

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

FORM 10-Q

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

For the quarterly period ended March 31, 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   
Non-accelerated filer   
Emerging growth company

Accelerated filer   
Smaller reporting 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 52,039,692 shares of Class A common stock outstanding, par value \$0.001 per share as of April 30, 2023.

**GREEN DOT CORPORATION  
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## PART I

## ITEM 1. Financial Statements

GREEN DOT CORPORATION  
CONSOLIDATED BALANCE SHEETS

	March 31, 2023	December 31, 2022
	(unaudited)	
	(In thousands, except par value)	
<b>Assets</b>		
Current assets:		
Unrestricted cash and cash equivalents	\$ 722,003	\$ 813,945
Restricted cash	4,006	5,900
Investment securities available-for-sale, at fair value	15,660	—
Settlement assets	482,976	493,395
Accounts receivable, net	57,234	74,437
Prepaid expenses and other assets	63,878	78,155
Total current assets	1,345,757	1,465,832
Investment securities available-for-sale, at fair value	2,353,672	2,363,687
Loans to bank customers, net of allowance for loan losses of \$13,254 and \$9,078 as of March 31, 2023 and December 31, 2022, respectively	31,705	21,421
Prepaid expenses and other assets	224,198	192,901
Property, equipment, and internal-use software, net	166,038	160,222
Operating lease right-of-use assets	7,685	8,316
Deferred expenses	7,339	14,547
Net deferred tax assets	111,009	117,167
Goodwill and intangible assets	438,854	445,083
Total assets	<u>\$ 4,686,257</u>	<u>\$ 4,789,176</u>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 112,121	\$ 113,891
Deposits	3,344,903	3,450,105
Obligations to customers	200,102	218,239
Settlement obligations	28,545	40,691
Amounts due to card issuing banks for overdrawn accounts	334	328
Other accrued liabilities	89,916	98,580
Operating lease liabilities	3,207	3,167
Deferred revenue	15,298	25,029
Income tax payable	21,219	11,641
Total current liabilities	3,815,645	3,961,671
Other accrued liabilities	5,548	5,777
Operating lease liabilities	4,464	5,247
Line of credit	—	35,000
Total liabilities	3,825,657	4,007,695
Commitments and contingencies (Note 17)		
Stockholders' equity:		
Class A common stock, \$0.001 par value; 100,000 shares authorized as of March 31, 2023 and December 31, 2022; 51,994 and 51,674 shares issued and outstanding as of March 31, 2023 and December 31, 2022, respectively	52	52
Additional paid-in capital	347,385	340,575
Retained earnings	799,594	763,582
Accumulated other comprehensive loss	(286,431)	(322,728)
Total stockholders' equity	860,600	781,481
Total liabilities and stockholders' equity	<u>\$ 4,686,257</u>	<u>\$ 4,789,176</u>

See notes to unaudited consolidated financial statements

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

	Three Months Ended March 31,	
	2023	2022
(In thousands, except per share data)		
<b>Operating revenues:</b>		
Card revenues and other fees	\$ 239,866	\$ 212,828
Cash processing revenues	101,823	100,028
Interchange revenues	64,015	78,856
Interest income, net	10,676	8,905
<b>Total operating revenues</b>	<b>416,380</b>	<b>400,617</b>
<b>Operating expenses:</b>		
Sales and marketing expenses	75,212	83,526
Compensation and benefits expenses	68,781	66,264
Processing expenses	145,054	112,092
Other general and administrative expenses	76,338	87,143
<b>Total operating expenses</b>	<b>365,385</b>	<b>349,025</b>
<b>Operating income</b>	<b>50,995</b>	<b>51,592</b>
Interest expense, net	1,644	87
Other expense, net	(3,024)	(770)
<b>Income before income taxes</b>	<b>46,327</b>	<b>50,735</b>
<b>Income tax expense</b>	<b>10,315</b>	<b>12,111</b>
<b>Net income</b>	<b>\$ 36,012</b>	<b>\$ 38,624</b>
<b>Basic earnings per common share:</b>		
	<b>\$ 0.70</b>	<b>\$ 0.70</b>
<b>Diluted earnings per common share</b>		
	<b>\$ 0.69</b>	<b>\$ 0.70</b>
Basic weighted-average common shares issued and outstanding:	51,813	54,556
Diluted weighted-average common shares issued and outstanding:	52,021	55,230

**See notes to unaudited consolidated financial statements**

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

	Three Months Ended March 31,	
	2023	2022
	(In thousands)	
Net income	\$ 36,012	\$ 38,624
Other comprehensive income (loss)		
Unrealized holding gain (loss), net of tax	36,297	(112,596)
Comprehensive income (loss)	<u>\$ 72,309</u>	<u>\$ (73,972)</u>

**See notes to unaudited consolidated financial statements**

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

Three Months Ended March 31, 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	320	—	(2,372)	—	—	(2,372)
Stock-based compensation	—	—	9,182	—	—	9,182
Net income	—	—	—	36,012	—	36,012
Other comprehensive income	—	—	—	—	36,297	36,297
<b>Balance at March 31, 2023</b>	<b>51,994</b>	<b>\$ 52</b>	<b>\$ 347,385</b>	<b>\$ 799,594</b>	<b>\$ (286,431)</b>	<b>\$ 860,600</b>

Three Months Ended March 31, 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	206	—	(2,615)	—	—	(2,615)
Stock-based compensation	—	—	14,858	—	—	14,858
Repurchases of Class A Common Stock	(781)	(1)	(24,999)	—	—	(25,000)
Net income	—	—	—	38,624	—	38,624
Other comprehensive loss	—	—	—	—	(112,596)	(112,596)
<b>Balance at March 31, 2022</b>	<b>54,293</b>	<b>\$ 54</b>	<b>\$ 388,299</b>	<b>\$ 737,994</b>	<b>\$ (142,403)</b>	<b>\$ 983,944</b>

**See notes to unaudited consolidated financial statements**

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

	Three Months Ended March 31,	
	2023	2022
(In thousands)		
<b>Operating activities</b>		
Net income	\$ 36,012	\$ 38,624
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of property, equipment and internal-use software	13,701	13,804
Amortization of intangible assets	5,664	6,517
Provision for uncollectible overdrawn accounts from purchase transactions	1,188	4,700
Provision for loan losses	10,252	10,499
Stock-based compensation	9,182	14,858
Losses in equity method investments	4,068	1,708
Amortization of discount on available-for-sale investment securities	(556)	(290)
Impairment of long-lived assets	—	2,263
Other	(1,008)	(583)
Changes in operating assets and liabilities:		
Accounts receivable, net	16,015	7,101
Prepaid expenses and other assets	9,392	13,306
Deferred expenses	7,208	5,787
Accounts payable and other accrued liabilities	(10,415)	(4,430)
Deferred revenue	(9,945)	(8,934)
Income tax receivable/payable	9,880	12,023
Other, net	(106)	(1,311)
Net cash provided by operating activities	<u>100,532</u>	<u>115,642</u>
<b>Investing activities</b>		
Purchases of available-for-sale investment securities	—	(288,958)
Proceeds from maturities of available-for-sale securities	37,070	86,106
Proceeds from sales and calls of available-for-sale securities	55	2,875
Payments for acquisition of property and equipment	(19,533)	(19,010)
Net changes in loans	(15,069)	(14,693)
Investment in TailFin Labs, LLC	(35,000)	(35,000)
Purchases of other investments	—	(31,934)
Other investing activities	(243)	—
Net cash used in investing activities	<u>(32,720)</u>	<u>(300,614)</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	144	92
Taxes paid related to net share settlement of equity awards	(2,516)	(2,707)
Net changes in deposits	(104,412)	318,280
Net changes in settlement assets and obligations to customers	(19,864)	(104,691)
Repurchase of Class A common stock	—	(25,000)
Net cash (used in) provided by financing activities	<u>(161,648)</u>	<u>185,974</u>
Net (decrease) increase in unrestricted cash, cash equivalents and restricted cash	(93,836)	1,002
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>\$ 726,009</u>	<u>\$ 1,326,642</u>
Cash paid for interest	\$ 2,016	\$ 180
Cash paid (refund) for income taxes	\$ 509	\$ (11)
<b>Reconciliation of unrestricted cash, cash equivalents and restricted cash at end of period:</b>		
Unrestricted cash and cash equivalents	\$ 722,003	\$ 1,320,743
Restricted cash	4,006	5,899
Total unrestricted cash, cash equivalents and restricted cash, end of period	<u>\$ 726,009</u>	<u>\$ 1,326,642</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 three months ended March 31, 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 March 31, 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 only to customers within the United States.

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

	Three Months Ended March 31, 2023			
	Consumer Services	B2B Services	Money Movement Services	Total
	(In thousands)			
Timing of recognition				
Transferred point in time	\$ 90,807	\$ 34,288	\$ 97,523	\$ 222,618
Transferred over time	45,820	136,548	718	183,086
Operating revenues <sup>(1)</sup>	<u>\$ 136,627</u>	<u>\$ 170,836</u>	<u>\$ 98,241</u>	<u>\$ 405,704</u>



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

**Note 3—Revenues (continued)**

	Three Months Ended March 31, 2022			
	Consumer Services	B2B Services	Money Movement Services	Total
<b>Timing of recognition</b>	(In thousands)			
Transferred point in time	\$ 94,890	\$ 41,223	\$ 96,404	\$ 232,517
Transferred over time	59,529	98,754	912	159,195
Operating revenues <sup>(1)</sup>	<u>\$ 154,419</u>	<u>\$ 139,977</u>	<u>\$ 97,316</u>	<u>\$ 391,712</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 \$14.4 million and \$16.5 million for the three months ended March 31, 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.

**Note 4—Investment Securities**

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

	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
	(In thousands)			
<b>March 31, 2023</b>				
Corporate bonds	\$ 10,000	\$ —	\$ (657)	\$ 9,343
Agency bond securities	240,315	—	(43,626)	196,689
Agency mortgage-backed securities	2,475,406	6	(335,973)	2,139,439
Municipal bonds	29,552	—	(5,691)	23,861
Total investment securities	<u>\$ 2,755,273</u>	<u>\$ 6</u>	<u>\$ (385,947)</u>	<u>\$ 2,369,332</u>
<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
Total investment securities	<u>\$ 2,791,843</u>	<u>\$ 8</u>	<u>\$ (428,164)</u>	<u>\$ 2,363,687</u>

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

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

As of March 31, 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>March 31, 2023</b>						
Corporate bonds	\$ —	\$ —	\$ 9,343	\$ (657)	\$ 9,343	\$ (657)
Agency bond securities	9,129	(343)	187,559	(43,283)	196,688	(43,626)
Agency mortgage-backed securities	599,305	(25,615)	1,537,565	(310,358)	2,136,870	(335,973)
Municipal bonds	4,747	(288)	19,114	(5,403)	23,861	(5,691)
<b>Total investment securities</b>	<b>\$ 613,181</b>	<b>\$ (26,246)</b>	<b>\$ 1,753,581</b>	<b>\$ (359,701)</b>	<b>\$ 2,366,762</b>	<b>\$ (385,947)</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 months ended March 31, 2023 or 2022 on our available-for-sale investment securities. Unrealized losses as of March 31, 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 March 31, 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 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.

As of March 31, 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	\$ 15,837	\$ 15,660
Due after one year through five years	51,093	46,045
Due after five years through ten years	174,222	142,045
Due after ten years	54,552	41,804
Mortgage and asset-backed securities	2,459,569	2,123,778
<b>Total investment securities</b>	<b>\$ 2,755,273</b>	<b>\$ 2,369,332</b>

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

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

**Note 5—Accounts Receivable**

Accounts receivable, net consisted of the following:

	March 31, 2023	December 31, 2022
	(In thousands)	
Trade receivables	\$ 28,541	\$ 26,083
Reserve for uncollectible trade receivables	(380)	(169)
Net trade receivables	28,161	25,914
Overdrawn cardholder balances from purchase transactions	3,498	3,821
Reserve for uncollectible overdrawn accounts from purchase transactions	(2,292)	(2,230)
Net overdrawn cardholder balances from purchase transactions	1,206	1,591
Cardholder fees	2,518	2,480
Receivables due from card issuing banks	3,847	3,211
Fee advances, net	4,533	28,924
Other receivables	16,969	12,317
Accounts receivable, net	<u>\$ 57,234</u>	<u>\$ 74,437</u>

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

	Three Months Ended March 31,	
	2023	2022
	(In thousands)	
Balance, beginning of period	\$ 2,230	\$ 3,394
Provision for uncollectible overdrawn accounts from purchase transactions	1,188	4,700
Charge-offs	(1,126)	(3,746)
Balance, end of period	<u>\$ 2,292</u>	<u>\$ 4,348</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>March 31, 2023</b>						
Residential	\$ —	\$ —	\$ —	\$ —	\$ 4,604	\$ 4,604
Commercial	—	—	—	—	2,540	2,540
Installment	—	—	—	—	3,840	3,840
Consumer	1,823	—	—	1,823	24,124	25,947
Secured credit card	680	570	2,220	3,470	4,558	8,028
Total loans	<u>\$ 2,503</u>	<u>\$ 570</u>	<u>\$ 2,220</u>	<u>\$ 5,293</u>	<u>\$ 39,666</u>	<u>\$ 44,959</u>
Percentage of outstanding	5.6 %	1.3 %	4.9 %	11.8 %	88.2 %	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
Total loans	<u>\$ 2,973</u>	<u>\$ 722</u>	<u>\$ 2,239</u>	<u>\$ 5,934</u>	<u>\$ 24,565</u>	<u>\$ 30,499</u>
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 cardholders who opt-in to spend up to a pre-authorized amount in excess of their available card 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 cardholder.

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 March 31, 2023 and December 31, 2022, the fair value of the loans held for sale amounted to approximately \$4.6 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.

	March 31, 2023	December 31, 2022
(In thousands)		
Residential	\$ 146	\$ 153
Installment	92	96
Secured credit card	2,220	2,239
Total loans	<u>\$ 2,458</u>	<u>\$ 2,488</u>

**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:

	March 31, 2023		December 31, 2022	
	Non-Classified	Classified	Non-Classified	Classified
	(In thousands)			
Residential	\$ 4,492	\$ 112	\$ 4,035	\$ 229
Commercial	2,540	—	2,542	—
Installment	3,748	92	1,306	101
Consumer	25,947	—	14,446	—
Secured credit card	5,808	2,220	5,601	2,239
Total loans	<u>\$ 42,535</u>	<u>\$ 2,424</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 March 31,	
	2023	2022
	(In thousands)	
Balance, beginning of period	\$ 9,078	\$ 5,555
Provision for loans	10,252	10,499
Loans charged off	(6,101)	(6,996)
Recoveries of loans previously charged off	25	—
Balance, end of period	<u>\$ 13,254</u>	<u>\$ 9,058</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 March 31, 2023 and December 31, 2022, our net investment in TailFin Labs amounted to approximately \$113.4 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 \$4.1 million and \$2.1 million for the three months ended March 31, 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 \$4.8 million at March 31, 2023 and December 31, 2022. Equity in earnings from this investment for the three months ended March 31, 2023 and 2022 were de minimis.

**Note 8—Deposits**

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

	March 31, 2023	December 31, 2022
	(In thousands)	
Non-interest bearing deposit accounts	\$ 3,325,110	\$ 3,427,799
Interest-bearing deposit accounts		
Checking accounts	1,028	2,461
Savings	7,619	7,899
Secured card deposits	6,398	6,933
Time deposits, denominations greater than or equal to \$250	1,873	2,275
Time deposits, denominations less than \$250	2,875	2,738
Total interest-bearing deposit accounts	19,793	22,306
Total deposits	\$ 3,344,903	\$ 3,450,105

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

	March 31, 2023
	(In thousands)
Due in 2023	\$ 1,429
Due in 2024	538
Due in 2025	770
Due in 2026	858
Due in 2027	1,153
Total time deposits	\$ 4,748

**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 March 31, 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 March 31, 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 months ended March 31, 2023 of approximately \$1.6 million. We did not incur any interest expense during the three months ended March 31, 2022.

**Note 10—Income Taxes**

Income tax expense for the three months ended March 31, 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:

	Three Months Ended March 31,	
	2023	2022
U.S. federal statutory tax rate	21.0 %	21.0 %
State income taxes, net of federal tax benefit	0.8	1.3
General business credits	(3.4)	(1.6)
Stock-based compensation	3.7	1.2
IRC 162(m) limitation	1.6	2.5
Bank owned life insurance	(1.6)	(0.7)
Nondeductible expenses	0.6	0.3
Other	(0.4)	(0.1)
Effective tax rate	<u>22.3 %</u>	<u>23.9 %</u>

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

**Note 10—Income Taxes (continued)**

The effective tax rate for the three months ended March 31, 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 decrease in the effective tax rate for the three months ended March 31, 2023 as compared to the three months ended March 31, 2022 is primarily due to the impact of an increase of \$0.8 million in general business credits, an increase of \$0.4 million in tax benefits from bank owned life insurance policies, a decrease of \$0.5 million subject to the IRC 162(m) limitation on the deductibility of certain executive compensation, and a decrease of \$0.4 million in state income taxes, net of federal benefits. These decreases were partially offset by 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 \$1.7 million for the three months ended March 31, 2023, compared to a \$0.6 million discrete tax expense for the prior year comparable period.

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 three months ended March 31, 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 March 31, 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 March 31, 2023. We do not expect the outcome of these examinations will have any material impact on our consolidated financial statements.

As of March 31, 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 March 31, 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)**

	Three Months Ended March 31,	
	2023	2022
	(In thousands)	
Beginning balance	\$ 11,178	\$ 10,972
Increases related to positions taken during the current year	1,260	1,410
Decreases related to positions settled with tax authorities	(90)	—
Ending balance	\$ 12,348	\$ 12,382
The total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate	\$ 11,917	\$ 12,060

As of March 31, 2023 and 2022, we recognized accrued interest and penalties related to unrecognized tax benefits of approximately \$1.0 million and \$0.9 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 March 31, 2023, we have 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 \$9.2 million and \$14.9 million for the three months ended March 31, 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 three months ended March 31, 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	1,050	18.14
Restricted stock units vested	(363)	31.42
Restricted stock units canceled	(58)	37.16
Outstanding at March 31, 2023	2,184	\$ 26.77

*Performance-Based Restricted Stock Units*

Performance-based restricted stock unit activity for the three months ended March 31, 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	(28)	27.74
Adjustment for completed performance periods	15	46.82
Outstanding at March 31, 2023	1,263	\$ 24.31

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 three months ended March 31, 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
Outstanding at March 31, 2023	1,163	\$ 27.04
Exercisable at March 31, 2023	1,163	\$ 27.04

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 March 31,	
	2023	2022
(In thousands, except per share data)		
<b>Basic earnings per Class A common share</b>		
Numerator:		
Net income	\$ 36,012	\$ 38,624
Amount attributable to unvested Walmart restricted shares	—	(191)
Net income allocated to Class A common stockholders	\$ 36,012	\$ 38,433
Denominator:		
Weighted-average Class A shares issued and outstanding	51,813	54,556
Basic earnings per Class A common share	\$ 0.70	\$ 0.70
<b>Diluted earnings per Class A common share</b>		
Numerator:		
Net income allocated to Class A common stockholders	\$ 36,012	\$ 38,433
Re-allocated earnings	—	2
Diluted net income allocated to Class A common stockholders	\$ 36,012	\$ 38,435
Denominator:		
Weighted-average Class A shares issued and outstanding	51,813	54,556
Dilutive potential common shares:		
Stock options	—	214
Service-based restricted stock units	109	198
Performance-based restricted stock units	68	233
Employee stock purchase plan	31	29
Diluted weighted-average Class A shares issued and outstanding	52,021	55,230
Diluted earnings per Class A common share	\$ 0.69	\$ 0.70

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 March 31,	
	2023	2022
(In thousands)		
<b>Class A common stock</b>		
Options to purchase Class A common stock	1,163	139
Service-based restricted stock units	1,248	1,204
Performance-based restricted stock units	359	1,002
Unvested Walmart restricted shares	—	271
Total	2,770	2,616

**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 March 31, 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>March 31, 2023</b>				
<b>Assets</b>				
Investment securities:				
Corporate bonds	\$ —	\$ 9,343	\$ —	\$ 9,343
Agency bond securities	—	196,689	—	196,689
Agency mortgage-backed securities	—	2,139,439	—	2,139,439
Municipal bonds	—	23,861	—	23,861
Loans held for sale	—	—	4,597	4,597
<b>Total assets</b>	<b>\$ —</b>	<b>\$ 2,369,332</b>	<b>\$ 4,597</b>	<b>\$ 2,373,929</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 March 31, 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 months ended March 31, 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 March 31, 2023 and December 31, 2022 are presented in the table below.

	March 31, 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	\$ 31,705	\$ 30,844	\$ 21,421	\$ 18,201
<b>Financial Liabilities</b>				
Deposits	\$ 3,344,903	\$ 3,344,833	\$ 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 \$1.0 million and \$1.1 million for the three months ended March 31, 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:

	March 31, 2023
Cash paid for operating lease liabilities (in thousands)	\$ 983
Weighted average remaining lease term (years)	3.2
Weighted average discount rate	5.0 %

Maturities of our operating lease liabilities as of March 31, 2023 is as follows:

	Operating Leases (In thousands)	
Remainder of 2023	\$	2,925
2024		3,935
2025		1,288
2026		280
2027		248
Thereafter		1,386
<b>Total</b>		<b>10,062</b>
Less: imputed interest		(2,391)
<b>Total lease liabilities</b>	<b>\$</b>	<b>7,671</b>

**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, 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 March 31,	
	2023	2022
Walmart	17%	20%

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

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

In addition, approximately 32% and 23% of our total operating revenues for the three months ended March 31, 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 March 31,	
	2023	2022
<b>Segment Revenue</b>	(In thousands)	
Consumer Services	\$ 139,833	\$ 158,757
B2B Services	171,292	133,900
Money Movement Services	98,241	97,316
Corporate and Other	2,997	4,705
Total segment revenues	<u>412,363</u>	<u>394,678</u>
BaaS commissions and processing expenses	4,760	6,512
Other income	(743)	(573)
Total operating revenues	<u>\$ 416,380</u>	<u>\$ 400,617</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 March 31,	
	2023	2022
<b>Segment Profit</b>	(In thousands)	
Consumer Services	\$ 52,752	\$ 54,288
B2B Services	22,219	22,264
Money Movement Services	61,026	61,460
Corporate and Other	(53,454)	(47,686)
Total segment profit	<u>82,543</u>	<u>90,326</u>
Reconciliation to income before income taxes		
Depreciation and amortization of property, equipment and internal-use software	13,701	13,804
Stock based compensation and related employer taxes	9,549	15,169
Amortization of acquired intangible assets	5,664	6,517
Impairment charges	—	2,263
Legal settlement expenses	100	(426)
Other expense	2,534	1,407
Operating income	<u>50,995</u>	<u>51,592</u>
Interest expense, net	1,644	87
Other expense, net	(3,024)	(770)
Income before income taxes	<u>\$ 46,327</u>	<u>\$ 50,735</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 governmental 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 months ended March 31, 2023 and 2022 were as follows:

	Three Months Ended March 31,		Change	%
	2023	2022		
	(In thousands, except percentages)			
Total operating revenues	\$ 416,380	\$ 400,617	\$ 15,763	3.9 %
Total operating expenses	365,385	349,025	16,360	4.7 %
Net income	36,012	38,624	(2,612)	(6.8)%

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 months ended March 31, 2023 increased \$15.8 million, or 3.9%, over the prior year comparable period, driven primarily by higher revenues in our B2B Services segment, partially offset by lower revenues earned in our Consumer Services segment.

Our consolidated total operating revenues increased year-over-year due to the continued growth of certain BaaS partner programs, which resulted in an increase in our total gross dollar volume of 34% for the three months ended March 31, 2023. However, our deposit account programs overall were negatively impacted by several other factors, including our strategic decision to reduce marketing spend on GO2bank in the current period due to higher than expected acquisition costs per account, 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. Each of these factors impacted our consolidated active accounts, purchase volume and number of cash transfers, which decreased year-over-year by 22%, 15% and 2%, respectively.

In our Consumer Services segment, revenues decreased during the three months ended March 31, 2023 by 12%, over the prior year comparable period. 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 March 31, 2023 by 14%, 21%, 13% and 13%, respectively. We believe these decreases are attributable to several factors discussed above, including lower account acquisition from reduced marketing spend on GO2bank, 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 revenue declines in our Consumer Services segment were partially offset by the continued adoption of our optional overdraft protection program services made available to accountholders across our portfolios.

Within our B2B Services segment, revenues increased by 28% during the three months ended March 31, 2023, over the prior year comparable period. The increase was driven by year-over-year growth in our gross dollar volume by 63%, despite reductions in the number of active accounts and purchase volume of 24% and 17%, respectively, over the same period. 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.

Money Movement Services segment revenues increased by 1% for the three months ended March 31, 2023, over the prior year comparable period. The increase in our Money Movement Services was primarily attributable to an increase in the number of tax refunds processed, which increased by 3% compared with the prior year period, partially offset by a decrease in the number of cash transfers processed, which decreased by 2% year-over-year. 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.

Net interest income earned by Green Dot Bank, a component of our Corporate and Other segment, increased by 20% during the three months ended March 31, 2023. The increase in net interest income was attributable to the increase in the overall size of our investment securities portfolio, as well as an increase in short-term interest rates by the Federal Reserve, which have resulted in an increase in net interest income compared to the prior year. Revenues within our Corporate and Other segment was offset by the interest we share with certain BaaS partners.

### **Total operating expenses**

Our total operating expenses for the three months ended March 31, 2023 increased by \$16.4 million, or 5%, over the prior year comparable period. The increase in our total operating expenses for the comparable periods was primarily driven 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, partially offset by a reduction in stock-based compensation expense, primarily due to forfeited awards associated with certain former executive officers and employees and the timing of awards granted in the current period versus the comparable prior year period.

The increase in total operating expenses was partially offset by lower sales and marketing expenses principally due to a decrease in sales commissions from lower revenues on products subject to tiered revenue-sharing agreements, as well as reduced marketing spend associated with GO2bank, and lower other general and

administrative expenses. Other general and administrative expenses decreased during the three months ended March 31, 2023 in part due to lower overall transaction losses as a result of lower purchase volume and continued operational efficiencies in managing customer disputes and fraud, as well as reductions in professional services fees and certain impairment charges of internal-use software that did not recur in the current year period.

### **Income taxes**

Our income tax expense for the three months ended March 31, 2023 decreased \$1.8 million, or 15%, on a year-over-year basis. The decrease in our income tax expense was primarily due to a decrease in our taxable income and a decrease in our effective tax rate. Our effective tax rate for the three months ended March 31, 2023 was 22.3%, compared to 23.9% for the prior year period, primarily due to the impact of general business credits, tax benefits from bank owned life insurance policies, a decrease in state income taxes expense net of federal benefits, 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. These favorable decreases to our effective tax rate were partially offset by an increase in tax expense associated with shortfalls from stock-based 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 marketing initiatives in support of our GO2bank product 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, we expect 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 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 5.00% to 5.25%. 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, we expect the net effect 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, we believe our consolidated operating profit will 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 March 31,		Change	%
	2023	2022		
	(In millions, except percentages)			
Gross dollar volume	\$ 23,289	\$ 17,436	\$ 5,853	33.6 %
Number of active accounts*	3.84	4.93	(1.09)	(22.1)%
Purchase volume	\$ 6,145	\$ 7,192	\$(1,047)	(14.6)%
Number of cash transfers	8.70	8.87	(0.17)	(1.9)%
Number of tax refunds processed	9.91	9.61	0.3	3.1 %

\* Represents the number of active accounts as of March 31, 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 March 31, 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 March 31,			
	2023		2022	
	Amount	% of Total Operating Revenues	Amount	% of Total Operating Revenues
(In thousands, except percentages)				
Operating revenues:				
Card revenues and other fees	\$ 239,866	57.5 %	\$ 212,828	53.1 %
Cash processing revenues	101,823	24.5	100,028	25.0
Interchange revenues	64,015	15.4	78,856	19.7
Interest income, net	10,676	2.6	8,905	2.2
Total operating revenues	\$ 416,380	100.0 %	\$ 400,617	100.0 %

**Card Revenues and Other Fees** — Card revenues and other fees totaled \$239.9 million for the three months ended March 31, 2023, an increase of \$27.1 million, or 12.7%, 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 and ATM fees for the reasons discussed above in "Overview."

**Cash Processing Revenues** — Cash processing revenues totaled \$101.8 million for the three months ended March 31, 2023, an increase of \$1.8 million, or 2%, from the comparable prior year period. The increase is primarily due to higher overall tax processing revenues due to a 3% increase in the number of tax refunds processed, partially offset by a decline in the number of cash transfers processed as a result of fewer active accounts within our Consumer Services and B2B Services segments discussed above in "Overview."

**Interchange Revenues** — Interchange revenues totaled \$64.0 million for the three months ended March 31, 2023, a decrease of \$14.9 million, or 19%, from the comparable prior year period. The decrease was primarily due to a decrease in purchase volume during the three months ended March 31, 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 \$10.7 million for the three months ended March 31, 2023, an increase of \$1.8 million, or 20%, from the comparable prior year period. The increase in net interest income earned was the result of an increase in the overall size of our investment securities portfolio, funded primarily from the use of our cardholder deposit account programs. In addition, the Federal Reserve has instituted several increases in short-term interest rates in 2022 and 2023 to manage the effects of inflation, which also increased the amount of interest income we earned on our deposits and recent investments.



## Operating Expenses

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

	Three Months Ended March 31,			
	2023		2022	
	Amount	% of Total Operating Revenues	Amount	% of Total Operating Revenues
(In thousands, except percentages)				
Operating expenses:				
Sales and marketing expenses	\$ 75,212	18.1 %	\$ 83,526	20.8 %
Compensation and benefits expenses	68,781	16.5	66,264	16.5
Processing expenses	145,054	34.8	112,092	28.0
Other general and administrative expenses	76,338	18.3	87,143	21.8
Total operating expenses	\$ 365,385	87.7 %	\$ 349,025	87.1 %

**Sales and Marketing Expenses** — Sales and marketing expenses totaled \$75.2 million for the three months ended March 31, 2023, a decrease of \$8.3 million, or 10% 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 our strategic decision to reduce marketing spend on GO2bank in our Direct channel to manage our acquisition costs per account.

**Compensation and Benefits Expenses** — Compensation and benefits expenses totaled \$68.8 million for the three months ended March 31, 2023, an increase of \$2.5 million or 4% 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. These increases were partially offset by a decrease in stock-based compensation expense principally due to forfeited awards associated with certain former executive officers and employees and the timing of awards granted in the current period versus the comparable prior year period.

**Processing Expenses** — Processing expenses totaled \$145.1 million for the three months ended March 31, 2023, an increase of \$33.0 million or 29% 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 \$76.3 million for the three months ended March 31, 2023, a decrease of \$10.8 million or 12%, from the comparable prior year period. The decrease in other general and administrative expenses was primarily due to lower overall transaction losses compared to the prior year period due to lower purchase volume and continued operational efficiencies in managing customer disputes and fraud, as well as reductions in professional services fees and certain impairment charges of internal-use software that did not recur in the current year period.

## Income Taxes

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

	Three Months Ended March 31,	
	2023	2022
U.S. federal statutory tax rate	21.0 %	21.0 %
State income taxes, net of federal tax benefit	0.8	1.3
General business credits	(3.4)	(1.6)
Stock-based compensation	3.7	1.2
IRC 162(m) limitation	1.6	2.5
Bank owned life insurance	(1.6)	(0.7)
Nondeductible expenses	0.6	0.3
Other	(0.4)	(0.1)
Effective tax rate	22.3 %	23.9 %

Our income tax expense totaled \$10.3 million for the three months ended March 31, 2023, a decrease of \$1.8 million or 15% from the prior year comparable period, primarily due to a decrease in taxable income and our effective tax rate. The decrease in our effective tax rate for the three months ended March 31, 2023 as compared to the three months ended March 31, 2022 was primarily due to the impact of general business credits, tax benefits

from bank owned life insurance policies, a decrease in state income taxes expense net of federal benefits, 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. These favorable decreases to our effective tax rate were partially offset by an increase in tax expense associated with shortfalls from stock-based 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 months ended March 31, 2023 and 2022 were as follows:

	Three Months Ended March 31,		Change	%
	2023	2022		
(In thousands, except percentages)				
<b>Financial Results</b>				
Segment revenues	\$ 139,833	\$ 158,757	\$ (18,924)	(11.9)%
Segment expenses	\$ 87,081	\$ 104,469	\$ (17,388)	(16.6)%
Segment profit	\$ 52,752	\$ 54,288	\$ (1,536)	(2.8)%
<b>Key Metrics</b>				
(In millions, except percentages)				
Gross dollar volume	\$ 5,677	\$ 6,621	\$ (944)	(14.3)%
Number of active accounts*	2.41	3.04	(0.63)	(20.7)%
Direct deposit active accounts*	0.60	0.69	(0.09)	(13.0)%
Purchase volume	\$ 4,344	\$ 5,017	\$ (673)	(13.4)%

\* Represents total number of active and direct deposit active accounts as of March 31, 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		
	Q1	Q4	Q3	Q2	Q1
(In millions)					
<b>Key Metrics</b>					
Gross dollar volume	\$ 5,677	\$ 5,426	\$ 5,495	\$ 5,715	\$ 6,621
Number of active accounts	2.41	2.37	2.51	2.78	3.04
Direct deposit active accounts	0.60	0.63	0.66	0.67	0.69
Purchase volume	\$ 4,344	\$ 4,229	\$ 4,302	\$ 4,588	\$ 5,017

Segment revenues within Consumer Services for the three months ended March 31, 2023 decreased \$18.9 million, or 12%, compared to the prior year comparable period, while our segment expenses for the three months ended March 31, 2023 decreased \$17.4 million, or 17%.

Our gross dollar volume, purchase volume, total number of active accounts and direct deposit active accounts decreased during the three months ended March 31, 2023 by 14%, 13%, 21% and 13%, respectively, primarily from several factors discussed above, including reduced marketing spend on GO2bank 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.

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 months ended March 31, 2023 from the comparable prior year period due to several factors, including a decrease in sales commissions from lower revenues on products subject to tiered revenue-sharing agreements, a decrease in marketing spend on GO2bank as discussed above, and a decrease in transactions losses due to both lower transaction volumes and improvement in loss rates.

As a result of each of these multiple factors, our segment profit decreased for the three months ended March 31, 2023 by approximately 3%.

## B2B Services

The results of operations and key metrics of our B2B Services segment for the three months ended March 31, 2023 and 2022 were as follows:

	Three Months Ended March 31,		Change	%
	2023	2022		
(In thousands, except percentages)				
<b>Financial Results</b>				
Segment revenues	\$ 171,292	\$ 133,900	\$ 37,392	27.9 %
Segment expenses	\$ 149,073	\$ 111,636	\$ 37,437	33.5 %
Segment profit	\$ 22,219	\$ 22,264	\$ (45)	(0.2)%
<b>Key Metrics</b>				
(In millions, except percentages)				
Gross dollar volume	\$ 17,612	\$ 10,815	\$ 6,797	62.8 %
Number of active accounts*	1.43	1.89	(0.46)	(24.3)%
Purchase volume	\$ 1,801	\$ 2,175	\$ (374)	(17.2)%

\* Represents total number of active accounts as of March 31, 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		
	Q1	Q4	Q3	Q2	Q1
(In millions)					
<b>Key Metrics</b>					
Gross dollar volume	\$ 17,612	\$ 14,584	\$ 13,187	\$ 11,641	\$ 10,815
Number of active accounts*	1.43	1.78	1.82	1.83	1.89
Purchase volume	\$ 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 months ended March 31, 2023 increased \$37.4 million, or 28%, compared to the prior year period, while our segment expenses for the three months ended March 31, 2023 increased \$37.4 million, or 34%.

Our gross dollar volume during the three months ended March 31, 2023 increased 63% from the comparable prior year period despite the number of active accounts within this segment decreasing by 24% 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 due to the non-renewals of certain BaaS partners as previously disclosed, resulting in a lower amount of interchange revenue earned from the comparable prior year period.

B2B Services expenses increased for the three months ended March 31, 2023 from the comparable prior year period, 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 months ended March 31, 2023 and 2022 were as follows:

	Three Months Ended March 31,		Change	%
	2023	2022		
(In thousands, except percentages)				
<b>Financial Results</b>				
Segment revenues	\$ 98,241	\$ 97,316	\$ 925	1.0 %
Segment expenses	37,215	35,856	1,359	3.8 %
Segment profit	\$ 61,026	\$ 61,460	\$ (434)	(0.7)%
<b>Key Metrics</b>				
(In millions, except percentages)				
Number of cash transfers	8.70	8.87	(0.17)	(1.9)%
Number of tax refunds processed	9.91	9.61	0.3	3.1 %

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

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

Segment revenues within our Money Movement services for the three months ended March 31, 2023 increased \$0.9 million, or 1%, from the comparable prior year period, and segment expenses for the three months ended March 31, 2023 increased \$1.4 million, or 4%.

The increase in segment revenues for the three months ended March 31, 2023 was driven primarily by our tax processing revenues, which increased as a result of a 3% increase in the number of tax refunds processed compared to the prior year period. This increase was partially offset by a lower number of cash transfers processed, which decreased by 2%, from the prior year comparable period. 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 cash transfers was the result of lower active accounts within our Consumer Services and B2B Services segments discussed above.

Money Movement expenses increased during the three months ended March 31, 2023, primarily due to an increase in third-party costs in support the volume growth of our tax refund processing services, partially offset by a decrease 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 months ended March 31, 2023 and 2022 were as follows:

	Three Months Ended March 31,		Change	%
	2023	2022		
(In thousands, except percentages)				
<b>Financial Results</b>				
Unallocated revenue and inter-segment eliminations	\$ 2,997	\$ 4,705	\$ (1,708)	(36.3)%
Unallocated corporate expenses and inter-segment eliminations	56,451	52,391	4,060	7.7 %
Total	\$ (53,454)	\$ (47,686)	\$ (5,768)	12.1 %

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 increased year-over-year for the three months ended March 31, 2023 as a result of an increase in the overall size of our investment securities portfolio and recent increases in interest rates by the Federal Reserve. This increase was offset by the interest we share with certain BaaS partners.

Unallocated corporate expenses for the three months ended March 31, 2023 increased year-over-year by approximately 8%, 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."

## Liquidity and Capital Resources

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

	Three Months Ended March 31,	
	2023	2022
	(In thousands)	
Total cash provided by (used in)		
Operating activities	\$ 100,532	\$ 115,642
Investing activities	(32,720)	(300,614)
Financing activities	(161,648)	185,974
(Decrease) increase in unrestricted cash, cash equivalents and restricted cash	\$ (93,836)	\$ 1,002

For the three months ended March 31, 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 March 31, 2023, our primary source of liquidity was unrestricted cash and cash equivalents totaling \$722.0 million. We also consider our \$2.4 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 \$100.5 million of net cash provided by operating activities during the three months ended March 31, 2023 was the result of \$36.0 million of net income, adjusted for certain non-cash operating items of \$42.5 million and increases in net changes in our working capital assets and liabilities of \$22.0 million. Our \$115.6 million of net cash provided by operating activities during the three months ended March 31, 2022 was the result of \$38.6 million of net income, adjusted for certain non-cash operating items of \$53.5 million and net changes in our working capital assets and liabilities of \$23.5 million.

### Cash Flows from Investing Activities

Our \$32.7 million of net cash used in investing activities during the three months ended March 31, 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 \$19.5 million and net changes in loans of \$15.1 million, partially offset by proceeds from maturities of available-for-sale securities of \$37.1 million. Our \$300.6 million of net cash used in investing activities during the three months ended March 31, 2022 was primarily due to purchases of available-for-sale investment securities, net of proceeds from sales and maturities, of \$200.0 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 \$19.0 million and net changes in loans of \$15.0 million.

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

Our \$161.6 million of net cash used in financing activities during the three months ended March 31, 2023 was principally the result of a net decrease in customer deposits of \$104.4 million and a decrease of \$19.9 million in obligations to customers. We also repaid \$35.0 million, net of borrowings, on our revolving line of credit during the three months ended March 31, 2023. Our \$186.0 million of net cash provided from financing activities during the three months ended March 31, 2022 was principally the result of a net increase in customer deposits of \$318.3 million, partially offset by a decrease of \$104.7 million in obligations to customers and share repurchases of our Class A common stock of \$25.0 million. We also borrowed and repaid \$50.0 million on our revolving line of credit during the three months ended March 31, 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 March 31, 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 March 31, 2023, we were in compliance with all such covenants.

### **Material Cash Requirements**

While the 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 March 31, 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 March 31, 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 March 31, 2023 and December 31, 2022 were as follows:

March 31, 2023				
	Amount	Ratio	Regulatory Minimum	"Well-capitalized" Minimum
(In thousands, except ratios)				
<b>Green Dot Corporation:</b>				
Tier 1 leverage	\$ 710,482	17.4 %	4.0 %	n/a
Common equity Tier 1 capital	\$ 710,482	43.9 %	4.5 %	n/a
Tier 1 capital	\$ 710,482	43.9 %	6.0 %	6.0 %
Total risk-based capital	\$ 728,150	45.0 %	8.0 %	10.0 %
<b>Green Dot Bank:</b>				
Tier 1 leverage	\$ 364,861	8.9 %	4.0 %	5.0 %
Common equity Tier 1 capital	\$ 364,861	30.9 %	4.5 %	6.5 %
Tier 1 capital	\$ 364,861	30.9 %	6.0 %	8.0 %
Total risk-based capital	\$ 372,076	31.5 %	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 March 2023 to a range of 5.00%-5.25%, 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, we expect the net effect to have a negative impact on our consolidated financial statements in 2023 compared to 2022.

As of March 31, 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 March 31, 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 13d-15(e)) at the end of the period covered by this report. Based on such evaluation of our disclosure controls and procedures, our Chief Executive Officer and Chief Financial Officer have concluded that, at the end of such period, our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

*Change in internal control over financial reporting* — There was no material change in our internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) during the three months ended March 31, 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

***The COVID-19 pandemic has 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 related to the COVID-19 pandemic that are not within our control. 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 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. In addition, in 2021, we experienced higher costs and transaction losses compared to prior periods due to pandemic-related disruptions of our outsourced customer support operations. 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.***

The effects of the continued 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, 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.

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 months ended March 31, 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 due to the COVID-19 pandemic and 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 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. For example, in 2021, we launched GO2bank, a mobile bank account aimed at serving the low-and moderate-income market and continue to enhance its features and functionality. 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, “challenger” banks 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

challenger banks, 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, which negatively impacted many financial services companies.

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 March 31, 2023, we had assets subject to settlement risk of \$483.0 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 by the end of the first half of fiscal year 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. For example, many of our U.S. and international third-party call centers experienced periodic disruptions in 2021, which resulted in delayed responses to customers and a higher usage of automated services. While such issues have largely been resolved, these conditions contributed to higher costs and transaction losses as compared to prior periods. 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 regulations and other commitments we have agreed to, including financial commitments with respect to minimum capital and leverage requirements. If we fail to comply with any of these requirements, we may become subject to formal or informal enforcement actions, proceedings, or investigations, which could result in regulatory orders, restrictions on our business operations or requirements to take corrective actions, which may, individually or in the aggregate, affect our results of operations and restrict our ability to grow. If we fail to comply with the applicable capital and leverage requirements, or if 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. As a bank holding company and an FHC, we are generally prohibited from engaging, directly or indirectly, in any activities other than those permissible for bank holding companies and FHCs. 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. In some instances, we are subject to significant legal restrictions on our ability to publicly disclose these actions or the full details of these actions, including those in examination reports. In addition, as part of the regular examination process, our and Green Dot Bank's regulators may advise 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. As a result of the new rule, Green Dot Bank reclassified 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 Green Dot Bank's deposits should actually 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 and 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. 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 enforcement actions, either 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 March 31, 2023, interchange revenues represented 15% 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 and from time to time 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, such as the changes in our Chief Executive Officer in 2020 and 2022, 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. Further, in 2021 and into 2022, the labor market in the U.S. experienced significant increases in workers leaving their positions (often referred to as the “Great Resignation”), which made the market to replace these individuals competitive and resulted in significant wage inflation in response to labor shortages. During the Great Resignation we have faced and may continue to face increased challenges of employee attraction and retention.

***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 expect to 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 \$438.9 million as of March 31, 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 6. Exhibits**

The following documents are filed as exhibits to this report:

<b>Exhibit Number</b>	<b>Description of Exhibits</b>
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 March 31, 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).

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\* 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: May 8, 2023

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

**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: May 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: May 8, 2023

By:	/s/ Jess Unruh
Name:	<hr/> 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 March 31, 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: May 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 March 31, 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: May 8, 2023

By: /s/ Jess Unruh

Name: Jess Unruh  
Chief Financial Officer  
(Principal Financial Officer)