
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q**

(Mark One)

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

For the quarterly period ended September 30, 2023

OR

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from to

Commission file number 001-38633

BM Technologies, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

82-3410369

(I.R.S. Employer Identification No.)

201 King of Prussia Road, Suite 650

Wayne, Pennsylvania

(Address of Principal Executive)

19087

(Zip-Code)

(877) 327-9515

Registrant's telephone number, including area code

(Former name, former address, and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	BMTX	NYSE American LLC
Warrants, each whole warrant exercisable for one share of Common Stock at an exercise price of \$11.50 per share	BMTX-WT	NYSE American LLC

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, non-accelerated filer, and emerging growth company in Rule 12b-2 of the Exchange Act.

Non-accelerated filer Smaller reporting company Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. Yes No

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

The registrant had issued and outstanding 11,869,925 shares of common stock, par value \$0.0001 per share, as of November 20, 2023.

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Part I - Financial Information

ITEM 1. UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

BM TECHNOLOGIES, INC.
CONSOLIDATED BALANCE SHEETS — UNAUDITED
(amounts in thousands, except share and per share data)

	September 30, 2023	December 31, 2022
ASSETS		
Cash and cash equivalents	\$ 8,802	\$ 21,108
Accounts receivable, net allowance for doubtful accounts of \$ 655 and \$305	8,511	8,260
Prepaid expenses and other assets	6,088	9,076
Total current assets	23,401	38,444
Premises and equipment, net	534	508
Developed software, net	17,668	22,324
Goodwill	5,259	5,259
Other intangibles, net	4,189	4,429
Other assets	—	72
Total assets	\$ 51,051	\$ 71,036
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Accounts payable and accrued liabilities	\$ 12,513	\$ 12,684
Deferred revenue	3,440	6,647
Total current liabilities	15,953	19,331
Non-current liabilities:		
Liability for private warrants	378	2,847
Other non-current liabilities	480	—
Total liabilities	\$ 16,811	\$ 22,178
Commitments and contingencies (Note 7)		
Shareholders' equity:		
Preferred stock: Par value \$0.0001 per share; 10,000,000 shares authorized, none issued or outstanding at both September 30, 2023 and December 31, 2022	\$ —	\$ —
Common stock: Par value \$0.0001 per share; 1 billion shares authorized; 11,869,925 shares issued and outstanding at September 30, 2023; 12,240,237 shares issued and outstanding at December 31, 2022	1	1
Additional paid-in capital	71,092	72,342
Accumulated deficit	(36,853)	(23,485)
Total shareholders' equity	\$ 34,240	\$ 48,858
Total liabilities and shareholders' equity	\$ 51,051	\$ 71,036

See accompanying notes to the unaudited consolidated financial statements.

BM TECHNOLOGIES, INC.
CONSOLIDATED STATEMENTS OF (LOSS) INCOME — UNAUDITED
(amounts in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Operating revenues:				
Interchange and card revenue	\$ 2,652	\$ 5,325	\$ 7,535	\$ 17,283
Servicing fees	8,658	10,163	22,990	37,650
Account fees	1,931	2,110	5,981	6,872
University fees	1,412	1,357	4,291	4,406
Other revenue	88	903	415	1,702
Total operating revenues	14,741	19,858	41,212	67,913
Operating expenses:				
Technology, communication, and processing	8,186	7,731	21,768	21,944
Salaries and employee benefits	4,773	10,773	17,337	30,656
Professional services	2,948	2,454	7,926	7,225
Provision for operating losses	2,138	1,564	5,628	5,006
Occupancy	9	160	33	875
Customer related supplies	227	225	677	676
Advertising and promotion	128	242	371	461
Restructuring, merger, and acquisition related expenses	—	—	993	290
Other expense	717	989	2,280	2,467
Total operating expenses	19,126	24,138	57,013	69,600
Loss from operations	(4,385)	(4,280)	(15,801)	(1,687)
Non-operating income and expense:				
Gain (loss) on fair value of private warrant liability	433	(1,369)	2,449	6,916
(Loss) income before income tax expense	(3,952)	(5,649)	(13,352)	5,229
Income tax (benefit) expense	—	(729)	16	1,823
Net (loss) income	\$ (3,952)	\$ (4,920)	\$ (13,368)	\$ 3,406
Weighted average number of shares outstanding - basic				
	11,570	11,940	11,567	11,944
Weighted average number of shares outstanding - diluted				
	11,570	11,940	11,567	12,215
Basic (loss) earnings per common share				
	\$ (0.34)	\$ (0.41)	\$ (1.16)	\$ 0.29
Diluted (loss) earnings per common share				
	\$ (0.34)	\$ (0.41)	\$ (1.16)	\$ 0.28

See accompanying notes to the unaudited consolidated financial statements.

BM TECHNOLOGIES, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY — UNAUDITED
For the Three and Nine Months Ended September 30, 2023 and 2022
(amounts in thousands, except share data)

	<u>Common Stock</u>		<u>Additional Paid in Capital</u>	<u>Accumulated Deficit</u>	<u>Total</u>
	<u>Shares of Common Stock Outstanding</u>	<u>Common Stock</u>			
Balance at December 31, 2022	12,240,237	\$ 1	\$ 72,342	\$ (23,485)	\$ 48,858
Net loss	—	—	—	(4,960)	(4,960)
Conversion of private warrants to public warrants	—	—	20	—	20
Tax paid on behalf of employees related to net settlement of share-based awards	(473,874)	—	(2,429)	—	(2,429)
Share-based compensation expense	95,147	—	447	—	447
Balance at March 31, 2023	11,861,510	\$ 1	\$ 70,380	\$ (28,445)	\$ 41,936
Net loss	—	—	—	(4,456)	(4,456)
Tax paid on behalf of employees related to net settlement of share-based awards	(1,765)	—	(5)	—	(5)
Share-based compensation expense	6,600	—	568	—	568
Balance at June 30, 2023	11,866,345	\$ 1	\$ 70,943	\$ (32,901)	\$ 38,043
Net loss	—	—	—	(3,952)	(3,952)
Tax paid on behalf of employees related to net settlement of share-based awards	(1,253)	—	(4)	—	(4)
Share-based compensation expense	4,833	—	153	—	153
Balance at September 30, 2023	11,869,925	\$ 1	\$ 71,092	\$ (36,853)	\$ 34,240

	<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Accumulated Deficit</u>	<u>Total</u>
	<u>Shares of Common Stock Outstanding</u>	<u>Common Stock</u>			
(amounts in thousands, except share data)					
Balance at December 31, 2021	12,193,378	\$ 1	\$ 60,686	\$ (22,706)	\$ 37,981
Net income	—	—	—	3,964	3,964
Conversion of private warrants to public warrants	—	—	725	—	725
Tax paid on behalf of employees related to net settlement of share-based awards	(37,506)	—	(225)	—	(225)
Share-based compensation expense	90,075	—	\$ 2,919	—	2,919
Balance at March 31, 2022	12,245,947	\$ 1	\$ 64,105	\$ (18,742)	\$ 45,364
Net income	—	\$ —	\$ —	\$ 4,362	4,362
Share-based compensation expense	(7,000)	\$ —	\$ 3,053	\$ —	3,053
Balance at June 30, 2022	12,238,947	\$ 1	\$ 67,158	\$ (14,380)	\$ 52,779
Net loss	—	\$ —	\$ —	\$ (4,920)	(4,920)
Issuance of common stock as compensation	6,000	\$ —	\$ 37	\$ —	37
Share-based compensation expense	(6,500)	\$ —	\$ 2,706	\$ —	2,706
Balance at September 30, 2022	12,238,447	\$ 1	\$ 69,901	\$ (19,300)	\$ 50,602

See accompanying notes to the unaudited consolidated financial statements.

BM TECHNOLOGIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS — UNAUDITED
(amounts in thousands)

	Nine Months Ended September 30,	
	2023	2022
Cash Flows from Operating Activities:		
Net (loss) income	\$ (13,368)	\$ 3,406
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:		
Depreciation of premises and equipment	198	239
Loss on disposal of premises and equipment	—	38
Amortization of developed software	9,250	8,581
Amortization of other intangible assets	240	240
Amortization of leased assets	—	398
Provision for bad debt	350	70
Share-based compensation expense	1,534	8,715
Gain on fair value of private warrant liability	(2,449)	(6,916)
Changes in operating assets and liabilities:		
Accounts receivable	(601)	510
Prepaid expenses and other current assets	2,988	(4,851)
Other assets	72	—
Accounts payable and accrued liabilities	(537)	3,556
Taxes payable	—	(1,807)
Operating lease liabilities	—	(416)
Deferred revenue	(3,207)	(4,313)
Net Cash (used in) provided by Operating Activities	(5,530)	7,450
Cash Flows from Investing Activities:		
Development of internal use software	(4,114)	(4,013)
Purchases of premises and equipment	(224)	(506)
Net Cash used in Investing Activities	(4,338)	(4,519)
Cash Flows from Financing Activities:		
Repurchase of private warrants	—	(1,977)
Payments related to net settlement of share-based compensation awards	(2,438)	(225)
Net Cash used in Financing Activities	(2,438)	(2,202)
Net (Decrease) Increase in Cash and Cash Equivalents	(12,306)	729
Cash and Cash Equivalents – Beginning	21,108	25,704
Cash and Cash Equivalents – Ending	\$ 8,802	\$ 26,433
Supplementary Cash Flow Information:		
Income taxes (refunded) paid, net	\$ (4,323)	\$ 7,704
Noncash Operating, Investing, and Financing Activities:		
Conversion of private warrants to public warrants	\$ 20	\$ —
Contingent liability for acquired software	\$ 480	\$ —

See accompanying notes to the unaudited consolidated financial statements.

BM TECHNOLOGIES, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 — DESCRIPTION OF THE BUSINESS

BM Technologies, Inc. (“BMTX” or the “Company”) (formerly known as BankMobile) provides state-of-the-art high-tech digital banking and disbursement services to consumers and students nationwide through a full service fintech banking platform, accessible to customers anywhere and anytime through digital channels.

BankMobile Technologies, Inc. (“BankMobile”) was incorporated in May 2016 as a wholly-owned subsidiary of Customers Bank. On August 6, 2020, the Company entered into an Agreement and Plan of Merger, by and among Megalith Financial Acquisition Corporation, a special purpose acquisition company (“Megalith”), incorporated in Delaware in November 2017, MFAC Merger Sub Inc., a wholly-owned subsidiary of Megalith, BankMobile Technologies, Inc., and Customers Bank, the sole stockholder of BankMobile. On January 4, 2021, BankMobile became an independent company after the completion of a divestiture transaction and was rebranded BM Technologies, Inc.

BMTX facilitates deposits and banking services between a customer and our current partner bank, Customers Bank, a Pennsylvania state-chartered bank, which is a related party and is a Federal Deposit Insurance Corporation (“FDIC”) insured bank. BMTX’s business model leverages partners’ existing customer bases to achieve high volume, low-cost customer acquisition in its Higher Education Disbursement, Banking-as-a-Service (“BaaS”), and niche Direct to Consumer (“D2C”) banking businesses. BMTX has four primary revenue sources: interchange and card revenue, servicing fees, account fees, and university fees. The majority of revenues are driven by customer activity (deposits, spend, transactions, etc.) and may be paid or passed through by Customers Bank, universities, or paid directly by customers.

Customers Bank currently holds the FDIC insured deposits that BMTX sources and services and is the issuing bank on BMTX’s debit cards. Customers Bank pays the Company a servicing fee for the deposits generated and passes through interchange income earned from transactions on debit cards.

On November 7, 2022, the Company and Customers Bank amended the Deposit Processing Services Agreement (the “DPSA Amendment”). The DPSA Amendment, among other things, will facilitate the transfer of the Company’s serviced deposits to a new partner bank and extends the termination date of the Deposit Processing Services Agreement until the earlier of: (i) entry into a definitive agreement with a new partner bank to transfer the Company’s serviced deposits to such partner bank and the successful completion of such transfer; or (ii) June 30, 2023.

On March 22, 2023, the Company and Customers Bank entered into a second amendment to the Deposit Processing Services Agreement (the “DPSA Second Amendment”) for the Higher Education serviced deposit accounts. The DPSA Second Amendment, among other things, extends the termination date of the Deposit Processing Services Agreement until the earlier of (i) the transfer of the Company’s Higher Education serviced deposits to a Durbin-exempt partner bank; or (ii) June 30, 2024; and revises the fee structure of the Deposit Processing Services Agreement.

Also on March 22, 2023, the Company and Customers Bank entered into a new agreement for the current BaaS serviced deposit accounts (the “2023 Deposit Servicing Agreement”), under which, effective March 31, 2023, the Company will perform, on behalf of Customers Bank, Customer Bank’s services, duties, and obligations by and between Customers Bank and T-Mobile USA, Inc. that are not required to be provided by an FDIC insured financial institution.

On August 18, 2023, the Company and Customers Bank entered into a third amendment to the Deposit Processing Services Agreement (the “DPSA Third Amendment”) for the Higher Education serviced deposit accounts. The DPSA Third Amendment extends the termination date of the Deposit Processing Services Agreement until the earlier of (i) the transfer of the Company’s Higher Education serviced deposits to a Durbin-exempt partner bank; or (ii) April 15, 2025.

On March 16, 2023, the Company entered into a Deposit Servicing Agreement (the “FCB Deposit Servicing Agreement”) with a new partner bank, First Carolina Bank, a North Carolina chartered, non-member community bank (“FCB”), which provides that FCB will establish and maintain deposit accounts and other banking services in connection with customized products and services offered by the Company to its Higher Education institution clients, and the Company will provide certain other related services in connection with the accounts.

On August 20, 2023, the Company and FCB entered into an amendment to the FCB Deposit Servicing Agreement (the "FCB DPSA First Amendment"). The FCB DPSA First Amendment, among other things, (i) extends the initial term from four years to five years after the effective date, (ii) provides that FCB will work with the Company and Customers Bank on the timely transfer of existing student depositor accounts on or before the effective date, and as agreed to by the parties, and (iii) amends the effective date to be the date on which FCB takes on deposits from the existing student depositor accounts.

The FCB Deposit Servicing Agreement and Amendment thereof may be terminated early by either party upon material breach, by either party upon notice that the continuation of the Depositor Program violates Applicable Law or Network Rules (as defined in the FCB Deposit Servicing Agreement); by FCB if a regulatory authority determined that the performance of its obligations under the FCB Deposit Servicing Agreement was not consistent with safe and sound banking practices; by either party upon the other party commencing or being subject to certain bankruptcy proceedings; and by the Company should it experience a change in control on or after March 16, 2026. The Company continues to actively work on the transfer of its Higher Education customer deposits from Customers Bank to FCB with transfer expected to occur during December 2023.

BMTX is not a bank, does not hold a bank charter, and does not provide banking services, and as a result, it is not subject to direct banking regulation, except as a service provider to our partner banks. BMTX is also subject to the regulations of the Department of Education ("ED"), due to its student disbursements business, and is periodically examined by it. BMTX's contracts with most of its Higher Education institution clients require it to comply with numerous laws and regulations, including, where applicable, regulations promulgated by the ED regarding the handling of student financial aid funds received by institutions on behalf of their students under Title IV of the Higher Education Act of 1965; the Family Educational Rights and Privacy Act of 1995; the Electronic Fund Transfer Act and Regulation E; the USA PATRIOT Act and related anti-money laundering requirements; and certain federal rules regarding safeguarding personal information, including rules implementing the privacy provisions of the Gramm-Leach-Bliley Act. Other products and services offered by BMTX may also be subject to other federal and state laws and regulations.

NOTE 2 — BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These interim unaudited consolidated financial statements have been prepared in conformity with U.S. Generally Accepted Accounting Principles ("U.S. GAAP"). Any reference to applicable guidance is meant to refer to the authoritative U.S. GAAP as found in the Accounting Standards Codification ("ASC") and Accounting Standards Update ("ASU") of the Financial Accounting Standards Board ("FASB"). Certain information and footnote disclosures normally included in the annual consolidated financial statements have been omitted from these interim unaudited consolidated financial statements as permitted by U.S. GAAP and pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (the "SEC"). These interim unaudited consolidated financial statements reflect all normal and recurring adjustments that are, in the opinion of Management, necessary to present a fair statement of the financial position and the results of operations and cash flows of BMTX for the interim periods presented.

The preparation of interim unaudited consolidated financial statements in conformity with U.S. GAAP requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the interim unaudited consolidated financial statements, and the reported amounts of revenues and expenses during the reporting periods. Significant estimates include going concern assessment, valuation of deferred tax assets, valuation of private warrants, and goodwill and intangible asset impairment analysis. Actual results could differ from those estimates.

FASB ASC 205-40, *Presentation of Financial Statements - Going Concern*, requires Management to assess an entity's ability to continue as a going concern within one year of the date the financial statements are issued. In each reporting period, including interim periods, an entity is required to assess conditions known and reasonably knowable as of the financial statement issuance date to determine whether it is probable an entity will not meet its financial obligations within one year from the financial statement issuance date.

Management has performed this required assessment as of November 20, 2023, and believes there are sufficient funds available to support its ongoing business operations and continue as a going concern for at least the next 12 months with projected liquidity of \$11.1 million at November 20, 2024.

Management's assessment is subject to known and unknown risks, uncertainties, assumptions, and changes in circumstances, many of which are beyond our control including the impact of the macroeconomic environment, and that are difficult to predict as to timing, extent, likelihood, and degree of occurrence, and that could cause actual results to differ from estimates and forecasts, potentially materially.

Based upon the results of Management's assessment, these interim unaudited consolidated financial statements have been prepared on a going concern basis. The interim unaudited consolidated financial statements do not include any adjustments that could result from the outcome of the aforementioned risks and uncertainties.

Significant Accounting Policies

These interim unaudited consolidated financial statements should be read in conjunction with the 2022 audited consolidated financial statements and related notes of BMTX, which describe BMTX's significant accounting policies. There have been no material changes to BMTX's significant accounting policies during the nine months ended September 30, 2023 except as noted below.

Insurance Premium Finance Obligations

The Company includes the obligation for its insurance premium financing in *Accounts payable and accrued liabilities* on the interim unaudited *Consolidated Balance Sheets*. At September 30, 2023, the Company had two premium finance arrangements outstanding with balances totaling \$0.3 million, average remaining installment payment terms of 2.5 months, and a weighted average annualized finance charge of 4.95%.

401(k) Plan

On January 3, 2023, the Company implemented the BM Technologies, Inc. 401(k) Plan (the "401(k) Plan") for the benefit of BMTX's eligible employees. The 401(k) Plan permits eligible employees to make voluntary contributions, up to a maximum of \$63.5 thousand per year, subject to certain limitations. The Company offers a matching contribution equal to 50% of an eligible employee's deferral election up to 3% of their annual salary. The Company records its contributions to the 401(k) Plan in *Salaries and employee benefits* on the unaudited *Consolidated Statements of (Loss) Income*. The Company's employer contribution to the 401(k) Plan for the three and nine months ended September 30, 2023 totaled \$0.1 million and \$0.5 million, respectively.

Accounting Standards Update

As an emerging growth company ("EGC"), the Jumpstart Our Business Startups Act ("JOBS Act") allows the Company to delay adoption of new or revised ASUs applicable to public companies until such pronouncements are applicable to private companies. The Company has elected to use the extended transition period under the JOBS Act.

From time to time, new accounting pronouncements are issued by the FASB that are adopted by BMTX as of the required effective dates. During the nine months ended September 30, 2023 there were no ASUs adopted by the Company that were considered material and there were no ASUs issued prior to September 30, 2023, which were not yet effective, considered relevant or material to the Company's financial statements taken as a whole.

NOTE 3 — ACCOUNTS RECEIVABLE

Accounts receivable, net primarily relate to billings for deposit processing services to Customers Bank, MasterCard incentive income, uncollected university subscription and disbursement services fees, and receivables from our BaaS partners, and are recorded at face amounts less an allowance for doubtful accounts. Management evaluates accounts receivable and establishes the allowance for doubtful accounts based on historical experience, analysis of past due accounts, and other current available information.

Accounts receivable deemed to be uncollectible are individually identified and are charged-off against the allowance for doubtful accounts. The allowance for doubtful accounts was \$0.7 million at September 30, 2023 and \$0.3 million at December 31, 2022.

(amounts in thousands)	Beginning Balance	Additions	Reductions	Ending Balance
Allowance for doubtful accounts				
Nine months ended September 30, 2023	\$ 305	\$ 1,001	\$ (651)	655
Twelve months ended December 31, 2022	\$ 79	\$ 381	\$ (155)	305

NOTE 4 — PREMISES AND EQUIPMENT AND DEVELOPED SOFTWARE

Premises and Equipment

The components of premises and equipment were as follows:

(amounts in thousands)	Expected Useful Life	September 30, 2023	December 31, 2022
IT equipment	3 to 5 years	\$ 862	\$ 1,377
Accumulated depreciation		(328)	(869)
Total		\$ 534	\$ 508

BMTX recorded depreciation expense of less than \$0.1 million and \$0.2 million for the three and nine months ended September 30, 2023, respectively, as a component of *Technology, communication, and processing* expense on the unaudited *Consolidated Statements of (Loss) Income* and less than \$0.1 million and \$0.3 million for the three and nine months ended September 30, 2022, respectively, as a component of *Occupancy* expense on the unaudited *Consolidated Statements of (Loss) Income*.

BMTX recorded no impairment expense during the three and nine months ended September 30, 2023 and 2022.

Developed Software

The components of developed software were as follows:

(amounts in thousands)	Expected Useful Life	September 30, 2023	December 31, 2022
Higher One Disbursement business developed software	10 years	\$ 27,400	\$ 27,400
Internally developed software	3 to 7 years	44,647	42,504
Work-in-process		5,528	3,077
		77,575	72,981
Accumulated amortization		(59,907)	(50,657)
Total		\$ 17,668	\$ 22,324

Amortization is recorded in *Technology, communication, and processing* expense on the unaudited *Consolidated Statements of (Loss) Income*. BMTX recorded amortization expense of \$3.3 million and \$9.2 million for the three and nine months ended September 30, 2023, respectively. BMTX recorded amortization expense of \$2.8 million and \$8.6 million for the three and nine months ended September 30, 2022, respectively.

BMTX recorded no impairment expense during the three and nine months ended September 30, 2023 and 2022.

NOTE 5 — GOODWILL AND OTHER INTANGIBLES

Goodwill represents the excess of the purchase price over the identifiable net assets of businesses acquired through business combinations accounted for under the acquisition method. *Goodwill* is reviewed for impairment annually as of October 31 and between annual tests when events and circumstances indicate that impairment may have occurred. There was no goodwill impairment for the three and nine months ended September 30, 2023 and 2022.

Other intangibles, net represent purchased assets that lack physical substance but can be distinguished from goodwill because of contractual or other legal rights. We have one intangible asset which is being amortized on a straight-line basis over twenty years.

The components of *Other intangibles, net* as of September 30, 2023 and December 31, 2022 were as follows:

(amounts in thousands)	Expected Useful Life	September 30, 2023	December 31, 2022
Customer relationships – universities	20 years	\$ 6,402	\$ 6,402
Accumulated amortization		(2,213)	(1,973)
Total		\$ 4,189	\$ 4,429

Other intangibles, net, includes assets subject to amortization that are reviewed for impairment under FASB ASC 360, *Property, Plant and Equipment*. Amortization is recorded in *Other expense* on the unaudited *Consolidated Statements of (Loss) Income*. BMTX recorded amortization expense of less than \$0.1 million and \$0.2 million for the three and nine months ended September 30, 2023, respectively. BMTX recorded amortization expense of less than \$0.1 million and \$0.2 million for the three and nine months ended September 30, 2022, respectively.

The customer relationships - universities will be amortized in future periods as follows:

Remainder of 2023	\$ 80
2024	320
2025	320
2026	320
2027	320
After 2027	2,829
Total	\$ 4,189

BMTX recorded no impairment expense during the three and nine months ended September 30, 2023 and 2022.

NOTE 6 — LEASES

At January 1, 2022, BMTX leased two offices under operating leases. On March 31, 2022, one of the two office leases matured, and we exited our New Haven, CT office facility. On September 30, 2022, the second office lease matured at our Wayne, PA office. On October 1, 2022, the Company entered into a 3-month short-term lease extension for this office under substantially identical terms and conditions as the original lease. At December 31, 2022, the 3-month short-term lease extension expired and was not renewed. The Company's corporate headquarters is currently operating under a month-to-month short-term lease.

At September 30, 2023 and December 31, 2022, the Company had no operating lease right-of-use assets and operating lease liabilities outstanding.

Operating lease expenses are recorded in *Occupancy* on the unaudited *Consolidated Statements of (Loss) Income*. BMTX recorded lease expense of less than \$0.1 million and \$0.1 million for the three and nine months ended September 30, 2023, respectively. BMTX recorded lease expense of less than \$0.1 million and \$0.5 million for the three and nine months ended September 30, 2022, respectively.

Cash paid pursuant to operating lease liabilities totaled zero for the three and nine months ended September 30, 2023, respectively. Cash paid pursuant to operating lease liabilities totaled less than \$0.1 million and \$0.5 million for the three and nine months ended September 30, 2022, respectively. These cash payments are reported as a component of cash flows (used in) provided by operating activities on the unaudited *Consolidated Statements of Cash Flows*.

NOTE 7 — COMMITMENTS AND CONTINGENCIES

Loss contingencies, including claims and legal actions arising in the ordinary course of business, are recorded as liabilities when the likelihood of loss is probable, and an amount or range of loss can be reasonably estimated. Management does not believe there are any such matters that will have a material effect on the interim unaudited consolidated financial statements that are not currently accrued for. However, in light of the uncertainties inherent in these matters, it is possible that the ultimate resolution may have a material adverse effect on BMTX's results of operations for a particular period, and future changes in circumstances or additional information could result in accruals or resolution in excess of established accruals, which could adversely affect BMTX's results of operations, potentially materially.

On June 5, 2023, the Company entered into an agreement to purchase certain software technology assets from a third-party. Purchase consideration was comprised of a cash payment of less than \$0.1 million at closing and potential future contingent consideration of \$0.5 million over the next three years if the technology is successfully and continuously deployed by the Company. The \$0.5 million of contingent consideration is reported in *Other non-current liabilities* on the unaudited *Consolidated Balance Sheets*.

NOTE 8 — SHAREHOLDERS' EQUITY AND PRIVATE WARRANT LIABILITY

Common Stock

The Company is authorized to issue 1,000,000,000 shares of common stock, par value 0.0001 per share. At September 30, 2023, there were 11,869,925 shares of common stock issued and outstanding, which includes the 300,000 performance shares discussed below. At December 31, 2022 there were 12,240,237 shares of common stock issued and outstanding which includes the 300,000 performance shares discussed below.

Each holder of common stock is entitled to one vote for each share of common stock held of record by such holder on all matters on which stockholders generally are entitled to vote. The holders of common stock do not have cumulative voting rights in the election of directors. Generally, all matters to be voted on by stockholders must be approved by a majority (or, in the case of election of directors, by a plurality) of the votes entitled to be cast by all stockholders present in person or represented by proxy, voting together as a single class.

Preferred Stock

The Company is authorized to issue 10,000,000 shares of preferred stock, par value \$ 0.0001 per share, with such designations, voting and other rights and preferences as may be determined from time to time by the Company's Board of Directors. At September 30, 2023 and December 31, 2022, there were no shares of preferred stock issued or outstanding.

Performance Shares

The Company has 300,000 common shares, par value \$0.0001 per share, issued and outstanding that contain a restrictive legend, subject to release only if the vesting criteria are met before the seventh anniversary of the closing date of the merger with Megalith. If the vesting criteria are not met prior to the seventh anniversary of the closing date of the merger, the shares will be forfeited and cancelled. The vesting criteria are met when either (1) the volume weighted average price of the Company's common stock on the principal exchange on which such securities are then listed or quoted shall have been at or above \$15.00 for twenty (20) trading days (which need not be consecutive) over a thirty (30) trading day period; or (ii) the Company sells shares of its capital stock in a secondary offering for at least \$15.00 per share, in each case subject to equitable adjustment for share splits, share dividends, reorganizations, combinations, recapitalizations and similar transactions affecting the shares of the Company's common stock after the merger, and possible reduction for certain dividends granted to the Company's common stock, or (2) the Company undergoes certain change in control or sales transactions. None of the vesting criteria for the performance shares have been met and no expense has been recognized.

Dividend Policy

We have not paid any cash dividends on our common stock to date and have no present intention to pay cash dividends in the future. The payment of cash dividends by the Company in the future will be dependent upon the Company's revenues and earnings, capital requirements, and general financial condition. The payment of any dividends will be within the discretion of the Board of Directors of the Company.

January 4, 2021 Share-Based Compensation Award

In connection with its January 4, 2021 divestiture of the Company, Customers Bank, the Company's former parent, granted 1,317,035 of the merger consideration shares of the Company it received to certain employees and executives of the Company. The share-based compensation award was subject to vesting conditions, including a required service condition from award recipients through January 3, 2023. The grant date fair value of the award, totaling \$19.6 million, was recorded as share-based compensation expense on the unaudited *Consolidated Statements of (Loss) Income* on a straight-line basis over the two-year post-grant vesting period, net of any actual forfeitures. The shares awarded were restricted until fully vested. The holders of restricted shares were provided an option to surrender a portion of their shares on the vesting date to cover their income tax obligations. On January 3, 2023, all restricted shares, net of prior forfeitures, vested.

The change in unvested shares under the January 4, 2021 Share-Based Compensation Award is shown below:

	Number of Awards	Weighted-Average Grant-Date Fair Value Per Award
Balance as of December 31, 2022	1,168,146	\$ 14.87
Vested	(749,854)	\$ 14.87
Net settlement of share-based awards for taxes	(418,292)	\$ 14.87
Balance as of September 30, 2023	—	\$ —

BMTX recorded share-based compensation expense related to these awards of zero and less than \$0.1 million for the three and nine months ended September 30, 2023, respectively. BMTX recorded share-based compensation expense related to these awards of \$2.4 million and \$6.9 million for the three and nine months ended September 30, 2022, respectively.

Equity Incentive Plan

Our 2020 Equity Incentive Plan (the "Equity Incentive Plan") provides for the grant of incentive stock options, or ISOs, nonstatutory stock options, or NSOs, stock appreciation rights, restricted stock awards, restricted stock unit awards, performance-based stock awards, and other forms of equity compensation, or collectively, stock awards, all of which may be granted to employees, including officers, non-employee directors, and consultants of both the Company and its affiliates. Additionally, the Equity Incentive Plan provides for the grant of performance cash awards. ISOs may be granted only to employees. All other awards may be granted to employees, including officers, and to non-employee directors and consultants.

On June 20, 2023, an amendment to the Equity Incentive Plan was approved by the Company's stockholders. The amendment increased the total number of shares of common stock authorized under the Equity Incentive Plan by 1,279,963, from 1,220,037 (the number of shares authorized under the original 2020 Equity Incentive Plan) to 2,500,000.

Grants were made under the Equity Incentive Plan during the three and nine months ended September 30, 2023 as described within *Restricted Stock Units and Performance - Based Restricted Stock Units* below.

Restricted Stock Units

Restricted Stock Units ("RSUs") granted under the Equity Incentive Plan generally vest in three or four equal installments on each anniversary of the grant date. The RSUs that have been granted are all paid in stock upon vesting, and are thus classified as equity awards, which are measured using the grant date fair value of BMTX common stock and are not remeasured at the end of each reporting period. We recognize compensation cost starting from the grant date on a straight-line basis over the required vesting period in accordance with FASB ASC 718, *Compensation - Stock Compensation*. We account for forfeitures as they occur and reverse any previously recognized compensation expense related to forfeited awards.

Performance - Based Restricted Stock Units

Performance - Based Restricted Stock Units (“PBRsUs”) granted under the Equity Incentive Plan currently vest upon the later of: a) the third year of employment following the grant date or b) the achievement of the specified performance goals within the fifth year of the grant date. As defined by the Equity Incentive Plan, the Compensation Committee of the Board of Directors determines the number of PBRsUs a participant earns based on the extent to which the corresponding performance goals have been achieved over the five-year performance cycle. The PBRsUs that have been granted are paid in stock upon vesting, and are thus classified as equity awards, which are measured using the grant date fair value of BMTX common stock and are not remeasured at the end of each reporting period. We account for forfeitures as they occur and reverse any previously recognized compensation expense related to forfeited awards.

For PBRsUs with milestones, upon the grant date, and at each subsequent reporting period, we reassess whether it is probable that we will achieve each operational milestone, and if so, the period when we expect to achieve that operational milestone. If upon the grant date, we determine that achievement of an operational milestone is probable, we allocate the full share-based compensation expense over the period between the grant date and the expected vesting condition achievement date. If upon the grant date, achievement of the operational milestone is not probable, we do not recognize compensation expense. If after the grant date, we determine achievement of an operational milestone becomes probable, we will allocate the full share-based compensation expense over the period between the grant date and the expected vesting condition achievement date, and we will recognize a catch-up expense equal to the value of previously unrecognized expense from the grant date to the vesting condition achievement date.

For PBRsUs with a market condition, we used a Monte Carlo simulation to determine the fair value on the grant date and recognize the share-based compensation expense over the derived service period.

The change in unvested RSUs and PBRsUs awarded is shown below:

	Restricted Stock Units		Performance-Based Restricted Stock Units	
	Number of RSUs	Weighted-Average Grant-Date Fair Value	Number of RSUs	Weighted-Average Grant-Date Fair Value
		Per RSU		Per RSU
Balance as of December 31, 2022	324,790	\$ 8.84	335,000	\$ 7.09
Granted	570,780	\$ 3.40	455,000	\$ 2.94
Vested	(106,580)	\$ 8.65	—	\$ —
Forfeited	(308,554)	\$ 4.21	(295,000)	\$ 3.57
Balance as of September 30, 2023	480,436	\$ 5.39	495,000	\$ 5.37

For the three and nine months ended September 30, 2023, the share-based compensation expense related to the RSU awards, net of forfeitures, totaled \$0.3 million and \$1.2 million, respectively. For the three and nine months ended September 30, 2022, the share-based compensation expense related to the RSU awards, net of forfeitures, totaled \$0.1 million and \$1.0 million, respectively.

For the three and nine months ended September 30, 2023, the share-based compensation expense related to the PBRsUs awards, net of forfeitures, totaled \$(0.1) million and \$0.3 million, respectively. For the three and nine months ended September 30, 2022, the share-based compensation expense related to the PBRsUs awards, net of forfeitures, totaled \$0.2 million and \$0.7 million, respectively.

Employee Stock Purchase Plan (“ESPP”)

The Company has an ESPP (the “BM Technologies Inc. 2021 Employee Stock Purchase Plan”) which has an effective date of May 1, 2021. The purpose of the ESPP is to provide eligible employees with an incentive to advance the interests of the Company and its Subsidiaries, by affording them an opportunity to purchase stock of the Company at a favorable price. As of September 30, 2023, there have been no shares purchased on behalf of employees under the ESPP, as the program has not yet been made available for employee participation.

Warrants

At September 30, 2023 and 2022, respectively, there were 22,703,004 warrants to purchase our common stock outstanding. The warrant totals for each period-end consist of 17,294,044 and 17,227,189 public warrants and 5,408,960 and 5,475,815 private warrants as of September 30, 2023 and 2022, respectively.

Each whole warrant entitles the registered holder to purchase one whole share of common stock at a price of \$ 11.50 per share. The warrants will expire five years after the completion of the merger with Megalith (January 4, 2026) or earlier upon redemption or liquidation; the Company has redemption rights if our common stock trades above \$24.00 for 20 out of 30 days. The private warrants are identical to the public warrants except that the private warrants are non-redeemable and exercisable on a cashless basis so long as they are held by the sponsor and certain other original holders.

Through September 30, 2023, 1,600 of the Company's outstanding public warrants have been exercised and 1,169,903 of the private warrants have been repurchased by the Company from related parties at \$1.69 per warrant.

During the three and nine months ended September 30, 2023, zero and 66,855 of the private warrants have been reclassified to public warrants based upon a sale of the private warrants by the original holders which resulted in a modification of terms that effect classification as public warrants, respectively. There were no warrants exercised in the three and nine months ended September 30, 2023.

During the three and nine month period ended September 30, 2022, zero and 300,000 of the private warrants have been reclassified to public warrants based upon a sale of the private warrants by the original holders which resulted in a modification of terms that effect classification as public warrants, respectively. There were zero and 100 warrants exercised in the three and nine months ended September 30, 2022, respectively.

The private warrants and the public warrants are treated differently for accounting purposes, as follows:

Private Warrants

In accordance with FASB ASC Topic 480, *Distinguishing Liabilities from Equity*, the private warrants are accounted for as liabilities and are marked-to-market each reporting period with the change in fair value recognized in earnings. In general, under the mark-to-market accounting model, as our stock price increases, the private warrant liability increases, and we recognize additional expense on the unaudited *Consolidated Statements of (Loss) Income* – with the opposite when our stock price declines. Accordingly, the periodic revaluation of the private warrants could result in significant volatility in our reported earnings.

Income Statement Impact: Subsequent to the close of the merger, any change in fair value of the private warrants is recognized on the unaudited *Consolidated Statements of (Loss) Income* below operating profit as *Gain (loss) on fair value of private warrant liability* with a corresponding amount recognized in the *Liability for private warrants* on the unaudited *Consolidated Balance Sheets*. For the three and nine months ended September 30, 2023, we recorded a gain of \$0.4 million and \$2.4 million, respectively, resulting from the revaluation of the private warrants. For the three and nine months ended September 30, 2022, we recorded a loss of \$1.4 million and a gain of \$6.9 million, respectively, resulting from the revaluation of the private warrants.

Balance Sheet Impact: The private warrant liability is presented in the account *Liability for private warrants* in the long-term liabilities section of our unaudited *Consolidated Balance Sheets*. As noted above, the change in fair value of the underlying private warrants results in a corresponding change in the balance of the warrant liability on the unaudited *Consolidated Balance Sheets*. When warrants are exercised, the fair value of the liability is reclassified to *Additional paid-in capital* within equity. Cash received for the exercise of warrants is reflected in *Cash and cash equivalents* with a corresponding offset recorded in *Common stock* and *Additional paid-in capital* within equity.

Cash Flow Impact: The impact of the change in the fair value of the private warrants has no impact on our cash flows as it is a noncash adjustment. Cash received for the exercise of warrants is recorded in cash flows from financing activities. Cash paid for the repurchase of warrants is recorded in cash flows from financing activities. During the nine months ended September 30, 2022, the Company repurchased private warrants from related parties for cash consideration totaling \$2.0 million. No such transactions occurred during the nine months ended September 30, 2023.

Shareholders' Equity Impact: The impact to *Additional paid in-capital* as of the opening balance sheet is described above. Exercises of private warrants result in a reduction of the *Liability for private warrants* on the unaudited *Consolidated Balance Sheets* with a corresponding increase to *Common Stock* and *Additional paid in-capital*.

Public Warrants

In accordance with FASB ASC Topic 480, *Distinguishing Liabilities from Equity*, the public warrants are treated as equity instruments under U.S. GAAP. The public warrants are not marked-to-market each reporting period, thus there is no impact to earnings. Exercises of the public warrants are recorded as cash is received and are recorded in *Cash and cash equivalents* with a corresponding offset recorded in *Common stock* and *Additional paid in-capital* within equity. During the three and nine months ended September 30, 2023, there were no exercises of public warrants. During the three and nine months ended September 30, 2022, there were 100 public warrants exercised.

NOTE 9 — REVENUES

Revenues

BMTX recognizes operating revenue in accordance with FASB ASC 606, *Revenue from Contracts with Customers*.

The following table presents BMTX's revenues disaggregated by nature of the revenue stream and the pattern or timing of revenue recognition for the three and nine months ended September 30, 2023 and 2022, respectively. The Company has one reportable segment, and all revenues are earned in the U.S.

(amounts in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenues:				
Revenue recognized at point in time:				
Interchange and card revenue	\$ 2,652	\$ 5,325	\$ 7,535	\$ 17,283
Servicing fees	8,658	10,163	22,990	37,650
Account fees	1,931	2,110	5,981	6,872
University fees - disbursement activity	207	175	639	932
Other revenue	60	903	155	1,702
Total revenue recognized at point in time	13,508	18,676	37,300	64,439
Revenue recognized over time:				
University fees - subscriptions	1,205	1,182	3,652	3,474
Other revenue - maintenance and support	28	—	260	—
Total revenue recognized over time	1,233	1,182	3,912	3,474
Total revenues	\$ 14,741	\$ 19,858	\$ 41,212	\$ 67,913

Deferred Revenue

Deferred revenue consists of payments received from customers prior to the performance of services. Deferred revenue is recognized over the service period on a straight-line basis or when the contractual performance obligation has been satisfied.

The deferred revenue balance as of September 30, 2023 and December 31, 2022 was \$ 3.4 million and \$6.6 million, respectively.

During the nine months ended September 30, 2023, the Company recognized revenue of approximately \$ 6.6 million included in deferred revenue at the beginning of the period. During the nine months ended September 30, 2022, the Company recognized revenue of approximately \$15.4 million included in deferred revenue at the beginning of the period.

Unbilled receivables

The Company had \$3.7 million of unbilled receivables, or amounts recognized as revenue for which invoices have not yet been issued, as of September 30, 2023, and \$1.5 million as of December 31, 2022. Unbilled receivables are reported in *Accounts receivable, net* on the unaudited *Consolidated Balance Sheets*.

NOTE 10 — INCOME TAXES

The Company's effective tax rate was zero and (0.1)% for the three and nine months ended September 30, 2023, respectively. The Company's effective tax rate was 12.9% and 34.9% for the three and nine months ended September 30, 2022, respectively.

The deferred tax asset at September 30, 2023 and 2022 was \$ 30.8 million and \$30.5 million, respectively. The balance consisted mainly of Section 197 intangibles for both periods. These Section 197 intangibles resulted from a step-up in tax basis of the assets acquired from BankMobile Technologies, Inc., which for U.S. GAAP purposes, were not recorded at fair value. The deferred tax asset balance at September 30, 2023 also includes net operating loss carryforwards for federal and state purposes.

A full valuation allowance has been recorded against the deferred tax asset balance for all periods presented. A valuation allowance is recognized when it is more likely than not, that all, or a portion of, the deferred tax asset will be realized based on the weight of the available positive and negative evidence. Management determined the verifiable negative evidence from the three years of cumulative losses outweighs any available positive evidence as of September 30, 2023, but will continue to evaluate this determination each quarterly period going forward.

NOTE 11 — (LOSS) EARNINGS PER COMMON SHARE

The following are the components and results of operations and (loss) earnings per common share calculations for the periods presented:

(amounts in thousands, except per common share data)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net (loss) income available to common shareholders	\$ (3,952)	\$ (4,920)	\$ (13,368)	\$ 3,406
Net (loss) income used for EPS	\$ (3,952)	\$ (4,920)	\$ (13,368)	\$ 3,406
Weighted-average number of common shares outstanding – basic	11,570	11,940	11,567	11,944
Weighted-average number of common shares outstanding – diluted	11,570	11,940	11,567	12,215
Basic (loss) earnings per common share	\$ (0.34)	\$ (0.41)	\$ (1.16)	\$ 0.29
Diluted (loss) earnings per common share	\$ (0.34)	\$ (0.41)	\$ (1.16)	\$ 0.28

The following table presents the reconciliation from basic to diluted weighted average shares outstanding used in the calculation of basic and diluted (loss) earnings per common share:

(amounts in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Weighted-average number of common shares outstanding – basic	11,570	11,940	11,567	11,944
Add:				
Service-based RSUs	—	—	—	271
Weighted-average number of common shares outstanding – diluted	11,570	11,940	11,567	12,215

For basic (loss) earnings per common share, the performance shares are subject to forfeiture, and they are considered share-indexed instruments and not outstanding shares until they are vested. During the three and nine months ended September 30, 2023 and 2022, the vesting criteria has not been met and they are not included.

For the three and nine months ended September 30, 2023, our performance shares, public warrants, and private warrants were excluded from the computation of diluted weighted average shares outstanding as the necessary conditions had not been achieved for the performance shares and the average stock price for the period was below the strike price for the warrants. The performance shares are only considered in the calculation for diluted (loss) earnings per common share if they are dilutive in nature. The performance shares are only dilutive when the average share price is greater than the strike price and when positive net income is reported. During the three and nine months ended September 30, 2023, the average share price was below the strike price and these shares were not included in the diluted (loss) earnings per common share calculations. For the three and nine months ended September 30, 2023, our performance-based RSUs were excluded because the vesting is contingent upon the satisfaction of certain conditions which had not been achieved as of September 30, 2023. For the three and nine months ended September 30, 2023, our service-based RSUs were excluded as the effect would be antidilutive.

For the three and nine months ended September 30, 2022, our performance shares, public warrants, and private warrants were excluded from the computation of diluted weighted average shares outstanding as the necessary conditions had not been achieved for the performance shares and the average stock price for the period was below the strike price for the warrants. The performance shares are only considered in the calculation for diluted (loss) earnings per common share if they are dilutive in nature. The performance shares are only dilutive when the average share price is greater than the strike price and when positive net income is reported. During the three and nine months ended September 30, 2022, the average share price was below the strike price and these shares were not included in the diluted (loss) earnings per common share calculations. For the three and nine months ended September 30, 2022, our performance-based RSUs were excluded because the vesting is contingent upon the satisfaction of certain conditions which had not been achieved as of September 30, 2022. For the three months ended September 30, 2022, our service-based RSUs were excluded as the effect would be antidilutive.

The following table presents the potentially dilutive shares that were excluded from the computation of diluted (loss) earnings per common share:

(amounts in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Performance shares	300	300	300	300
Public warrants	17,294	17,227	17,294	17,227
Private warrants	5,409	5,476	5,409	5,476
Performance-based RSUs	495	348	495	348
Service-based RSUs	480	343	480	72
Total	23,978	23,694	23,978	23,423

NOTE 12 — DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

BMTX uses fair value measurements to determine and disclose the fair value of its financial instruments. FASB's ASC 825, *Financial Instruments*, requires disclosure of the estimated fair value of an entity's assets and liabilities considered to be financial instruments. For fair value disclosure purposes, BMTX utilized the fair value measurement criteria under FASB ASC 820, *Fair Value Measurements* ("ASC 820").

In accordance with FASB ASC 820, the fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for BMTX's financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

The fair value guidance provides a consistent definition of fair value, focusing on an exit price in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment. The fair value is a reasonable point within the range that is most representative of fair value under current market conditions.

The fair value guidance also establishes a fair value hierarchy and describes the following three levels used to classify fair value measurements:

- Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2: Quoted prices in markets that are not active, or inputs that are observable either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3: Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported with little or no market activity).

A financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The following methods and assumptions were used to estimate the fair value of BMTX's financial instruments as of September 30, 2023 and December 31, 2022:

Cash and cash equivalents

Cash and cash equivalents reported on the unaudited *Consolidated Balance Sheets* consists of non-interest bearing demand deposits, for which carrying value approximates fair value.

Accounts receivable, net

The carrying amount of accounts receivable approximates fair value because of the short-term nature of these items.

Liability for Private Warrants

The fair value of the private warrants was estimated using a modified version of the binomial lattice model incorporating the Cox-Ross-Rubenstein methodology at September 30, 2023 and at December 31, 2022. We assumed a term for the private warrants equal to the contractual term from the date of the merger with Megalith and then discounted the resulting value to the valuation date.

Among the key inputs and assumptions used in the pricing formula at September 30, 2023 were the following: a term of 2.27 years; volatility of 64%; a dividend yield of zero; an underlying stock price of \$2.00; a risk free interest rate of 4.91%; and a closing price of the public warrants of \$ 0.07 per share.

Among the key inputs and assumptions used in the pricing formula at December 31, 2022 were the following: a term of 3.01 years; volatility of 43%; a dividend yield of zero; an underlying stock price of \$5.21; a risk free interest rate of 4.17%; and a closing price of the public warrants of \$ 0.52 per share.

At September 30, 2023 and December 31, 2022, the warrant liability is classified as a Level 3 fair value based upon the lowest level of input that is significant to the fair value measurement.

The estimated fair value of BMTX's financial instruments at September 30, 2023 and December 31, 2022 were as follows:

(amounts in thousands)	Carrying Amount	Estimated Fair Value	Fair Value Measurements at September 30, 2023		
			Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:					
Cash and cash equivalents	\$ 8,802	\$ 8,802	\$ 8,802	\$ —	\$ —
Accounts receivable, net	8,511	8,511	8,511	—	—
Liabilities:					
Liability for private warrants	\$ 378	\$ 378	\$ —	\$ —	\$ 378

(amounts in thousands)	Carrying Amount	Estimated Fair Value	Fair Value Measurements at December 31, 2022		
			Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:					
Cash and cash equivalents	\$ 21,108	\$ 21,108	\$ 21,108	\$ —	\$ —
Accounts receivable, net	8,260	8,260	8,260	—	—
Liabilities:					
Liability for private warrants	\$ 2,847	\$ 2,847	\$ —	\$ —	\$ 2,847

NOTE 13 — RELATED PARTY TRANSACTIONS

The Company has several relationships with Customers Bank, which is a related party of the Company. These relationships are described below.

Cash management

All the Company's cash and cash equivalents are on deposit with Customers Bank.

Servicing fees and interchange income

On January 4, 2021, we entered into a Deposit Processing Services Agreement (the "Deposit Processing Services Agreement") with Customers Bank, which provided that Customers Bank would establish and maintain deposit accounts and other banking services in connection with customized products and services offered by us, and we would provide certain other related services in connection with the accounts. Customers Bank retains any and all revenue generated from the funds held in the deposit accounts, and in exchange, pays us a 3% servicing fee based on average monthly deposit balances, subject to certain contractual adjustments, and a monthly interchange fee equal to all debit card interchange revenues on the demand deposit accounts, plus the difference between Durbin-exempt and Durbin-regulated interchange revenue.

On June 29, 2022, the Company received written notice from Customers Bank that it did not intend to renew the Deposit Processing Services Agreement with the Company. The 180-day notice was given in accordance with the terms of the Deposit Processing Services Agreement, as a result of which, the Deposit Processing Services Agreement would terminate effective December 31, 2022.

On November 7, 2022, the Company and Customers Bank entered into the DPSA Amendment to extend the Deposit Processing Services Agreement termination date to the earlier of the Company's successful completion of the transfer of the Company's serviced deposits to a new partner bank or June 30, 2023. The DPSA Amendment also removes Customers Bank's obligation to pay the Company the difference between the Durbin-exempt and Durbin-regulated interchange revenues. The other terms of the Deposit Processing Services Agreement remain in effect through the new termination date.

On March 22, 2023, we signed the DPSA Second Amendment. The DPSA Second Amendment, among other things, extends the termination date of the Deposit Processing Services Agreement until the earlier of (i) the transfer of the Company's serviced deposits to a Durbin-exempt partner bank; or (ii) June 30, 2024; and revises the fee structure of the Deposit Processing Services Agreement. The other terms of the Deposit Processing Services Agreement, as amended by the DPSA Amendment, remain in effect through the new termination date.

On August 18, 2023, the Company and Customers Bank entered into a third amendment to the Deposit Processing Services Agreement (the "DPSA Third Amendment") for the Higher Education serviced deposit accounts. The DPSA Third Amendment extends the termination date of the Deposit Processing Services Agreement until the earlier of (i) the transfer of the Company's Higher Education serviced deposits to a Durbin-exempt partner bank; or (ii) April 15, 2025.

On March 22, 2023, the Company and Customers Bank entered into the 2023 Deposit Servicing Agreement, under which, effective March 31, 2023, the Company will perform, on behalf of Customers Bank, Customer Bank's services, duties, and obligations under the Private Label Banking Program Agreement (the "PLBPA") by and between Customers Bank and T-Mobile USA, Inc. that are not required by Applicable Law (as defined in the 2023 Deposit Servicing Agreement) to be provided by an FDIC insured financial institution. The obligations of the Company and Customers Bank under the 2023 Deposit Servicing Agreement are similar to those under the Deposit Processing Services Agreement; provided, however, that (i) as of March 31, 2023, the 2023 Deposit Servicing Agreement and not the Deposit Processing Services Agreement shall govern the terms, conditions, roles, responsibilities, duties, and obligations of the Company and Customers Bank with respect to the PLBPA and the Depositor Accounts (as defined in the 2023 Deposit Servicing Agreement); (ii) the Deposit Processing Services Agreement is amended to the extent necessary or advisable to effect the same, including, without limitation, such that "Depositor" under the Deposit Processing Services Agreement shall not include any T-Mobile Customer (as defined in the PLBPA); and (iii) there is a different fee structure under the 2023 Deposit Servicing Agreement from that set forth in the Deposit Processing Services Agreement. The initial term of the 2023 Deposit Servicing Agreement continues until February 24, 2025, and will automatically renew for additional one-year terms unless either party gives written notice of non-renewal at least 180 days prior to the expiration of the then-current term. The 2023 Deposit Servicing Agreement may be terminated early by either party upon material breach, upon notice of an uncured objection from a regulatory authority, or by the Company upon 120 days' written notice upon the satisfaction of certain conditions.

As compensation under the 2023 Deposit Servicing Agreement, Customers Bank will retain any and all revenue generated from the funds held in the deposit accounts, and Customers Bank will pay the Company monthly servicing fees as set forth in the 2023 Deposit Servicing Agreement. In addition, the Company will have the right to retain all revenue generated by or from the Depositor Accounts (as defined in the 2023 Deposit Servicing Agreement), including, but not limited to, fees and all other miscellaneous revenues. The Company also shall retain all fees (including without limitation interchange fees), and charges generated by its ATMs and from its payment processing services. The Company will be solely liable for any and all fees, expenses, costs, reimbursements, and other amounts that are or may become due and payable under the PLBPA, including, without limitation, any Durbin-exempt Interchange (as defined in the 2023 Deposit Servicing Agreement) fees payable to T-Mobile under the PLBPA. Customers Bank may set off any and all PLBPA Amounts against any compensation payable to the Company under the 2023 Deposit Servicing Agreement.

Transition Services Agreement

On January 4, 2021, we entered into a Transition Services Agreement with Customers Bank, pursuant to which each party agreed for a period of up to twelve months to provide certain transition services listed therein to the other party. A limited number of these transition services were subsequently extended through March 31, 2022. In consideration for the services, we paid Customers Bank a service fee of \$12,500 per month, plus any expenses associated with the services.

The Transition Services Agreement included a provision for providing the Company with assistance in the establishment and administration of a 401(k) plan for the benefit of Company employees. The Customers Bank 401(k) plan is a multi-employer plan, as defined by the U.S. Department of Labor in accordance with the Employee Retirement Income Security Act of 1974, and through December 31, 2022, the Customers Bank 401(k) covered both the full-time employees of Customers Bank and the Company. The Company records its contributions to the Customers Bank 401(k) Plan in *Salaries and employee benefits* on the unaudited *Consolidated Statements of (Loss) Income*. The Company's employer contribution to the Customers Bank 401(k) Plan for the three and nine months ended September 30, 2022 totaled \$0.2 million and \$0.6 million, respectively.

Other

On January 4, 2021, the Company entered into a Software License Agreement with Customers Bank which provides it with a non-exclusive, non-transferable, royalty-free license to utilize our mobile banking technology for a period up to 10 years. The Software License Agreement is cancellable by Customers Bank at any time, without notice, and without penalty, and for any reason or no reason at all. To date, Customers Bank has not utilized the Company's mobile banking technology and zero consideration has been paid or recognized under the Software License Agreement.

On January 4, 2021, the Company entered into a Non-Competition and Non-Solicitation Agreement with Customers Bank providing that Customers Bank will not, for a period of 4 years after the closing of the divestiture, directly or indirectly engage in the Company's business in the territory (both as defined in the Non-Competition Agreement), except for white label digital banking services with previously identified parties and passive investments of no more than 2% of a class of equity interests of a competitor that is publicly traded. Customers Bank also agreed not to directly or indirectly hire or solicit any employees of the Company.

Both the President and Executive Chairman of the Board of Customers Bank are immediate family members of the Company's CEO, and together with their spouses, own less than 5.0% of the Company's outstanding common stock at September 30, 2023.

On March 1, 2022, the Company reached an agreement, with settlement on March 11, 2022, to reacquire 1,169,963 private warrants at a price of \$ 1.69 per warrant, or a total cost of \$2.0 million, from Ms. Sherry Sidhu and Mr. Samvir Sidhu, who are immediate family members of our CEO. The transaction price was established based on the range of market prices during the repurchase conversations and was approved by the Company's Audit Committee.

On April 20, 2022, the Company entered into a Special Limited Agency Agreement ("SLA") with Customers Bank that provides for marketing assistance from the Company for the referral of consumer installment loans funded by Customers Bank. In consideration for this marketing assistance, the Company receives certain fees specified within the SLA which are recorded as a component of *Other revenue* on the unaudited *Consolidated Statements of (Loss) Income*. During the three and nine months ended September 30, 2023, no revenue was realized under the SLA. The SLA was terminated on May 16, 2023.

Positions with Customers Bank are presented on the unaudited *Consolidated Balance Sheets* in *Accounts receivable, net*, *Deferred revenue*, and *Accounts payable and accrued liabilities*. The *Accounts receivable* balances related to Customers Bank as of September 30, 2023 and December 31, 2022 were \$3.3 million and \$1.4 million, respectively. The *Deferred revenue* balances related to Customers Bank as of September 30, 2023 and December 31, 2022 were zero and \$3.8 million, respectively. The *Accounts payable and accrued liabilities* balances related to Customers Bank as of September 30, 2023 and December 31, 2022 were zero and \$3.8 million, respectively.

The Company recognized \$13.0 million and \$35.6 million in revenues from Customers Bank for the three and nine months ended September 30, 2023, respectively. Of these amounts, \$5.3 million and \$15.2 million are paid directly by MasterCard or individual account holders to the Company for the three and nine months ended September 30, 2023, respectively. These amounts are presented on the unaudited *Consolidated Statements of (Loss) Income* in *Total operating revenue*.

The Company recognized \$17.3 million and \$60.9 million in revenues from Customers Bank for the three and nine months ended September 30, 2022, respectively. Of these amounts, \$5.2 million and \$17.2 million are paid directly by MasterCard or individual account holders to the Company for the three and nine months ended September 30, 2022, respectively. These amounts are presented on the unaudited *Consolidated Statements of (Loss) Income* in *Total operating revenue*.

The Company recognized zero expenses from Customers Bank for the three and nine months ended September 30, 2023, respectively.

The Company recognized zero and less than \$0.1 million of expenses from Customers Bank for the three and nine months ended September 30, 2022, respectively. These amounts are presented on the unaudited *Consolidated Statements of (Loss) Income* in *Total operating expenses*.

NOTE 14 — RESTRUCTURING ACTIVITIES

On January 26, 2023, and in connection with our previously announced near-term strategy to focus on being an innovative, efficient, risk oriented fintech with a partner bank model, the Company committed to a targeted Profit Enhancement Plan (the "PEP") that is intended to reduce operating costs, improve operating margins, improve operating cash flow, and continue advancing the Company's ongoing commitment to profitable growth and continued innovation, and direct the Company's resources toward its best opportunities.

Included within the PEP is a targeted reduction of the Company's 2023 employee workforce of approximately 25% as compared to its headcount at December 31, 2022. This workforce reduction is in addition to targeted spend reduction and service provider rationalization.

The Company completed a workforce reduction of 60 employees during the nine months ended September 30, 2023. The Company's workforce reduction expenses, consisting of severance and other termination benefits for the three and nine months ended September 30, 2023, totaled zero and \$1.1 million, respectively, and are recorded in *Restructuring, merger, and acquisition related expenses* on the unaudited *Consolidated Statements of (Loss) Income*. \$0.4 million of these expenses were incurred but not paid at September 30, 2023 and are included in *Accounts payable and accrued liabilities* on the unaudited *Consolidated Balance Sheets*.

NOTE 15 — SUBSEQUENT EVENTS

The Company has evaluated events subsequent to the balance sheet date and prior to the filing of this Quarterly Report on Form 10-Q for the three and nine months ended September 30, 2023, and has determined that no events have occurred that would require adjustment to our interim unaudited consolidated financial statements and related notes.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to provide a reader of our financial statements with a narrative from the perspective of our Management on our financial condition, results of operations, liquidity, and certain other factors that may affect our future results. The following discussion and analysis should be read in conjunction with our interim unaudited consolidated financial statements and the related notes included in Item 1 "Unaudited Consolidated Financial Statements" of this Quarterly Report on Form 10-Q and our Annual Report on Form 10-K for the year ended December 31, 2022. Historical results and percentage relationships are not necessarily indicative of operating results for future periods. Unless the context otherwise requires, for purposes of this Management's Discussion and Analysis, references to the "Company," "we," and "our" refer to the business and operations of BM Technologies, Inc. ("BMTX") and its subsidiaries.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This Quarterly Report on Form 10-Q, including, without limitation, statements under the heading Management's Discussion and Analysis of Financial Condition and Results of Operations, includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act"). Forward-looking statements generally, but not always, can be identified by the use of forward-looking terminology, including the words "believes", "estimates", "anticipates", "expects", "intends", "plans", "may", "will", "potential", "projects", "predicts", "continue", or "should", or, in each case, their negative or other variations or comparable terminology.

These forward-looking statements reflect our current views with respect to, among other things, statements relating to the Company's assets, business, cash flows, condition (financial or otherwise), credit quality, financial performance, liquidity, short and long-term performance goals, prospects, results of operations, strategic initiatives, the benefits, cost, and synergies of completed acquisitions or dispositions, and the timing, benefits, costs, and synergies of future acquisitions, dispositions, and other growth opportunities. There can be no assurance that actual results will not materially differ from expectations. These statements are based on Management's current expectations, but actual results may differ materially due to various factors. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond our control), and other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include, but are not limited to the following:

- negative economic and political conditions that adversely affect the general economy, the job market, consumer confidence, the financial condition of our serviced deposit account holders and consumer spending habits, which may affect, among other things, our revenues and provision for operating losses;
- strategic, market, operational, liquidity and interest rate risks associated with our business;
- our concentration of credit risk and any potential deterioration in the financial quality of our partner banks;
- the risks of expansion into new product markets;
- risks with respect to recent, pending, or potential future mergers or acquisitions, including our ability to successfully obtain regulatory, and when required, shareholder approval and thereafter, to complete acquisitions and successfully integrate or expand businesses and operations that we acquire;
- our ability to attract and retain key employees;
- competition from financial institutions and other financial service providers, including non-bank financial technology providers, and our ability to attract customers from other financial institutions;
- losses due to fraudulent and negligent conduct of our customers, third party service providers, or employees;
- cybersecurity risks and the vulnerability of our network and the systems of parties with whom we contract, to unauthorized access, computer viruses, phishing schemes, spam attacks, human error, natural disasters, power loss, and other security breaches that could adversely affect our business and financial performance or reputation;
- our reliance on third parties to provide key components of our business infrastructure and services required to operate our business;
- the risk that we may be required to make substantial expenditures to keep pace with regulatory initiatives and the rapid technological changes in the financial services market;
- the availability of and access to capital;
- legislative, regulatory, or accounting changes that may adversely affect us;

- adverse results (including judgments, costs, fines, reputational harm, inability to obtain necessary approvals, and/or other negative effects) from current or future litigation, regulatory proceedings, examinations, investigations, or similar matters, or developments related thereto;
- failure to maintain an effective system of disclosure controls and internal control over financial reporting;
- any event or development that would cause us to conclude that there was impairment of any asset, including intangible assets, such as goodwill; and
- other risks and uncertainties disclosed in documents filed or furnished by us with or to the SEC, any of which could cause actual results to differ materially from future results expressed, implied, or otherwise anticipated by such forward-looking statements.

Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. We caution readers that the foregoing list of factors is not exclusive, is not necessarily in order of importance, and readers should not place undue reliance on forward-looking statements. Additional factors that may cause actual results to differ materially from those contemplated by any forward-looking statements may also be found in our 2022 Annual Report on Form 10-K (including the “Risk Factor” section of that report), Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K filed with the SEC and available at the SEC’s website at <http://www.sec.gov>. We do not intend to and, except as required by law, hereby disclaim any obligation to update or revise any forward-looking statement contained in this Quarterly Report on Form 10-Q, which speaks only as of the date of its filing with the SEC, whether as a result of new information, future events, or otherwise.

BUSINESS OVERVIEW

BM Technologies, Inc. (“BMTX” or the “Company”) (formerly known as BankMobile) provides state-of-the-art high-tech digital banking and disbursement services to consumers and students nationwide through a full service fintech banking platform, accessible to customers anywhere and anytime through digital channels.

BankMobile Technologies, Inc. (“BankMobile”) was incorporated in May 2016 as a wholly-owned subsidiary of Customers Bank. On August 6, 2020, the Company entered into an Agreement and Plan of Merger, by and among Megalith Financial Acquisition Corporation, a special purpose acquisition company (“Megalith”), incorporated in Delaware in November 2017, MFAC Merger Sub Inc., a wholly-owned subsidiary of Megalith, BankMobile Technologies, Inc., and Customers Bank, the sole stockholder of BankMobile. On January 4, 2021, BankMobile became an independent company after the completion of a divestiture transaction and was rebranded BM Technologies, Inc.

BMTX facilitates deposits and banking services between a customer and our current partner bank, Customers Bank, a Pennsylvania state-chartered bank, which is a related party and is a Federal Deposit Insurance Corporation (“FDIC”) insured bank. BMTX’s business model leverages partners’ existing customer bases to achieve high volume, low-cost customer acquisition in its Higher Education Disbursement, Banking-as-a-Service (“BaaS”), and niche Direct to Consumer (“D2C”) banking businesses. BMTX has four primary revenue sources: interchange and card revenue, servicing fees, account fees, and university fees. The majority of revenues are driven by customer activity (deposits, spend, transactions, etc.) and may be paid or passed through by Customers Bank, universities, or paid directly by customers.

Customers Bank currently holds the FDIC insured deposits that BMTX sources and services and is the issuing bank on BMTX’s debit cards. Customers Bank pays the Company a servicing fee for the deposits generated and passes through interchange income earned from transactions on debit cards.

On November 7, 2022, the Company and Customers Bank amended the Deposit Processing Services Agreement (the “DPSA Amendment”). The DPSA Amendment, among other things, will facilitate the transfer of the Company’s serviced deposits to a new partner bank and extends the termination date of the Deposit Processing Services Agreement until the earlier of: (i) entry into a definitive agreement with a new partner bank to transfer the Company’s serviced deposits to such partner bank and the successful completion of such transfer; or (ii) June 30, 2023.

On March 22, 2023, the Company and Customers Bank entered into a second amendment to the Deposit Processing Services Agreement (the “DPSA Second Amendment”) for the Higher Education serviced deposit accounts. The DPSA Second Amendment, among other things, extends the termination date of the Deposit Processing Services Agreement until the earlier of (i) the transfer of the Company’s Higher Education serviced deposits to a Durbin-exempt partner bank; or (ii) June 30, 2024; and revises the fee structure of the Deposit Processing Services Agreement.

Also on March 22, 2023, the Company and Customers Bank entered into a new agreement for the current BaaS serviced deposit accounts (the "2023 Deposit Servicing Agreement"), under which, effective March 31, 2023, the Company will perform, on behalf of Customers Bank, Customer Bank's services, duties, and obligations by and between Customers Bank and T-Mobile USA, Inc. that are not required to be provided by an FDIC insured financial institution.

On August 18, 2023, the Company and Customers Bank entered into a third amendment to the Deposit Processing Services Agreement (the "DPSA Third Amendment") for the Higher Education serviced deposit accounts. The DPSA Third Amendment extends the termination date of the Deposit Processing Services Agreement until the earlier of (i) the transfer of the Company's Higher Education serviced deposits to a Durbin-exempt partner bank; or (ii) April 15, 2025.

On March 16, 2023, the Company entered into a Deposit Servicing Agreement (the "FCB Deposit Servicing Agreement") with a new partner bank, First Carolina Bank, a North Carolina chartered, non-member community bank ("FCB"), which provides that FCB will establish and maintain deposit accounts and other banking services in connection with customized products and services offered by the Company to its Higher Education institution clients, and the Company will provide certain other related services in connection with the accounts.

On August 20, 2023, the Company and FCB entered into an amendment to the FCB Deposit Servicing Agreement (the "FCB DPSA First Amendment"). The FCB DPSA First Amendment, among other things, (i) extends the initial term from four years to five years after the effective date, (ii) provides that FCB will work with the Company and Customers Bank on the timely transfer of existing student depositor accounts on or before the effective date, and as agreed to by the parties, and (iii) amends the effective date to be the date on which FCB takes on deposits from the existing student depositor accounts.

The FCB Deposit Servicing Agreement and Amendment thereof may be terminated early by either party upon material breach, by either party upon notice that the continuation of the Depositor Program violates Applicable Law or Network Rules (as defined in the FCB Deposit Servicing Agreement); by FCB if a regulatory authority determined that the performance of its obligations under the FCB Deposit Servicing Agreement was not consistent with safe and sound banking practices; by either party upon the other party commencing or being subject to certain bankruptcy proceedings; and by the Company should it experience a change in control on or after March 16, 2026. The Company continues to actively work on the transfer of its Higher Education customer deposits from Customers Bank to FCB with transfer expected to occur during December 2023.

BMTX is not a bank, does not hold a bank charter, and does not provide banking services, and as a result, it is not subject to direct banking regulation, except as a service provider to our partner banks. BMTX is also subject to the regulations of the Department of Education ("ED"), due to its student disbursements business, and is periodically examined by it. BMTX's contracts with most of its Higher Education institution clients require it to comply with numerous laws and regulations, including, where applicable, regulations promulgated by the ED regarding the handling of student financial aid funds received by institutions on behalf of their students under Title IV of the Higher Education Act of 1965; the Family Educational Rights and Privacy Act of 1995; the Electronic Fund Transfer Act and Regulation E; the USA PATRIOT Act and related anti-money laundering requirements; and certain federal rules regarding safeguarding personal information, including rules implementing the privacy provisions of the Gramm-Leach-Bliley Act. Other products and services offered by BMTX may also be subject to other federal and state laws and regulations.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

For information regarding our critical accounting policies and estimates, please refer to our Annual Report on Form 10-K for the fiscal year ended December 31, 2022. There have been no material changes to the critical accounting policies and estimates previously disclosed in that report.

NEW ACCOUNTING PRONOUNCEMENTS

As an emerging growth company ("EGC"), the Jumpstart Our Business Startups Act ("JOBS Act") allows the Company to delay adoption of new or revised ASUs applicable to public companies until such pronouncements are applicable to private companies. The Company has elected to use the extended transition period under the JOBS Act.

From time to time, new accounting pronouncements are issued by the FASB that are adopted by BMTX as of the required effective dates. During the nine months ended September 30, 2023, there were no ASUs adopted by the Company that were considered material and there were no ASUs issued prior to September 30, 2023, which were not yet effective, considered relevant or material to the Company's financial statements taken as a whole.

RESULTS OF OPERATIONS

The following discussion of our results of operations should be read in conjunction with our interim unaudited consolidated financial statements, including the accompanying notes.

The following summarized tables set forth our operating results for the three and nine months ended September 30, 2023 and 2022:

(dollars in thousands, except per common share data)	Three Months Ended September 30,			
	2023	2022	Change	% Change
Operating revenues	\$ 14,741	\$ 19,858	\$ (5,117)	(26)%
Operating expenses	19,126	24,138	(5,012)	(21)%
Loss from operations	(4,385)	(4,280)	(105)	2%
Gain (loss) on fair value of private warrant liability	433	(1,369)	1,802	(132)%
Loss before income tax expense	(3,952)	(5,649)	1,697	(30)%
Income tax benefit	—	(729)	729	(100)%
Net loss	\$ (3,952)	\$ (4,920)	\$ 968	(20)%
Basic loss per common share	\$ (0.34)	\$ (0.41)	\$ 0.07	(17)%
Diluted loss per common share	\$ (0.34)	\$ (0.41)	\$ 0.07	(17)%

For the three months ended September 30, 2023, *Net loss* decreased \$1.0 million as compared to the three months ended September 30, 2022, resulting in a *Net loss* of \$4.0 million, which included a \$1.8 million decrease in the *Gain on fair value of private warrant liability* as compared to the three months ended September 30, 2022. *Loss from operations* for the three months ended September 30, 2023 increased by \$0.1 million as compared to the three months ended September 30, 2022. *Operating revenues* decreased by \$5.1 million, or 26%, and *Operating expenses* decreased by \$5.0 million, or 21%. Changes in operating revenues and expenses are discussed in greater detail below. Basic and diluted loss per common share, which decreased to \$(0.34), are both driven by the impact of the total net loss in the current year.

(dollars in thousands, except per common share data)	Nine Months Ended September 30,			
	2023	2022	Change	% Change
Operating revenues	\$ 41,212	\$ 67,913	\$ (26,701)	(39)%
Operating expenses	57,013	69,600	(12,587)	(18)%
Loss from operations	(15,801)	(1,687)	(14,114)	NM
Gain on fair value of private warrant liability	2,449	6,916	(4,467)	(65)%
(Loss) income before income tax expense	(13,352)	5,229	(18,581)	NM
Income tax expense	16	1,823	(1,807)	(99)%
Net (loss) income	\$ (13,368)	\$ 3,406	\$ (16,774)	NM
Basic (loss) earnings per common share	\$ (1.16)	\$ 0.29	\$ (1.45)	NM
Diluted (loss) earnings per common share	\$ (1.16)	\$ 0.28	\$ (1.44)	NM

NM refers to changes greater than 150%.

For the nine months ended September 30, 2023, *Net income* decreased \$16.8 million as compared to the nine months ended September 30, 2022, resulting in a *Net loss* of \$13.4 million, which included a \$4.5 million decrease in the *Gain on fair value of private warrant liability* as compared to the nine months ended September 30, 2022. *Loss from operations* for the nine months ended September 30, 2023 increased \$14.1 million, as compared to the nine months ended September 30, 2022, resulting in a *Loss from operations* of \$15.8 million. *Operating revenues* decreased by \$26.7 million, or 39%, and *Operating expenses* decreased by \$12.6 million, or 18%. Changes in operating revenues and expenses are discussed in greater detail below. Basic and diluted (loss) earnings per common share, which decreased to \$(1.16), are both driven by the impact of the total net loss in the current year.

Operating Revenues

(dollars in thousands)	Three Months Ended September 30,		Change	% Change
	2023	2022		
Interchange and card revenue	\$ 2,652	\$ 5,325	\$ (2,673)	(50) %
Servicing fees	8,658	10,163	(1,505)	(15) %
Account fees	1,931	2,110	(179)	(8) %
University fees	1,412	1,357	55	4 %
Other revenue	88	903	(815)	(90) %
Total operating revenues	\$ 14,741	\$ 19,858	\$ (5,117)	(26) %

Total *Operating revenues* decreased \$5.1 million, or 26%, in the three months ended September 30, 2023 as compared to the three months ended September 30, 2022. This decrease is primarily attributable to a \$2.7 million, or 50%, decrease in *Interchange and card revenue* driven primarily by the loss of Durbin-exempt rates, offset in part by higher overall spend; a \$1.5 million, or 15%, decrease in *Servicing fees*, driven primarily by a 47% reduction in average total deposits, offset in part by higher deposit yields under the new deposit processing services agreements; and a \$0.8 million or 90% decrease in *Other revenue* due to lower current year development revenues.

(dollars in thousands)	Nine Months Ended September 30,		Change	% Change
	2023	2022		
Interchange and card revenue	\$ 7,535	\$ 17,283	\$ (9,748)	(56) %
Servicing fees	22,990	37,650	(14,660)	(39) %
Account fees	5,981	6,872	(891)	(13) %
University fees	4,291	4,406	(115)	(3) %
Other revenue	415	1,702	(1,287)	(76) %
Total operating revenues	\$ 41,212	\$ 67,913	\$ (26,701)	(39) %

Total *Operating revenues* decreased \$26.7 million, or 39%, in the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022. This decrease is primarily attributable to a \$14.7 million, or 39%, decrease in *Servicing fees*, driven primarily by a 49% reduction in average total deposits, offset in part by higher deposit yields beginning in the second quarter of 2023 under the new deposit processing services agreements; a \$9.7 million, or 56%, decrease in *Interchange and card revenue* driven primarily by the loss of Durbin-exempt rates; and a \$1.3 million or 76% decrease in *Other revenue* due to lower current year development revenues.

Operating Expenses

(dollars in thousands)	Three Months Ended September 30,		Change	% Change
	2023	2022		
Technology, communication, and processing	\$ 8,186	\$ 7,731	\$ 455	6 %
Salaries and employee benefits	4,773	10,773	(6,000)	(56) %
Professional services	2,948	2,454	494	20 %
Provision for operating losses	2,138	1,564	574	37 %
Occupancy	9	160	(151)	(94) %
Customer related supplies	227	225	2	1 %
Advertising and promotion	128	242	(114)	(47) %
Restructuring, merger, and acquisition related expenses	—	—	—	— %
Other expense	717	989	(272)	(28) %
Total operating expenses	\$ 19,126	\$ 24,138	\$ (5,012)	(21) %

NM refers to changes greater than 150%.

Total *Operating expenses* decreased \$5.0 million, or 21%, in the three months ended September 30, 2023 as compared to the three months ended September 30, 2022. This decrease is primarily attributable to a \$6.0 million, or 56%, decrease in *Salaries and employee benefits* which included a \$3.5 million reduction attributable primarily to the effect of the PEP initiatives and a \$2.5 million reduction in share-based compensation expenses due primarily to the full vesting of the January 4, 2021 Share-Based Compensation Award and \$0.3 million of forfeitures recorded during the current year. This decrease was offset in part by a \$0.5 million, or 6%, increase in *Technology, communication, and processing* which included higher amortization of internally developed software; a \$0.5 million, or 20%, increase in *Professional services* which included higher third-party technical and professional contractor charges; and a \$0.6 million, or 37%, increase in *Provision for operating losses* which included higher current year fraud and overdraft losses.

(dollars in thousands)	Nine Months Ended September 30,		Change	% Change
	2023	2022		
Technology, communication, and processing	\$ 21,768	\$ 21,944	\$ (176)	(1) %
Salaries and employee benefits	17,337	30,656	(13,319)	(43) %
Professional services	7,926	7,225	701	10 %
Provision for operating losses	5,628	5,006	622	12 %
Occupancy	33	875	(842)	(96) %
Customer related supplies	677	676	1	— %
Advertising and promotion	371	461	(90)	(20) %
Restructuring, merger, and acquisition related expenses	993	290	703	NM
Other expense	2,280	2,467	(187)	(8) %
Total operating expenses	\$ 57,013	\$ 69,600	\$ (12,587)	(18) %

NM refers to changes greater than 150%.

Total *Operating expenses* decreased \$12.6 million, or 18%, in the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022. This decrease is primarily attributable to a \$13.3 million, or 43%, decrease in *Salaries and employee benefits* which included a \$7.5 million reduction attributable primarily to the effect of the PEP initiatives and a \$7.1 million reduction in share-based compensation expenses due primarily to the full vesting of the January 4, 2021 Share-Based Compensation Award and current year forfeitures of unvested RSU grants offset by \$1.3 million lower capitalization and client reimbursement of labor expenses. In addition, there was a \$0.8 million, or 96%, decrease in *Occupancy* due to physical office closures in 2022. These decreases were offset in part by a \$0.7 million, or 10%, increase in *Professional services* which included higher third-party technical and professional contractor charges; a \$0.6 million, or 12%, increase in *Provision for operating losses* which included higher current year fraud and overdraft losses; and \$0.7 million of increased *Restructuring, merger, and acquisition related expenses* incurred in order to execute the PEP cost savings initiatives

Income Tax Expense

The Company's effective tax rate was 0.0% and (0.1)% for the three and nine months ended September 30, 2023, respectively. The Company's effective tax rate was 12.9% and 34.9% for the three and nine months ended September 30, 2022, respectively. The Company was in a taxable loss position for the three and nine months ended September 30, 2023 and the three months ended September 30, 2022 and was in a taxable income position for the nine months ended September 30, 2022.

LIQUIDITY AND CAPITAL RESOURCES

Our *Cash and cash equivalents* consist of non-interest bearing, highly-liquid demand deposits. We had \$8.8 million of *Cash and cash equivalents* at September 30, 2023 as compared to \$21.1 million of *Cash and cash equivalents* at December 31, 2022.

We finance our operations through cash flows provided primarily by operating activities. We intend to fund our ongoing operating activities with our existing cash and expected cash flows from future operations. However, should additional liquidity be necessary, the Company could consider equity or debt financing, but there are no assurances that additional capital would be available or on terms that are acceptable to us.

FASB ASC 205-40, *Presentation of Financial Statements - Going Concern*, requires Management to assess an entity's ability to continue as a going concern within one year of the date the financial statements are issued. In each reporting period, including interim periods, an entity is required to assess conditions known and reasonably knowable as of the financial statement issuance date to determine whether it is probable an entity will not meet its financial obligations within one year from the financial statement issuance date.

Management has performed this required assessment as of November 20, 2023, and believes there are sufficient funds available to support its ongoing business operations and continue as a going concern for at least the next 12 months with projected liquidity of \$11.1 million at November 20, 2024.

Management's assessment is subject to known and unknown risks, uncertainties, assumptions, and changes in circumstances, many of which are beyond our control including the impact of the macroeconomic environment, and that are difficult to predict as to timing, extent, likelihood, and degree of occurrence, and that could cause actual results to differ from estimates and forecasts, potentially materially.

The table below summarizes our cash flows for the periods indicated:

(dollars in thousands)	Nine Months Ended		Change	% Change
	2023	2022		
Net cash (used in) provided by operating activities	\$ (5,530)	\$ 7,450	\$ (12,980)	NM
Net cash used in investing activities	(4,338)	(4,519)	181	(4) %
Net cash used in financing activities	(2,438)	(2,202)	(236)	11 %
Net (decrease) increase in cash and cash equivalents	\$ (12,306)	\$ 729	\$ (13,035)	NM

NM refers to changes greater than 150%.

Cash flows used in operating activities

Cash used in operating activities was \$5.5 million in the nine months ended September 30, 2023 which is a \$13.0 million net decrease in cash provided by operating activities as compared to the nine months ended September 30, 2022.

The decrease in net cash provided by operating activities is driven primarily by a \$19.0 million decrease in cash *Net income*, a \$1.1 million decreased source of cash from *Accounts receivable*, and a \$4.1 million increased use of cash for *Accounts payable and accrued liabilities*, offset in part by a \$7.9 million increased source of cash from *Prepaid and other assets*, of which \$4.3 million was for a federal income tax refund received in September 2023, a \$1.8 million decreased use of cash for *Taxes payable*, a \$1.1 million increased source of cash from *Deferred revenue*, and a \$0.4 million decreased use of cash for *Operating lease liabilities*.

Cash flows used in investing activities

Cash used in investing activities decreased \$0.2 million in the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022, primarily due to decreased purchases of equipment.

Cash flows used in financing activities

Cash used in financing activities increased \$0.2 million in the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022, primarily due to larger tax payments related to the net settlement of share-based compensation awards versus the private warrant repurchase transaction during the prior period.

ITEM 3. QUANTITATIVE DISCLOSURES ABOUT MARKET RISK

Credit Risk

We are exposed to various economic risks in the normal course of business including concentration of credit risk. Potential concentration of credit risk consists primarily of accounts receivable from Customers Bank, BaaS partners, MasterCard, and Higher Education institution clients. Historically, we have not experienced any material losses related to these balances and believe that there is minimal risk of expected future losses. However, there can be no assurance that there will not be losses on these balances.

At September 30, 2023 and December 31, 2022, Customers Bank accounted for 38% and 17% of our total *Accounts receivable, net*, respectively. At September 30, 2023 and December 31, 2022, a BaaS partner accounted for 23% and 60% of our total *Accounts receivable, net*, respectively. At September 30, 2023 and December 31, 2022, MasterCard accounted for 20% and 10% of our total *Accounts receivable, net*, respectively.

Financial instruments that potentially subject the Company to credit risk consist principally of cash held in the Company's operating account. Cash is maintained in accounts with Customers Bank, which, at times may exceed the FDIC coverage limit of \$250,000. At September 30, 2023, the Company has not experienced losses on these cash accounts and Management believes, based upon the quality of Customers Bank, that the credit risk with regard to these deposits is not significant.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act, is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is accumulated and communicated to our Management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of Management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our disclosure controls and procedures (as such term is defined in Exchange Act Rule 13a-15(e)), as of September 30, 2023. Based on this evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of that date.

Changes in Internal Control over Financial Reporting

In the ordinary course of business, we routinely review our system of internal control over financial reporting and make changes to our systems and processes that are intended to ensure an effective internal control environment. Certain internal control deficiencies were identified during the second quarter of 2023, that upon assessment, did not rise to the level of a material weakness. Management is actively engaged in the implementation of remediation plans to address the controls contributing to these control deficiencies. There were no changes in the Company's internal control over financial reporting during the third quarter of 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1A. RISK FACTORS

Except as set forth in the following sentences, there have been no material changes to the Risk Factors disclosed in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2022. In our Annual Report on Form 10-K, we reported that a recent decision of the Delaware Court of Chancery had created uncertainty regarding the validity of our Amended Charter and whether the vote to approve the Amended Charter met the requirements under Section 242(b)(2) of the Delaware General Corporation Law (the "DGCL"), resulting in potential uncertainty with respect to our capitalization that could have had a material adverse effect on our operations, including our ability to complete financing transactions, until the underlying issues were definitively resolved. On April 7, 2023, we filed a petition (the "Petition") in the Delaware Court of Chancery under Section 205 of the DGCL to seek validation of the Company's Amended Charter effective upon our merger with Megalith Financial Acquisition Corporation, a special purpose acquisition company, on January 4, 2021. On April 24, 2023, the Petition was granted, and all shares of capital stock of the Company issued in reliance of the effectiveness of our Amended Charter were validated and declared effective as of the date and time of the original issuance of such shares. Accordingly, that risk no longer exists.

ITEM 5. OTHER INFORMATION

(a) *Dullinger Agreement*: Reference is made to the Employment Agreement dated as of January 26, 2023 (the "Employment Agreement") between BM Technologies, Inc. (the "Company") and James Dullinger ("Executive"), the Company's Chief Financial Officer, filed as Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2023 and incorporated herein by the reference. Capitalized terms used in this description shall have the meanings set forth in the Employment Agreement unless the context clearly would clearly require otherwise.

As of November 1, 2023, the Company and the Executive executed the First Amendment to the Employment Agreement (the "Amendment"). The material changes to the Employment Agreement are as follows:

- a. The term of the Employment Agreement was extended from January 26, 2024 to March 31, 2024 (the "Expiration Date"), with any extensions requiring the agreement of both the Company and the Executive.
- b. All the Executive's RSUs that vest on or before the Expiration Date shall continue to vest through and including the Expiration Date. Any RSUs that are scheduled to vest after the Expiration Date will be forfeited unless the term of the Employment Agreement is further extended, in which case, the RSUs shall continue to vest in accordance with terms so long as Executive remains in the employ of the Company as its Chief Financial Officer.
- c. In addition to the other compensation provided to Executive in the Employment Agreement, Executive shall have the right to a 2023 incentive bonus of \$110,000 (the "Bonus"), payable, at the discretion of the Company in either: (i) cash; (ii) shares of the Company's common stock pursuant to the Company's 2020 Executive Incentive Plan with a vesting date fair value of \$110,000 (with Executive having the option to have shares withheld to satisfy any tax obligation resulting from the vesting of the shares); or (iii) a combination of (i) and (ii). The payment of any cash portion of the Bonus and the vesting of any stock portion of the Bonus shall take place on the earlier of: (x) March 15, 2024; or (y) termination of the Executive's employment by the Company without Cause or by the Executive for Good Reason.

d. Any paid time off (“PTO”) that remains unused as of December 31, 2023 shall carry over into 2024. All accrued PTO (including any carried over from 2023) shall be paid to Executive in cash on March 31, 2024 unless the term of the Employment Agreement is further extended, in which case Executive shall be entitled to utilize up to one (1) full week in addition to normally accrued PTO to which the Executive would be entitled during 2024.

(b) *Share repurchases:* None

(c) *Rule 10b5-1 and Non-Rule 10b5-1 Trading Arrangements:* None.

ITEM 6. EXHIBITS

See exhibit index below for a list of the documents filed or furnished as part of this Quarterly Report on Form 10-Q:

Exhibit No.	Description
3.1	Second Amended and Restated Certificate of Incorporation of the Company (incorporated by reference to the Company's Form 8-K, filed with the SEC on January 8, 2021).
3.2	Amended and Restated Bylaws of the Company (incorporated by reference to the Company's Form 8-K, filed with the SEC on January 8, 2021).
10.1+	First Amendment to the BM Technologies 2020 Equity Incentive Plan (incorporated by reference to Exhibit 4.4 to the Company's Registration Statement on Form S-8, filed with the SEC on June 30, 2023).
10.2+	Executive Transition Agreement with Rajinder Singh dated August 30, 2023. *
10.3+	First Amendment to the January 26, 2023 Employment agreement with James Dullinger, dated November 1, 2023.*
10.4	Third Amendment to the Deposit Processing Servicing Agreement, dated August 18, 2023, by and between the Company and Customers Bank. *
10.5 †	First Amendment to the FCB Deposit Servicing Agreement, dated August 20, 2023, by and between the Company and First Carolina Bank. *
31.1	Certification of the Principal Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a).*
31.2	Certification of the Principal Financial and Accounting Officer required by Rule 13a-14(a) or Rule 15d-14(a).*
32	Certification under 18 U.S.C. 1350.*
101	Interactive data files for BM Technologies, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2023, formatted in Inline XBRL: (i) the Consolidated Balance Sheets (unaudited) ; (ii) the Consolidated Statements of (Loss) Income (unaudited) ; (iii) the Consolidated Statements of Changes in Shareholders' Equity (unaudited) ; (iv) the Consolidated Statements of Cash Flows (unaudited) ; and (v) the Notes to Unaudited Consolidated Financial Statements .*
104	The cover page from BM Technologies, Inc.'s Quarterly Report on Form 10-Q for the Quarter ended September 30, 2023 (formatted in Inline XBRL and included in Exhibit 101).*

* Filed or furnished herewith.

† Certain confidential information contained in this agreement has been omitted because it is private or confidential and is not material.

+ Indicates a management or compensatory plan.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

November 20, 2023

BM Technologies, Inc.

(Registrant)

By: /s/ Luvleen Sidhu
Name: Luvleen Sidhu
Title: Chief Executive Officer
(Principal Executive Officer)

November 20, 2023

BM Technologies, Inc.

(Registrant)

By: /s/ James Dullinger
Name: James Dullinger
Title: Chief Financial Officer
(Principal Financial and Accounting Officer)

EXECUTIVE TRANSITION AGREEMENT

THIS EXECUTIVE TRANSITION AGREEMENT (this "**Agreement**") by and between BM Technologies, Inc., a Delaware corporation (the "**Company**"), and Rajinder Singh (the "**Executive**") is made as of August 30, 2023.

WHEREAS, the Executive is employed by the Company and served the Co-Chief Executive Officer of the Company ("**Co-CEO**");

WHEREAS, the Company and the Executive previously entered into an employment agreement dated as of March 24, 2023 (the "**Employment Agreement**");

WHEREAS, on August 30, 2023, the Executive issued his written voluntarily resignation from the position of Co-CEO with an effective date of August 29, 2023 of his own free will and choosing ("**Voluntary Resignation Date**");

WHEREAS, the Company accepts the Executive's resignation pursuant to Section 5.3 of the Executive's Employment Agreement;

WHEREAS, the Executive's employment with the Company is now at-will and, except as otherwise incorporated herein, the Executive's Employment Agreement dated March 24, 2023 is hereby revoked and no longer in effect, except as otherwise incorporated by reference herein;

WHEREAS, the Executive's employment is scheduled to end effective December 31, 2023;

WHEREAS, the Company and the Executive desire to provide for an orderly transition to the Executive's successor to Co-CEO by providing an incentive for the Executive to remain with the Company through the Transition Period (as defined below), and to obtain certain assurances and cooperation of the Executive post-employment; and

WHEREAS, in connection with the foregoing, the Company and the Executive wish to set forth the terms of such transition in this Agreement;

NOW, THEREFORE, in consideration of the mutual covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Company and the Executive agree as follows:

1. **Employment.**

1.1 Except as hereinafter otherwise provided, the Company shall continue to employ the Executive of the Company in a transitional and at-will capacity through December 31, 2023, at which date his employment will end unless it is sooner terminated as provided herein (such date when employment ends shall be referred to as the "**Separation Date**"). Executive agrees that, during the period commencing with the signing of this Agreement and ending on the

Separation Date, or such sooner date as Luvleen Sidhu, Co-CEO otherwise elects by written notice to Executive (the "**Transition Period**"), Executive will use his best efforts to fulfill his duties and responsibilities as reasonably assigned to him by Ms. Sidhu.

1.2 The Executive shall work under the direction of and on such matters as may be reasonably assigned to him by Ms. Sidhu throughout the Transition Period. Such duties may include, but shall not be limited to, the advancement of the business and interests of the Company, providing for an orderly transition of the role and responsibilities as Co-CEO of the Company to a successor, consulting with Ms. Sidhu on matters related to the Company, and undertaking such other assignments from Ms. Sidhu, and/or the Board of Directors of the Company.

1.3 The Executive agrees that, during his employment, he shall, to the best of his ability, perform his duties and responsibilities, and shall not engage in any business, profession or occupation which would directly conflict with the rendering of the agreed upon services without the prior approval of Ms. Sidhu. During the Transition Period, the Executive agrees to continue to observe and comply with all applicable Company rules and policies as adopted from time to time by the Company

1.4 The Executive hereby acknowledges and agrees that, as of the Voluntary Resignation Date, he is no longer an officer of the Company, will not serve as an officer of the Company during the Transition Period, and shall not represent himself as such during the Transition Period. Additionally, the Executive hereby acknowledges and agrees that he shall not represent himself after the Separation Date as being an employee, officer, director, agent, or representative of the Company or any of its subsidiaries for any purpose.

2. **Compensation and Benefits.** In consideration for and subject to (i) the Executive's timely execution and non-revocation of this Agreement, including the general release and waiver of claims set forth herein, and (ii) the Executive's (or the Executive's estate) timely execution and non-revocation of a second general release of claims upon his Separation Date, during the Transition Period, and for the covenants and obligations of the Executive contained herein, the Executive shall continue to receive his salary, paid in accordance with the Company's standard payroll practices at a gross amount of twelve thousand, five hundred dollars and zero cents (\$12,500.00) per pay period, less taxes and withholdings, and he shall continue to receive standard employee benefits pursuant to the Company's employee policies so long as he remains employed during the Transition Period.

Notwithstanding anything herein to the contrary, in the event the Company terminates the employment of Executive prior to December 31, 2023 Executive shall be entitled to a continuation of the salary and benefits described in this Section 2, payable consistent with the Company's standard payroll practices, through December 31, 2023.

In the event the Executive's employment is terminated by the Executive for any reason, including the Executive's death or disability, prior to December 31, 2023, the Executive shall not be entitled to any further payments or benefits from the Company, including, without limitation, any future payments of the compensation and benefits set forth in this Section 2.

The Executive hereby acknowledges and agrees that, other than the compensation and benefits set forth in this Section 2, he is not entitled to any other compensation or benefits from the Company.

3. **Executive's Obligations.**

3.1 **Return of Company Documents and Property.** Upon the Separation Date, Executive will immediately return and surrender to the Company all documents, including originals and copies, and/or property belonging to the Company, created, purchased or obtained by Executive as a result of or in the course of Executive. Executive acknowledges and agrees that all such materials are, and will always remain, the exclusive property of the Company.

3.2 **Continuation of Employment Agreement Post-Employment Obligations.** Notwithstanding any provision to the contrary in this Agreement, the Executive acknowledges and agrees that he shall continue to comply with the post-employment obligations as set forth in the Employment Agreement Sections 6, 7, 8, and 9 of the Employment Agreement and that the Company is entitled to enforce the remedies as set forth in Section 10 of the Employment Agreement should Executive breach his post-employment obligations, the terms of which are incorporated by reference herein. Executive agrees that, to the extent he is compelled by a court of competent jurisdiction or otherwise required by law to disclose Confidential Information, Executive will immediately, but no later than five (5) days upon learning of his requirement, contact Louis Adimando, General Counsel, at ladimando@bmtx.com, and advise him of such requirement.

4. **Release and Discharge of Claims**

(a) In consideration for the promises and covenants contained herein, including, but not limited to, in Section 2 of this Agreement, Executive irrevocably and unconditionally releases and discharges the Company, along with the Company's parents, subsidiaries, divisions, affiliated corporations, partnerships or other affiliated entities, past and present, as well as each of their employees, officers, directors, agents, representatives, insurers, attorneys, successors, and assigns (collectively "Released Parties"), for any and all known and unknown claims of any kind, relating to anything that has happened up to the Effective Date of this Agreement and including any claims that may arise during the Transition Period. Without limiting the scope of the foregoing provision in any way, Executive specifically releases all claims relating to or arising out of any aspect of his employment with the Company or his separation therefrom including, but not limited to, all releasable claims under Title VII of the Civil Rights Act of 1964, as amended, the Civil Rights Act of 1991 and the laws amended thereby, the Americans with Disabilities Act, the Age Discrimination in Employment Act, the Family and Medical Leave Act, the Employee Retirement Income Security Act, the Consolidated Omnibus Budget Reconciliation Act of 1985, the Occupational Safety and Health Act, Section 1981 of the Civil Right Act of 1866, as amended (42 U.S.C. §1981); any claims arising under Pennsylvania law, including, but not limited to, the Pennsylvania Human Relations Act, the Pennsylvania Minimum Wage Act, the Pennsylvania Wage Payment and Collection Law; the Pennsylvania Whistleblower Law; the Pennsylvania Medical Marijuana Act; and all other state, federal and local laws and regulations; and any state, civil, or statutory laws, including any and all human rights laws and laws against discrimination, and other federal, state, or local fair employment statute, code, or ordinance, common law,

including, but not limited to, claims for breach of contract, intentional or negligent infliction of emotional distress, negligence, wrongful or retaliatory discharge, public policy violations, interference with contract, pain and suffering, compensatory or punitive damages, service letters, costs, interest, attorneys' fees and expenses, reinstatement, or reemployment.

(b) Likewise, Company agrees to release and discharge the Executive for any and all known and unknown claims of any kind, relating to anything that has happened up to the Effective Date of this Agreement. The Executive acknowledges and agrees that the Company's agreement to release claims against the Executive shall not apply if the Company learns that the Executive was involved in any unlawful acts of dishonesty, including, but not limited to: (1) fraud; (2) embezzlement; (3) breach of fiduciary duty; (4) breach of duty of loyalty; (4) fraudulent inducement; and/or (5) any other unlawful activity involving dishonesty.

5. **Disputes.**

5.1 **Settlement of Disputes; Arbitration.** All claims by the Executive for benefits under this Agreement shall be directed to and determined by the Board of Directors of the Company and shall be in writing. Any denial by the Board of Directors of a claim for benefits under this Agreement shall be delivered to the Executive in writing and shall set forth the specific reasons for the denial and the specific provisions of this Agreement relied upon. The Board of Directors shall afford a reasonable opportunity to the Executive for a review of the decision denying a claim. Any further dispute or controversy arising under or in connection with this Agreement (including the arbitrability of the dispute or controversy) shall be settled exclusively by arbitration in Philadelphia, Pennsylvania, in accordance with the rules of the American Arbitration Association then in effect and the Federal Arbitration Act. Judgment may be entered on the arbitrator's award in any court having jurisdiction.

5.2 **Expenses.** The parties agree that in any action or proceeds arising under this Agreement, attorneys' fees and costs shall be awarded to the prevailing party.

6. **No Admission.** The execution of this Agreement does not and shall not constitute an admission by Released Parties of any liability to Executive. Released Parties specifically deny that any of the Released Parties have violated Executive's rights under any federal, state, or local constitution, statute, law, or common law in connection with his employment, including his termination therefrom.

7. **Notice.** All notices, instructions and other communications given hereunder or in connection herewith shall be in writing. Any such notice, instruction or communication shall be sent either (a) by registered or certified mail, return receipt requested, postage prepaid, or (b) prepaid via a reputable nationwide overnight courier service, in each case addressed to the Company, **Attention: General Counsel, Louis Adimando, at 201 King of Prussia Road, Suite 650 Wayne, PA 19087** and to the Executive at the Executive's principal residence as currently reflected on the Company's records (or to such other address as either the Company or the Executive may have furnished to the other in writing in accordance herewith). Any such notice, instruction or communication shall be deemed to have been delivered five business days after it is sent by registered or certified mail, return receipt requested, postage prepaid, or one business day

after it is sent via a reputable nationwide overnight courier service. Either party may give any notice, instruction or other communication hereunder using any other means, but no such notice, instruction or other communication shall be deemed to have been duly delivered unless and until it actually is received by the party for whom it is intended.

8. **Miscellaneous.**

8.1 **Severability.** The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

8.2 **Injunctive Relief.** The Company and the Executive agree that any breach of this Agreement by the Company or the Executive is likely to cause the other party substantial and irrevocable damage and therefore, in the event of any such breach, in addition to such other remedies which may be available, the Company or the Executive, as applicable, shall have the right to specific performance and injunctive relief.

8.3 **Governing Law.** The validity, interpretation, construction and performance of this Agreement shall be governed by the internal laws of the Commonwealth of Pennsylvania, without regard to conflicts of law principles.

8.4 **Waivers.** No waiver by the Company or the Executive at any time of any breach of, or compliance with, any provision of this Agreement to be performed by the other party shall be deemed a waiver of that or any other provision at any subsequent time.

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

8.6 **Tax Withholding.** Any payments provided for hereunder shall be paid net of any applicable tax withholding required under federal, state or local law.

8.7 **Entire Agreement.** Except for the provisions of the Executive's Employment Agreement which have been incorporated by reference herein, this Agreement sets forth the entire agreement of the parties hereto with respect to the subject matter contained herein and supersedes all prior agreements, negotiations, discussions, promises, covenants, arrangements, communications, representations or warranties, whether oral or written, by any officer, employee or representative of any party hereto in respect of the subject matter contained herein, and any prior agreement of the parties hereto in respect of the subject matter contained herein is hereby terminated and cancelled. The Executive expressly acknowledges that, in conjunction with his voluntary resignation, his Employment Agreement is hereby revoked and no longer in effect, except as otherwise incorporated by reference herein.

8.8 **Amendments.** This Agreement may be amended or modified only by a written instrument executed by both the Company and the Executive.

9. **Tax Compliance.** It is the intention of the parties that no payment or entitlement pursuant to this Agreement will give rise to any adverse tax consequences pursuant to Code Section 409A and the regulations and guidance promulgated thereunder ("Section 409A"). For purposes of Section 409A, each of the payments that may be made under this Agreement are designated as separate payments. It is intended that the provisions of this Agreement comply with, or be exempt from, Section 409A, and all provisions of this Agreement shall be construed and interpreted in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A. Notwithstanding the foregoing, the Executive shall be solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on or for him or his account in connection with this Agreement (including any taxes and penalties under Section 409A), and neither the Company nor any Affiliate shall have any obligation to indemnify or otherwise hold the Executive (or any beneficiary) harmless from any or all of such taxes or penalties. Notwithstanding anything in the Plan or this Agreement to the contrary, in the event that the Executive is deemed to be a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code, no payments that are "deferred compensation" subject to Section 409A that are made by reason of the Executive's "separation from service" within the meaning of Section 409A shall be made to the Executive prior to the date that is six (6) months after the date of his "separation from service" or, if earlier, the Executive's date of death. Immediately following any applicable six (6) month delay, all such delayed payments will be paid in a single lump sum. If any payment subject to Section 409A is contingent on the delivery of a release by the Executive and could occur in either of two calendar years, the payment will occur in the later calendar year. In addition, for purposes of this Agreement, with respect to payments of any amounts that are considered to be "deferred compensation" subject to Section 409A, references to "termination of employment" (and substantially similar phrases) shall be interpreted and applied in a manner that is consistent with the requirements of Section 409A.

10. **OWBPA Compliance.** In compliance with the Older Workers Benefit Protection Act, Executive has been advised in writing to consult with an attorney regarding the legal effect of this Agreement and, in fact, has done so. Executive acknowledges that he has been given twenty-one (21) days to consider the terms of this Agreement before signing it, and that if he chooses to sign this Agreement, he does so of his own volition, without coercion or duress. Executive further acknowledges that he may revoke this Agreement by providing written notice of revocation to counsel for Released Parties within seven (7) days after he executes it, and if he does so, this Agreement will be null and void. This Agreement will not become effective until after the expiration of the 7-day revocation period ("Effective Date").

/s/ Rajinder Singh
Rajinder Singh
9/1/23

Date:

BM Technologies, Inc.

By: /s/ Luvleen Sidhu
Title: Chair, CEO & Founder
Date: 9/1/23

FIRST AMENDMENT TO JANUARY 26, 2023, EMPLOYMENT AGREEMENT (“Agreement”)

THIS FIRST AMENDMENT, made as of November 1, 2023 (“Amendment Effective Date”) is by and between BM Technologies, Inc., a Delaware corporation, with its main offices located at 201 King of Prussia Road, Suite 650 Radnor, PA 19087 (“Company”) and James Dullinger (“Executive”).

WHEREAS, the parties desire to document the extension of Executive’s services in his current capacity as Chief Financial Officer (“CFO”) and amend certain and specific provisions of the Agreement as of the Amendment Effective Date,

WHEREAS, in exchange for the Company’s offer to amend and extend the Executive’s Employment Agreement as outlined below, the Executive agrees to complete the following items in addition to performance of the Executive’s day to day responsibilities in his capacity as CFO:

1. Implementation of NetSuite Phase 1 including Reporting, Order to Cash, and Procure to Pay modules;
2. Evaluation of the Company’s internal control over financial reporting as of and for the year ending December 31, 2023 and reporting of the results of this evaluation within Item 9A (Management’s Annual Report on Internal Control over Financial Reporting) of the Company’s December 31, 2023 10-K filing; and
3. Filing of the Company’s December 31, 2023 10-K including a Report from the Company’s Independent Registered Public Accounting Firm of the results of its audit of the Company’s Consolidated Financial Statements.

WHEREAS, unless expressly amended herein, all terms shall remain as fully set forth in the Agreement and all definitions in the Agreement shall have the meanings ascribed to the defined terms in the Agreement,

NOW THEREFORE, for good and valuable consideration, the sufficiency of which shall not be denied and intending to be legally bound, the parties agree as follows:

1. Paragraph 2 of the Agreement shall be amended in its entirety by substituting the following:

Subject to the terms and conditions of this Agreement, the initial term of employment hereunder shall be for the period commencing on the Effective Date and ending on March 31, 2024. The term of employment hereunder shall only be extended for any period that may be agreed to in writing by and between both parties to this Agreement. References in this Agreement to the “Term” shall refer both to such initial term and any successive terms where a successive term is agreed to in writing by both parties to this Agreement.

2. Paragraph 3(c) of the Agreement shall be added as follows:

(c) Any and all Non-Executive Restricted Stock Units (“RSUs”) shall continue to vest through the Term of employment up to and including March 31, 2024. The Executive’s first tranche of time-based Executive RSUs set to vest on March 31, 2024, will vest in full under this Agreement. Any subsequent tranches of Executive RSUs that were set to vest on subsequent dates, whether performance or time based, will be forfeited unless an extension of this Agreement is agreed to by and between both parties to this Agreement as outlined in Paragraph 2 above. Upon an agreement to extend by both parties to this Agreement, the subsequent tranches would vest on their regular time based or performance based schedule in accordance with their original terms and conditions so long as the Executive remains in the employ of the Company as CFO.

3. Paragraph 3(d) of the Agreement shall be added as follows:

(d) Executive shall have the right to a 2023 Incentive Bonus which will be issued in either one hundred and ten thousand dollars (\$110,000) cash, shares of Company common stock with a vesting date fair value of one hundred and ten thousand dollars (\$110,000), or combination thereof with a total fair value of one hundred and ten thousand dollars (\$110,000). The composition of Executive’s 2023 Incentive Bonus shall be at the

sole discretion of the Company at the time of issuance. The issuance of the cash payment or the vesting date of these shares shall be the earlier of:

(i) March 15, 2024, or

(ii) Termination of Executive's Employment if by the Company or if by Executive for Good Reason.

Net settlement shall be offered as an option to the Executive for the purpose of settling any tax liability that the Executive may face because of said payment of 2023 Incentive Bonus in shares of Company common stock.

4. Paragraph 3(e) of the Agreement shall be added as follows:

(e) Any Paid-Time Off ("PTO") that the Executive was entitled to utilize and remains unused from 2023 shall carry forward into 2024 and, at the end of the term of this Agreement, March 31, 2024, shall be paid out to the Executive in cash, unless the Executive and Company agree to an extension of this Agreement, at which point the Executive will be entitled to utilize up to one (1) full week in addition to normally accrued PTO that the Executive would have the right to in the calendar year of 2024.

5. Paragraph 8 of the Agreement shall be amended by substituting the following:

The term "fintech" shall be replaced with the term "fintech digital banking".

6. Paragraph 19 of the Agreement shall be amended by substituting the following:

To the fullest extent permitted by applicable law, the Company shall indemnify, hold harmless, and exonerate Executive in accordance with the provisions of this Section 19 if Executive was, is, or is threatened to be made, a party to or a participant (as a witness, deponent or otherwise) in any Proceeding, other than a Proceeding by or in the right of the Company to procure a judgment in its favor by reason of Executive's Corporate Status. Pursuant to this Section 19, Executive shall be indemnified, held harmless, and exonerated against all Expenses, judgments, liabilities, fines, penalties and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses, judgments, liabilities, fines, penalties and amounts paid in settlement) actually, and reasonably incurred by Executive or on Executive's behalf in connection with such Proceeding or any claim, issue, or matter therein, if Executive acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Company and, in the case of a criminal Proceeding, had no reasonable cause to believe that Executive's conduct was unlawful. To further effect, satisfy, or secure the indemnification obligations provided herein or otherwise, the Company shall cause its director and officer liability insurance to cover Executive during the Term and for such period thereafter as the Company's liability insurance policy permits coverage for actions or omissions of former directors or officers.

AGREED:

BM Technologies, Inc.

James Dullinger

/S/ Luvleen Sidhu

/S/ James Dullinger

By: Luvleen Sidhu

James Dullinger

**THIRD AMENDMENT TO DEPOSIT PROCESSING SERVICES
AGREEMENT**

**THIS THIRD AMENDMENT TO DEPOSIT PROCESSING SERVICES AGREEMENT
("Amendment")**

is entered into as of this 18th day of August, 2023 ("Effective Date") by and between Customers Bank ("Bank"), a Member of the Federal Reserve System with its principal place of business at 40 General Warren Blvd., Suite 200, Malvern, PA 19355 and BM Technologies, Inc. ("BMTX"), a Delaware corporation with its principal place of business at 201 King of Prussia Road, Suite 650, Radnor, PA 19087. BMTX and Bank are hereinafter referred to, collectively, as the "Parties," and individually each as a "Party."

RECITALS

WHEREAS, the Parties entered into the Second Amendment to the Agreement on March 22, 2023, that among other modifications, extended the Term through June 30, 2024,

WHEREAS, BMTX signed definitive agreements with a new FDIC insured sponsor bank to receive the transfer of the Higher Education (VIBE) Depositor Accounts subject to regulator approval which was set to occur on or before July 15, 2023, which has yet to receive regulatory approval,

WHEREAS, based on the foregoing developments, additional modifications to the Agreement are necessary and appropriate to more accurately reflect the relationship, roles, and responsibilities between Bank and BMTX relative to the Depositor Program subject to this Agreement,

NOW, THEREFORE, in consideration of the mutual covenants and representations contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound, the Parties hereto agree as follows:

I. Section 7.1 of the Agreement is replaced in its entirety by the following new language: "Term. This Agreement shall be in full

force and effect beginning on the Effective Date

and shall continue in effect until the earlier of: i) The transfer of the Higher Education Program, clients, and Depositor Accounts to an FDIC insured Durbin-Exempt sponsor bank; or ii) April 15, 2025. This Agreement may be terminated prior to the end of the initial term, or any such renewal term as set forth in Section 7.2 ("Term").

2. Other than the foregoing changes to the Agreement, the remainder of the Agreement shall remain in full force and effect as originally executed by the Parties.

IN WITNESS WHEREOF, the Parties have entered into this Amendment as of the Effective Date.

Customers Bank, Inc.

By: /s/ Carla Leibold
Carla Leibold
Title: Executive Vice President
Date: 08/18/2023

BMTX, Inc.

By: /s/ Rajinder Singh
Rajinder Singh
Title: Co-Chief Executive Officer
Date: 8/18/2023

*****] Certain information in this document has been excluded pursuant to Regulation S-K, Item 601(b)(10). Such excluded information private or confidential and is not material.**

**FIRST AMENDMENT TO DEPOSIT PROCESSING SERVICES
AGREEMENT**

This First Amendment (the "Amendment") to the Deposit Processing Services Agreement, dated as of March 16, 2023, by and between Bank and BMTX (the "DPSA"), is entered into as of this 20th day of August, 2023, by and between FIRST CAROLINA BANK ("Bank"), a North Carolina-chartered, non-member bank ("Bank"), and BMTX, Inc. ("BMTX"), a Pennsylvania corporation. Capitalized terms used in this Amendment that are not otherwise defined shall have the meanings set forth in the DPSA.

RECITALS

WHEREAS, the DPSA established among other things that Bank would receive the transfer of the Higher Education ("VIBE") Depositor Accounts;

WHEREAS, Bank and BMTX continue to work together towards the transfer of the VIBE accounts from the VIBE account's current sponsor bank;

WHEREAS, the Parties have agreed to amend the DPSA to facilitate a more expeditious transfer of the VIBE accounts to Bank and revised certain terms in the DPSA.

NOW, THEREFORE, in consideration of the mutual covenants and representations contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound, the Parties agree as follows:

1. The definition of "Depositor Account" in Section 1.1 of the DPSA is deleted and is replaced in its entirety by the following:

"Depositor Account" means the demand deposit account of a Depositor in connection with the Depositor's participation in the Depositor Program that is held by Bank, serviced by BMTX and that is subject to a Depositor Agreement, which includes the Existing Depositor Accounts effective upon the date that such Existing Depositor Accounts are transferred to Bank.

2. The definition of "Person" in Section 1.1 of the DPSA is amended to include "educational institution".

3. Section 2.10(b) of the DPSA is deleted in its entirety and is replaced in its entirety by the following new language:

"2.10(b) - If Bank has not taken all steps necessary for Bank to initiate the transfer of the Deposit Accounts within 60 calendar days after the execution of this Amendment, then following such 60-day period, BMTX shall be permitted to explore the interest of and, in its reasonable discretion, terminate this Agreement and execute another agreement with one or more banks or financial institutions who might have interest in the Depositor Program for the purpose of maintaining risk mitigation options."

4. Section 7.1 of the DPSA is deleted and is replaced in its entirety by the following new language:

"7.1 Term. The initial term of this Agreement will commence on the Signature Date and,

unless earlier terminated in accordance with Section 7.2 (including termination by BMTX pursuant to Section 7.2(h) in the event BMTX experiences a Change of Control), continue until the date that is five (5) years after the Effective Date (the "Initial Term"). After the Initial Term, this Agreement will renew automatically for additional two (2)-year successive terms (each, a "Renewal Term"), unless either Party provides written notice of non-renewal to the other Party at least one hundred twenty (120) days prior to the termination of the Initial Term or then current Renewal Term, as the case may be (the Initial Term and any Renewal Terms, collectively, the "Term")."

5. Section 7.2(j) of the DPSA is deleted in its entirety.

6. Section 7.2(k) of the DPSA is deleted in its entirety.

7. Section 8.1 of the DPSA is deleted and is replaced in its entirety with the following:

"8.1 Initial Transfer of Existing Student Depositor Accounts. As of the Signature Date, BMTX, through its relationship with Customers Bank (the original sponsor bank of the Existing Depositor Programs), services approximately [***] in Existing Student Depositor Accounts. Bank agrees to work with BMTX and Customers Bank on the timely transfer of all Existing Student Depositor Accounts."

8. Section 8.2 of the DPSA is deleted and is replaced in its entirety with the following:

"8.2 Effective Date. The effective date of this Agreement commences on the first date on which Bank takes on the Deposits from the Existing Student Depositor Accounts pursuant to Section 8.1 (the "Effective Date")."

9. Schedule 3.2. Section 1. of the DPSA is deleted and replaced in its entirety and replaced with the following:

"Bank Payment of Servicing Fees. During the Term, Bank shall pay to BMTX a monthly servicing fee equal to: [***]"

10. Schedule 3.2 Section 2(1) of the DPSA is deleted and is replaced in its entirety with:

"(1) promptly pay to Bank an aggregated payment ("Make-Whole Payment" as calculated as follows: [***]"

11. Schedule 3.2 Section 5 (i) is deleted and is replaced in its entirety with:

"[***] of estimated quarterly Interchange Fees and Servicing Fees, as estimated by BMTX and provided to the Bank for its review and reasonable approval, shall be paid by the Bank to BMTX in advance of each calendar quarter (the "Estimated Quarterly Payment"). Bank shall pay to BMTX on the 15th calendar day of the month following each calendar quarter (or, if not a Business Day, then on the Business Day following the 15th calendar day of a month) the difference between (1) the sum of the actual Interchange Fees and Servicing Fees for the calendar quarter recently completed and (2) the Estimated Quarterly Payment for the calendar quarter recently completed (such difference, if a positive amount, being the "Final Quarterly Payment"). If for any calendar quarter, clause (1) in the foregoing sentence exceeds the Estimated Quarterly Payment (such excess amount being an "Overpayment"), then such Overpayment shall reduce Final Quarterly Payments in succeeding calendar quarters until the Overpayment is eliminated. "

12. The Parties both acknowledge is seeking a Requisite Regulatory Approval related to the characterization of the Deposits and the Parties agree that the current pending application for such Requisite Regulatory Approval is independent of and will not in any way prohibit, delay or allow either Party to in any way avoid moving in an expeditious manner toward the transfer of all of the Existing Deposits from the Existing Student Depositor Account at BMTX's current sponsor bank to Bank.
 13. The DPSA is hereby modified to reflect the terms of this Amendment and shall continue in full force and effect. All other provisions of the DPSA, not specifically modified herein, shall remain in full force and effect.
 14. This Amendment may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.
 15. This Agreement shall be governed by and construed in accordance with the laws of the State of North Carolina without regard to its conflict of laws rules.
-



IN WITNESS WHEREOF, the Parties have entered into this Amendment as of the Effective Date.

First Carolina Bank, Inc.

By: /s/ Ronald Day
Ronald Day
Title: President & CEO
Date: August 21, 2023

BMTX, Inc.

By: /s/ Luvleen Sidhu
Luvleen Sidhu
Title: Chair, CEO & Founder
Date: 8/21/2023

BM Technologies, Inc.

By: /s/ Luvleen Sidhu
Luvleen Sidhu
Title: Chair, CEO & Founder
Date: 8/21/2023

CERTIFICATION

I, Luvleen Sidhu, certify that:

- (1) I have reviewed this Quarterly Report on Form 10-Q of BM Technologies, Inc.,
- (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 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 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.

/s/ Luvleen Sidhu

Luvleen Sidhu

Chief Executive Officer

(Principal Executive Officer)

Date: November 20, 2023

CERTIFICATION

I, James Dullinger, certify that:

- (1) I have reviewed this Quarterly Report on Form 10-Q of BM Technologies, Inc.,
- (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 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 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.

/s/ James Dullinger

James Dullinger

Chief Financial Officer

(Principal Financial and Accounting Officer)

Date: November 20, 2023

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

In connection with the Quarterly Report of BM Technologies, Inc. (the "Company") on Form 10-Q for the quarter ended September 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Luvleen Sidhu, Chief Executive Officer of the Company and James Dullinger, Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Luvleen Sidhu

Name: Luvleen Sidhu
Title: Chief Executive Officer
(Principal Executive Officer)
Date: November 20, 2023

/s/ James Dullinger

Name: James Dullinger
Title: Chief Financial Officer
(Principal Financial and Accounting Officer)
Date: November 20, 2023

A signed original of this written statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request. This certification "accompanies" the Form 10-Q to which it relates, is not deemed filed with the SEC and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.