

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, 2023  
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



(Exact name of Registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

95-4766827

(IRS Employer Identification No.)

114 W 7th Street, Suite 240  
Austin, Texas 78701

(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  Accelerated filer   
Non-accelerated filer  Smaller reporting company   
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

There were 52,346,482 shares of Class A common stock outstanding, par value \$0.001 per share as of July 31, 2023.

**GREEN DOT CORPORATION  
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PART I

ITEM 1. Financial Statements

GREEN DOT CORPORATION  
CONSOLIDATED BALANCE SHEETS

	June 30, 2023 (unaudited)	December 31, 2022
Assets	(In thousands, except par value)	
<b>Current assets:</b>		
Unrestricted cash and cash equivalents	\$ 661,452	\$ 813,945
Restricted cash	4,000	5,900
Investment securities available-for-sale, at fair value	15,556	—
Settlement assets	523,606	493,395
Accounts receivable, net	61,109	74,437
Prepaid expenses and other assets	57,123	78,155
<b>Total current assets</b>	<b>1,322,846</b>	<b>1,465,832</b>
Investment securities available-for-sale, at fair value	2,268,857	2,363,687
Loans to bank customers, net of allowance for loan losses of \$12,641 and \$9,078 as of June 30, 2023 and December 31, 2022, respectively	29,966	21,421
Prepaid expenses and other assets	221,175	192,901
Property, equipment, and internal-use software, net	171,589	160,222
Operating lease right-of-use assets	6,685	8,316
Deferred expenses	1,792	14,547
Net deferred tax assets	118,841	117,167
Goodwill and intangible assets	431,154	445,083
<b>Total assets</b>	<b>\$ 4,572,905</b>	<b>\$ 4,789,176</b>
<b>Liabilities and Stockholders' Equity</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 106,135	\$ 113,891
Deposits	3,234,606	3,450,105
Obligations to customers	236,068	218,239
Settlement obligations	31,368	40,691
Amounts due to card issuing banks for overdrawn accounts	137	328
Other accrued liabilities	91,932	98,580
Operating lease liabilities	3,151	3,167
Deferred revenue	7,990	25,029
Income tax payable	13,957	11,641
<b>Total current liabilities</b>	<b>3,725,344</b>	<b>3,961,671</b>
Other accrued liabilities	2,927	5,777
Operating lease liabilities	3,395	5,247
Line of credit	—	35,000
<b>Total liabilities</b>	<b>3,731,666</b>	<b>4,007,695</b>
Commitments and contingencies (Note 17)		
<b>Stockholders' equity:</b>		
Class A common stock, \$0.001 par value; 100,000 shares authorized as of June 30, 2023 and December 31, 2022; 52,341 and 51,674 shares issued and outstanding as of June 30, 2023 and December 31, 2022, respectively	52	52
Additional paid-in capital	360,812	340,575
Retained earnings	800,172	763,582
Accumulated other comprehensive loss	(319,797)	(322,728)
<b>Total stockholders' equity</b>	<b>841,239</b>	<b>781,481</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 4,572,905</b>	<b>\$ 4,789,176</b>

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,	
	2023	2022	2023	2022
(In thousands, except per share data)				
Operating revenues:				
Card revenues and other fees	\$ 242,107	\$ 218,574	\$ 481,973	\$ 431,402
Cash processing revenues	53,846	57,467	155,669	157,495
Interchange revenues	59,967	76,038	123,982	154,894
Interest income, net	9,956	10,690	20,632	19,595
Total operating revenues	365,876	362,769	782,256	763,386
Operating expenses:				
Sales and marketing expenses	62,823	77,376	138,035	160,902
Compensation and benefits expenses	64,985	57,611	133,766	123,875
Processing expenses	153,126	112,388	298,180	224,480
Other general and administrative expenses	80,156	91,455	156,494	178,598
Total operating expenses	361,090	338,830	726,475	687,855
Operating income	4,786	23,939	55,781	75,531
Interest expense, net	238	29	1,882	116
Other expense, net	(2,224)	(4,038)	(5,248)	(4,808)
Income before income taxes	2,324	19,872	48,651	70,607
Income tax expense	1,746	4,864	12,061	16,975
Net income	\$ 578	\$ 15,008	\$ 36,590	\$ 53,632
Basic earnings per common share:				
	\$ 0.01	\$ 0.28	\$ 0.70	\$ 0.98
Diluted earnings per common share				
	\$ 0.01	\$ 0.27	\$ 0.70	\$ 0.97
Basic weighted-average common shares issued and outstanding:				
	52,193	53,928	52,004	54,240
Diluted weighted-average common shares issued and outstanding:				
	52,437	54,389	52,201	54,855

**See notes to unaudited consolidated financial statements**

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

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	(In thousands)			
Net income	\$ 578	\$ 15,008	\$ 36,590	\$ 53,632
Other comprehensive income (loss)				
Unrealized holding (loss) gain, net of tax	(33,366)	(79,983)	2,931	(192,579)
Comprehensive (loss) income	<u>\$ (32,788)</u>	<u>\$ (64,975)</u>	<u>\$ 39,521</u>	<u>\$ (138,947)</u>

**See notes to unaudited consolidated financial statements**

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

Three Months Ended June 30, 2023						
	Class A Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount				
	(In thousands)					
<b>Balance at March 31, 2023</b>	51,994	\$ 52	\$ 347,385	\$ 799,594	\$ (286,431)	\$ 860,600
Common stock issued under stock plans, net of withholdings and related tax effects	347	—	2,811	—	—	2,811
Stock-based compensation	—	—	10,616	—	—	10,616
Net income	—	—	—	578	—	578
Other comprehensive loss	—	—	—	—	(33,366)	(33,366)
<b>Balance at June 30, 2023</b>	<b>52,341</b>	<b>\$ 52</b>	<b>\$ 360,812</b>	<b>\$ 800,172</b>	<b>\$ (319,797)</b>	<b>\$ 841,239</b>

Three Months Ended June 30, 2022						
	Class A Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount				
	(In thousands)					
<b>Balance at March 31, 2022</b>	54,293	\$ 54	\$ 388,299	\$ 737,994	\$ (142,403)	\$ 983,944
Common stock issued under stock plans, net of withholdings and related tax effects	292	1	2,013	—	—	2,014
Stock-based compensation	—	—	5,635	—	—	5,635
Repurchases of Class A Common Stock	(845)	(1)	(19,045)	—	—	(19,046)
Net income	—	—	—	15,008	—	15,008
Other comprehensive loss	—	—	—	—	(79,983)	(79,983)
<b>Balance at June 30, 2022</b>	<b>53,740</b>	<b>\$ 54</b>	<b>\$ 376,902</b>	<b>\$ 753,002</b>	<b>\$ (222,386)</b>	<b>\$ 907,572</b>

See notes to unaudited consolidated financial statements

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

	Six Months Ended June 30, 2023					
	Class A Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount				
	(In thousands)					
<b>Balance at December 31, 2022</b>	51,674	\$ 52	\$ 340,575	\$ 763,582	\$ (322,728)	\$ 781,481
Common stock issued under stock plans, net of withholdings and related tax effects	667	—	439	—	—	439
Stock-based compensation	—	—	19,798	—	—	19,798
Net income	—	—	—	36,590	—	36,590
Other comprehensive income	—	—	—	—	2,931	2,931
<b>Balance at June 30, 2023</b>	<b>52,341</b>	<b>\$ 52</b>	<b>\$ 360,812</b>	<b>\$ 800,172</b>	<b>\$ (319,797)</b>	<b>\$ 841,239</b>

	Six Months Ended June 30, 2022					
	Class A Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount				
	(In thousands)					
<b>Balance at December 31, 2021</b>	54,868	\$ 55	\$ 401,055	\$ 699,370	\$ (29,807)	\$ 1,070,673
Common stock issued under stock plans, net of withholdings and related tax effects	498	1	(602)	—	—	(601)
Stock-based compensation	—	—	20,493	—	—	20,493
Repurchases of Class A Common Stock	(1,626)	(2)	(44,044)	—	—	(44,046)
Net income	—	—	—	53,632	—	53,632
Other comprehensive loss	—	—	—	—	(192,579)	(192,579)
<b>Balance at June 30, 2022</b>	<b>53,740</b>	<b>\$ 54</b>	<b>\$ 376,902</b>	<b>\$ 753,002</b>	<b>\$ (222,386)</b>	<b>\$ 907,572</b>

See notes to unaudited consolidated financial statements

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

	Six Months Ended June 30,	
	2023	2022
(In thousands)		
<b>Operating activities</b>		
Net income	\$ 36,590	\$ 53,632
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of property, equipment and internal-use software	27,587	28,399
Amortization of intangible assets	12,945	12,181
Provision for uncollectible overdrawn accounts from purchase transactions	5,529	7,407
Provision for loan losses	15,731	18,452
Stock-based compensation	19,798	20,493
Losses in equity method investments	7,611	6,647
Amortization of discount on available-for-sale investment securities	(1,129)	(544)
Impairment of long-lived assets	—	4,134
Other	(2,293)	(1,445)
Changes in operating assets and liabilities:		
Accounts receivable, net	7,799	5,614
Prepaid expenses and other assets	16,023	15,809
Deferred expenses	12,755	9,562
Accounts payable and other accrued liabilities	(14,993)	12,046
Deferred revenue	(17,466)	(14,192)
Income tax receivable/payable	1,706	11,968
Other, net	(427)	(2,709)
Net cash provided by operating activities	<u>127,766</u>	<u>187,454</u>
<b>Investing activities</b>		
Purchases of available-for-sale investment securities	—	(694,358)
Proceeds from maturities of available-for-sale securities	82,221	165,635
Proceeds from sales and calls of available-for-sale securities	56	2,875
Payments for acquisition of property and equipment	(38,120)	(36,537)
Net changes in loans	(17,866)	(18,732)
Investment in TailFin Labs, LLC	(35,000)	(35,000)
Purchases of other investments	—	(31,934)
Other investing activities	(872)	(1,448)
Net cash used in investing activities	<u>(9,581)</u>	<u>(649,499)</u>
<b>Financing activities</b>		
Borrowings on revolving line of credit	83,000	50,000
Repayments on revolving line of credit	(118,000)	(50,000)
Proceeds from exercise of options and ESPP purchases	3,415	3,415
Taxes paid related to net share settlement of equity awards	(2,976)	(4,016)
Net changes in deposits	(216,312)	85,240
Net changes in settlement assets and obligations to customers	(21,705)	(120,063)
Contingent consideration payments	—	(1,647)
Repurchase of Class A common stock	—	(44,046)
Net cash used in financing activities	<u>(272,578)</u>	<u>(81,117)</u>
Net decrease in unrestricted cash, cash equivalents and restricted cash	<u>(154,393)</u>	<u>(543,162)</u>
Unrestricted cash, cash equivalents and restricted cash, beginning of period	819,845	1,325,640
Unrestricted cash, cash equivalents and restricted cash, end of period	<u>\$ 665,452</u>	<u>\$ 782,478</u>
Cash paid for interest	\$ 2,721	\$ 326
Cash paid for income taxes	\$ 9,289	\$ 4,086
<b>Reconciliation of unrestricted cash, cash equivalents and restricted cash at end of period:</b>		
Unrestricted cash and cash equivalents	\$ 661,452	\$ 776,305
Restricted cash	4,000	6,173
Total unrestricted cash, cash equivalents and restricted cash, end of period	<u>\$ 665,452</u>	<u>\$ 782,478</u>

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 and registered bank holding company committed to giving all people the power to bank seamlessly, affordably, and with confidence. Our technology platform enables us to build products and features that address the most pressing financial challenges of consumers and businesses, transforming the way they manage and move money, and making financial empowerment more accessible for all. We offer a broad set of financial services to consumers and businesses including debit, checking, credit, prepaid, and payroll cards, as well as robust money processing services, such as tax refunds, cash deposits and disbursements.

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.

**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, 2022 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, 2023. 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, 2023 and through the date of this report. The accounting estimates used in the preparation of our consolidated financial statements may change as new events occur, as more experience is acquired, as additional information is obtained, and as our operating environment changes. Actual results may differ from these estimates due to a variety of factors, including those identified under Part II, Item 1A. “Risk Factors” in this report.

**Note 3—Revenues**

As discussed in *Note 19 — Segment Information*, 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. Our products and services are offered to customers within the United States and certain U.S. territories.

The following table disaggregates our revenues earned from external customers by each of our reportable segments:

	Three Months Ended June 30, 2023			
	Consumer Services	B2B Services	Money Movement Services	Total
	(In thousands)			
Timing of recognition				
Transferred point in time	\$ 85,971	\$ 34,074	\$ 49,179	\$ 169,224
Transferred over time	39,971	145,930	795	186,696
Operating revenues <sup>(1)</sup>	<u>\$ 125,942</u>	<u>\$ 180,004</u>	<u>\$ 49,974</u>	<u>\$ 355,920</u>

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

**Note 3—Revenues (continued)**

Three Months Ended June 30, 2022				
	Consumer Services	B2B Services	Money Movement Services	Total
<b>Timing of recognition</b>	(In thousands)			
Transferred point in time	\$ 92,430	\$ 42,467	\$ 53,337	\$ 188,234
Transferred over time	53,971	109,068	806	163,845
Operating revenues <sup>(1)</sup>	<u>\$ 146,401</u>	<u>\$ 151,535</u>	<u>\$ 54,143</u>	<u>\$ 352,079</u>

  

Six Months Ended June 30, 2023				
	Consumer Services	B2B Services	Money Movement Services	Total
<b>Timing of recognition</b>	(In thousands)			
Transferred point in time	\$ 176,778	\$ 68,362	\$ 146,702	\$ 391,842
Transferred over time	85,791	282,478	1,513	369,782
Operating revenues <sup>(1)</sup>	<u>\$ 262,569</u>	<u>\$ 350,840</u>	<u>\$ 148,215</u>	<u>\$ 761,624</u>

  

Six Months Ended June 30, 2022				
	Consumer Services	B2B Services	Money Movement Services	Total
<b>Timing of recognition</b>	(In thousands)			
Transferred point in time	\$ 187,320	\$ 83,690	\$ 149,741	\$ 420,751
Transferred over time	113,500	207,822	1,718	323,040
Operating revenues <sup>(1)</sup>	<u>\$ 300,820</u>	<u>\$ 291,512</u>	<u>\$ 151,459</u>	<u>\$ 743,791</u>

(1) Excludes net interest income, a component of total operating revenues, as it is outside the scope of ASC 606, *Revenues*. Also excludes the effects of inter-segment revenues.

Revenues recognized at a point in time are comprised of interchange fees, ATM fees, overdraft protection fees, other similar cardholder transaction-based fees, and substantially all of our cash processing revenues. Revenues recognized over time consists of new card fees, monthly maintenance fees, revenue earned from gift cards and substantially all BaaS (as defined herein) partner program management fees.

As presented 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 \$7.6 million and \$9.0 million in revenue for the three months ended June 30, 2023 and 2022, respectively, and \$22.0 million and \$25.5 million for the six months ended June 30, 2023 and 2022, 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. Substantially all of the deferred revenue balances at the beginning of the periods are recognized in the first half of each year. 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.

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

**Note 4—Investment Securities**

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

	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
(In thousands)				
<b>June 30, 2023</b>				
Corporate bonds	\$ 10,000	\$ —	\$ (642)	\$ 9,358
Agency bond securities	240,358	—	(45,237)	195,121
Agency mortgage-backed securities	2,430,788	4	(374,346)	2,056,446
Municipal bonds	29,547	—	(6,059)	23,488
<b>Total investment securities</b>	<b>\$ 2,710,693</b>	<b>\$ 4</b>	<b>\$ (426,284)</b>	<b>\$ 2,284,413</b>
<b>December 31, 2022</b>				
Corporate bonds	\$ 10,000	\$ —	\$ (654)	\$ 9,346
Agency bond securities	240,272	—	(47,166)	193,106
Agency mortgage-backed securities	2,511,958	8	(373,704)	2,138,262
Municipal bonds	29,613	—	(6,640)	22,973
<b>Total investment securities</b>	<b>\$ 2,791,843</b>	<b>\$ 8</b>	<b>\$ (428,164)</b>	<b>\$ 2,363,687</b>

As of June 30, 2023 and December 31, 2022, the gross unrealized losses and fair values of available-for-sale investment securities that were in unrealized loss positions were as follows:

	Less than 12 months		12 months or more		Total fair value	Total unrealized loss
	Fair value	Unrealized loss	Fair value	Unrealized loss		
(In thousands)						
<b>June 30, 2023</b>						
Corporate bonds	\$ —	\$ —	\$ 9,358	\$ (642)	\$ 9,358	\$ (642)
Agency bond securities	—	—	195,121	(45,237)	195,121	(45,237)
Agency mortgage-backed securities	360,104	(17,449)	1,693,793	(356,897)	2,053,897	(374,346)
Municipal bonds	4,514	(486)	18,974	(5,573)	23,488	(6,059)
<b>Total investment securities</b>	<b>\$ 364,618</b>	<b>\$ (17,935)</b>	<b>\$ 1,917,246</b>	<b>\$ (408,349)</b>	<b>\$ 2,281,864</b>	<b>\$ (426,284)</b>
<b>December 31, 2022</b>						
Corporate bonds	\$ —	\$ —	\$ 9,346	\$ (654)	\$ 9,346	\$ (654)
Agency bond securities	8,972	(457)	184,133	(46,709)	193,105	(47,166)
Agency mortgage-backed securities	892,068	(67,569)	1,243,588	(306,135)	2,135,656	(373,704)
Municipal bonds	16,333	(3,370)	6,641	(3,270)	22,974	(6,640)
<b>Total investment securities</b>	<b>\$ 917,373</b>	<b>\$ (71,396)</b>	<b>\$ 1,443,708</b>	<b>\$ (356,768)</b>	<b>\$ 2,361,081</b>	<b>\$ (428,164)</b>

Our investments generally consist of highly rated securities, substantially all of which are directly or indirectly backed by the U.S. federal government, as our investment policy restricts our investments to highly liquid, low credit risk assets. As such, we have not recorded any significant credit-related impairment losses during the three and six months ended June 30, 2023 or 2022 on our available-for-sale investment securities. Unrealized losses as of June 30, 2023 and December 31, 2022 are the result of increases in interest rates as our investment portfolio is comprised predominantly of fixed rate securities. Substantially all of the underlying securities within our investment portfolio were in an unrealized loss position as of June 30, 2023 and December 31, 2022 due to the timing of our investment purchases, as a significant portion of our investments were purchased prior to recent increases in interest rates by the Federal Reserve, and general volatility in market conditions.

We do not currently 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.

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

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

As of June 30, 2023, the contractual maturities of our available-for-sale investment securities were as follows:

	Amortized cost	Fair value
	(In thousands)	
Due in one year or less	\$ 15,738	\$ 15,556
Due after one year through five years	51,135	45,765
Due after five years through ten years	174,223	140,826
Due after ten years	54,547	41,376
Mortgage and asset-backed securities	2,415,050	2,040,890
Total investment securities	<u>\$ 2,710,693</u>	<u>\$ 2,284,413</u>

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.

**Note 5—Accounts Receivable**

Accounts receivable, net consisted of the following:

	June 30, 2023	December 31, 2022
	(In thousands)	
Trade receivables	\$ 20,342	\$ 26,083
Reserve for uncollectible trade receivables	(98)	(169)
Net trade receivables	<u>20,244</u>	<u>25,914</u>
Overdrawn cardholder balances from purchase transactions	4,040	3,821
Reserve for uncollectible overdrawn accounts from purchase transactions	(2,692)	(2,230)
Net overdrawn cardholder balances from purchase transactions	<u>1,348</u>	<u>1,591</u>
Cardholder fees	2,853	2,480
Receivables due from card issuing banks	10,045	3,211
Fee advances, net	4,043	28,924
Other receivables	22,576	12,317
Accounts receivable, net	<u>\$ 61,109</u>	<u>\$ 74,437</u>

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,	
	2023	2022	2023	2022
	(In thousands)			
Balance, beginning of period	\$ 2,292	\$ 4,348	\$ 2,230	\$ 3,394
Provision for uncollectible overdrawn accounts from purchase transactions	4,341	2,707	5,529	7,407
Charge-offs	(3,941)	(5,022)	(5,067)	(8,768)
Balance, end of period	<u>\$ 2,692</u>	<u>\$ 2,033</u>	<u>\$ 2,692</u>	<u>\$ 2,033</u>

**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 credit losses, and a summary of the related payment status:

	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	Total Past Due	Total Current or Less Than 30 Days Past Due	Total Outstanding
(In thousands)						
<b>June 30, 2023</b>						
Residential	\$ —	\$ —	\$ —	\$ —	\$ 4,824	\$ 4,824
Commercial	—	—	—	—	2,530	2,530
Installment	—	—	—	—	4,132	4,132
Consumer	2,186	—	—	2,186	19,502	21,688
Secured credit card	798	781	1,956	3,535	5,898	9,433
<b>Total loans</b>	<b>\$ 2,984</b>	<b>\$ 781</b>	<b>\$ 1,956</b>	<b>\$ 5,721</b>	<b>\$ 36,886</b>	<b>\$ 42,607</b>
Percentage of outstanding	7.0 %	1.8 %	4.6 %	13.4 %	86.6 %	100.0 %
<b>December 31, 2022</b>						
Residential	\$ —	\$ —	\$ —	\$ —	\$ 4,264	\$ 4,264
Commercial	—	—	—	—	2,542	2,542
Installment	—	—	—	—	1,407	1,407
Consumer	2,261	—	—	2,261	12,185	14,446
Secured credit card	712	722	2,239	3,673	4,167	7,840
<b>Total loans</b>	<b>\$ 2,973</b>	<b>\$ 722</b>	<b>\$ 2,239</b>	<b>\$ 5,934</b>	<b>\$ 24,565</b>	<b>\$ 30,499</b>
Percentage of outstanding	9.8 %	2.4 %	7.3 %	19.5 %	80.5 %	100.0 %

We offer an optional overdraft protection program service on certain demand deposit account programs that allows customers who opt-in and meet certain criteria to spend up to a pre-authorized amount in excess of their available balance. When overdrawn, the purchase related balances due on these deposit accounts are reclassified as consumer loans. Fees due from our cardholders for our overdraft service are included as a component of accounts receivable. Overdrawn balances are unsecured and considered immediately due from the customer.

A portion of our secured credit card portfolio is classified as loans held for sale. These loans are included in the long-term portion of prepaid and other assets on our consolidated balance sheets. Changes in valuation allowances are recorded as a component of other income and expenses on our consolidated statement of operations. As of June 30, 2023 and December 31, 2022, the fair value of the loans held for sale amounted to approximately \$4.3 million and \$5.3 million, respectively.

**Nonperforming Loans**

The following table presents the carrying value, gross of the related allowance for credit 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, 2022 for further information on the criteria for classification as nonperforming.

	June 30, 2023	December 31, 2022
(In thousands)		
Residential	\$ 140	\$ 153
Installment	87	96
Secured credit card	1,956	2,239
<b>Total loans</b>	<b>\$ 2,183</b>	<b>\$ 2,488</b>

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

**Note 6—Loans to Bank Customers (continued)**
*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 include those designated as substandard, doubtful, or loss, consistent with regulatory guidelines. Secured credit card loans are considered classified if they are greater than 90 days past due. However, 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 credit losses, of our loans within the primary credit quality indicators related to our loan portfolio:

	June 30, 2023		December 31, 2022	
	Non-Classified	Classified	Non-Classified	Classified
	(In thousands)			
Residential	\$ 4,761	\$ 63	\$ 4,035	\$ 229
Commercial	2,530	—	2,542	—
Installment	4,044	88	1,306	101
Consumer	21,688	—	14,446	—
Secured credit card	7,477	1,956	5,601	2,239
Total loans	<u>\$ 40,500</u>	<u>\$ 2,107</u>	<u>\$ 27,930</u>	<u>\$ 2,569</u>

*Allowance for Credit Losses*

Activity in the allowance for credit losses on our loan portfolio consisted of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	(In thousands)			
Balance, beginning of period	\$ 13,254	\$ 9,058	\$ 9,078	\$ 5,555
Provision for loans	5,480	7,953	15,731	18,452
Loans charged off	(6,146)	(6,807)	(12,246)	(13,803)
Recoveries of loans previously charged off	53	—	78	—
Balance, end of period	<u>\$ 12,641</u>	<u>\$ 10,204</u>	<u>\$ 12,641</u>	<u>\$ 10,204</u>

**Note 7—Equity Method Investments**

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 focuses 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 from January 2020 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 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.

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

**Note 7—Equity Method Investments (continued)**

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.

As of June 30, 2023 and December 31, 2022, our net investment in TailFin Labs amounted to approximately \$110.2 million and \$82.4 million, respectively, and is included in the long-term portion of prepaid expenses and other assets on our consolidated balance sheets. We recorded equity in losses from TailFin Labs of \$3.1 million and \$5.0 million for the three months ended June 30, 2023 and 2022, respectively, and \$7.2 million and \$7.1 million for the six months ended June 30, 2023 and 2022, respectively. These amounts are recorded as a component of other income and expense on our consolidated statements of operations.

Our equity method investments also include an investment held by our bank, which amounted to \$4.4 million and \$4.8 million at June 30, 2023 and December 31, 2022, respectively. Equity in earnings from this investment for the three and six months ended June 30, 2023 and 2022 were de minimis.

**Note 8—Deposits**

Deposits are categorized as non-interest bearing or interest-bearing deposit accounts as follows:

	June 30, 2023	December 31, 2022
	(In thousands)	
Non-interest bearing deposit accounts	\$ 3,214,944	\$ 3,427,799
Interest-bearing deposit accounts		
Checking accounts	1,494	2,461
Savings	7,243	7,899
Secured card deposits	5,899	6,933
Time deposits, denominations greater than or equal to \$250	788	2,275
Time deposits, denominations less than \$250	4,238	2,738
Total interest-bearing deposit accounts	19,662	22,306
Total deposits	\$ 3,234,606	\$ 3,450,105

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

	June 30, 2023
	(In thousands)
Due in 2023	\$ 1,020
Due in 2024	539
Due in 2025	1,031
Due in 2026	531
Due in 2027	1,073
Thereafter	832
Total time deposits	\$ 5,026

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

**Note 9—Debt**

In October 2019, we entered into a secured credit agreement with Wells Fargo Bank, National Association, and other lenders party thereto. The credit agreement 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 2019 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. As of June 30, 2023, we had no borrowings outstanding on the 2019 Revolving Facility and had the full amount available for use.

In March 2023, we amended the terms of our agreement to replace LIBOR with the Secured Overnight Financing Rate ("SOFR"). At our election, loans made under the credit agreement bear interest at 1) an adjusted SOFR rate (the "SOFR 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) an adjusted SOFR 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 SOFR Rate loans and 0.25% to 1.00% for Base Rate loans. We also pay a commitment fee, which varies from 0.20% to 0.35% 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 SOFR 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, 2023, 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.

We incurred total cash interest expense during the three and six months ended June 30, 2023 of approximately \$0.2 million and \$1.8 million, respectively. We did not incur any interest expense during the three and six months ended June 30, 2022.

**Note 10—Income Taxes**

Income tax expense for the six months ended June 30, 2023 and 2022 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,	
	2023	2022
U.S. federal statutory tax rate	21.0 %	21.0 %
State income taxes, net of federal tax benefit	1.5	0.8
General business credits	(3.3)	(1.7)
Stock-based compensation	4.7	1.7
IRC 162(m) limitation	1.8	2.3
Bank owned life insurance	(1.4)	(0.7)
Nondeductible expenses	1.0	0.4
Other	(0.5)	0.2
Effective tax rate	<u>24.8 %</u>	<u>24.0 %</u>



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

**Note 10—Income Taxes (continued)**

The effective tax rate for the six months ended June 30, 2023 and 2022 differs from the statutory federal income tax rate of 21%, primarily due to state income taxes, net of federal tax benefits, general business credits, stock-based compensation, cash value growth in bank owned life insurance policies, and the Internal Revenue Code (the "IRC") 162(m) limitation on the deductibility of executive compensation. The net increase in the effective tax rate for the six months ended June 30, 2023 as compared to the six months ended June 30, 2022 is primarily due to the impact of an increase of \$0.2 million in state income taxes, net of federal benefits, and the impact of a \$1.1 million increase in tax expense associated with shortfalls from stock-based compensation. We recognized a discrete tax expense related to tax shortfalls from stock-based compensation of \$2.3 million for the six months ended June 30, 2023, compared to a \$1.2 million discrete tax expense for the prior year comparable period. These increases were partially offset by the impact of an increase of \$0.2 million in tax benefits from bank owned life insurance policies, a decrease of \$0.7 million subject to the IRC 162(m) limitation on the deductibility of certain executive compensation, and the impact of general business credits.

On August 16, 2022, the Inflation Reduction Act of 2022 (the "IRA") was signed into law. The IRA contains a number of revisions to the IRC, including a 15% corporate minimum income tax and a 1% excise tax on corporate stock repurchases in tax years beginning after December 31, 2022. To date, these tax law revisions have had no immediate effect and we do not expect that they will have a material impact on our results of operations in the future.

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, 2023 and 2022, 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, 2023 and 2022, we did not have a valuation allowance on any of our deferred tax assets as we believe it is more-likely-than-not that we will 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, 2017 through 2022. 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 that the returns were filed. The IRS initiated an examination of our 2017 U.S. federal tax return during the second quarter ended June 30, 2020, and the examination remains ongoing as of June 30, 2023. We do not expect the outcome of these examinations will have any material impact on our consolidated financial statements.

As of June 30, 2023, we have federal net operating loss carryforwards of approximately \$15.2 million and state net operating loss carryforwards of approximately \$102.3 million, which will be available to offset future income. If not used, the federal net operating losses will expire between 2029 and 2034. Of our total state net operating loss carryforwards, approximately \$59.0 million will expire between 2026 and 2042, while the remaining balance of approximately \$43.3 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 \$20.9 million that can be carried forward indefinitely and other state business tax credits of approximately \$1.1 million that will start to expire on December 31, 2023 and continue to expire through December 31, 2027.

As of June 30, 2023 and December 31, 2022, we had a liability of \$12.3 million and \$11.2 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:

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

**Note 10—Income Taxes (continued)**

	Six Months Ended June 30,	
	2023	2022
	(In thousands)	
Beginning balance	\$ 11,178	\$ 10,972
Increases related to positions taken during prior years	1,260	—
Increases related to positions taken during the current year	—	1,410
Decreases related to positions settled with tax authorities	(90)	—
Ending balance	<u>\$ 12,348</u>	<u>\$ 12,382</u>
The total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate	\$ 11,899	\$ 12,055

As of June 30, 2023 and 2022, we recognized accrued interest and penalties related to unrecognized tax benefits of approximately \$1.2 million and \$1.0 million, respectively.

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

In February 2022, our Board of Directors authorized a \$100 million increase to our stock repurchase program. As of June 30, 2023, we had an authorized \$4.5 million remaining under our stock repurchase program for additional repurchases.

*Accelerated Share Repurchases*

In March 2022, we entered into an accelerated share repurchase arrangement ("ASR") with a financial institution for an up-front payment of \$25 million. Final settlement of the ASR was completed in April 2022. The final number of shares received upon settlement for the ASR was determined based on the volume-weighted average price of our common stock over the term of the agreement less an agreed upon discount and subject to adjustments pursuant to the terms and conditions of the ASR. Total shares repurchased under the ASR amounted to 914,037 shares at a volume-weighted average price of \$27.35.

*Other Repurchases*

In March 2022, we also entered into a repurchase plan under Rule 10b5-1 of the Exchange Act for \$75 million that went into effect at the conclusion of the ASR. The agreement allowed for \$10 million of monthly share repurchases through December 31, 2022 until the contract amount was reached, unless otherwise terminated. In December 2022, we early terminated the agreement just prior to completing the entire \$75 million of repurchases. We repurchased 3,150,181 shares at a volume-weighted average price of \$22.39 under the 10b5-1 plan.

**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 vested in equal monthly increments through December 1, 2022; however, Walmart was entitled to voting rights and to participate in any dividends paid from the issuance date on the unvested balance. As such, the total amount of restricted shares issued were included in our total Class A shares outstanding. All shares issued to Walmart were fully vested as of December 31, 2022.

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 the term of our relationship with Walmart.

**Note 12—Stock-Based Compensation**

We currently grant restricted stock unit awards to employees, directors and non-employee consultants under our 2010 Equity Incentive Plan and from time to time may also grant stock option awards. Through our 2010 Employee Stock Purchase Plan, employees are also able to purchase shares of our Class A common stock at a discount through payroll deductions. We have reserved shares of our Class A common stock for issuance under these plans.

The total stock-based compensation expense recognized was \$10.6 million and \$5.6 million for the three months ended June 30, 2023 and 2022, respectively, and \$19.8 million and \$20.5 million for the six months ended June 30, 2023 and 2022, respectively.

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

**Note 12—Stock-Based Compensation (continued)***Restricted Stock Units*

Restricted stock unit activity for awards subject to only service conditions was as follows for the six months ended June 30, 2023:

	Shares	Weighted-Average Grant- Date Fair Value
	(In thousands, except per share data)	
Outstanding at December 31, 2022	1,555	\$ 34.08
Restricted stock units granted	1,332	18.15
Restricted stock units vested	(507)	33.29
Restricted stock units canceled	(119)	32.45
Outstanding at June 30, 2023	<u>2,261</u>	<u>\$ 24.96</u>

*Performance-Based Restricted Stock Units*

Performance-based restricted stock unit activity for the six months ended June 30, 2023 was as follows:

	Shares	Weighted-Average Grant- Date Fair Value
	(In thousands, except per share data)	
Outstanding at December 31, 2022	644	\$ 32.40
Performance restricted stock units granted	724	18.13
Performance restricted stock units vested	(92)	34.91
Performance restricted stock units canceled	(40)	27.01
Adjustment for completed performance periods	15	46.82
Outstanding at June 30, 2023	<u>1,251</u>	<u>\$ 24.30</u>

We grant performance-based restricted stock units to certain employees that are subject to the attainment of pre-established internal performance conditions, market conditions, or a combination thereof (collectively referred to herein as "performance-based restricted stock units"). The actual number of shares subject to the award is determined at the end of the performance period and may range from 0% to 200% of the target shares granted depending upon the terms of the award. Compensation expense related to these awards is recognized using the accelerated attribution method over the vesting period based on the grant date fair value of the award.

*Stock Options*

Total stock option activity for the six months ended June 30, 2023 was as follows:

	Options	Weighted-Average Exercise Price
	(In thousands, except per share data)	
Outstanding at December 31, 2022	1,171	\$ 26.97
Options exercised	(8)	16.34
Options canceled	(139)	50.89
Outstanding at June 30, 2023	<u>1,024</u>	<u>\$ 23.81</u>
Exercisable at June 30, 2023	<u>1,024</u>	<u>\$ 23.81</u>

We did not issue any stock option awards from our 2010 Equity Incentive Plan for the periods presented in these consolidated financial statements.

**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,	
	2023	2022	2023	2022
(In thousands, except per share data)				
<b>Basic earnings per Class A common share</b>				
Numerator:				
Net income	\$ 578	\$ 15,008	\$ 36,590	\$ 53,632
Amount attributable to unvested Walmart restricted shares	—	(53)	—	(226)
Net income allocated to Class A common stockholders	<u>\$ 578</u>	<u>\$ 14,955</u>	<u>\$ 36,590</u>	<u>\$ 53,406</u>
Denominator:				
Weighted-average Class A shares issued and outstanding	52,193	53,928	52,004	54,240
Basic earnings per Class A common share	<u>\$ 0.01</u>	<u>\$ 0.28</u>	<u>\$ 0.70</u>	<u>\$ 0.98</u>
<b>Diluted earnings per Class A common share</b>				
Numerator:				
Net income allocated to Class A common stockholders	\$ 578	\$ 14,955	\$ 36,590	\$ 53,406
Re-allocated earnings	—	1	—	3
Diluted net income allocated to Class A common stockholders	<u>\$ 578</u>	<u>\$ 14,956</u>	<u>\$ 36,590</u>	<u>\$ 53,409</u>
Denominator:				
Weighted-average Class A shares issued and outstanding	52,193	53,928	52,004	54,240
Dilutive potential common shares:				
Stock options	—	121	—	169
Service-based restricted stock units	192	182	135	191
Performance-based restricted stock units	41	148	52	243
Employee stock purchase plan	11	10	10	12
Diluted weighted-average Class A shares issued and outstanding	<u>52,437</u>	<u>54,389</u>	<u>52,201</u>	<u>54,855</u>
Diluted earnings per Class A common share	<u>\$ 0.01</u>	<u>\$ 0.27</u>	<u>\$ 0.70</u>	<u>\$ 0.97</u>

The restricted shares issued to Walmart contained non-forfeitable rights to dividends and were 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, 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 where the performance contingency has not been met as of the end of the period, or whereby the result of including such awards was anti-dilutive.

The following table shows the weighted-average number of anti-dilutive shares excluded from the diluted EPS calculation:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
(In thousands)				
<b>Class A common stock</b>				
Options to purchase Class A common stock	1,027	139	1,094	139
Service-based restricted stock units	754	1,256	866	1,204
Performance-based restricted stock units	444	867	332	822
Unvested Walmart restricted shares	—	190	—	230
Total	<u>2,225</u>	<u>2,452</u>	<u>2,292</u>	<u>2,395</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, 2022.

As of June 30, 2023 and December 31, 2022, our assets carried at fair value on a recurring basis were as follows:

	Level 1	Level 2	Level 3	Total Fair Value
	(In thousands)			
<b>June 30, 2023</b>				
<b>Assets</b>				
Investment securities:				
Corporate bonds	\$ —	\$ 9,358	\$ —	\$ 9,358
Agency bond securities	—	195,121	—	195,121
Agency mortgage-backed securities	—	2,056,446	—	2,056,446
Municipal bonds	—	23,488	—	23,488
Loans held for sale	—	—	4,343	4,343
<b>Total assets</b>	<b>\$ —</b>	<b>\$ 2,284,413</b>	<b>\$ 4,343</b>	<b>\$ 2,288,756</b>
<b>December 31, 2022</b>				
<b>Assets</b>				
Investment securities:				
Corporate bonds	\$ —	\$ 9,346	\$ —	\$ 9,346
Agency bond securities	—	193,106	—	193,106
Agency mortgage-backed securities	—	2,138,262	—	2,138,262
Municipal bonds	—	22,973	—	22,973
Loans held for sale	—	—	5,324	5,324
<b>Total assets</b>	<b>\$ —</b>	<b>\$ 2,363,687</b>	<b>\$ 5,324</b>	<b>\$ 2,369,011</b>

We based the fair value of our fixed income securities held as of June 30, 2023 and December 31, 2022 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, 2023 or 2022.

A reconciliation of changes in fair value for Level 3 assets or liabilities are not considered material to these consolidated financial statements and therefore are not presented for any of the periods presented.

**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, 2022. 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.

*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, 2023 and December 31, 2022 are presented in the table below.

	June 30, 2023		December 31, 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(In thousands)			
<b>Financial Assets</b>				
Loans to bank customers, net of allowance	\$ 29,966	\$ 28,844	\$ 21,421	\$ 18,201
<b>Financial Liabilities</b>				
Deposits	\$ 3,234,606	\$ 3,234,513	\$ 3,450,105	\$ 3,450,017

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

**Note 16—Leases**

Our leases consist of operating lease agreements principally related to our corporate and subsidiary 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 10 years, most of which generally include renewal options of varying terms.

Our total lease expense amounted to approximately \$0.9 million and \$1.2 million for the three months ended June 30, 2023 and 2022, respectively, and \$1.9 million and \$2.3 million for the six months ended June 30, 2023 and 2022, respectively. 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.

**Additional Information**

Additional information related to our right of use assets and related lease liabilities is as follows:

	June 30, 2023
Cash paid for operating lease liabilities (in thousands)	\$ 1,985
Weighted average remaining lease term (years)	3.0
Weighted average discount rate	5.0 %

Maturities of our operating lease liabilities as of June 30, 2023 are as follows:

	Operating Leases (In thousands)
Remainder of 2023	\$ 2,925
2024	3,935
2025	1,288
2026	280
2027	248
Thereafter	1,386
Total	10,062
Less: imputed interest	(3,516)
Total lease liabilities	\$ 6,546

**Note 17—Commitments and Contingencies***Financial Commitments*

As discussed in *Note 7 — Equity Method Investments*, we are committed to making annual capital contributions in TailFin Labs of \$35.0 million per year from January 2020 through January 2024.

*Litigation and Claims*

In the ordinary course of business, we are a party to various legal proceedings, including, from time to time, regulatory and governmental matters as well as 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 *Koffsmon 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 former 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.

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

**Note 17—Commitments and Contingencies (continued)**

On October 6, 2021, the Court appointed the New York Hotel Trades Council & Hotel Association of New York City, Inc. Pension Fund as lead plaintiff, and on April 1, 2022, plaintiff filed its First Amended Complaint. Defendants filed a motion to dismiss the First Amended Complaint on May 31, 2022, and the motion was heard on December 12, 2022. 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 and, pursuant to a stipulated agreement between the parties, the *Hellman* suit is stayed pending resolution of any motions to dismiss in the *Koffsmon* case reference above, after which time the parties will meet and confer on a case schedule, including the schedule for defendants to respond to the complaint. We 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 these matters. Given the uncertainty of litigation and the preliminary stage of these claims, we are currently unable to estimate the probability of the outcome of these actions or the range of reasonably possible losses, if any, or the impact on our results of operations, financial condition or cash flows, except as disclosed.

*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, 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*.

**Note 18—Significant Retailer and Partner 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,	
	2023	2022	2023	2022
Walmart	17%	21%	17%	21%



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

**Note 18—Significant Retailer and Partner Concentration (continued)**

In addition, approximately 41% and 29% of our total operating revenues for the three months ended June 30, 2023 and 2022, respectively, and 36% and 26% for the six months ended June 30, 2023 and 2022, respectively, were generated from a single BaaS partner, but without a corresponding concentration to gross profit for the periods.

**Note 19—Segment Information**

Our Chief Operating Decision Maker (our "CODM" who is our Chief Executive Officer) organizes and manages our businesses primarily on the basis of the channels in which our product and services are offered and uses net revenue and segment profit to assess profitability. Segment profit reflects each segment's net revenue less direct costs, such as sales and marketing expenses, processing expenses, third-party call center support and transaction losses. Our operations are aggregated amongst three reportable segments: 1) Consumer Services, 2) Business to Business ("B2B") Services, and 3) Money Movement Services.

Our Consumer Services segment consists of revenues and expenses derived from deposit account programs, such as consumer checking accounts, prepaid cards, secured credit cards, and gift cards that we offer to consumers (i) through distribution arrangements with more than 90,000 retail locations and thousands of neighborhood Financial Service Center locations (the "Retail channel"), and (ii) directly through various marketing channels, such as online search engine optimization, online displays, direct mail campaigns, mobile advertising, and affiliate referral programs (the "Direct channel").

Our B2B Services segment consists of revenues and expenses derived from (i) our partnerships with some of the United States' most prominent consumer and technology companies that make our banking products and services available to their consumers, partners and workforce through integration with our banking platform (the "Banking-as-a-Service", or "BaaS channel"), and (ii) a comprehensive payroll platform that we offer to corporate enterprises (the "Employer channel") to facilitate payments for today's workforce. Our products and services in this segment include deposit account programs, such as consumer and small business checking accounts and prepaid cards, as well as our Simply Paid Disbursements services utilized by our partners.

Our Money Movement Services segment consists of revenues and expenses generated on a per transaction basis from our services that specialize in facilitating the movement of cash on behalf of consumers and businesses, such as money processing services and tax refund processing services. Our money processing services, such as cash deposit and disbursements, are marketed to third-party banks, program managers, and other companies seeking cash deposit and disbursement capabilities for their customers. Those customers, including our own cardholders, can access our cash deposit and disbursement services at any of the locations within our network of retail distributors and neighborhood Financial Service Centers. We market our tax-related financial services through a network of tax preparation franchises, independent tax professionals and online tax preparation providers.

Our Corporate and Other segment primarily consists of net interest income, certain other investment income earned by our bank, interest profit sharing arrangements with certain BaaS partners (a reduction of revenue), eliminations of inter-segment revenues and expenses, and unallocated corporate expenses, which include our fixed expenses such as salaries, wages and related benefits for our employees, professional services fees, software licenses, telephone and communication costs, rent, utilities, and insurance. These costs are not considered when our CODM evaluates the performance of our three reportable segments since they are not directly attributable to any reporting segment. Non-cash expenses such as stock-based compensation, depreciation and amortization of long-lived assets, impairment charges, and other non-recurring expenses that are not considered by our CODM when evaluating our overall consolidated financial results are excluded from our unallocated corporate expenses above. We do not evaluate performance or allocate resources based on segment asset data, and therefore such information is not presented.

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

**Note 19—Segment Information (continued)**

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
<b>Segment Revenue</b>	<b>(In thousands)</b>			
Consumer Services	\$ 129,091	\$ 150,959	\$ 268,924	\$ 309,716
B2B Services	180,652	143,514	351,944	277,414
Money Movement Services	49,974	54,143	148,215	151,459
Corporate and Other	1,427	6,485	4,424	11,190
Total segment revenues	<u>361,144</u>	<u>355,101</u>	<u>773,507</u>	<u>749,779</u>
BaaS commissions and processing expenses	5,418	8,429	10,178	14,941
Other income	(686)	(761)	(1,429)	(1,334)
Total operating revenues	<u>\$ 365,876</u>	<u>\$ 362,769</u>	<u>\$ 782,256</u>	<u>\$ 763,386</u>

Segment revenue adjustments represent commissions and certain processing-related costs associated with our BaaS products and services, which are netted against our B2B Services revenues when evaluating segment performance, as well as certain other investment income earned by our bank, which is included in Corporate and Other.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
<b>Segment Profit</b>	<b>(In thousands)</b>			
Consumer Services	\$ 44,272	\$ 60,376	\$ 97,024	\$ 114,664
B2B Services	17,706	22,775	39,925	45,039
Money Movement Services	29,774	30,151	90,800	91,611
Corporate and Other	(52,883)	(45,754)	(106,337)	(93,440)
Total segment profit	<u>38,869</u>	<u>67,548</u>	<u>121,412</u>	<u>157,874</u>
Reconciliation to income before income taxes				
Depreciation and amortization of property, equipment and internal-use software	13,886	14,595	27,587	28,399
Stock based compensation and related employer taxes	10,740	5,770	20,289	20,939
Amortization of acquired intangible assets	7,281	5,664	12,945	12,181
Impairment charges	—	1,871	—	4,134
Legal settlements and related expenses	1,319	13,921	1,419	13,495
Other expense	857	1,788	3,391	3,195
Operating income	<u>4,786</u>	<u>23,939</u>	<u>55,781</u>	<u>75,531</u>
Interest expense, net	238	29	1,882	116
Other expense, net	(2,224)	(4,038)	(5,248)	(4,808)
Income before income taxes	<u>\$ 2,324</u>	<u>\$ 19,872</u>	<u>\$ 48,651</u>	<u>\$ 70,607</u>

## 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, as amended, (the "Securities Act") and the Securities Exchange Act of 1934, as amended, (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 increasing inflation and interest rates and other macro-economic impacts on our business, results of operations and financial condition and our responses to such events, including those identified below, under "Part II, Item 1A. Risk Factors," and elsewhere herein. Therefore, actual results may differ materially and adversely from those expressed in any forward-looking statements. We undertake no obligation to revise or update any forward-looking statements for any reason.

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

### Overview

Green Dot Corporation is a financial technology and registered bank holding company committed to giving all people the power to bank seamlessly, affordably, and with confidence. Our technology platform enables us to build products and features that address the most pressing financial challenges of consumers and businesses, transforming the way they manage and move money, and making financial empowerment more accessible for all. Through our bank, we offer a suite of financial products to consumers and businesses including debit, prepaid, checking, credit and payroll cards, as well as robust money processing services, such as tax refund processing, cash deposits and disbursements.

Our Chief Operating Decision Maker (our "CODM" who is our Chief Executive Officer) organizes and manages our businesses primarily on the basis of the channels in which our product and services are offered and uses net revenue and segment profit to assess profitability. Segment profit reflects each segment's net revenue less direct costs, such as sales and marketing expenses, processing expenses, third-party call center support and transaction losses. Our operations are aggregated amongst three reportable segments: 1) Consumer Services, 2) Business to Business ("B2B") Services, and 3) Money Movement Services. Net interest income, certain other investment income earned by our bank, interest profit sharing arrangements with certain BaaS partners (a reduction of revenue), eliminations of inter-segment revenues and expenses, and unallocated corporate expenses that are not considered when our CODM evaluates the performance of our three reportable segments are recorded in Corporate and Other expenses. Refer to our 2022 Annual Report on Form 10-K "Part 1, Item 1. Business" for more detailed information about our operations and Note 19—Segment Information in the notes to the accompanying unaudited consolidated financial statements.

### Consolidated Financial Results and Trends

Our consolidated results of operations for the three and six months ended June 30, 2023 and 2022 were as follows:

	Three Months Ended June 30,				Six Months Ended June 30,			
	2023	2022	Change	%	2023	2022	Change	%
(In thousands, except percentages)								
Total operating revenues	\$ 365,876	\$ 362,769	\$ 3,107	0.9 %	\$ 782,256	\$ 763,386	\$ 18,870	2.5 %
Total operating expenses	361,090	338,830	22,260	6.6 %	726,475	687,855	38,620	5.6 %
Net income	578	15,008	(14,430)	(96.1)%	36,590	53,632	(17,042)	(31.8)%

Refer to "Segment Results" below for a summary of financial results of each of our reportable segments.

## Total operating revenues

Our total operating revenues for the three and six months ended June 30, 2023 increased \$3.1 million, or 0.9%, and \$18.9 million, or 2.5%, respectively, over the prior year comparable periods, driven primarily by higher revenues in our B2B Services segment, partially offset by lower revenues earned in our Consumer Services and Money Movement Services segments.

Our consolidated total operating revenues increased year-over-year due to the continued growth of certain BaaS partner programs, which generated an increase in our total gross dollar volume of 42% and 38% for the three and six months ended June 30, 2023, respectively. However, our total operating revenues were negatively impacted by several other factors impacting our deposit account programs, including our strategic decision in the short-term to reduce marketing spend on GO2bank during the first half of the year in response to market trends, our decision to de-emphasize many of our legacy cardholder programs in support of GO2bank, macro-economic factors leading to economic challenges for consumers and other trends that have impacted acquisition at retail locations, and the non-renewal of certain BaaS partner programs as previously disclosed. These factors impacted the number of consolidated active accounts, purchase volume and number of cash transfers, each of which decreased for the three months ended June 30, 2023 by 20%, 15% and 4%, respectively, over the prior year comparable periods. Similarly, our purchase volume and number of cash transfers decreased for the six months ended June 30, 2023 by 15% and 3%, respectively, from the prior year comparable period.

In our Consumer Services segment, revenues decreased during the three and six months ended June 30, 2023 by 14% and 13%, respectively, over the prior year comparable periods. Gross dollar volume, the number of active accounts, the number of direct deposit active accounts and purchase volume declined year-over-year for the three months ended June 30, 2023 by 10%, 15%, 12% and 13%, respectively. Gross dollar volume and purchase volume declined year-over-year by similar levels of 12% and 13%, respectively, for the six months ended June 30, 2023. We believe these decreases are attributable to the factors discussed above, including lower account acquisition from reduced marketing spend on GO2bank during the first half of 2023, observed changes in consumer traffic within our retail locations and the non-renewal of one of our retail partner programs. These factors had a corresponding impact on the amount of revenue we earn from accounts, including through monthly maintenance fees, ATM fees and interchange fees. These declines in revenue from our Consumer Services segment were partially offset by the continued adoption of our optional overdraft protection program services available to accountholders across our portfolios.

In our B2B Services segment, revenues increased during the three and six months ended June 30, 2023 by 26% and 27%, respectively, over the prior year comparable periods. The increase was driven by strong year-over-year growth in our gross dollar volume, which increased during the three and six months ended June 30, 2023 by 68% and 66%, respectively, despite reductions in purchase volume of 19% and 18%, respectively, and a decline in the number of active accounts. The number of active accounts decreased by 26% from the comparable prior year periods. Growth in gross dollar volume concentrated from certain BaaS programs resulted in a net increase in segment revenue due to higher program management service fees earned from these BaaS partners, partially offset by the non-renewals of other BaaS partners as previously disclosed.

Our Money Movement Services segment revenues decreased for the three and six months ended June 30, 2023 by 8% and 2%, respectively, over the prior year comparable periods. The decrease in our Money Movement Services segment was primarily attributable to a decrease in the number of cash transfers processed, which decreased for the three and six months ended June 30, 2023 by 4% and 3%, respectively, from the prior year comparable periods. The decrease in cash transfers was the result of fewer active accounts within our Consumer Services and B2B Services segments discussed above. The Green Dot Network is a service provider to accountholders in our Consumer Services and B2B Services segments, as well as third-party programs. In addition, the number of tax refunds processed during the three and six months ended June 30, 2023 decreased by 14% and 2%, respectively, compared with the prior year periods, which further reduced revenues generated from this segment. The decrease in the number of tax refunds processed during three months ended June 30, 2023 was primarily due to a timing shift between the first and second quarters of the tax season.

Net interest income earned by Green Dot Bank, a component of our Corporate and Other segment, decreased by 7% for the three months ended June 30, 2023, and increased by 5% during the six months ended June 30, 2023, in each case from the prior year comparable periods. Changes in net interest income were attributable to fluctuations in the overall size of our cash and investment securities portfolio, and the timing of increases in short-term interest rates by the Federal Reserve. Revenues within our Corporate and Other segment were offset by the portion of interest we share with certain BaaS partners.

### **Total operating expenses**

Our total operating expenses for the three and six months ended June 30, 2023 increased \$22.3 million, or 7%, and \$38.6 million, or 6%, respectively, over the prior year comparable periods. The increase in our total operating expenses for the comparable periods was driven primarily by an increase in processing expenses within our B2B Services segment associated with the growth of certain BaaS account programs discussed above, and to a lesser extent, an increase in compensation and benefits expenses. Our compensation and benefits expenses increased primarily due to an increase in third-party call center support costs associated with the growth of certain programs also within our B2B Services segment, and higher stock-based compensation expense, primarily due to reversals recorded in the prior year comparable period for certain performance-based equity incentive awards that were not expected to be achieved. These increases in operating expenses for the three and six months ended June 30, 2023 were partially offset by lower sales and marketing expenses principally due to decreases in sales commissions from lower revenues on products subject to tiered revenue-sharing agreements, as well as reduced marketing spend associated with GO2bank in the first half of the year, and lower other general and administrative expenses. Other general and administrative expenses decreased during the three and six months ended June 30, 2023 primarily due to a \$13 million legal settlement and certain impairment charges of internal-use software we recorded in the prior year comparable period that in each case did not recur, as well as reductions in professional services fees, partially offset by higher overall transaction losses, attributable in part to an increase in dispute volume associated with tax refund deposits.

### **Income taxes**

Our income tax expense for the three and six months ended June 30, 2023 decreased by \$3.1 million, or 64%, and \$4.9 million, or 29%, respectively, from the prior year comparable periods. The decrease in our income tax expense was primarily due to a decrease in our taxable income, partially offset by a higher effective tax rate. Our effective tax rate for the six months ended June 30, 2023 was 24.8%, compared to 24.0% for the same period in the prior year. The increase in our effective tax rate was primarily due to an increase in state income taxes expense, net of federal benefits, and an increase in tax expense associated with shortfalls from stock-based compensation. These increases were partially offset by the impact of general business credits, tax benefits from bank owned life insurance policies, and a reduction in the amount of compensation expense that was subject to the Internal Revenue Code (the "IRC") Section 162(m) limitation on the deductibility of certain executive compensation.

On August 16, 2022, the Inflation Reduction Act of 2022 (the "IRA") was signed into law. The IRA contains a number of revisions to the IRC, including a 15% corporate minimum income tax and a 1% excise tax on corporate stock repurchases in tax years beginning after December 31, 2022. To date, these tax law changes have had no immediate effect and we do not expect that they will have a material impact on our results of operations in future periods.

### **Outlook and Other Trends Affecting Our Business**

We intend to continue to make growth-oriented investments and incur other expenditures that we believe will benefit our long-term financial results. Our growth-oriented investments are focused on cost-effectively re-engaging in strategic marketing initiatives in support of our GO2bank product when it is effective to do so and building a modern and scalable core banking and card management platform that reduces our reliance on third-party processors and increases our ability to innovate and preserve margins. To support our efforts in building a modern banking platform, our hosting costs and software licenses, a component of other general and administrative expenses, and salary and wage expenses, a component of compensation and benefits expenses, have increased and we expect will continue to increase year-over-year in 2023. We also expect to continue to incur duplicative processing and other costs associated with the implementation of our modern banking platform as we expect to continue to operate redundant platforms until our technology transformation is completed. Once the implementation is completed, we expect a portion of our processing expenses to reduce and have a favorable impact to our margins. In addition, while we expect to continue to invest in and incur additional expenses in connection with our anti-money laundering ("AML") program, including improvements to our compliance controls, policies and procedures throughout 2023, we believe these investments will ultimately help mitigate and reduce our fraud losses over the long term.

In response to the economic impact caused by COVID-19, the Federal Reserve announced reductions in short-term interest rates in March 2020, which in recent years has impacted the yields on our cash and investment balances. Since then, the Federal Reserve has announced a number of increases in the federal funds rate, resulting in a current range of 5.25% to 5.50%. It is widely expected that the Federal Reserve will continue to maintain elevated interest rates until the effects of economic inflation are abated. The Federal Reserve's decision-making policies for short-term interest rates will continue to impact the amount of net interest income we earn in the future.

In general, while increases in short-term interest rates benefit the yield we earn on our cash, certain of our BaaS partner arrangements allow for the BaaS partner to share in a significant portion of the interest earned from accountholder deposits (which are recorded as a reduction of revenue in our consolidated financial statements), and yields on our investment portfolio tend to lag interest rate increases as securities mature and proceeds are reinvested. Accordingly, the net effect has had and we expect will continue to have a negative impact on our consolidated financial statements in 2023 compared to 2022.

Based on the overall macro-economic environment, expected interest rate impacts, our commitment to making growth-oriented investments and the timing of the related expense savings from our technology transformation, the non-renewals in our Consumer Services and B2B Services segments, and trends occurring within our retail channel in our Consumer Services segment, our consolidated operating profit has declined and we expect it will continue to decline year-over-year in fiscal year 2023.

Further, the duration and magnitude of the continuing effects of macro-economic factors remain uncertain and dependent on various factors. See Part II, Item 1A, "Risk Factors," for an additional discussion of risks related to macro-economic factors.

### Consolidated 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,			
	2023	2022	Change	%	2023	2022	Change	%
	(In millions, except percentages)							
Gross dollar volume	\$ 24,724	\$ 17,356	\$ 7,368	42.5 %	\$ 48,013	\$ 34,792	\$ 13,221	38.0 %
Number of active accounts*	3.71	4.61	(0.9)	(19.5)%	n/a	n/a	n/a	n/a
Purchase volume	\$ 5,734	\$ 6,760	\$ (1,026)	(15.2)%	\$ 11,879	\$ 13,952	\$ (2,073)	(14.9)%
Number of cash transfers	8.66	9.00	(0.34)	(3.8)%	17.36	17.87	(0.51)	(2.9)%
Number of tax refunds processed	3.87	4.48	(0.61)	(13.6)%	13.78	14.09	(0.31)	(2.2)%

\* Represents the number of active accounts as of June 30, 2023 and 2022, respectively.

See “Segment Results” for additional information and discussion regarding key metrics performance by segment. The definitions of our key metrics are as follows:

**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 this metric to analyze the total amount of money moving onto our account programs, and to 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 Consumer Services and B2B Services segments, inclusive of fees charged to account holders and interchange revenues generated through the spending of account balances.

**Number of Active Accounts** — Represents any bank account within our Consumer Services and B2B Services segments that is subject to the USA PATRIOT Act of 2001 compliance and, therefore, requires customer identity verification prior to use and is intended to accept ongoing customer cash or ACH deposits. This metric includes checking accounts, general purpose reloadable prepaid card accounts, and secured credit card accounts in our portfolio that had at least one 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.

Our direct deposit active accounts within our Consumer Services segment, 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. Refer to sub-section entitled Consumer Services under “Segment Results” below for key metric results for direct deposit active accounts.

**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 volume generated by certain BaaS programs where the BaaS partner receives interchange fees and we earn a platform fee. We use this metric to analyze interchange revenue, which is a key component of our financial performance.

**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.

**Number of Tax Refunds Processed** — Represents the total number of tax refunds processed in a specified period. 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.

## 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 prepaid 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 prepaid card, gift card, or a checking account product through our Retail channel. 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, such as our overdraft protection program, 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 prepaid 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.

*Cash Processing Revenues* — Cash processing revenues (which we have previously referred to as processing and settlement services revenues) consist of cash transfer revenues, tax refund processing service revenues, Simply Paid disbursement revenues and other tax processing service 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 cash from 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 partners, advertising and marketing expenses, and the costs of manufacturing



and distributing card packages, placards and promotional materials to our retail distributors and personalized debit cards to consumers who have activated their cards. We generally establish commission percentages in long-term distribution agreements with our retail distributors and 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 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 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 services fees, telephone and communication costs, depreciation and amortization of our property and equipment, amortization of our intangible assets, impairment charges of long-lived assets, 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, impairment charges of long-lived 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. As discussed above, while the IRA includes a number of revisions to the IRC, to date, these tax law revisions have had no immediate effect and we do not expect that they will have a material impact on our results of operations going forward.

#### **Critical Accounting Estimates**

Reference is made to the critical accounting 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, 2022.

## Comparison of Three-Month Periods Ended June 30, 2023 and 2022

### Operating Revenues

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

	Three Months Ended June 30,			
	2023		2022	
	Amount	% of Total Operating Revenues	Amount	% of Total Operating Revenues
(In thousands, except percentages)				
Operating revenues:				
Card revenues and other fees	\$ 242,107	66.2 %	\$ 218,574	60.3 %
Cash processing revenues	53,846	14.7	57,467	15.8
Interchange revenues	59,967	16.4	76,038	21.0
Interest income, net	9,956	2.7	10,690	2.9
Total operating revenues	<u>\$ 365,876</u>	<u>100.0 %</u>	<u>\$ 362,769</u>	<u>100.0 %</u>

*Card Revenues and Other Fees* — Card revenues and other fees totaled \$242.1 million for the three months ended June 30, 2023, an increase of \$23.5 million, or 10.8%, from the comparable prior year period. Card revenues and other fees increased primarily due to growth in gross dollar volume in our B2B Services segment programs, which resulted in higher program management service fees earned from our BaaS partners. In addition, card revenues and other fees also increased due to customer adoption of optional features launched on our card programs, such as our overdraft protection program. These increases were partially offset by decreases in cardholder fees, such as monthly maintenance fees, ATM fees and new card fees for the reasons discussed above in "Overview."

*Cash Processing Revenues* — Cash processing revenues totaled \$53.8 million for the three months ended June 30, 2023, a decrease of \$3.7 million, or 6%, from the comparable prior year period. The decrease was due to lower tax processing revenues as a result of a 14% decrease in the number of tax refunds processed, and lower cash transfer revenues as a result of a decline of 4% in the number of cash transfers processed due to fewer active accounts within our Consumer Services and B2B Services segments discussed above in "Overview." The decrease in the number of tax refunds processed during three months ended June 30, 2023 was primarily due to a timing shift between the first and second quarters of the tax season.

*Interchange Revenues* — Interchange revenues totaled \$60.0 million for the three months ended June 30, 2023, a decrease of \$16.0 million, or 21%, from the comparable prior year period. The decrease was primarily due to a decrease in purchase volume of 15% during the three months ended June 30, 2023, as well as a lower effective interchange rate earned for the comparable periods. Our interchange fees have both fixed and variable components, and as a result, the effective rate we earn may vary based on the size of transactions, among other factors.

*Interest Income, net* — Net interest income totaled \$10.0 million for the three months ended June 30, 2023, a decrease of \$0.7 million, or 7%, from the comparable prior year period. The decrease in net interest income earned was the result of a decrease in the overall size of our cash and investment securities portfolio. The reduction in size of our interest-bearing assets was partially offset by increases in short-term interest rates, as the Federal Reserve has instituted several increases in short-term rates over the course of 2022 and 2023 to manage the effects of inflation.

## 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,			
	2023		2022	
	Amount	% of Total Operating Revenues	Amount	% of Total Operating Revenues
(In thousands, except percentages)				
Operating expenses:				
Sales and marketing expenses	\$ 62,823	17.2 %	\$ 77,376	21.3 %
Compensation and benefits expenses	64,985	17.8	57,611	15.9
Processing expenses	153,126	41.9	112,388	31.0
Other general and administrative expenses	80,156	21.9	91,455	25.2
Total operating expenses	\$ 361,090	98.8 %	\$ 338,830	93.4 %

*Sales and Marketing Expenses* — Sales and marketing expenses totaled \$62.8 million for the three months ended June 30, 2023, a decrease of \$14.6 million, or 19% from the comparable prior year period. This decrease was primarily driven by a decrease in sales commissions due to lower revenues generated from certain products that are subject to tiered revenue-sharing agreements, and lower supply chain expenses due to a decline in the number of active accounts over the comparable prior year period and the non-renewal of certain partner programs previously announced.

*Compensation and Benefits Expenses* — Compensation and benefits expenses totaled \$65.0 million for the three months ended June 30, 2023, an increase of \$7.4 million or 13% from the comparable prior year period. The increase was primarily driven by an increase in third-party call center support costs associated with the growth of certain programs within our B2B Services segment, and an increase in stock-based compensation expense, primarily due to reversals recorded in the prior year comparable period for certain performance-based equity incentive awards that were not expected to be achieved.

*Processing Expenses* — Processing expenses totaled \$153.1 million for the three months ended June 30, 2023, an increase of \$40.7 million or 36% from the comparable prior year period. This increase was principally due to growth in certain BaaS account programs within our B2B Services segment and overall volume of transactions processed through our consolidated platform.

*Other General and Administrative Expenses* — Other general and administrative expenses totaled \$80.2 million for the three months ended June 30, 2023, a decrease of \$11.3 million or 12%, from the comparable prior year period. The decrease in other general and administrative expenses was primarily due to a \$13 million legal settlement and certain impairment charges of internal-use software in the prior year period that in each case did not recur, as well as reductions in professional services fees. These decreases were partially offset by an increase in overall transaction losses, attributable in part to an increase in dispute volume associated with tax refund deposits.

## Income Taxes

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

	Three Months Ended June 30,	
	2023	2022
U.S. federal statutory tax rate	21.0 %	21.0 %
State income taxes, net of federal tax benefit	15.2	(0.7)
General business credits	(0.5)	(1.8)
Stock-based compensation	23.5	2.9
IRC 162(m) limitation	5.0	1.6
Bank owned life insurance	1.6	(0.7)
Nondeductible expenses	9.1	0.9
Other	0.2	1.3
Effective tax rate	75.1 %	24.5 %

Our income tax expense totaled \$1.7 million for the three months ended June 30, 2023, a decrease of \$3.1 million or 64% from the prior year comparable period, primarily due to a decrease in our taxable income. The increase in our effective tax rate for the three months ended June 30, 2023 as compared to the three months ended

June 30, 2022 was primarily due to an increase in state income taxes, net of federal benefits, an increase in tax expense associated with shortfalls from stock-based compensation, an increase in the amount of compensation expense that was subject to the IRC Section 162(m) limitation on the deductibility of certain executive compensation, and nondeductible expenses. These increases to our effective tax rate were partially offset by the impact of general business credits and tax benefits from bank owned life insurance policies.

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

## Comparison of Six Months Ended June 30, 2023 and 2022

### Operating Revenues

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

	Six Months Ended June 30,			
	2023		2022	
	Amount	% of Total Operating Revenues	Amount	% of Total Operating Revenues
	(In thousands, except percentages)			
Operating revenues:				
Card revenues and other fees	481,973	61.6 %	431,402	56.5 %
Cash processing revenues	155,669	19.9	157,495	20.6
Interchange revenues	123,982	15.9	154,894	20.3
Interest income, net	20,632	2.6	19,595	2.6
Total operating revenues	<u>\$ 782,256</u>	<u>100.0 %</u>	<u>\$ 763,386</u>	<u>100.0 %</u>

*Card Revenues and Other Fees* — Card revenues and other fees totaled \$482.0 million for the six months ended June 30, 2023, an increase of \$50.6 million, or 12%, from the comparable prior year period. This increase was driven principally by the same factors discussed above under "Comparison of Three-Month Periods Ended June 30, 2023 and 2022—Operating Revenues—Card Revenues and Other Fees."

*Cash Processing Revenues* — Cash processing revenues totaled \$155.7 million for the six months ended June 30, 2023, a decrease of \$1.8 million, or 1%, from the comparable prior year period. Cash processing revenues decreased as a result of a decline in the number of cash transfers processed, which decreased by 3% due to declines in the number of active accounts within our Consumer Services and B2B Services segments over the comparable prior year period, partially offset by an increase in tax refund processing revenues. Despite a decline in the number of tax refunds processed, which decreased by 2% for the comparable periods, our total tax processing revenues increased modestly for the first half of the year due to additional ancillary tax services offered to taxpayers.

*Interchange Revenues* — Interchange revenues totaled \$124.0 million for the six months ended June 30, 2023, a decrease of \$30.9 million, or 20%, from the comparable prior year period. The decrease was primarily due to a decrease in purchase volume and effective interchange rate earned as discussed under "Comparison of Three-Month Periods Ended June 30, 2023 and 2022—Operating Revenues—Interchange Revenues."

*Interest Income, net* — Net interest income totaled \$20.6 million for the six months ended June 30, 2023, an increase of \$1.0 million, or 5%, from the comparable prior year period. This increase was driven by increases in short-term interest rates for the comparable period, as discussed under "Comparison of Three-Month Periods Ended June 30, 2023 and 2022—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,			
	2023		2022	
	Amount	% of Total Operating Revenues	Amount	% of Total Operating Revenues
(In thousands, except percentages)				
Operating expenses:				
Sales and marketing expenses	138,035	17.6 %	160,902	21.1 %
Compensation and benefits expenses	133,766	17.1	123,875	16.2
Processing expenses	298,180	38.1	224,480	29.4
Other general and administrative expenses	156,494	20.0	178,598	23.4
Total operating expenses	<u>\$ 726,475</u>	<u>92.8 %</u>	<u>\$ 687,855</u>	<u>90.1 %</u>

*Sales and Marketing Expenses* — Sales and marketing expenses totaled \$138.0 million for the six months ended June 30, 2023, a decrease of \$22.9 million, or 14% from the comparable prior year period. This decrease was driven primarily by the same factors as discussed above under "Comparison of Three-Month Periods Ended June 30, 2023 and 2022—Operating Expenses—Sales and Marketing Expenses." In addition, sales and marketing expenses decreased further as a result our strategic decision in the short-term to reduce marketing spend on GO2bank during the first half of the year in response to market trends.

*Compensation and Benefits Expenses* — Compensation and benefits expenses totaled \$133.8 million for the six months ended June 30, 2023, an increase of \$9.9 million, or 8% from the comparable prior year period. The increase was primarily due to an increase in third-party call center support costs associated with the growth of certain programs within our B2B Services segment, as well as higher sales and wages and related expenses, in part due to our growth-oriented investments discussed in our "Overview."

*Processing Expenses* — Processing expenses totaled \$298.2 million for the six months ended June 30, 2023, an increase of \$73.7 million, or 33% 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, 2023 and 2022—Operating Expenses—Processing Expenses."

*Other General and Administrative Expenses* — Other general and administrative expenses totaled \$156.5 million for the six months ended June 30, 2023, a decrease of \$22.1 million, or 12%, from the comparable prior year period. This decrease was driven by the same factors as discussed above under "Comparison of Three-Month Periods Ended June 30, 2023 and 2022—Operating Expenses—Other General and Administrative Expenses."

## Income Taxes

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

	Six Months Ended June 30,	
	2023	2022
U.S. federal statutory tax rate	21.0 %	21.0 %
State income taxes, net of federal tax benefit	1.5	0.8
General business credits	(3.3)	(1.7)
Stock-based compensation	4.7	1.7
IRC 162(m) limitation	1.8	2.3
Bank owned life insurance	(1.4)	(0.7)
Nondeductible expenses	1.0	0.4
Other	(0.5)	0.2
Effective tax rate	<u>24.8 %</u>	<u>24.0 %</u>

Our income tax expense totaled \$12.1 million for the six months ended June 30, 2023, a decrease of \$4.9 million or 29% from the prior year comparable period primarily due to a decrease in our taxable income, partially offset by an increase in our effective tax rate. The increase in the effective tax rate for the six months ended June 30, 2023 from the prior year comparable period was primarily due to an increase in state income taxes expense, net of federal benefits, and an increase in tax expense associated with shortfalls from stock-based compensation. These increases were partially offset by the impact of general business credits, tax benefits from bank owned life

insurance policies, and a reduction in the amount of compensation expense that was subject to the IRC Section 162(m) limitation on the deductibility of certain executive compensation.

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

## Segment Results

### Consumer Services

The results of operations and key metrics of our Consumer Services segment for the three and six months ended June 30, 2023 and 2022 were as follows:

	Three Months Ended June 30,				Six Months Ended June 30,			
	2023	2022	Change	%	2023	2022	Change	%
(In thousands, except percentages)								
<b>Financial Results</b>								
Segment revenues	\$ 129,091	\$ 150,959	\$ (21,868)	(14.5)%	\$ 268,924	\$ 309,716	\$ (40,792)	(13.2)%
Segment expenses	84,819	90,583	(5,764)	(6.4)%	171,900	195,052	(23,152)	(11.9)%
Segment profit	\$ 44,272	\$ 60,376	\$ (16,104)	(26.7)%	\$ 97,024	\$ 114,664	\$ (17,640)	(15.4)%
(In millions, except percentages)								
<b>Key Metrics</b>								
Gross dollar volume	\$ 5,122	\$ 5,715	\$ (593)	(10.4)%	\$ 10,799	\$ 12,336	\$ (1,537)	(12.5)%
Number of active accounts*	2.35	2.78	(0.43)	(15.5)%	n/a	n/a	n/a	n/a
Direct deposit active accounts*	0.59	0.67	(0.08)	(11.9)%	n/a	n/a	n/a	n/a
Purchase volume	\$ 3,984	\$ 4,588	\$ (604)	(13.2)%	\$ 8,328	\$ 9,605	\$ (1,277)	(13.3)%

\* Represents total number of active and direct deposit active accounts as of June 30, 2023 and 2022, respectively.

As additional supplemental information, our key metrics within our Consumer Services segment is presented on a quarterly basis as follows:

	2023		2022			
	Q2	Q1	Q4	Q3	Q2	Q1
(In millions)						
<b>Key Metrics</b>						
Gross dollar volume	\$ 5,122	\$ 5,677	\$ 5,426	\$ 5,495	\$ 5,715	\$ 6,621
Number of active accounts	2.35	2.41	2.37	2.51	2.78	3.04
Direct deposit active accounts	0.59	0.60	0.63	0.66	0.67	0.69
Purchase volume	\$ 3,984	\$ 4,344	\$ 4,229	\$ 4,302	\$ 4,588	\$ 5,017

Segment revenues within Consumer Services for the three and six months ended June 30, 2023 decreased \$21.9 million, or 14%, and \$40.8 million, or 13%, respectively, from the prior year comparable periods, while our segment expenses for the three and six months ended June 30, 2023 decreased \$5.8 million, or 6% and \$23.2 million, or 12%, respectively.

Our gross dollar volume, total number of active accounts, direct deposit active accounts and purchase volume decreased during the three months ended June 30, 2023 by 10%, 15%, 12%, and 13% respectively, primarily from each of the several factors discussed in our "Overview," including our strategic decision in the short-term to reduce marketing spend on GO2bank during the first half of the year in response to market trends and observed changes in consumer traffic within our retail locations, both of which have negatively impacted account acquisition, as well as the non-renewal of one of our partner programs previously announced. Our gross dollar volume and purchase volume decreased year-over-year by similar levels during the six months ended June 30, 2023.

Our monthly maintenance fees, ATM revenue and interchange revenues decreased as a result of the decreases in each of our key metrics stated above. These decreases were partially offset by continued customer adoption of optional features on our card programs, such as our overdraft protection program.

Consumer Services expenses decreased for the three and six months ended June 30, 2023 from the comparable prior year periods due to several factors, including a decrease in sales commissions from lower revenues on products subject to tiered revenue-sharing agreements, and a decrease in marketing spend on

GO2bank as discussed above, partially offset by an increase in transactions losses that was attributable in part to an increase in dispute volume associated with tax refund deposits.

As a result of these multiple factors, our segment profit decreased for the three and six months ended June 30, 2023 by approximately 27% and 15%, respectively.

### B2B Services

The results of operations and key metrics of our B2B Services segment for the three and six months ended June 30, 2023 and 2022 were as follows:

	Three Months Ended June 30,				Six Months Ended June 30,			
	2023	2022	Change	%	2023	2022	Change	%
(In thousands, except percentages)								
<b>Financial Results</b>								
Segment revenues	\$ 180,652	\$ 143,514	\$ 37,138	25.9 %	\$ 351,944	\$ 277,414	\$ 74,530	26.9 %
Segment expenses	162,946	120,739	42,207	35.0 %	312,019	232,375	79,644	34.3 %
Segment profit	\$ 17,706	\$ 22,775	\$ (5,069)	(22.3)%	\$ 39,925	\$ 45,039	\$ (5,114)	(11.4)%
<b>Key Metrics</b>								
(In millions, except percentages)								
Gross dollar volume	\$ 19,602	\$ 11,641	\$ 7,961	68.4 %	\$ 37,214	\$ 22,456	\$ 14,758	65.7 %
Number of active accounts*	1.36	1.83	(0.47)	(25.7)%	n/a	n/a	n/a	n/a
Purchase volume	\$ 1,750	\$ 2,172	\$ (422)	(19.4)%	\$ 3,551	\$ 4,347	\$ (796)	(18.3)%

\* Represents total number of active accounts as of June 30, 2023 and 2022, respectively.

As additional supplemental information, our key metrics within our B2B Services segment is presented on a quarterly basis as follows:

	2023		2022			
	Q2	Q1	Q4	Q3	Q2	Q1
(In millions)						
<b>Key Metrics</b>						
Gross dollar volume	\$ 19,602	\$ 17,612	\$ 14,584	\$ 13,187	\$ 11,641	\$ 10,815
Number of active accounts*	1.36	1.43	1.78	1.82	1.83	1.89
Purchase volume	\$ 1,750	\$ 1,801	\$ 2,063	\$ 2,141	\$ 2,172	\$ 2,175

\* Represents total number of active accounts as of the end of each quarter.

Segment revenues within our B2B Services for the three and six months ended June 30, 2023 increased \$37.1 million, or 25.9% and \$74.5 million, or 27%, respectively, compared to the prior year periods, while our segment expenses for the three and six months ended June 30, 2023 increased \$42.2 million, or 35.0%, and \$79.6 million, or 34%, respectively.

Our gross dollar volume during the three and six months ended June 30, 2023 increased 68% and 66%, respectively, from the comparable prior year periods, despite the number of active accounts within this segment decreasing by 26% year-over-year. We have continued to experience organic growth from both new and existing users concentrated in certain BaaS programs that tend to yield higher gross dollar volume per active user. The growth in gross dollar volume from these programs resulted in a net increase in segment revenue due to higher program management service fees earned from these BaaS partners. This increase was partially offset by a decrease in active accounts and the associated purchase volume, which decreased during the three and six months ended 19% and 18%, respectively, due to the non-renewals of certain BaaS partners as previously disclosed, resulting in a lower amount of interchange revenue earned from the prior year comparable periods.

B2B Services expenses increased for the three and six months ended June 30, 2023 from the comparable prior year periods, principally due to higher processing expenses with the growth of certain BaaS account programs and higher third-party call center support costs as a result of the increase in gross dollar volume.

This segment also experienced margin compression because certain BaaS partnerships were structured based on a fixed profit and, therefore, our segment profit for certain arrangements will not scale with revenue growth.

### Money Movement Services

The results of operations and key metrics of our Money Movement Services segment for the three and six months ended June 30, 2023 and 2022 were as follows:

	Three Months Ended June 30,				Six Months Ended June 30,			
	2023	2022	Change	%	2023	2022	Change	%
(In thousands, except percentages)								
<b>Financial Results</b>								
Segment revenues	\$ 49,974	\$ 54,143	\$ (4,169)	(7.7)%	\$ 148,215	\$ 151,459	\$ (3,244)	(2.1)%
Segment expenses	20,200	23,992	(3,792)	(15.8)%	57,415	59,848	(2,433)	(4.1)%
Segment profit	\$ 29,774	\$ 30,151	\$ (377)	(1.3)%	\$ 90,800	\$ 91,611	\$ (811)	(0.9)%
<b>Key Metrics</b>								
(In millions, except percentages)								
Number of cash transfers	8.66	9.00	(0.34)	(3.8)%	17.36	17.87	(0.51)	(2.9)%
Number of tax refunds processed	3.87	4.48	(0.61)	(13.6)%	13.78	14.09	(0.31)	(2.2)%

As additional supplemental information, our key metrics within our Money Movement Services segment is presented on a quarterly basis as follows:

	2023		2022			
	Q2	Q1	Q4	Q3	Q2	Q1
(In millions)						
<b>Key Metrics</b>						
Number of cash transfers	8.66	8.70	9.03	9.16	9.00	8.87
Number of tax refunds processed	3.87	9.91	0.20	0.28	4.48	9.61

Segment revenues within our Money Movement services for the three and six months ended June 30, 2023 decreased \$4.2 million, or 8% and \$3.2 million, or 2%, respectively, from the comparable prior year periods. Segment expenses for the three and six months ended June 30, 2023 decreased \$3.8 million, or 16%, and \$2.4 million, or 4%, respectively.

The decrease in segment revenues for the three and six months ended June 30, 2023 was driven primarily by a decline in the number of cash transfers processed, which decreased by 4% and 3%, respectively, from the prior year comparable periods. The Green Dot Network is a service provider to accountholders in our Consumer Services and B2B Services segments, as well as third-party programs. The decrease in the number of cash transfers was the result of fewer active accounts within our Consumer Services and B2B Services segments discussed above. In addition, our tax processing revenues decreased during the three months ended June 30, 2023 due to a decline in the number of tax refunds processed, which decreased by 14% from the prior year comparable period. The decrease in the number of tax refunds processed during three months ended June 30, 2023 was primarily due to a timing shift between the first and second quarters of the tax season. Despite a decline in the number of tax refunds processed for the six months ended June 30, 2023, which decreased by 2% from the prior year comparable period, our total tax processing revenues increased modestly for the first half of the year due to additional ancillary tax services offered to taxpayers.

Money Movement Services expenses decreased during the three and six months ended June 30, 2023, primarily due to a decrease in third-party call center support costs as a result of lower volumes from our tax refund processing services, and decreases in sales commissions from lower cash transfer revenues.

### Corporate and Other

The results of operations and key metrics of our Corporate and Other segment for the three and six months ended June 30, 2023 and 2022 were as follows:



	Three Months Ended June 30,				Six Months Ended June 30,			
	2023	2022	Change	%	2023	2022	Change	%
(In thousands, except percentages)								
<b>Financial Results</b>								
Unallocated revenue and inter-segment eliminations	\$ 1,427	\$ 6,485	\$ (5,058)	(78.0)%	\$ 4,424	\$ 11,190	\$ (6,766)	(60.5)%
Unallocated corporate expenses and inter-segment eliminations	54,310	52,239	2,071	4.0 %	110,761	104,630	6,131	5.9 %
Total	<u>\$ (52,883)</u>	<u>\$ (45,754)</u>	<u>\$ (7,129)</u>	15.6 %	<u>\$ (106,337)</u>	<u>\$ (93,440)</u>	<u>\$ (12,897)</u>	13.8 %

Revenues within Corporate and Other are comprised of net interest income, certain other investment income earned by our bank, interest profit sharing arrangements with certain BaaS partners (a reduction of revenue) and eliminations of inter-segment revenues. Unallocated corporate expenses include our fixed expenses such as salaries, wages and related benefits for our employees, professional services fees, software licenses, telephone and communication costs, rent, utilities, insurance and eliminations of inter-segment expenses. These costs are not considered when our CODM evaluates the performance of our three reportable segments since they are not directly attributable to any reporting segment. Non-cash expenses such as stock-based compensation, depreciation and amortization of long-lived assets, impairment charges and other non-recurring expenses that are not considered by our CODM when evaluating our overall consolidated financial results are excluded from our unallocated corporate expenses above. Refer to *Note 19—Segment Information* to the Consolidated Financial Statements included herein for a summary reconciliation.

Total net interest income decreased by 7% for the three months ended June 30, 2023, and increased by 5% during the six months ended June 30, 2023 from the prior year comparable periods. Changes in net interest income are attributable to fluctuations in the overall size of our cash and investment securities portfolio, and the timing of increases in short-term interest rates by the Federal Reserve. Revenues within our Corporate and Other segment were offset by the portion of interest we share with certain BaaS partners.

Unallocated corporate expenses for the three and six months ended June 30, 2023 increased year-over-year by approximately 4% and 6%, respectively, as a result of higher software licenses, and to a lesser extent, an increase in salary and wage expenses and related benefits, each in support of our investments to build a modern and scalable core banking and card management platform, as well as other growth initiatives as discussed above in "Overview." These increases were partially offset by reductions in professional services fees, which did not recur at similar levels to the prior year comparable periods.

### Liquidity and Capital Resources

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

	Six Months Ended June 30,	
	2023	2022
(In thousands)		
Total cash provided by (used in)		
Operating activities	\$ 127,766	\$ 187,454
Investing activities	(9,581)	(649,499)
Financing activities	(272,578)	(81,117)
Decrease in unrestricted cash, cash equivalents and restricted cash	<u>\$ (154,393)</u>	<u>\$ (543,162)</u>

For the six months ended June 30, 2023 and 2022, we financed our operations primarily through our cash flows generated from operations. From time to time, we may also finance short-term working capital activities through our borrowings under our credit facility. As of June 30, 2023, our primary source of liquidity was unrestricted cash and cash equivalents totaling \$661.5 million. We also consider our \$2.3 billion of available-for-sale investment securities to be highly liquid instruments.

We use trend and variance analysis as well as our detailed budgets and forecasts to project future cash needs, making adjustments to the projections when needed. We believe that our current unrestricted cash and cash equivalents, cash flows from operations and borrowing capacity under our credit facility will be sufficient to meet our working capital, capital expenditures, equity method investee capital commitments, and any other capital needs for at least the next 12 months. We are currently not aware of any trends or demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in our liquidity increasing or decreasing in any material way that will impact our capital needs during or beyond the next 12 months. We continue to monitor the

impact of material trends on our business to ensure our liquidity and capital resources remain appropriate throughout this period of uncertainty.

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

Our \$127.8 million of net cash provided by operating activities during the six months ended June 30, 2023 was the result of \$36.6 million of net income, adjusted for certain non-cash operating items of \$85.8 million and increases in net changes in our working capital assets and liabilities of \$5.4 million. Our \$187.5 million of net cash provided by operating activities during the six months ended June 30, 2022 was the result of \$53.6 million of net income, adjusted for certain non-cash operating items of \$95.7 million and net changes in our working capital assets and liabilities of \$38.1 million.

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

Our \$9.6 million of net cash used in investing activities during the six months ended June 30, 2023 was primarily due to capital contributions related to our investment in TailFin Labs, LLC of \$35.0 million, the acquisition of property and equipment of \$38.1 million and net changes in loans of \$17.9 million, partially offset by proceeds from maturities of available-for-sale securities of \$82.3 million. Our \$649.5 million of net cash used in investing activities during the six months ended June 30, 2022 was primarily due to purchases of available-for-sale investment securities, net of proceeds from sales and maturities, of \$525.8 million, the purchase of other bank investments of \$31.9 million, capital contributions related to our investment in TailFin Labs, LLC of \$35.0 million, and the acquisition of property and equipment of \$36.5 million.

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

Our \$272.6 million of net cash used in financing activities during the six months ended June 30, 2023 was principally the result of a net decrease in customer deposits of \$216.3 million and a decrease of \$21.7 million in obligations to customers. We also repaid \$35.0 million, net of borrowings, on our revolving line of credit during the six months ended June 30, 2023. Our \$81.8 million of net cash provided from financing activities during the six months ended June 30, 2022 was principally the result of a decrease of \$120.1 million in obligations to customers and share repurchases of our Class A common stock of \$44.0 million, partially offset by a net increase in customer deposits of \$85.2 million. We also borrowed and repaid \$50.0 million on our revolving line of credit during the six months ended June 30, 2022.

#### *Other Sources of Liquidity: 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 agreement provides for a \$100.0 million five-year revolving line of credit (the "2019 Revolving Facility"), maturing in October 2024. In March 2023, we amended the terms of our agreement to replace LIBOR with the Secured Overnight Financing Rate ("SOFR"). At our election, loans made under the credit agreement bear interest at 1) an adjusted SOFR rate (the "SOFR 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) an adjusted SOFR 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 SOFR Rate loans and 0.25% to 1.00% for Base Rate loans. As of June 30, 2023, we had no borrowings outstanding on the 2019 Revolving Facility and had the full amount available for use.

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, 2023, we were in compliance with all such covenants.

### **Material Cash Requirements**

While the lasting effect of COVID-19, increasing inflation and interest rates and other macro-economic factors have created economic uncertainty and impacted how we manage our liquidity and capital resources, we anticipate that we will continue to develop and invest in property and equipment as necessary in the normal course of our business. The amount and timing of these payments and the related cash outflows in future periods is difficult to predict and is dependent on a number of factors including the hiring of new employees, the rate of change of computer hardware and software used in our business and our business outlook as a result of macro-economic uncertainties. We intend to continue to invest in new products and programs, including GO2bank, new features for our existing products and IT infrastructure such as our core banking and card management systems in order to scale and operate effectively to meet our strategic objectives. While we expect these capital expenditures in 2023 will be at similar levels to our capital expenditures in 2022, we expect to fund these capital expenditures primarily through our cash flows provided by operating activities.

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, however, makes it difficult to predict the amount and timing of such cash requirements.

Additionally, we may make periodic cash contributions to our subsidiary bank, Green Dot Bank, to maintain its capital, leverage and other financial commitments at levels we have agreed to with our regulators. If another economic relief package is signed into law that provides for substantial additional direct payments and unemployment benefits, we may need to increase the size of our cash contributions to Green Dot Bank to maintain its capital, leverage and other financial commitments.

*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, 2022.

## 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 and Green Dot Bank 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 and Green Dot Bank 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. 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%. Either or both of Green Dot Corporation and Green Dot Bank may qualify for and opt to use, from time to time, the community bank leverage ratio framework under the Federal Reserve's version of the U.S. Basel III Rules. Under the community bank leverage ratio framework, a qualifying community banking organization may generally satisfy its capital requirements (and capital conservation buffer) under the U.S. Basel III rules provided that it has a Tier 1 leverage ratio greater than 9% and satisfies other applicable conditions. Commencing in 2021, Green Dot Corporation and Green Dot Bank qualified for (including, in the case of Green Dot Bank, through grace periods) and opted to use the community bank leverage ratio framework. We expect that Green Dot Corporation will continue to qualify for and use the community bank leverage ratio framework, and that Green Dot Bank will calculate and disclose its risk-based capital ratios and Tier 1 leverage ratio under standardized approach of the U.S. Basel III Rules.

As of June 30, 2023 and December 31, 2022, we and Green Dot Bank were categorized as "well capitalized" under applicable regulatory standards. To be categorized as "well capitalized," we and Green Dot Bank must maintain specific total risk-based, Tier 1 risk-based and Tier 1 leverage ratios as set forth in the table below. There were no conditions or events since June 30, 2023 which management believes would have changed our category as "well capitalized."

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	Includes common stock and retained earnings, adjusted for items primarily related to accumulated OCI, goodwill, deferred tax assets and intangibles.
Total capital	Tier 1 capital plus supplemental capital items such as the allowance for credit 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, 2023 and December 31, 2022 were as follows:

June 30, 2023				
	Amount	Ratio	Regulatory Minimum	"Well-capitalized" Minimum
(In thousands, except ratios)				
<b>Green Dot Corporation:</b>				
Tier 1 leverage	\$ 732,168	18.6 %	4.0 %	n/a
Common equity Tier 1 capital	\$ 732,168	44.4 %	4.5 %	n/a
Tier 1 capital	\$ 732,168	44.4 %	6.0 %	6.0 %
Total risk-based capital	\$ 749,835	45.5 %	8.0 %	10.0 %
<b>Green Dot Bank:</b>				
Tier 1 leverage	\$ 388,909	10.0 %	4.0 %	5.0 %
Common equity Tier 1 capital	\$ 388,909	31.8 %	4.5 %	6.5 %
Tier 1 capital	\$ 388,909	31.8 %	6.0 %	8.0 %
Total risk-based capital	\$ 396,798	32.5 %	8.0 %	10.0 %
December 31, 2022				
	Amount	Ratio	Regulatory Minimum	"Well-capitalized" Minimum
(In thousands, except ratios)				
<b>Green Dot Corporation:</b>				
Tier 1 leverage	\$ 661,404	16.6 %	4.0 %	n/a
Common equity Tier 1 capital	\$ 661,404	40.1 %	4.5 %	n/a
Tier 1 capital	\$ 661,404	40.1 %	6.0 %	6.0 %
Total risk-based capital	\$ 675,043	40.9 %	8.0 %	10.0 %
<b>Green Dot Bank:</b>				
Tier 1 leverage	\$ 389,541	9.6 %	4.0 %	5.0 %
Common equity Tier 1 capital	\$ 389,541	31.2 %	4.5 %	6.5 %
Tier 1 capital	\$ 389,541	31.2 %	6.0 %	8.0 %
Total risk-based capital	\$ 397,870	31.8 %	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 meaningful component to our consolidated operating results, we do not consider our investment portfolio to be subject to material interest rate risk since it is comprised predominantly of fixed rate securities. The composition of our portfolio is price sensitive to rate changes, which can impact unrealized gains or losses in our portfolio. However, we have the ability, liquidity and intent to hold these instruments until such securities in our portfolio recover their amortized cost bases, which may be at maturity. Our cash and cash equivalents are also subject to changes in short-term rates. The Federal Open Market Committee ("FOMC") again increased the federal funds target rate in July 2023 to a range of 5.25%-5.50%, which will continue to impact the amount of net interest income we earn. While it is expected that the FOMC may continue to maintain elevated interest rates until the effects of economic inflation are abated, it is uncertain when or how many times interest rates will be increased. The FOMC's decision-making policies for short-term interest rates will continue to impact the amount of net interest income we earn in the future. In addition, certain of our BaaS partner arrangements allow for the BaaS partner to share in a significant portion of the interest earned from accountholder deposits (which are recorded as a reduction of revenue) and yields on our investment portfolio tend to lag interest rate increases as securities mature and proceeds are reinvested. Accordingly, the net effect has had and we expect will continue to have a negative impact on our consolidated financial statements in 2023 compared to 2022.

As of June 30, 2023, we had no balances outstanding under our \$100.0 million line of credit agreement. Refer to *Note 9 — Debt* to the Consolidated Financial Statements included herein for additional information. Should we require additional liquidity from our line of credit, our borrowings are expected to be at variable rates of interest and would 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 our credit agreement is drawn up to its maximum borrowing capacity of \$100.0 million, based on the applicable SOFR and margin in effect as of June 30, 2023, 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 only to the extent necessary to manage our exposure. We do not hold or enter into derivatives or other financial instruments for trading or speculative purposes.

#### *Inflation risks*

It is difficult to assess whether inflation has or will have a material effect on our business, financial condition or results of operations. Nonetheless, if our borrowing rates were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through rate increases. Our inability or failure to do so could harm our business, financial condition and results of operations. Additionally, interest rate increases may adversely impact our customers' spending levels or our customers' ability to pay outstanding amounts owed to us. However, we believe this risk is largely offset by the higher interest rate yields on our cash and investment portfolios as well as anticipated increases in consumer spending caused by inflation that would result in increased interchange revenue. Further, because the majority of our investment portfolio is subject to longer maturity dates, we believe the risk of realized losses from selling fixed income securities at a discount to the market is immaterial.

#### *Credit and liquidity risks*

We are exposed to credit and liquidity risks associated with the financial institutions that hold our cash and cash equivalents, restricted cash, available-for-sale investment securities, settlement assets due from retail distributors, third-party payment processors and other partners 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 risks associated with our cash and cash equivalents, available-for-sale investment securities, loans 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 settlement assets is mitigated due to the short time period, currently an average of two days that settlement assets are outstanding. We perform an initial credit review and assign a credit limit to each new retail distributor, third-party payment processors and other partners. We monitor each 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 partner exposure and assigning credit limits and reports regularly to the risk committee of our Board of Directors. We continue to monitor our exposure to credit risk with our retail distributors and other business partners in light of the current macro-economic uncertainties.

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

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

*Change in internal control over financial reporting* — There was no material change in our internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) during the three months ended June 30, 2023 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 have shifted to a remote workforce strategy in the U.S. The design of our processes and controls allows for remote execution with accessibility to secure data. We are continually monitoring and assessing our remote work environment 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 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

#### MACROECONOMIC RISKS

***External factors have affected and may continue to significantly affect how we and our retail distributors are operating our businesses.***

Our operations have and may continue to be negatively affected by a range of external factors that are not within our control which may continue to include factors related to the COVID-19 pandemic. We maintain a remote workforce strategy for our employees in the U.S., having closed most of our leased office locations in the U.S. beginning in fiscal 2021, which could result in a less effective workforce in the long-term. As a result of surges in COVID-19 variants in China throughout 2022, we were previously forced to intermittently close our offices in China and shift to a remote workforce strategy. While we have resumed normal operations in China, it is possible that we may continue to experience similar issues in the future due to the pandemic, which over a prolonged period of time, could potentially delay our ability to launch new products or services. The business and operations of our retail distributors and our BaaS and other partners were likewise disrupted, with many having experienced reduced foot traffic or usage of their services. We may continue to experience increased costs, which could continue to adversely affect our business, results of operations, and financial condition in future periods.

We could experience other, similar adverse impacts on our business in the future as the duration and magnitude of the continuing effects of COVID-19 remain uncertain and dependent on various factors, including the continued severity and transmission rates of the virus and variants of the virus, the effectiveness of COVID-19 vaccines against such variants, the extent and effectiveness of future containment and mitigation efforts, the type of stimulus measures and other policy responses that the U.S. government or regulators may further adopt, and the impact of these and other factors on our employees, customers, retail distributors, partners and vendors.

Please see "Management's Discussion and Analysis of Financial Condition and Results of Operations" for more information regarding the potential impact of the COVID-19 pandemic on our business.

***Worsening economic conditions, a rising rate of inflation, or other potential causes of economic distress could materially and adversely impact our business and financial results.***

Long term effects of the economic downturn associated with the COVID-19 pandemic and other global and macro-economic factors have resulted and may continue to result in rising inflation rates, interest rates, and unemployment rates, leading to economic challenges for consumers and reduced transaction and spending volumes on accounts. If current market conditions persist or deteriorate, we may decide to adjust pricing to account for an increasing cost of funds and increased credit risk in a down economy, and thereby erode our margins and negatively impact our future financial performance and the price of our Class A Common Stock. Additionally, significant inflationary pressure increases borrowing rates, and we may not be able to fully offset such higher costs through rate increases. Our inability or failure to do so could harm our business, financial condition and results of operations. Additionally, interest rate increases may adversely impact our customers' spending levels or our customers' ability to pay outstanding amounts owed to us.

Please see "Quantitative and Qualitative Disclosures about Market Risk" for more information regarding the potential impact of the various market risks on our business.

#### RISKS RELATED TO OUR BUSINESS

***The loss of operating revenues from Walmart or any of our largest retail distributors as well as our significant BaaS partners, third-party processors or other major consumers would adversely affect our business.***

A significant portion of our operating revenues are derived from the products and services sold at our 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 17% for the three and six months ended June 30, 2023. We expect that Walmart will continue to have a significant impact on our operating revenues in future periods, particularly in our Consumer 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 rising inflation, 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, significant BaaS partners or third-party processors could harm our reputation, making it more difficult to attract and retain consumers, BaaS partners, third-party processors and other retail distributors, and could lessen our negotiating power with our remaining and prospective retail distributors, BaaS partners and third-party processors.

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 Walmart and our 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, significant BaaS partners or third-party processors 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. For example, during the three months ended June 30, 2022, we and several business partners failed to reach an agreement on the renewal of their agreements with us. Our operating revenues and results of operations could suffer if, among other things, any of our retail distributors, significant BaaS partners or third-party processors 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 Money Movement 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 Money Movement Services segment, 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 most of our current tax preparation partners and our tax preparation partners for any reason may elect to not renew their contracts with us with little or no advance notice. As a result, we cannot be certain 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.***

Most of our operating revenues are derived from our products and services sold at the stores of our retail distributors. In addition, 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 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 the willingness of our retail distributors and tax preparation partners 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, and 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 the operational decisions of 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 alternatives 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. While we will continue to make investments in research, development, and marketing for new products and services, 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.

***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.***

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 which provide program management and other services through a platform similar to our banking platform. These and other competitors in the banking and electronic payments industries are introducing innovative products and services that directly compete or 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/or successfully compete with those of our competitors, our revenues, results of operations, prospects for future growth and overall business could 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 competition as a result of new entrants offering free or low-cost alternatives to our products and services. In recent years, digital-centric financial services platforms have gained market share through the marketing of their largely free bank account offerings. To the extent these new entrants continue to take market share at our expense, we expect that the purchase and use of our products and services would decline. In response to such competition, we launched GO2bank. If GO2bank is not successful in the long-term or our competitive position deteriorates further, we may have to increase the incentives that we offer to our retail distributors and our tax preparation partners, or directly to consumers, and decrease the prices of our products and services, any of which would likely adversely impact our results of operations.

***We may not keep pace with the rapid technological developments in the industries in which we compete and the larger electronic payments industry.***

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 partners, third-party processors or consumers to these changes, or by the intellectual property rights of third parties. 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 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. Further, there was a significant amount of transaction fraud with respect to card products used to receive stimulus and unemployment benefits in 2021 and into 2022. In 2023, we continue to see significant fraud related to tax and other governmental benefits. This transaction fraud with respect to our products has negatively impacted many financial services companies including us.

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.

To address the challenges that 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. Further, implementing such risk control mechanisms can be costly and has and may continue to negatively impact our operating margins.

***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. We offer an optional overdraft protection program service on certain demand deposit account programs that allows eligible cardholders who opt-in to spend up to a pre-authorized amount in excess of their available card balance. For cardholders who are not enrolled or do not meet the eligibility requirements of our overdraft protection program, we generally decline authorization attempts for amounts that exceed the available balance in a cardholder's account, however, 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 still result in overdrawn accounts. Our overdraft exposure in these instances arises primarily from late-posting. A late-post occurs when a merchant posts a transaction within a payment network-permitted time frame, 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 transaction amount 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 maintain reserves to cover the risk that we may not recover these amounts 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.

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

A large portion of our business is conducted through retail distributors that sell our products and services to consumers at their store locations or other partners that collect funds and fees from our customers on our behalf. Our retail distributors and partners collect funds from the consumers who purchase our products and services and then must remit these funds directly to our subsidiary bank. The remittance of these funds by the retail distributor or partner takes on average two business days. If a retail distributor or other partner 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, 2023, we had assets subject to settlement risk of \$523.6 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 or other partners 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 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 and debit card financial services segment within that industry, depends heavily upon the overall level of consumer spending. An economic 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 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 an economic recession. 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.

## **RISKS RELATED TO OUR OPERATIONS**

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

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, the processing of large numbers of transactions and the management of the data necessary to do both. Our

success in our account programs, including our BaaS programs, as well as our money movement 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, cyber-attacks, 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. Additionally, 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 cloud based solutions or additional capacity to our existing data centers, we could experience problems transferring customer accounts and data, impairing the delivery of our service.

We are in the process of migrating processing in-house to an in-licensed solution that we operate instead of using third-party processors and currently anticipate completing the migration during the third quarter of 2023, but we may not meet this timing. As a result, some customers may experience disruptions in service in connection with this ongoing project despite significant investments in planning and testing on the part of us and our processing technology partners. In addition, our inability to transition to in-house processing, or any failure by us to process transactions in a timely manner once we begin processing transactions, could cause significant disruptions to our customers and our business.

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 banking 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 banking 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 to potentially 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.

***A data security breach could expose us to liability and protracted and costly litigation, regulatory penalties, 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, including personal 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, including state sponsored 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 or discover securities vulnerabilities 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, including penalties, against us. Regardless of whether or not we are sued

or face regulatory actions, a breach will require us to carefully assess the materiality of a cyber-attack. Depending on the nature and magnitude of the accessed data, this effort may require substantial resources. If we are sued in connection with any data security breach, we could be involved in protracted and costly litigation and 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 or perceived security vulnerability at any of the third-party banks that issue our cards or at any of 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 hiring an external party to conduct a forensic investigation, 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.

Additionally, we cannot be certain that our insurance coverage will be adequate for data security liabilities actually incurred, will cover any indemnification claims against us relating to any incident, that insurance will continue to be available to us on reasonable terms, or that any insurer will not deny coverage as to any future claim. The assertion of large claims against us that exceed available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or large deductible or co-insurance requirements, could have a material adverse effect on our business, including our financial condition, operating results, and reputation.

***Failure to maintain satisfactory compliance with certain privacy and data protection laws and regulations may subject us to substantial negative financial consequences, civil or criminal penalties and business reputation risk.***

Complex existing and emerging local, state, and federal laws and regulations apply to the collection, use, retention, protection, disclosure, transfer, and other processing of personal information. These privacy laws and regulations are quickly evolving, with new or modified laws and regulations proposed and implemented frequently and existing laws and regulations subject to new or different interpretations. Complying with these laws and regulations can be costly and can impede the development and offering of new products and services. In addition, our failure to comply with applicable laws and regulations or other obligations to which we may be subject relating to personal information, or to protect personal information from unauthorized access, use, or other processing, could result in enforcement actions and regulatory investigations against us, claims for damages by customers and other affected individuals, fines, damage to our reputation, and loss of goodwill, any of which could have a material adverse effect on our operations, financial performance, and business.

***Replacing third-party vendors would be difficult and disruptive to our business.***

Some services relating to our business, including fraud management and other customer verification services, cash processing, 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 or if they elected not to renew their contracts with us, and our business and operations would be adversely affected. Additionally, replacing third-party vendors with in-house solutions may lead to unanticipated operating costs and potential exposure to increased regulatory scrutiny. In particular, due to the seasonality in our business, any material service interruptions, service delays or changes in service contracts with key vendors during the tax season would 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. Any prolonged closure or disruption in the services provided by such call centers would have an adverse effect on our business.

***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.***

We have significantly expanded our software development operations in Shanghai, China over the years. A prolonged disruption at our China facility for any reason due to natural- or man-made disasters, outbreaks of 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 and geopolitical instability and military conflicts;
- limited protection of our intellectual property and other assets;
- compliance with 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.

## REGULATORY AND LEGAL RISKS

***As a bank holding company, we are subject to extensive and potentially changing regulation and are required to serve as a source of strength for Green Dot Bank.***

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 laws and regulations and other commitments we have agreed to, including financial commitments with respect to minimum capital and leverage requirements. If regulators believe that we have not complied with any of these requirements, we may become subject to formal or informal enforcement actions, proceedings, or investigations, which could result in regulatory orders, penalties, restitution, 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 Green Dot Bank fails to comply with its applicable capital and leverage requirements, the Federal Reserve Board may limit our or Green Dot Bank's ability to pay dividends or fund stock repurchases, or if we become less than adequately capitalized, require us to raise additional capital. In addition, if at any time we or Green Dot Bank fail to be "well capitalized" or "well managed," we may not commence, or acquire any shares of a company engaged in, any activities only permissible for an FHC, without prior Federal Reserve approval. The restriction on our ability to commence, or acquire any shares of a company engaged in, any activities only permissible for an FHC, without prior Federal Reserve approval would also generally apply if Green Dot Bank received a CRA rating of less than "Satisfactory." Currently, under the Bank Holding Company Act (the "BHC Act"), we may not be able to engage in new activities or acquire shares or control of other businesses. Such restrictions might limit our ability to pursue future business opportunities which we might otherwise consider, but which might fall outside the scope of permissible activities. U.S. bank regulatory agencies from time to time take supervisory actions under certain circumstances that restrict or limit a financial institution's activities, including in connection with examinations, which take place on a continual basis. We are subject to significant legal restrictions on our ability to publicly disclose the existence of these actions or any of the related details. In addition, as part of the regular examination process, our and Green Dot Bank's regulators may direct us or our subsidiaries to operate under various restrictions as a prudential matter. Such restrictions may include not being able to engage in certain categories of new activities or acquire shares or control of other companies.

***The failure by Green Dot Bank to properly classify its deposits could have an adverse effect on our financial condition.***

The FDIC issued a final rule relating to the classification of brokered deposits, with full compliance required by January 1, 2022. The final rule established a new framework for analyzing certain provisions of the "deposit broker" definition, including "placing deposits," "facilitating the placement of deposits" and "primary purpose," for purposes of the classification of deposits as brokered deposits and exemptions from such a classification. Green Dot Bank has reclassified most of its deposits as non-brokered. We cannot predict how the FDIC will interpret the new rule and whether it will result in a change in the way our deposits are classified. If the FDIC determines that some or all of Green Dot Bank's deposits should be classified as brokered, such a finding could have an adverse impact on our financial condition.

***Failure by us and our business partners to comply with applicable laws and regulations could have an adverse effect on our business, financial position and results of operations.***

The banking, financial technology, transaction processing and tax refund processing services industries are highly regulated, 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, such as various disclosure and consent requirements, mandated or prohibited terms and conditions, prohibitions on discrimination based on certain prohibited bases, prohibitions on unfair, deceptive or abusive acts or practices, or to help detect and prevent money laundering, terrorist financing and other illicit activities. For example, we are subject to the AML reporting and recordkeeping requirements of the BSA, as amended by the PATRIOT Act. Monitoring and complying with all applicable laws, regulations and licensing requirements can be difficult and costly. Failure to fully comply with these requirements exposes us to the risk of being required to undertake substantial remediation efforts and to the risk of, among other things, enforcement actions, lawsuits, monetary damages, fines, penalties and reputational harm, any one of which could have a material adverse impact on our results of operations, financial condition or business prospects.

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 or guidance that could result in significant adverse changes in the regulatory landscape for financial institutions and financial services companies. 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 AML 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. Further, with the current administration and leadership at federal agencies such as the CFPB, we expect that financial institutions will remain heavily regulated in the near future and that additional laws or regulations may be adopted that further regulate specific banking practices, including with respect to the fees we are permitted to charge to customers.

If additional regulatory requirements were imposed on our bank or the sale of our products and services, the requirements could lead to a loss of retail distributors, tax preparation partners or other business partners, which 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 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 materially and adversely affect our business, financial position and operating results.

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. Many of these laws can be unclear and inconsistent across various jurisdictions and ensuring compliance with them could be difficult and costly. 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, 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, 2023, interchange revenues represented 16% 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 Green Dot Bank are exempt from the limitations imposed by the Dodd-Frank Act, federal legislators and regulatory authorities have become increasingly focused on interchange fees, and continue to propose new legislation that could result in significant adverse changes to the rates we are able to charge and there can be no assurance that future regulation or changes by the payment networks will not substantially impact our interchange revenues. 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.

***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, currently are and from time to time in the future may be subject to securities class actions, commercial 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 have sought and 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 impacts 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 have been and 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. For the foregoing reasons, any regulatory or judicial proceedings or investigations that are initiated against us by private or governmental entities, could adversely affect our business, results of operations and financial condition or could cause our stock price to decline. Refer to *Note 17—Commitments and Contingencies* to the Consolidated Financial Statements for further information regarding certain of our legal proceedings.

***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, GO2bank, 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. We also 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 14 issued patents, 1 published patent and 1 patent application 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. 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.

#### **RISKS RELATED TO OUR CAPITAL NEEDS AND INDEBTEDNESS**

***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. However, 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. Should we require additional credit at levels we are unable to access, the cost of credit is greater than expected, or our cost-savings measures are ineffective or result in us incurring greater costs, our operating results could be adversely affected.

***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.***

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. We must also 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.

#### **GENERAL RISKS**

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

If our quarterly and annual 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 the occurrence of one or more of the events or circumstances described in these risk factors, many of which are outside of our control, 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 processed by us;
- the timing and success of new product or service introductions by us or our competitors;
- fluctuations in customer retention rates;
- changes in the mix of products and services that we sell or changes in the mix of our client retail distributors;
- the timing of commencement of new and existing product roll outs, developments and initiatives and the lag before those new products, channels or retail distributors generate material operating revenues;
- our ability to effectively sell our products through direct-to-consumer initiatives;
- costs associated with significant changes in our risk policies and controls;
- the amount and timing of major advertising campaigns, including sponsorships;
- the amount and timing of capital expenditures and operating costs;
- interest rate volatility;
- our ability to control costs, including third-party service provider costs and sales and marketing expenses;
- volatility in the trading price of our Class A common stock;
- changes in the political or regulatory environment affecting the industries in which we operate;
- economic recessions or uncertainty in financial markets, and the uncertainty regarding the impact of inflation; and
- other factors beyond our control, such as terrorism, war, natural disasters and pandemics, including the COVID-19 pandemic as well as the other items included in these risk factors.

***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. Guidance is necessarily speculative in nature, and is only an estimate of what management believes is realizable as of the date of release, 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. Actual results will vary from our guidance and the variations may be material, especially in times of economic uncertainty.

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

Our ability to manage and grow our business 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. We may experience difficulty in managing transitions and assimilating newly-hired personnel, and 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. 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. Additionally, our U.S.-based employees, including our senior management team, work for us on an at-will basis and there is no assurance that any such employee will remain with us.

***Acquisitions or investments, or the failure to consummate such transactions, could disrupt our business and harm our financial condition.***

We have in the past acquired, and we may acquire in the future, other businesses and technologies. Identifying suitable acquisition candidates can be difficult, time-consuming and costly, and we may not be able to identify suitable candidates or successfully complete identified acquisitions. Failure to complete an acquisition could adversely affect our business as we could be required to pay a termination fee under certain circumstances or be subject to litigation, and our stock price may also suffer as the failure to consummate such an acquisition may result in negative perception in the investment community.

Further, 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 systems and operations generally with ours;
- integration of employees from the acquired company into our organization;
- loss or termination, including costs associated with the termination or replacement of 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. 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. In addition, 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.***

Our net goodwill and intangible assets represent a significant portion of our consolidated assets. Our net goodwill and intangible assets were \$431.2 million as of June 30, 2023. Under generally accepted accounting principles in the United States, or ("U.S. GAAP"), we are required to test the carrying value of goodwill at least annually or sooner if events occur that indicate impairment could exist, such as 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. The amount of any impairment charge could be significant and could have a material adverse impact on our financial condition and results of operations for the period in which the charge is taken.

***If we fail to maintain proper and effective internal controls, our ability to produce accurate financial statements on a timely basis could be impaired.***

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. We have in the past and may in the future discover areas of our internal financial and accounting controls and procedures that need improvement. 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 and might suffer adverse regulatory consequences or violate NYSE listing standards, 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.

***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 a bank holding company could discourage, delay or prevent a takeover that stockholders consider favorable.***

Provisions in our certificate of incorporation and bylaws, as well as provisions under Delaware law, could discourage potential takeover attempts, reduce the price that investors might be willing to pay in the future for shares of our Class A common stock, and result in the trading price of our Class A common stock being lower than it otherwise would be. In addition to the foregoing, under the BHC Act and the Change in Bank Control Act, and their respective implementing regulations, Federal Reserve Board approval is necessary prior to any person or company acquiring control of a bank or bank holding company, subject to certain exceptions. Control, among other considerations, exists if an individual or company acquires 25% or more of any class of voting securities, and may be presumed to exist if a person acquires 10% or more of any class of voting securities. These restrictions could affect the willingness or ability of a third party to acquire control of us for so long as we are a bank holding company.

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

None.

## **ITEM 5. Other Information**

### **Insider Adoption or Termination of Trading Arrangements**

During the fiscal quarter ended June 30, 2023, none of our directors or officers informed us of the adoption or termination of a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as those terms are defined in Regulation S-K, Item 408.

### **Other Information**

The information below is reported in lieu of information that would be reported under Items 5.02 under Form 8-K.

On August 7, 2023, the Company and Amit Parikh, the Company's Executive Vice President of Banking Platform Services, mutually agreed that Mr. Parikh would step down from his current role and end his employment, effective August 25, 2023, as part of internal organizational changes. In connection with his separation of employment with the Company, following his execution of a release of claims, Mr. Parikh will receive the following benefits: (i) a severance in the amount of \$225,000; (ii) a prorated target bonus for 2023 in the amount of \$219,143.84; (iii) COBRA premium payments for 6 months in the amount of \$10,901.76; (iv) 12,680 unvested restricted stock units will vest; and (v) 7,174 unvested performance-based restricted stock units will vest.

**ITEM 6. Exhibits**

The following documents are filed as exhibits to this report:

<b>Exhibit Number</b>	<b>Description of Exhibits</b>
10.1	<a href="#">Amended and Restated Green Dot Corporation 2010 Equity Incentive Plan.</a>
31.1	<a href="#">Certification of George Gresham, Principal Executive Officer, pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
31.2	<a href="#">Certification of Jess Unruh, Principal Financial Officer, pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
32.1	<a href="#">Certification of George Gresham, Principal Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. *</a>
32.2	<a href="#">Certification of Jess Unruh, Principal Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. *</a>
101	The following financial statements from the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2023, formatted in Inline XBRL: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Comprehensive Income and Loss, (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).

\* 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 8, 2023

By: /s/ George Gresham  
Name: George Gresham  
Title: President and Chief Executive Officer  
(Duly Authorized Officer and Principal Executive Officer)



**2010 EQUITY INCENTIVE PLAN, AS AMENDED AND RESTATED**  
**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 19,370,471<sup>1</sup>. 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.

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<sup>1</sup> 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; (iv) the authorization of 4,250,000 additional Shares for issuance under the Plan approved by the Company's stockholders in June 2020; and (v) the authorization of 2,400,000 additional Shares for issuance under the Plan approved by the Company's stockholders in May 2023.

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 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 15<sup>th</sup> 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 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 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 90<sup>th</sup> 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 60<sup>th</sup> 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.

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER  
PURSUANT TO EXCHANGE ACT RULE 13A-14(A)/15D-14(A)  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, George Gresham, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Green Dot Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2023

By: /s/ George Gresham  
Name: George Gresham  
President and Chief Executive Officer  
(Principal Executive Officer)

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER  
PURSUANT TO EXCHANGE ACT RULE 13A-14(A)/15D-14(A)  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Jess Unruh, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Green Dot Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2023

By: /s/ Jess Unruh  
Name: Jess Unruh  
Chief Financial Officer  
(Principal Financial Officer)

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

I, George Gresham, do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- the Quarterly Report on Form 10-Q of Green Dot Corporation for the quarter ended June 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Green Dot Corporation.

Date:        August 8, 2023

By:            /s/ George Gresham

Name:        George Gresham  
President and Chief Executive Officer  
(Principal Executive Officer)

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

I, Jess Unruh, do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- the Quarterly Report on Form 10-Q of Green Dot Corporation for the quarter ended June 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Green Dot Corporation.

Date: August 8, 2023

By: /s/ Jess Unruh

Name: 

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 Jess Unruh  
Chief Financial Officer  
(Principal Financial Officer)