or other intellectual property) of the Company or of any of its affiliates; (vi) Employee's public disparagement of the Company, its business, its employees or board members; (vii) Employee's continued material violation of Employee's employment obligations and duties to the Company (other than due to Employee's death or Disability) after the Company has delivered to Employee a written notice of such violation that describes the basis for the Company's belief that such violation has occurred and Employee has not substantially cured such violation within thirty (30) calendar days after such written notice is given by the Company

(iii) **“Corporate Transaction”** means a Corporate Transaction as such term is defined in the Company's 2010 Equity Incentive Plan.

(iv) **“Code”** means the United States Internal Revenue Code of 1986, as amended.

(v) **“Disability”** means total and permanent disability as defined in Section 22(e)(3) of the Code.

(vi) **“Effective Date”** means the date this Policy is adopted by the Board.

(vii) **“Good Reason”** means a material reduction in an Employee's annual base salary (excluding any reduction affecting substantially all similarly situated employees); provided that any material reduction shall constitute Good Reason only if the Company fails to cure such event within thirty (30) days after receipt from Employee of written notice of the event which constitutes Good Reason; provided, further, that Good Reason shall cease to exist for an event on the 90th day following its initial occurrence, and Employee terminates employment within ten (10) days of expiration of the cure period (or earlier if the Company notifies Employee that it will not cure such material reduction).

(viii) **“Qualifying Termination”** means (A) an involuntary termination of employment of Employee by the Company without “Cause” at any time following a Corporate Transaction or (B) a termination of employment by Employee with the Company for Good Reason. For the avoidance of doubt, a Qualifying Termination shall not include death, Disability or voluntary resignation of employment by Employee with the Company.

3. Preconditions to the Receipt of Benefits.

(a) Release of Claims. The receipt of benefits pursuant to this Policy will be subject to Employee signing, not revoking and returning to the Company within sixty (60) days of his or her termination of employment (the **“Release Deadline”**) a release of claims in favor of the Company (the **“Release”**). In the event Employee does not execute the Release before the Release Deadline or revokes the Release, no benefits shall be payable under this Policy to such Employee, and this Policy shall be null and void with respect to such Employee. The Release shall specifically relate to all of Employee's rights and claims in existence at the time of such execution relating to Employee's employment with the Company, but shall not include (i) Employee's rights under this Policy; (ii) Employee's rights under any employee benefit plan sponsored by the Company; or (iii) Employee's rights to indemnification (if any of such rights exist in favor of the Employee) under the Company's bylaws or other governing instruments or under any agreement addressing such subject matter between Employee and the Company or under any merger or acquisition agreement addressing such subject matter; (iv) Employee's rights of insurance under any liability policy covering the Company's officers or (v) claims which Employee may not release as a matter of law.

4. Noncumulation of Benefits. Employee may not cumulate, stock option vesting and exercisability and restricted stock unit vesting of Company equity awards under this Policy and any other written agreement with the Company and/or another plan or policy of the Company.

5. Clawback. This Policy is subject to the terms and conditions of any of the Company's applicable recoupment or clawback policies (as previously adopted, and as may be amended or restated from time to time). Notwithstanding the foregoing, the Company may, in its sole discretion, implement any recoupment or clawback policies or make any changes to any of the Company's existing recoupment or clawback policies, as the Company deems necessary or advisable in order to comply with applicable law or regulatory guidance (including, without limitation, the Dodd-Frank Wall Street Reform and Consumer Protection Act).

6. Amendment or Termination of this Policy. The Board may amend or terminate this Policy at any time and for any reason. After the consummation of a Corporate Transaction, the Company may not amend or terminate this Policy with respect to an Employee except with the consent of such Employee.

7. Miscellaneous.

(a) Employment Status. This Policy does not constitute a contract of employment or impose on Employee's any obligation to remain as an employee, or impose on the Company any obligation (i) to retain Employee as an employee, (ii) to change the status of Employee as an at-will employee, or (iii) to change the Company's policies regarding termination or alteration of employment.

(b) Binding Effect; Successors. In the event of a Corporate Transaction, this Policy shall, to the extent the Board prior to consummation of such transaction determines that the assumption or assignment of the Policy is appropriate, be binding upon the successor or the entity surviving such transaction or the purchaser of all or substantially all of the Company's assets.

GREEN DOT CORPORATION

RETIREMENT POLICY FOR EQUITY AWARDS

Green Dot Corporation (the “**Company**”) has determined that it is appropriate to attract, retain and incentivize the Company’s employees with certain retirement benefits with respect to equity awards granted by the Company and in furtherance thereof desires to adopt this Retirement Policy for Equity Awards (“**Policy**”). Where applicable in this Policy, the Company is intended to include any Parent of the Company, subsidiary of the Company and any successor of the Company. This Policy is effective as of the Effective Date and will remain in effect until terminated or modified by the Committee. This Policy applies to RSU or PSU awards granted on or after January 1, 2018. Terms not otherwise defined in the body of this Policy are defined in Section 8.

1. Eligibility. Each employee (“**Retiree**”) of the Company who undergoes a Qualifying Retirement and holds RSU or PSU awards granted by the Company that are unvested as of immediately prior to the Qualifying Retirement.

2. Benefits upon Qualifying Retirement.

(a) Benefits upon a Qualifying Retirement. If Retiree undergoes a Qualifying Retirement, then, at such time of the Qualifying Retirement, the unvested RSU or PSU awards then held by the Retiree that were granted after January 1, 2018 and prior to Qualifying Retirement shall have their vesting accelerated and become vested as follows:

(i) RSUs Subject to Time-Based Vesting. All RSUs subject to time-based vesting based on providing continued service to the Company that are unvested as of the Qualifying Retirement will become 100% vested, and, except as otherwise set forth herein, will thereafter settle and be paid out in accordance with the time-based vesting schedule pertaining to such RSU. For the avoidance of doubt, RSUs (or PSUs) that were subject to both performance-based vesting and time-based vesting and that have satisfied the performance-based vesting conditions shall be treated as time-based RSUs subject to this subsection.

Example: On June 1, 2018 a Retiree is granted an award for 1,000 RSUs subject to time-based vesting, which award vests and is settled in 4 annual installments on June 1 of each year thereafter. On March 1, 2020, the Retiree undergoes a Qualifying Retirement and there are 750 RSUs that remain unvested at such time. The 750 RSUs will fully vest on March 1, 2020 and 250 will settle and be paid on June 1, 2020, 250 will settle and be paid on June 1, 2021 and the remaining 250 will settle and be paid on June 1, 2022.

(ii) PSUs or RSUs subject to Performance Vesting. All PSUs or RSUs subject to performance-based vesting based on the achievement of certain performance criteria that are unvested as of the Qualifying Retirement will remain outstanding until the Company determines in the normal course (as if no Qualifying Retirement occurred) whether, and to the extent, the performance criteria is achieved, and will become 100% vested to the extent the Board or the Committee determines such PSUs or performance-based RSUs are earned, and, except as otherwise set forth herein, will thereafter settle and be paid out in accordance with any time-based vesting schedule that would have otherwise pertained to such PSU or RSU.

(iii) Withholding. If the holder of the RSU or PSU is eligible for a Qualifying Retirement under the Policy (regardless of whether or not the individual actually retires under this Policy), the employment taxes (and applicable withholding) for any RSU or PSU will be due once the RSU or PSU is no longer subject to a substantial risk of forfeiture (as determined under Section 409A), and income taxes will generally be due upon settlement of such RSU or PSU. All withholding for employment and

income taxes will be done through Net Settlement; provided that the Company shall accept a cash payment from the Retiree to the extent of any remaining balance of the tax withholding not satisfied by such reduction in the number of whole Shares to be issued.

(b) Acceleration upon Death and a Corporate Transaction. The time for settlement of the RSUs or PSUs shall be accelerated as follows:

(i) Death. In the event of the death of a holder of RSUs or PSUs at a time that such employee is either eligible for a Qualifying Retirement or has actually had a Qualifying Retirement, the timing of the settlement of the time-based RSUs shall be accelerated to the date that is 60 days after such employee's death, subject to his or her executor or representative satisfying the Release requirement in Section 3(a) prior to such date; and the PSUs will be settled on the later of the date that is 60 days after such employee's death or the date the applicable performance criteria is determined to have been achieved, subject to the Release requirement in Section 3(a).

(ii) Corporate Transaction. In the event of a Corporate Transaction at the time the Retiree holder of the RSUs or PSUs has actually had a Qualifying Retirement, the vesting of time-based RSUs shall be accelerated to immediately prior to the Corporate Transaction, and will be settled and paid on the date that is 60 days after such Corporate Transaction, subject to the Release requirement in Section 3(a); and the PSUs will vest and be settled based upon the Board's or the Committee's determination with respect to the achievement of the applicable performance criteria and/or metrics applicable to such PSU based on the most recently completed fiscal quarter or other relevant measurement period or criteria) and will settle and be paid on the date that is 60 days after such Corporate Transaction, subject to the Release requirement in Section 3(a).

3. Preconditions to the Receipt of Benefits.

(a) Release of Claims. The receipt of benefits pursuant to this Policy will be subject to Retiree signing, not revoking and returning to the Company within sixty (60) days of his or her Qualifying Retirement (the "**Release Deadline**") a release of claims in favor of the Company (the "**Release**"). In the event the Retiree does not execute the Release before the Release Deadline or revokes the Release, no benefits shall accrue under this Policy to such Retiree, and this Policy shall be null and void with respect to such Retiree. The Release shall specifically relate to all of Retiree's rights and claims in existence at the time of such execution relating to Retiree's employment with the Company, but shall not include (i) Retiree's rights under this Policy; (ii) Retiree's rights under any employee benefit plan sponsored by the Company; or (iii) Retiree's rights to indemnification (if any of such rights exist in favor of the Retiree) under the Company's bylaws or other governing instruments or under any agreement addressing such subject matter between Retiree and the Company; (iv) Retiree's rights of insurance under any liability policy covering the Company's officers or (v) claims which Retiree may not release as a matter of law.

(b) Required Six-Month Delay for Specified Employees. In the event Retiree is a Specified Employee upon settlement of an RSU or PSU, then such initial settlement applicable to such RSU or PSU shall be delayed by the applicable six month waiting period provided for under Section 409A and the regulations thereunder; provided, however, that such deferral will be effected only to the extent required to avoid adverse tax treatment to the Specified Employee.

(c) Timing. Delivery of Shares under this Policy will be made on the 60th day following the date upon which the event giving rise to the Release occurs, subject to the Release becoming effective. Settlements of PSUs or RSUs will occur on the date the PSUs or RSUs would have been delivered pursuant to the applicable vesting schedule or, if earlier, upon the date of the occurrence of a Corporate Transaction or Participant's Death, as set forth in Section 2(b).

(d) Violations of Applicable Law. Any settlement or delivery of Shares scheduled to be made under the Policy will be delayed if the Company reasonably anticipates that such delivery will violate

federal securities laws or other applicable law. Delivery of Shares will be made at the earliest date at which the Company reasonably believes will not cause such violation.

(e) Delivery Date. Notwithstanding any contrary Policy or RSU or PSU agreement provision, the delivery or settlement of Shares that is scheduled to be made to a Retiree under this Policy on a delivery date or scheduled date (i.e., vesting date pursuant to the vesting schedule attributable to such RSU or PSU) (the “**Designated Payment Date**”) will be treated as made on the Designated Payment Date if such delivery or settlement is deemed to be made on the Designated Payment Date under Section 409A. In no event will the Retiree be permitted, directly or indirectly, to designate the taxable year of such delivery.

4. Noncumulation of Benefits. Retiree may not cumulate RSU or PSU vesting of Company RSU or PSU awards under this Policy and any other written agreement with the Company and/or another plan or policy of the Company.

5. Clawback. This Policy is subject to the terms and conditions of any of the Company’s applicable recoupment or clawback policies (as previously adopted, and as may be amended or restated from time to time). Notwithstanding the foregoing, the Company may, in its sole discretion, implement any recoupment or clawback policies or make any changes to any of the Company’s existing recoupment or clawback policies, as the Company deems necessary or advisable in order to comply with applicable law or regulatory guidance (including, without limitation, the Dodd-Frank Wall Street Reform and Consumer Protection Act).

6. Amendment or Termination of this Policy. The Committee may amend or terminate this Policy at any time and for any reason, provided that any such amendment or termination complies with Section 409A of the Code. This Policy applies to RSUs or PSUs granted on or after January 1, 2018 provided, however, that the Board or the Company may provide in any award that this Policy does not apply to such award, and may discontinue this Policy prospectively.

7. Tax Issues.

(a) Tax Withholding. Notwithstanding any contrary provision in the RSU or PSU award agreement or related plans or agreements, the Company will have the right to deduct from a Retiree’s RSU and PSU any and all taxes and other required withholdings determined by the Company to be applicable. All withholding for employment and income taxes will be done through Net Settlement; provided that the Company shall accept a cash payment from the Retiree to the extent of any remaining balance of the tax withholding not satisfied by such reduction in the number of whole Shares to be issued. In the discretion of the Company, the Company may accept a cash payment by the Retiree of the amount of any applicable taxes in lieu of Net Settlement.

(b) Section 409A. To the extent that any provision of this Policy is ambiguous as to its exemption or compliance with Section 409A, the provision will be read in such a manner so that the benefits provided under this Policy are exempt from Section 409A to the maximum permissible extent, and where such interpretation is untenable, then the provision of such benefits will comply with Section 409A to the maximum permissible extent. To the extent the delivery of Shares under this Policy may be classified as a “short-term deferral” within the meaning of Section 409A, such delivery 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. The delivery of Shares pursuant to this Policy (or referenced in this Policy) are intended to constitute separate “payments” for purposes of Section 1.409A-2(b)(2) of the regulations under Section 409A.

(c) No Guarantees Regarding Tax Treatment. Retirees will be responsible for all taxes with respect to any benefits under the Policy. Neither the Board, the Company, nor any officer or director of the Company, make any guarantees regarding the tax treatment, specifically including with respect to Section

409A, and the Retiree should consult with his or her tax advisor regarding the tax treatment of under this Policy or under the RSU or PSU awards.

8. Definitions. For purposes of this Policy, the following terms are defined as follows:

(i) **“Board”** means the Board of Directors of Green Dot Corporation.

(ii) **“Cause”** means any of the following: (i) Retiree's conviction of or plea of nolo contendere to a felony; (ii) an act by Retiree which constitutes gross misconduct in the performance of Retiree's employment obligations and duties; (iii) Retiree's act of fraud against the Company or any of its affiliates; (iv) Retiree's theft or misappropriation of property (including without limitation intellectual property) of the Company or its affiliates; (v) material breach by Retiree of any confidentiality agreement with, or duties of confidentiality to, the Company or any of its affiliates that involves Retiree's wrongful disclosure of material confidential or proprietary information (including without limitation trade secrets or other intellectual property) of the Company or of any of its affiliates; (vi) Retiree's continued material violation of Retiree's employment obligations and duties to the Company (other than due to Retiree's death or Disability) after the Company has delivered to Retiree a written notice of such violation that describes the basis for the Company's belief that such violation has occurred and Retiree has not substantially cured such violation within thirty (30) calendar days after such written notice is given by the Company.

(iii) **“Committee”** means the Compensation Committee of the Board.

(iv) **“Competing”** means being or becoming employed by or providing consulting services to a company that competes directly or indirectly with the Company's Business. For purpose of this Policy, **“Business”** means the banking and/or payments business.

(v) **“Corporate Transaction”** has the meaning set forth in the Company's 2010 Equity Incentive Plan, provided that such Corporate Transaction is also either a change in the ownership of the Company, a change in the effective control of the Company, or a change in the ownership of a substantial portion of the assets of the Company (as determined in accordance with Section 409A(a)(2)(A)(v) of the Code and Treasury regulation section 1.409A-3(i)(5)).

(vi) **“Code”** means the United States Internal Revenue Code of 1986, as amended.

(vii) **“Disability”** means total and permanent disability as defined in Section 22(e)(3) of the Code.

(viii) **“Effective Date”** means the date this Policy is adopted by the Compensation Committee.

(ix) **“Net Settlement”** means a cashless “net settlement” arrangement pursuant to which the Company will reduce the number of Shares issued upon settlement of the RSU or PSU by the largest whole number of shares having an aggregate fair market value equal to the amount of the tax to be withheld.

(x) **“PSUs”** means performance stock units of the Company that are subject to performance metrics.

(xi) **“Qualifying Retirement”** means a voluntary resignation of employment with the Company, constituting a Separation from Service, by an Retiree that: (i) has attained the age of 55 years, (ii) has been continuously employed by the Company for at least 10 years prior to the date of the Qualifying Retirement (including time spent employed by a subsidiary of the Company for the period of time that such subsidiary was owned by the Company), (iii) is not terminable by the Company for Cause

at the time of the Qualifying Retirement or is in violation of prongs (iii)-(v) of the definition of Cause at any time, and (iv) is not Competing with the Company at any time.

(xii) "RSUs" means all restricted stock units of the Company.

(xiii) "Section 409A" means Section 409A of the Code and the Treasury Regulations thereunder, and other official guidance provided by the Internal Revenue Service or the Department of the Treasury with respect to Section 409A of the Code.

(xiv) "Shares" means shares of Company common stock.

(xv) "Separation from Service" means a resignation or termination of employment that constitutes a "separation from service" as defined in the regulations promulgated under Section 409A of the Code.

(xvi) "Specified Employee" means a Retiree who, as of the date of his or her Separation from Service, is a "specified" employee under Section 409A.

9. Miscellaneous.

(a) Employment Status. This Policy does not constitute a contract of employment or impose on Retiree's any obligation to remain as an employee, or impose on the Company any obligation (i) to retain Retiree as an employee, (ii) to change the status of Retiree as an at-will employee, or (iii) to change the Company's policies regarding termination or alteration of employment.

(b) Severability. If any provision of the Policy is held invalid or unenforceable, its invalidity or unenforceability will not affect any other provisions of the Policy, and in lieu of each provision which is held invalid or unenforceable, there will be added as part of the Policy a provision that will be as similar in terms to such invalid or unenforceable provision as may be possible and be valid, legal, and enforceable.

(c) Choice of Law. This Policy will be governed by and construed in accordance with the laws of the state of California, without regard to laws relating to conflicts or choice of law.

