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

FORM 10-K

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

For the fiscal year ended December 31 , 2023 OR

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

For the transition period from _____to _____

Commission File Number 001-40524

SHF Holdings, Inc.
(Exact Name of Registrant as Specified in Its Charter)

Delaware	**86-2409612**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
1526 Cole Blvd. , Suite 250 Golden , Colorado	**80401**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(303) 431-3435**

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

Title of each class	**Trading Symbol(s)**	**Name of each exchange on which registered**
Class A Common Stock, $0.0001 par value per share	SHFS	The Nasdaq Stock Market LLC
Redeemable Warrants, each whole warrant exercisable for one share of Class A Common Stock at an exercise price of $11.50 per share	SHFSW	The Nasdaq Stock Market LLC

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☒

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of the Class A Common Stock held by non-affiliates of the registrant, based on the closing price of a share of the registrant's Common Stock on June 30, 2023 as reported by The Nasdaq Capital Market on such date, was approximately $ 24.52 million.

As of March 28, 2024, there were outstanding 55,430,976 shares of the Company's Class A Common Stock, $0.0001 par value per share

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement pursuant to Regulation 14A for the registrant's 2024 Annual Meeting of Shareholders, to be filed

within 120 days of the registrant's fiscal year end, are incorporated by reference into Part III hereof .

SHF HOLDINGS, INC.
FORM 10-K
December 31, 2023

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USE OF MARKET AND INDUSTRY DATA

This Annual Report on Form 10-K includes market and industry data that we have obtained from third-party sources, including industry publications, as well as industry data prepared by our management on the basis of its knowledge of and experience in the industries in which we operate (including our management's estimates and assumptions relating to such industries based on that knowledge). Management has developed its knowledge of such industries through its experience and participation in these industries. While our management believes the third-party sources referred to in this Annual Report on Form 10-K are reliable, neither we nor our management have independently verified any of the data from such sources referred to in this Annual Report on Form 10-K or ascertained the underlying economic assumptions relied upon by such sources. Furthermore, internally prepared and third-party market prospective information, in particular, are estimates only and there will usually be differences between the prospective and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. Also, references in this Annual Report on Form 10-K to any publications, reports, surveys or articles prepared by third parties should not be construed as depicting the complete findings of the entire publication, report, survey or article. The information in any such publication, report, survey or article is not incorporated by reference in this Annual Report on Form 10-K.

TRADEMARKS, TRADE NAMES AND SERVICE MARKS

"SHF Holdings", "Safe Harbor," "Safe Harbor Financial," and other trademarks or service marks of SHF Holdings, Inc. (the "Company") appearing in this Annual Report on Form 10-K are the property of the Company. The other trademarks, trade names and service marks appearing in this Annual Report on Form 10-K are the property of their respective owners. Solely for convenience, the trademarks and trade names in this Annual Report on Form 10-K are referred to without the ® and ™ symbols, but such references should not be construed as any indicator that their respective owners will not assert, to the fullest extent under applicable law, their rights thereto.

OTHER PERTINENT INFORMATION

Unless the context otherwise indicates, when used in this Annual Report on Form 10-K, the terms "SHF Holdings," "Safe Harbor," "we," "us," "our," the "Company" and similar terms refer to the Company, a Delaware corporation and its wholly-owned subsidiaries, SHF, LLC and SHFxAbaca, LLC.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Various of the statements made in this Form 10-K, including information incorporated herein by reference to other documents, are "forward-looking statements" within the meaning of, and subject to, the protections of Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

Forward-looking statements include statements with respect to our beliefs, plans, objectives, goals, expectations, anticipations, assumptions, estimates, intentions and future performance and condition, and involve known and unknown risks, uncertainties and other factors, which may be beyond our control, and which may cause the actual results, performance, achievements, or financial condition of the Company to be materially different from future results, performance, achievements, or financial condition expressed or implied by such forward-looking statements. You should not expect us to update

any forward-looking statements. These forward- looking statements should be read together with the discussion of the Company's risks and uncertainties included under the caption "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2022, filed with the Securities and Exchange Commission ("SEC") on April 14, 2023, as well as the limitation factors included in the forward-looking statement in this Form 10-K for the year ended December 31, 2023.

All statements other than statements of historical fact are statements that could be forward-looking statements. You can identify these forward-looking statements through our use of words such as "may," "will," "anticipate," "assume," "seek," "should," "indicate," "would," "believe," "contemplate," "consider," "expect," "estimate," "continue," "plan," "point to," "project," "could," "intend," "target" and other similar words and expressions of the future. These forward-looking statements may not be realized due to a variety of factors, including, without limitation:

- Our profitability is subject to interest rate risk;
- Volatility and uncertainty in the financial markets and banking industry may adversely impact our clients and our ability to obtain additional financial institution clients;
- We may be adversely affected by the transition of LIBOR as a reference rate;
- Our concentration of loans could result in increased loan losses, and adversely affect our business, earnings and financial condition;
- All of our loans are to commercial borrowers, which have unique risks compared to other types of loans;
- Our allowance for loan losses may prove inadequate or we may be negatively affected by credit risk exposures;
- The collateral securing our loans may not be sufficient to protect us from a partial or complete loss if we are required to foreclose;
- Liquidity risks could affect our operations and jeopardize our financial condition and certain funding sources could increase our interest rate expense including our ability to operate as a going concern and also remaining in compliance with debt covenants;
- The industry in which we operate is considered federally illegal, which may pose risk if actions were taken against those customers or our Company;
- Our strategic plan and growth strategy may not be achieved as quickly or as fully as we seek;
- Nonperforming and similar assets take significant time to resolve and may adversely affect our results of operations and financial condition;

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- We could be required to further write down our goodwill and other intangible assets;
- Our success depends on our ability to compete effectively in highly competitive markets;
- Potential gaps in our risk management policies and internal audit procedures may leave us exposed to unidentified or unanticipated risk, which could negatively affect our business;
- We have identified and we may identify additional deficiencies in our internal controls, which may have an impact on our business operations;
- Technological changes affect our business including potentially impacting the revenue stream of traditional products and services, and we may have fewer resources than many competitors to invest in technological improvements;
- Our information systems may experience interruptions and security breaches, and are exposed to cybersecurity threats;
- Many of our major systems depend on and are operated by third-party vendors, and any systems failures or interruptions could adversely affect our operations and the services we provide to our customers;
- Any failure to protect the confidentiality of customer information could adversely affect our reputation and subject us to financial sanctions and other costs that could have a material adverse effect on our business, financial condition and results of operations;
- Future acquisitions and expansion activities may disrupt our business, dilute shareholder value and adversely affect our operating results;
- We may not be able to generate sufficient cash to service all of our debt;
- We may incur a substantial level of debt that could materially adversely affect our ability to generate sufficient cash to fulfill our obligations;
- Our business may be adversely affected by economic conditions in general and by conditions in the financial markets;
- We are subject to extensive regulation that could limit or restrict our activities and adversely affect our earnings;
- Litigation and regulatory investigations are increasingly common in our businesses and may result in significant financial losses and/or harm to our reputation;
- We are subject to capital adequacy and liquidity standards, and if we fail to meet these standards, whether due to losses, growth opportunities or an inability to raise additional capital or otherwise, our financial condition and results of operations would be adversely affected;
- We may face higher risks of noncompliance with the Bank Secrecy Act and other anti-money laundering statutes and regulations than other financial institutions;
- Failures to comply with the fair lending laws, CFPB regulations or the Community Reinvestment Act, or CRA, could adversely affect us;
- Certain of our existing shareholders could exert significant control over the Company;
- If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, the price of our Common Stock and trading volume could decline;
- We have the ability to issue additional equity securities, which would lead to dilution of our issued and outstanding Common Stock;
- We are an "emerging growth company," and, as a result of the reduced disclosure and governance requirements applicable to emerging growth companies, our Common Stock may be less attractive to investors;
- We may be unable to attract and retain key people to support our business;
- In certain circumstances, we assume the risk of fraud loss and negative balances for accounts maintained at our financial institution partners;
- Unless extended, the Commercial Alliance Agreement with PCCU has an agreed end date of March 31, 2025, which could impact our ability to maintain client deposits and generate revenue from client accounts domiciled at PCCU;
- Severe weather, natural disasters, global pandemics, acts of war or terrorism, theft, civil unrest, government expropriation or other external events could have significant effects on our business; and
- Other factors and information in this Form 10-K and other filings that we make with the SEC under the Exchange Act and Securities Act.

The foregoing factors should not be construed as exhaustive and should be read together with the other cautionary statements included in this Form 10-K. Because of these risks and other uncertainties, our actual future financial condition, results, performance or achievements, or industry results, may be materially different from the results indicated by the forward-looking statements in this Form 10-K. In addition, our past results of operations are not necessarily indicative of our future results of operations. You should not rely on any forward-looking statements as predictions of future events.

All written or oral forward-looking statements that are made by us or are attributable to us are expressly qualified in their entirety by this cautionary note. Any forward-looking statement speaks only as of the date on which it is made, and we do not undertake any obligation to update, revise or correct any forward-looking statement, whether as a result of new information, future developments or otherwise, except as required by law.

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PART I

Item 1. Business.

Overview

We provide services to a variety of cannabis-industry participants in 41 states, including financial institutions desiring to provide business banking, private banking and commercial banking services to their customers, particularly those customers conducting business in or adjacent to the cannabis industry. Our services include, among other things:

- regulatory compliance consulting and software for maintaining “Know Your Customer” (“KYC”) and Bank Secrecy Act (“BSA”) compliance to financial institutions, principally conducted vis-à-vis our proprietary financial services platform;
- the origination, onboarding, verification, and servicing of cannabis-related deposit business for and on behalf of our partner financial institutions; and
- sourcing, underwriting, servicing, and administering loans issued to cannabis businesses and related entities, which are often also our customers, as well as being customers of our partner financial institutions.

Financial Services Platform

The Company has developed and commercialized a fully compliant financial services platform for financial institutions providing banking services to cannabis-related businesses (“CRBs”) to access and maintain reliable financial services as long as both the financial institution client and the CRB meet regulatory requirements. Our platform has been streamlined and finetuned for the past nine years which enables the Company’s staff to efficiently guide financial institution clients and the CRBs desiring banking services through the onboarding, validation and monitoring process. Our automated platform provides for an efficient and effective management tool allowing our employees to provide continuity of service while enabling compliance staff to monitor BSA activities.

Through the Company’s platform, our financial institution clients have the ability to provide CRBs with access to traditional financial services including wires, debit, ACH, remote deposit capture, business checking and savings accounts, courier and vaulting services, cash management accounts and commercial lending. We believe our services have been implemented consistent with applicable law and regulations, ensuring our financial institution clients will be able to provide CRBs with reliable access to these services. We feel our history of developing processes that satisfy regulatory standards has resulted in a solid reputation with related authorities and solidifies our ability to continue to grow existing services and reduces barriers in expanding into new service offerings.

CRB Deposits

The Company maintains relationships with Partner Colorado Credit Union (“PCCU”) and other financial institutions in which the CRB funds are deposited and monetary transactions are performed. The Company’s agreements with the financial institution allow the Company’s platform to interface with the financial institution’s core banking systems and extract data necessary to monitor the deposit accounts onboarded by the Company’s transactions, such as funds transmissions to or from the accounts, occur through PCCU’s and other financial institution client’s infrastructure.

When a CRB or ancillary service provider approaches PCCU or other financial institution for which the Company provides its onboarding services, an initial onboarding fee is assessed based on the type and complexity of the business. Onboarding is an important part of the KYC requirements set forth in federal guidance. The onboarding process can require a great deal of time depending on the business complexity and the fee we assess is based upon the complexity and required time to complete the process. Additionally, the Company assesses monthly deposit and activity fees, which have historically been the majority of our revenue. These fees are also based on business type and size. Monitoring and validating deposit activity is paramount to the success of the Company’s platform. We believe our compliance-first focus reassures regulators and law enforcement that the Company continues to focus on the safety and soundness of the financial system.

Investment income is also generated when PCCU or other financial institution clients invest CRB deposits. Under our Commercial Alliance Agreement with PCCU, the Company pays 25% of the investment income as a hosting fee to PCCU based on this income. Through its relationship with PCCU, depository amounts invested are typically restricted to low-risk assets with high liquidity and low returns. The investment income is significantly influenced by the levels of CRB deposits and the prevailing interest rate environment for cash and similar assets. We believe that fees based on deposits that we onboard and interest on the daily balance less cash used to collateralize our loan portfolios maintained with financial institutions will represent a significant portion of our revenue by 2024.

Commercial Lending Program

The level of CRB deposits onboarded by the Company and held at PCCU allows for robust lending capacity. During 2020, the Company implemented a commercial lending program, which will be a strong pillar for future revenue and profit growth. The focus will primarily include senior secured lending with smaller loans considered for unsecured lending. Collateral types would include real estate, equipment, and other business assets. The Company’s commercial lending program is built on:

- stringent collateral package requirements with ample loan to value coverage;
- strong underwriting of collateral and creditworthiness of borrower; and
- a deep knowledge and understanding of the industry, borrowers’ operations and the cannabis industry business cycle.

Currently, lending is primarily funded through PCCU using the funds from CRB deposit accounts onboarded by the Company. The Company is currently seeking relationships with additional financial institutions that would fund the Company’s loans and other sources of working capital with which the Company could fund the loans directly. The Company has created a lending program tailored specifically to the unique needs of CRBs while also achieving strong returns on quality loans. While third parties are presently used to provide loan underwriting and servicing, the Company plans on building out a full-service internal lending function to improve the efficiency of our lending process and to increase future profitability.

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We feel we have taken a creative and methodical approach in building the Company’s platform, which has allowed us to nationally scale our business. The platform’s policies, training, monitoring and other processes are well established with talented and expert level knowledge. We also plan to further expand the officer level suite with talent that we believe will further our success. We anticipate this combination will provide a competitive advantage for us as we focus on continued growth.

Our Mission

Our mission is to become the United States cannabis industry’s leading financial services provider, by creating a one-stop financial service center upon which cannabis businesses can rely.

We intend to support our mission by providing unparalleled customer service while offering a unique array of innovative technology-based products and services. We believe that our unique banking relationships, reputation of reliability in the cannabis industry, as well as our deep expertise and experience in the industry will position us to serve a broad range of cannabis industry participants, including cannabis cultivators, cannabis processors, dispensaries, multi-state operators, as well as the financial institutions that wish to bank cannabis industry participants. Since 2015, we have facilitated more than $21.5 billion in deposit activity across a footprint of 41 states.

Through a combination of organic growth, increased commercial lending, and further development of our fintech platform, we believe we are all well-positioned to service the cannabis industry, including through the industry's recent spate of large-scale consolidations.

Industry Overview

The Company provides a variety of onboarding, compliance, and monitoring services to financial institutions and other financial services providers to the large and quickly expanding U.S. cannabis industry. The cannabis industry is one of the fastest emerging consumer end markets in the U.S. According to the 2023 MjBizDaily Research the industry is expected to grow from a $33.6 billion in 2023 to $56.9 billion in 2028 Presently, 38 states plus the District of Columbia and Puerto Rico have legalized medical cannabis, and 24 states plus the District of Columbia, the Virgin Islands, Guam and the Northern Mariana Islands have legalized adult-use cannabis.

The Company's management is well positioned to assist growing markets; having created a reliable reputation and network over the past nine years. The team is often called upon to work with state and federal officials, regulators, law enforcement and financial service providers to share experience and knowledge on navigating access to financial services. We believe this expertise will allow us to enter new markets with greater ease.

We believe there is currently a small subset of the financial services industry willing to provide a full suite of financial services to CRBs and these providers are extremely fragmented. The Company has been a front runner in assisting financial institutions that desire to provide reliable financial services to the cannabis industry and is well known amongst the leaders in the cannabis financial services arena. Going forward, we feel this positions the Company well to further optimize market position and become the leading provider of access to financial services focused on the cannabis industry.

Business Strategy

We believe that stable long-term growth and profitability are the result of developing comprehensive, strong relationships with our customers by offering a wide range of products and services, delivering unparalleled customer service, maintaining disciplined credit evaluation standards. and building out service components with other single service providers now serving the cannabis industry with similar reliability.

The Company's strategy is to be a first-mover in future new legal markets through its platform offering CRBs in multiple states access to financial services, through financial institutions that already offer their services to such CRBs. We are primarily focused on providing onboarding, monitoring and compliance services to financial institutions through our fintech platform. Secondarily, we aim to achieve significant growth in domestic onboarded deposits, which we believe will also lead to increases our loan-related activity. Finally, we intend to expand our customer base, both domestically and internationally. We believe that this approach will assist us in gaining greater market share in terms of users of our fintech platform, growing our partner loan portfolio responsibly, and managing our deposit sources to appropriately fund growth in our earning assets, maintaining favorable asset quality compared to industry averages, all of which we intend to sustain our reliable profitability.

As we are not an insured depository institution, nor are we subject to regulation by any state or federal banking regulator, we rely on our partner financial institutions to carry out a significant portion of our operating activities. As such, we enter into a Commercial Alliance Agreement ("CAA") with each partner financial institution that sets forth the terms and conditions of the lending-related and account-related services governing the relationship between the Company and each partner financial institution with regard to the CRB deposit accounts.

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For example, we entered into a Commercial Alliance Agreement with PCCU, which sets forth the application, underwriting and approval process for loans from PCCU to their CRB customers, as well as the loan servicing and monitoring responsibilities provided by both PCCU and us. For the loans subject to our CAA with PCCU, we perform a significant portion of the underwriting activities for each loan, including all compliance analysis, credit analysis of the potential borrower, due diligence, and all administration, including hiring and incurring the costs of all related personnel or third-party vendors necessary to perform these services. We receive all interest income on such loans, minus a monthly fee at an annual rate of 0.25% of the then-outstanding principal balance of each loan (0.35% for loans funded and serviced by PCCU). Under the CAA, we agree to indemnify PCCU from all claims related to default-related credit losses as defined in the CAA. The CAA is presently set to expire on March 29, 2025, which may automatically be renewed for additional one-year terms unless a party provides 120 days' notice of non-renewal or there is a termination for cause, provided that a notice of non-renewal is not provided until 30 months following the signing date.

Our key strategic initiatives include:

- **Compliance First Philosophy:** Due to the fact that we are providing services to financial institutions that desire to provide banking services to CRBs, thereby allowing funds derived from cannabis-related businesses to flow through the financial system, we must ensure the system is protected from illicit activities by monitoring and validating funds along with "knowing our customer." Our close partnerships with financial institutions demand that we understand the regulatory pressure they face with high risk, cash intensive businesses.

- **Other Products and Services**. We offer products and services to financial institutions that we believe are attractively priced with a focus on convenience and accessibility to the financial institutions' customers. We offer to our financial institutions clients a means to offer their CRB customers a full suite of online banking services, including access to account balances, statements and other documents, online transfers, online bill payment and electronic delivery of customer statements, as well as automated teller machines ("ATMs"), and banking by mobile devices, telephone and mail. We continuously look for ways of improving our products, services and delivery channels; we accomplish this by upgrading our offerings and technology as the market expands and demands more sophisticated products and services. We have built the present business over the past nine years listening to the needs of the cannabis industry and rising to the occasion to expand our business model with their needs in mind. We will continue to evolve with the industry and lead on this level.

- **Deposits A Primary Focus upon which to grow relationships.** Our focus on growing deposits is twofold on a strategic level. First, we must KYC in order to assist with facilitating the movement of their funds into the financial system with safe and sound practices. We have the benefit of knowing every operational dollar moving in and out of the accounts; this secures a great understanding of the business, operations, cashflow, and continuity. The second most strategic factor of growing deposits is that it is critical to our near and long-term success on our lending strategy. Utilizing our deposit balances on which to lend will allow us to reduce our use of alternative funding sources and the use of core deposits to fund our growth; this, in turn, will improve our mix of deposits and enable us to achieve a lower cost of funds.

- **Lending to solidify a long-term relationship:** The loans issued by our partner financial institutions provides us not only increased profit margins over the long term, but a solid long-term relationship with the client; this ensures reduced client attrition. This is the relationship we will strive for from the KYC competitive advantage we presently hold, with over 720 accounts from which to select the most credit worthy opportunities and understand the business to whom our partner financial institutions lend.

- **Internal Lending Function:** To optimize control of the lending process, facilitate servicing, and grow a participation network of financial institutions interested in securing portions of larger loans. This has enabled us to speed up our processes and scale the lending portfolio in line with our depository growth.

- **Financial Institution Relationships to scale:** It will be important to have the right financial institutions partnering with the Company as we scale our business nationally. So often, financial institutions wish to enter the market only to exit due to the complexities of serving the cannabis industry. We seek out financial institutions that can provide reliable access to additional functionality and balance sheet access for growth. We narrow our partnerships to those providing optimal financial positioning for both our clients and the Company; willing to build as we build.

- **A Superior Customer Experience to Make Banking with Us Easy.** We have already taken steps to better target and attract core deposits and accelerate our digital transformation by making investments in technology and developing fintech partnerships. We have been focused on evaluating digital solutions in a number of areas. This includes investments made to automate our process for opening accounts, small business lending, and the ability to offer our wealth management customers a leading digital platform. Furthermore, our business model allows us to cultivate close relationships between service representatives and clients; this ensures that we know their needs while increasing our knowledge of their operations.

- **Rationalize Existing and Evaluate New Lines of Businesses.** Our strategy and expectations for growth also includes rationalizing existing and evaluating new lines of businesses, to further grow our revenue streams and fee income opportunities. Our plan includes the expansion of our treasury management and wealth management functions, as well as to build our private banking and specialty finance capabilities. This initiative will incorporate a merger and acquisition strategy that allows us to expand more rapidly than new entrants into the market trying to compete.

- **Significantly Improve Operational Efficiency.** Our goal is to improve our efficiency. While we believe there are opportunities to reduce our costs, we also need to identify and automate manual processes that are currently being performed. The additional technology expertise resulting from our acquisition of Rockview Digital Solutions, Inc., a Delaware corporation, d/b/a Abaca will enable us to assess and automate faster.

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- **Improve Brand Awareness.** Building brand awareness in the communities we serve will be key for both growing our presence in these markets as well as laying a strong foundation for future expansion. Recently we have placed a significant focus on marketing and business development as we work toward building a greater national brand awareness. Many initiatives are underway including improved signage and promotions, evaluating affinity relationships, and greater community involvement. We will continue to work with state officials, regulators, and legislators to familiarize them with the manner financial services can be available in a safe and sound way for their state; this will ensure their community safety. This multi-prong approach utilizing internal expertise and networks forged over the past nine years will allow us to dominate the financial arena moving forward.

- **Attract, Retain, Develop and Reward the Best Team Members to Execute our Strategy.** We believe that one of our primary differentiator is our culture and the quality of our people delivering our products and services in such a manner that customers receive the best knowledge, expertise, advice, and service when and where they need it. We will continue to attract, retain, develop, and reward the best team members to execute our strategy. In doing so, we will implement development programs that enable employees to pursue career aspirations, expand their depth of knowledge and improve their skill set.

Recent Updates

Satisfaction and Release of EF Hutton Note

On November 2, 2022, EF Hutton, division of Benchmark Investments, LLC ("EF Hutton"), notified the Company that it was in default on a promissory note in the total amount of $2,166,250 executed on September 28, 2022. On March 10, 2023, the Company and EF Hutton agreed to fully resolve the balance due, as well as all obligations set forth in the promissory note, for the total sum of $550,000, which was paid on March 10, 2023. On March 13, 2023, the Company was provided with a fully executed Satisfaction and Release of Promissory Note.

Nasdaq Bid Price Compliance

On March 16, 2023, the Company received a letter from the listing qualifications department staff of The Nasdaq Stock Market ("Nasdaq") notifying the Company that for a period 30 consecutive business days, the Company did not maintain a minimum closing bid price of $1 per share for its common stock, as required by Nasdaq listing rule 5550(a)(2). The compliance deadline was extended by Nasdaq on September 13, 2023 for an additional 180-day period, expiring on March 11, 2024. On January 5, 2024, prior to the expiration, Nasdaq notified the Company that it has regained compliance with Listing Rule 5550(a)(2) and closed the matter. As of March 28th, 2024, the Company's closing bid price was $0.96. If the Company does not maintain a minimum closing bid price above $1 per share for its Common Stock for a period of 30 consecutive business days, Nasdaq may re-open this matter.

PCCU Note and Commercial Alliance Agreement

On March 29, 2023, the Company and PCCU entered into a definitive transaction to settle and restructure the deferred obligations stemming from the September 28, 2022 business combination, including $56,949,800 into a five-year Senior Secured Promissory Note in the principal amount of $14,500,000 bearing interest at the rate of 4.25% (the "Note"); a Security Agreement pursuant to which the Company will grant, as collateral for the Note, a first priority security interest in substantially all of the assets of the Company; and a Securities Issuance Agreement, pursuant to which the Company will issue 11,200,000 shares of the Company's Class A Common Stock to PCCU. The Company and PCCU also entered into the CAA that sets forth the terms and conditions of the lending-related and account-related services governing the relationship between the Company and PCCU.

Central Bank Agreement Termination

On July 20, 2023, we agreed to terminate the Master Services and Revenue Sharing Agreement with Central Bank. Under the agreement, Company provided expertise and intellectual property that allowed Company and Central Bank to jointly serve the deposit banking needs of cannabis related businesses primarily located in Arkansas. The agreement was originally executed by Rockview Digital Solutions, LLC, which was acquired by the Company in October 2022. The termination was effective as of October 1, 2023, allowing for an orderly transition and reduced impact on customer operations. The agreement, originally executed in 2018, was renewable on an annual basis and did not include any material early termination penalties.

Second Amendment to Agreement and Plan of Merger

On October 26, 2023, we entered into: (1) a Second Amendment to Agreement and Plan of Merger (the "Second Amendment") with SHF Merger Sub I, a Delaware corporation and a direct wholly-owned subsidiary of Parent ("Merger Sub I"), SHF Merger Sub II, LLC, a Delaware limited liability company and a direct wholly-owned subsidiary of Parent ("Merger Sub II" and, together with Merger Sub I, the "Merger Subs"), Rockview Digital Solutions, Inc., a Delaware corporation, d/b/a Abaca ("Abaca"), and Dan Roda, solely in such individual's capacity as the representative of the Company Securityholders (the "Abaca Stockholders' Representative"), and (2) a Warrant Agreement with Continental Stock Transfer & Trust Company (solely as warrant agent to the Warrant Agreement).

The First Amendment modified, among other things, the First Anniversary Parent Shares to be issued as consideration so that the First Anniversary

Parent Shares equal $12,600,000 minus the note balance of $500,000, plus accrued interest, divided by the 10-day VWAP of the Parent Common Stock for the 10 days immediately preceding the first anniversary of the Closing Date. The Second Amendment modified, among other things, the First Anniversary Parent Shares to be issued as consideration so that the First Anniversary Parent Shares equal $12,600,000 less the Closing Note Balance and Working Capital Adjustment, collectively in the amount of $928,356.16, divided by $2.00 per share. As a result, 5,835,822 shares of Parent Common Stock will be issued as the First Anniversary Parent Shares. The Second Amendment also added a Third Anniversary Consideration Payment of $1,500,000 which will be payable in cash, stock, or a combination of both at the Company's discretion. If the Company decides to pay with shares, their value will be determined by the 10-day NASDAQ average before the anniversary, with prices ranging between $2.00 and $4.36. Shares given purely for payment won't be restricted by the Lock-Up Agreement. However, if the Lock-Up Agreement is in effect, the payment will be split into $750,000 cash and an equivalent $750,000 in shares. The lock-up duration for any shares will adhere to the legal minimum. In the event of a company stock consolidation or similar activity, the number of shares to be issued for the payment will be adjusted to reflect the decreased total of outstanding shares. No changes were made to the cash payments of $3,000,000 payable at each of the one-year and two-year anniversaries of the original closing. The Company has also granted the Abaca Stockholders' Representative the right to nominate three qualified candidates for the Company's Board of Directors to the Company's Nominating and Corporate Governance Committee ("NCG Committee") of which the NCG Committee shall select and recommend one candidate for service on the Company's Board of Directors in the Company's 2024 annual proxy statement.

In addition, pursuant to the Warrant Agreement the Company agreed to deliver the Company Securityholders warrants to purchase up to an aggregate of 5,000,000 shares of Parent Common Stock at an initial exercise price of $2.00 per share.

On February 27, 2024, The Company and the Abaca Stockholders' Representative entered into the First Amendment to Second Amendment to Agreement and Plan of Merger Warrant Agreement and Lock-up Agreement, revising the Second Amendment to their Merger Agreement. This revision modifies the Common Stock's registration requirements and timelines, updates the warrant agreement by changing warrant durations and eliminating the redemption clause, and adjusts the Lock-Up Agreement to shorten the lock-up period to match the amendment's effective date. These modifications were mutually agreed upon to ensure both compliance and clarity in the ongoing agreements.

Our Board has unanimously determined that the Second Amendment, First Amendment to Second Amendment and Warrant Agreement are advisable and in the best interests of the Company's Stockholders. The Board has approved the Second Amendment and Warrant Agreement on the terms and subject to the conditions set forth therein. The foregoing description of the Second Amendment, First Amendment to Second Amendment and the Warrant Agreement, along with the supporting documents, and the transactions contemplated thereby does not purport to be complete and is subject to, and qualified in its entirety by, the full text of the Second Amendment, First Amendment to Second Amendment and the Warrant Agreement, copies of which are attached hereto as (Exhibits 2.1 and 2.2) and are incorporated herein by reference.

Sales and Marketing

In 2023, we formally produced our first marketing plan and will be focusing on the following activities to ensure greater exposure and brand awareness:

- utilization of a well-known public relations and investor relations firm,
- new website to optimize search engine optimization,
- referral relationships and success fees,
- multiple conference participation and speaking engagements,
- customer retention promotions, and
- email and e-blast campaigns along with more traditional direct mail marketing activities.

Competition

The banking and financial services industry is highly competitive, and we compete with a wide range of lenders and other financial institutions entering the cannabis market, mostly composed of local and regional banks or credit unions. However, a number of our competitors are much larger financial institutions that have greater financial resources than we do and compete aggressively for market share. These competitors attempt to gain market share through their financial product mix, pricing strategies, and larger banking center networks. However, due to the high-risk nature of providing cannabis services, they find they must create specialized compliance programs to meet the expectations of their regulators, which puts the entire financial institution at risk for enforcement actions. They are realizing that a specialized external program that separates and monitors cannabis activities is a much safer approach; providing the Company another opportunity to work side by side with larger banks.

We also have limited competition with brokerage firms, trust service providers, consumer finance companies, mutual funds, securities firms, insurance companies, third-party payment processors, and other financial intermediaries on various elements of our products and services. While many initially enter the market with rigor, they find themselves exiting the market due to the complexity and demands of serving the cannabis industry. Some of our competitors are not subject to the regulatory restrictions and the level of regulatory supervision applicable to us. Interest rates on loans and deposits, as well as prices on fee-based services, are typically significant competitive factors within the banking and financial services industry.

While we seek to remain competitive with respect to fees charged, interest rates, and pricing, we believe that our broad and sophisticated suite of services relating to commercial banking, our high-quality customer service culture, our positive reputation, and long-standing community relationships enable us to compete successfully within our markets and enhance our ability to attract and retain customers.

Intellectual Property

As we do not have any registered intellectual property, we currently rely on confidentiality, and non-disclosure agreements with our employees and others to protect our proprietary rights. Despite these efforts to protect ourselves from infringement or misappropriation of our intellectual property rights, unauthorized parties may attempt to copy or otherwise obtain and use our intellectual property in violation of our rights. In the event of a successful claim of infringement against us, or our failure or inability to develop non-infringing intellectual property or license the infringed or similar intellectual property on a timely basis, our business could be harmed.

Seasonality

Most loan production, generally, is subject to seasonality, with the lowest volume typically in the first quarter of each year. This does not necessarily apply to us as we serve the cannabis industry with demand for access to capital at reasonable rates. We expect, based upon our pipeline of demand, a methodical and consistent growth in the lending portfolio.

Loans are extended to cannabis related businesses, including both cannabis licensed and unlicensed ancillary service providers to the cannabis industry. While credit markets are generally tightening due to market conditions, the cannabis industry continues to grow and expand at a rapid pace in light of on-going opening of legalized cannabis markets at the state level. This provides an opportunity for lending, unlike the normal commercial market.

Due to the federally illegal status of cannabis, most cannabis-related businesses, licensed or unlicensed, have faced years of inability to access capital at reasonable rates; these circumstances force them to purchase properties and fund their businesses from personal investment of operational cash, potentially limiting their own growth. This provides for a robust opportunity to lend to established entities with real estate assets free of debt. Businesses are taking the opportunity to leverage such assets to expand and grow their operations while we build a senior secured portfolio ostensibly collateralized with a real estate base.

Furthermore, the industry has been subject to 'hard money' lending with annual rates available between 18-36%. This is yet another opportunity for us to offer refinancing of real estate debts at more favorable interest rates; since the depository relationship is necessary as part of the compliance monitoring for credit, we benefit from servicing, monitoring, and validating compliance of depository relationships, earning fees on deposits. This results in a lower cost of capital when considering that we earn on both the depository and lending relationships.

Investments

Our investment policy requires that investment decisions be made based on, but not limited to, the following four principles: investment quality, liquidity requirements, interest-rate risk sensitivity and estimated return on investment. These characteristics are pillars of our investment decision-making process, which seeks to minimize exposure to risks while providing a reasonable yield and liquidity.

Regulations and Legislation
The Company has capitalized on the opportunity to do what financial institutions would not do directly – provide access to financial services to the underserved cannabis industry. Among the factors preventing most financial institutions from providing similar services are:

- conflicting state and federal laws regarding legalization;

- the high-risk nature of cannabis due to its black-market history and undocumented, illegally earned legacy funds;

- the high risk of an existing black-market operating among legal entities; creating additional compliance pressures;

- FinCEN guidance issued in 2014 (the "2014 FinCen Guidance") explaining how financial institutions might serve the cannabis industry, creating potential for differing interpretations and inconsistent standards;

- under-the-radar operations of CRBs and the complex nature of the corporate structures created to separate and protect assets, which creates steep learning curves necessitating the specialized cannabis sector training, onboarding, monitoring and funds validation;

- BSA obligations to which few financial institutions are willing to dedicate the significant necessary resources, and fear of non-compliance, which can result in millions of dollars in fines assessed against the financial institution.

- the lack of a "safe harbor" regulatory provision that would protect officers and directors from prosecution for providing financial services to companies that produce and sell cannabis products provides the business opportunity that we have sought to fulfill.

During April 2021, the United States House of Representatives passed the SAFE Banking Act of 2021 (the "SAFE Act"). The SAFE Act would prohibit federal regulators from fining and penalizing financial institutions and their management/executive team who service legitimate businesses including those in the cannabis industry (i.e. those legal operating in states that have approved cannabis for medicinal and/or adult use). More recently, the SAFER Banking Act updates the Secure and Fair Enforcement (SAFE) Banking Act and has successfully passed the Senate Banking Committee as of September 2023. Neither Act has been brought to or passed by the Senate and therefore is not law. Even with the passage of the SAFE Act, we do not believe the above barriers to entry would be significantly reduced. We feel due to the high cash nature of the business, which we believe will persist in the near and mid-term, and the illicit history of cannabis, many potential competitors will remain hesitant to serve the industry, resulting in an outsized opportunity for the Company.

Additional significant changes involve the Department of Health and Human Services recommendation to reschedule cannabis from a 'schedule 1' drug to a 'schedule 3' drug classification. This recommendation has been provided to the Drug Enforcement Administration (the "DEA") and is pending further comment or action from the DEA, if any. The rescheduling of cannabis could impact 280E IRS Tax code presently applied to cannabis licensees; increasing the potential for greater cash flow, increase deposit activity and balances, and ability to service debt.

Since inception (including as a wholly owned subsidiary asset of PCCU), the Company has onboarded over $21.5 billion in cannabis related funds into the financial system with what we believe to be the highest level of monitoring and validation. In conjunction with its financial institution clients, the Company has successfully completed 16 state and federal exams without interruption resulting in reliable financial services. The Company's onboarded deposits currently consist of over 720 accounts that were onboarded and validated in a methodical manner to ensure continuity of service while under significant regulatory scrutiny. The Company's services started with only 10 test CRBs resulting in current onboarded accounts representing approximately 70 times growth since the Company began operations. The Company has successfully grown its onboarded deposits at a rapid pace, with a compound annual growth rate ("CAGR") of 53% from 2015 to 2023. Onboarded deposits processed in 2022 were approximately $3.6 billion and grew to approximately $4.2 billion in 2023.

The Company's onboarding process for CRBs desiring banking services through PCCU or another financial institution is a multi-step process that is designed to fulfill the financial institution's "know your customer" requirements and the diligence expectations set forth in the 2014 FinCEN Guidance related to providing services to CRBs, particularly developing an understanding of the normal and expected activity for the business.

- The account opening process begins with an application and supporting documentation provided by the CRB, which are uploaded and logged so that, following a quality control review, open items and questions are flagged for follow up. All account-related documentation is stored in a secure database that allows the Company's oversight, audit and exam functions to have access to all of the CRB's documents.

- As part of the Company's diligence process, background checks are performed on all business owners, with the need for additional background checks of indirect owners or investors determined in the application review stage.

- Other diligence includes, among other things, as applicable, confirmation of licensure, on-site visits and regular audits to review business processes and inspect business locations, verification of sources of funds, review of business and inventory records, and review of other information necessary for a full understanding of the prospective customer's business and historical operations.

- The account opening process is completed with the assistance of a financial institution staff member.

Currently, substantially all deposits are maintained at PCCU, and all transmissions of funds to or from these deposit accounts are handled directly by PCCU. We have expanded, and intend to continue to expand, our relationships with other financial institutions that similarly hold the CRB deposit accounts and handle transmissions of funds to and from the accounts. Although we do not directly hold the deposit accounts, we believe that account

retention is a measure of our ability to efficiently and compliantly onboard, validate and monitor CRB accounts. The largest 10 CRB accounts held at PCCU for the period ended December 31, 2023 represented less than 5% of fee income from onboarded deposits, which is currently our largest source of revenue. Building upon the existing foundation, we believe the Company has the ability to continue to grow the financial institution clients for which it onboards deposits and related fee income at a strong pace. In addition, we plan to add access to additional financial services to the Company's platform, such as merchant processing, custodial relationships, insurance products, broker/dealer services, payment processing services and investment services, although in each case these services would be provided by a third party holding necessary licenses.

The Company had one loan on its balance sheet as of December 31, 2023. The Company also indemnified twenty loans as of December 31, 2023; of which three of these indemnified loans were in excess of 10% of the total balance.

Key Regulatory Challenges

Legal Environment

Cannabis remains a controlled substance under the CSA. The conflict between federal and state laws allows for prosecution at the federal level, assets remain subject to seizure, and there are potential punitive actions by third parties (including regulated) against financial institutions and financial services providers for entering the business. The uncertainty of the legal landscape has increased with the previous Attorney General's January 2018 rescission of the Cole Memorandum, which was guidance issued in August 2013 from then Deputy Attorney General James M. Cole to federal prosecutors that de-prioritized the enforcement of federal marijuana prohibitions. Although, in our opinion, the authority to prosecute cannabis related violations appears to remain vested in each state's Attorney General, we believe that the 2014 FinCEN Guidance provide an important framework for compliance to parties providing services to CRBs. We also believe that the successful completion of 16 regulatory examinations of PCCU, our largest financial institutional client, for which we provide onboarding services demonstrates that it is possible to structure onboarding, validation and monitoring services in a compliant manner.

Pending Legislation

Legislation pending at the federal level such as the SAFER Banking Act described above will provide limited protection to financial institutions banking the industry and other financial services providers in as much as the companies and their officers will not be prosecuted or fined simply for servicing the cannabis industry. However, legislation will not protect financial institutions from breaches of BSA regulations, which may lead to significant penalties, often resulting in substantial fines assessed by FinCEN. Given inherent risks associated with the cannabis industry such as the remaining illicit market and illegal past, the need to bank the industry at an elevated level of compliance will not change if the legislation passes at the federal level unless BSA changes, which is unlikely.

Complexity of Business

The nature of the cannabis business is such that businesses utilize sophisticated business structures for asset protection and to create ways to maximize tax efficiencies. This makes for very complex business structures with some companies having many related entities that financial institutions must monitor for adherence to anti-money laundering ("AML")/BSA regulations. This understanding, diligence and underwriting is labor-intensive work requiring significant hands-on resources.

Regulatory Uncertainty

Due to the divergence between cannabis-related state and federal law, we believe venturing into providing access to banking and financial services for CRBs remains "cutting edge." We feel that the scrutiny and pressure under which financial institutions and financial services providers must operate to maintain compliant while servicing CRBs, coupled with the pending status of further federal legislation, causes most financial institutions and financial services providers to shy away from the industry. We, however, view this as an opportunity. While the Company is not regulated as a subsidiary of a regulated financial institution, our agreements with our financial institution partners and the nature of our services typically require we provide these services in a compliant manner. This primarily relates to offering services that are compliant with the 2014 FinCEN Guidance and the BSA. In addition, given our history working with credit unions, our services historically have been subject to regulatory oversight from the National Credit Union Administration ("NCUA"). The Company will nevertheless continue to be subject to a range of laws, rules, and regulations, including those applicable to the Company that is an SEC registrant. In order to ensure we provide our services in an appropriate manner, we maintain policies and procedures we believe to be aligned with the requirements of 2014 FinCEN Guidance and the BSA. These policies and procedures are continuously assessed by management and formally reviewed at least annually. All employees are provided ongoing and annual training to ensure our services are delivered in an appropriate manner. An external audit firm is engaged to audit our compliance with certain policies on a quarterly and annual basis.

BSA/AML Regulations and Ramifications

BSA penalties for non-compliance are significant. For example, during March 2022, FinCEN issued a consent order issuing a $140 million civil penalty to a financial institution for failing to address previously identified AML program issues and other BSA compliance issues. This fine was unrelated to CRBs, which we believe provides a higher risk industry. We believe that most institutions cannot withstand such a penalty and will not take that risk. BSA experienced talent, particularly experience with cannabis businesses, is difficult to find and delegating such legal risk to BSA staff takes a great deal of trust, training, and additional resources to monitor activities and protect the financial institution. We believe our history and experience of providing compliant financial services and in conjunction with our financial institution clients successfully completing regulatory examinations reduces our risk in this area and provides us with a competitive advantage. We are committed to providing services in a compliance first fashion.

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Cannabis Focused Fintech Competition

Financial regulators have created a real or perceived barrier to entry for most financial institutions. This has created the utilization of fintech models to provided financial services to the cannabis industry. Unregulated fintechs, i.e., those not formally regulated by federal agencies, are not subject to the same restrictions as chartered financial institutions (i.e., concentration limits on the percentage of balance sheet composed of higher risk cannabis deposits). Fintechs may enjoy this less restricted environment for a period of time, but we anticipate these companies will become subject to increasing regulatory requirements. We believe competition at the fintech level remains limited, as the emerging cannabis market requires the creation of sustainable fintech models that understand the regulatory environment, combining technology and regulation. While not fully regulated, fintech models are responsible for moving funds through the financial system via banking partners and must therefore be aware of regulations surrounding the movement of funds and implement BSA programs themselves.

How the Company Addresses Regulatory Challenges

The Company's solutions are designed to address the key challenges faced by financial institutions desiring to provide banking services to CRBs. Today's industry participants lack sufficient and reliable access to traditional financial services. We believe our solutions offer valuable services making communities safer, drive growth in local economies and foster long term partnerships.

The Company serves financial institutions desiring to provide banking services to the regulated cannabis industry and maintains a high standard of

accountability, transparency, monitoring, reporting and risk mitigation measures while meeting BSA obligations in-line with the 2014 FinCEN Guidance relating to CRBs. BSA obligations vary depending on the growth and complexity of the CRB banking customers' business, resulting in financial service providers constantly adjusting activities to meet expectations as well as the size of the cannabis portfolio maintained. The Company's program has actual "hands-on" experience in the market since January 2015. We have increased BSA activities every year to manage emerging market risks and growth of the portfolio. This experience has allowed for the formulation of best practices and standardized processes that provide for a better understanding of these risks in order to mitigate them. We believe that the Company's brand has been optimized on a national level to include sound and recognized exposure with financial institutions, legislators, governing officials, attorneys' generals, regulators and the overall cannabis industry.

We have developed proprietary software built specifically for the cannabis industry from input gathered from our experience handling the onboarding of CRB accounts for PCCU. Our software enables our financial institution clients to manage the customer onboarding process, including applications and intake, "know your customer" diligence, and ongoing compliance monitoring, coupled with financial services relationship monitoring. Our software is continuously improved based on our experience and is updated to include new options and functions associated with the emerging cannabis market. Our software is able to run on multiple core banking systems, so as a result we are able to offer this software to financial institution clients who desire to use our software for diligence and monitoring purposes for their own CRB customers without our assistance. Ultimately, we believe that our software can be updated to accommodate new industries and to enhance existing processes for increased efficiencies.

Financial institutions continue to shy away from banking the cannabis market due to cannabis remaining a Schedule 1 drug, thus illegal under federal law. Because there is no "safe harbor" for financial institutions seeking to provide banking services to CRBs, it provides us the opportunity to capitalize on our knowledge and position as a market leader. We believe most financial institutions will not enter the market until federal legalization occurs — especially the large, multi-state financial institutions. Even then, the industry will still be considered a higher-risk banking sector needing strong experience and vetted programs. The 2014 FinCEN Guidance issued in February 2014 detailed the regulatory agency's compliance and monitoring expectations for financial institutions servicing the cannabis industry. In our opinion, this created a window of opportunity allowing for the ability to serve the cannabis industry. We believe this window of opportunity, along with our proven track record, reduces the risk of negative consequences as a result of servicing the cannabis industry.

It is our opinion that many competitors will attempt to enter the financial services market without understanding the complexity or regulatory demands and we believe many will quit once they assess required resources to maintain a compliant program. We have seen several financial institutions divest their balance sheet of cannabis risk in the last year due to regulatory pressures and demands on BSA dedicated resources.

Banking, or the lack of banking provided to the cannabis industry, remains a national issue due to the conflict in federal and state laws, reputational risk, and AML/BSA regulatory requirements. CRBs have been unbanked or even banked secretly. Many financial institutions start serving the industry only to quickly close down their cannabis focused operations due to i) lack of industry knowledge, ii) regulatory pressure, iii) cash management volume, and iv) the labor-intensive monitoring and reporting requirements.

Traditional fintech operations typically have difficulty obtaining banking relationships in which to conduct business as the financial institution still remains liable for BSA obligations and yet the fintech retains control of all safety and soundness processes - a high and potentially expensive financial institution risk without direct control. The Company, under the umbrella of our partner financial institution, PCCU, methodically built its platform in a regulated manner under the supervision of financial regulators. This allows the Company to continue to operate with attention and activities based upon required regulations and provide financial institution partners with whom we work confidence in our ability to manage the higher-risk cannabis industry. Going forward, the Company will continue to operate in a manner to ensure a smooth transition once regulations are standardized for businesses providing financial services under a fintech model.

Future Legislative Developments

Congress may enact legislation from time to time that affects the regulation of the financial services industry, and state legislatures may enact legislation from time to time affecting the regulation of financial institutions chartered by or operating in their states. Federal and state regulatory agencies also periodically propose and adopt changes to their regulations or change the manner in which existing regulations are applied. The substance or impact of pending or future legislation or regulation, or the application thereof, cannot be predicted, although any change could impact the regulatory structure under which we or our competitors operate and may significantly increase costs, impede the efficiency of internal business processes, require an increase in regulatory capital, require modifications to our business strategy, and limit our ability to pursue business opportunities in an efficient manner. It could also affect our competitors differently than us, including in a manner that would make them more competitive. A change in statutes, regulations or regulatory policies applicable to us or any of our affiliates could have a material, adverse effect on our business, financial condition and results of operations.

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Employees

As of December 31, 2023, we had forty three full time employees, and two part time employees. None of our employees are represented by a union or parties to a Collective Bargaining Agreement.

Human Capital Management

The Company's key human capital management objectives are to attract, retain and develop the highest quality talent. To support these objectives, the Company's human resources programs are designed to continuously develop talent; reward and support our team members through competitive pay and benefits; enhance the Company's culture through efforts aimed at making the workplace more engaging and inclusive; and engage team members as brand ambassadors of our products and experiences.

Our corporate culture and core values (focus on the customer, innovative and forward thinking, sound financial management, doing what is right, collaborative thinking, developing our people and strengthening our communities) reflect our commitments to our customers, investors, team members, and the communities in which we do business. These values serve as guiding principles to provide a safe and positive work environment for our team members and delivering on our goals to our customers, investors, stakeholders and communities we serve. We believe we have a strong workforce, with a good mix of professional credentials, experience, tenure and diversity, that coupled with their commitment to uncompromising values, provide the foundation for our Company's success.

The Company's Human Capital Management includes the following areas of focus:

Experience. Due to the high risk and complex nature of serving cannabis businesses, we strive to build a workforce with experience with the cannabis industry. We can more easily train compliance and financial services, but cannabis expertise is difficult to train.

Talent. Attracting, developing, and retaining the best talent with the right skills is central to our long-term strategy to drive our success.

Our workforce composition is aligned with our business needs. Management trusts it has adequate human capital to operate its business successfully. The Company had 43 full-time equivalent employees, or FTEs, at the end of 2023. Approximately 70% of our workforce is in Colorado and another 16% in Arkansas, with an expanding remote workforce to cultivate new and existing cannabis relationships in multiple states. The others are spread around to

six other states.

Talent acquisition efforts focused on sales, business development and income generator roles. Our talent acquisition team uses internal and external resources to recruit highly skilled and talented workers, and we encourage and reward employee referrals for open positions. We hire the best person for the job without regard to gender, ethnicity or other protected traits and it is our policy to comply fully with all federal and state laws relating to discrimination in the workplace.

Fair and Consistent Practices. Employees want to know that if they are working hard and dedicated to the company, the person next to them should be as well. All of our communications, evaluations, assessments, and monitoring ensure that our employees are treated with respect and are able to trust that the company will ensure fair and consistent treatment. Performance evaluations done on a quarterly and annual basis provide for competitive pay increases and access to the equity incentive plan. We work to make them feel part of the team no matter what role they fill. Evaluations are used to build staff expertise, efficiencies and competencies; utilizing objective criteria on which to base rewards.

Learning and Development. Our team members are inspired to achieve their full potential through learning and development opportunities, recognition, and motivation. We invest in creating opportunities to help them grow and build their careers, through a multitude of learning and development programs. These include online instructor-led, cannabis industry focused conferences, and on-the-job learning assignments. Understanding that all employees learn differently, we offer a variety of learning options including traditional classroom learning, virtual learning, any time learning, mobile learning, and social collaboration.

Leadership Development and Succession Planning. We focus on growing leadership internally and ensuring the continuity of business at all levels. We do this with mentoring programs, delegating to train employees to the next level, and specific leadership training programs to encourage staff to reach hire levels. Promoting from within is a solid strategy for long term success and loyalty.

Employee engagement. To assess and improve employee retention and engagement, the Company regularly conducts anonymous surveys to seek feedback from our employees on a variety of topics, including but not limited to, confidence in company leadership, competitiveness of our compensation and benefits package, career growth opportunities, and improvements on how we could make our company an employer of choice. The Company closely monitors the implementation of these surveys and results are shared with our employees and reviewed by senior leadership, who analyze areas of progress or deterioration and prioritize actions and activities to drive meaningful improvements in employee engagement. Management believes that the Company's employee relations are favorable.

We also hold regular strategic update meetings to review corporate strategies and financial successes to ensure they understand the underlying reason for assigned tasks and goals. We establish regular functional area meetings at which employees are encouraged to provide client and operational feedback, ensuring they contribute and demonstrate future potential talent. Cross functional meetings are also scheduled regularly to ensure cross functional teamwork.

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Health and Safety. Consistent with our operating principles, the health and safety of our employees is of top priority. Hazards in the workplace are actively identified and management tracks incidents so remedial actions can be taken to improve workplace safety. The COVID-19 pandemic has underscored for us the importance of keeping our employees safe and healthy. In response to the pandemic, the Company has continued taking actions aligned with the World Health Organization and the Centers for Disease Control and Prevention to protect its workforce so they can more safely and effectively perform their work. We implemented remote work options that have granted employees a combination of working at the office or from home. We ensure further safety by encouraging any employee that might not feel well or have family members that might be ill to work from home in order to protect the office environment.

Diversity and Inclusion. Our diversity and inclusion goals are to build teams that reflect the communities we serve while hiring and supporting a diverse array of talent. Over 45% of our workforce is female with over 45% of management also comprised of female employees. Likewise, we have over 25% of the workforce represented as Latino, Hispanic or African American.

Our diversity and inclusion pillars are also reflected in our employee learning programs, particularly with respect to our policies against harassment and the elimination of bias in the workplace. Annual harassment training is done by all employees to ensure a workplace free of any type of harassment. Any and all complaints are dealt with in the most professional and expedited manner, creating a level of trust between management and staff.

Total Rewards (Compensation and Benefits). As part of our compensation philosophy, we believe in a competitive, total rewards program aligned with our business objectives and the interests of our stakeholders. We remain committed to delivering a compensation program with the fundamental principles of fairness, transparency, efficiency, and compliance with laws and regulations. Based on specific job position and market conditions, our total rewards program combines fixed and variable compensation: base salary, short-term incentive, equity-based long-term incentive, and a broad range of benefits. This compensation approach plays a significant role in our ability to attract, retain and motivate the quality of talent necessary to achieve our strategic business goals and drive sustained performance. Our compensation model engages employees to contribute towards the achievement of shared corporate objectives, while differentiating pay on performance based on individual contributions.

Wellness. The Company takes pride in providing excellent health and wellness benefits to our employees and their families. The benefits package offered includes comprehensive medical, dental, vision, as well as supplemental short and long-term life and out of pocket costs insurance. Along with these benefits, we also offer and fund a portion of employee Health Savings Accounts (HSA) monthly.

Medical Plans. Our nationwide healthcare plans allow full-time and part time employees to select from multiple health plan options. The company provides competitive medical premiums. The Company contributes a percentage of the employee premium depending upon tenure, with those employed longest receiving full payment of premium for employee coverage. The Company also contributes monthly towards the HSA accounts.

Dental, Vision and Legal Plans. Employees are eligible to participate in our dental, vision, and legal plan offerings. The Company contributes up to 100% depending on the plan and chosen tier and provides access to numerous providers across the country. Employees can also choose to purchase out-of-pocket insurance policies providing income protection and cash for services with different plans from accident, short-term disability, long term disability, additional life insurance, and more.

401K Retirement Plan. In addition to health insurance benefits, the Company also offers to all employees a tax-qualified retirement contribution plan, with the Company's 100% matching contribution up to 4% of a participant's eligible compensation, and a non-tax qualified retirement contribution plan to certain eligible highly-compensated employees. Our total benefits package supports our employees' well-being to achieve a healthy and financial lifestyle goal.

PTO Plan. Employees enjoy a solid paid time off ("PTO") plan that allows for four weeks of personal time off their first year. Employees are also allowed to sell back PTO weeks based upon their tenure, allowing for a benefit many take advantage of to fund vacations, family situations, and even holiday shopping. They are allowed to carry over 80 hours into a new year and excess hours are paid to the employee at that time.

Corporate History

The Company was founded in 2015 as a solution to a major problem that plagued the nascent legalized cannabis industry in Colorado - access to reliable and compliant financial services. Cannabis related funds were already finding their way into the financial system, including via hidden, misrepresented accounts and unlawful banking practices. Based upon our research, we determined that the appropriate step was to protect the financial system from criminal activity and provide legitimacy to the legal state CRBs. From decades of regulatory and banking experience, we created a detailed compliance program to assist financial institutions desiring to provide safe and sound financial services that would accomplish industry accountability and protect the financial system. The compliance program provides onboarding, validation and monitoring services to financial institutions desiring to provide traditional banking services to all types of marijuana, hemp, and CBD businesses, and to ancillary businesses that provide services to the cannabis industry. These ancillary businesses include payroll companies, payment processors, and professionals providing services to and receiving payment from CRBs. As the lawful cannabis industry grew beyond Colorado, the Company evolved its business practices to build a national footprint and currently provides services to financial institutions that provide banking services in 41 states where cannabis is either legal medicinally or for full adult use.

The Company originated as business operations conducted through Partner Colorado Credit Union ("PCCU"), which were transferred to SHF LLC ("SHF"), then an indirect wholly owned subsidiary of PCCU.

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SHF Holdings, Inc. (the "Company"), formerly known as Northern Lights Acquisition Corp. ("NLIT"), acquired all of the outstanding membership interests of SHF in a transaction that closed on September 28, 2022 (the "Business Combination"). The Business Combination was consummated pursuant to a Unit Purchase Agreement dated February 11, 2022 (the "Business Combination Agreement") among SHF, SHF Holding Co., LLC (the direct parent of SHF and a wholly owned subsidiary of PCCU), PCCU, NLIT, a special purpose acquisition company, and its sponsor, 5AK, LLC. Subsequent to the completion of the Business Combination, NLIT changed its name to "SHF Holdings, Inc." In this Annual Report on Form 10-K (the "Form 10-K"), we use the terms "we," "us," "our," "Safe Harbor" and the "Company" to refer to the business and operations of SHF Holdings, Inc. following the closing of the Business Combination. (Refer to Note 3 to the Consolidated Financial Statements included elsewhere in this Form 10-K for more information regarding the Business Combination.)

SHF was formed by PCCU following the approval of the contribution of certain assets and operating activities associated with operations from both certain branches and Safe Harbor Services, a wholly-owned subsidiary of PCCU, to SHF Holding, Co., LLC. SHF Holding, Co., LLC then contributed the same assets and related operations to SHF, with PCCU's investment in SHF maintained at the SHF Holding, Co., LLC level (collectively the "Pre-Public Company"). The reorganization effectively occurred July 1, 2021. In conjunction with the reorganization, all of the employees engaged in the operations and certain PCCU employees were terminated from PCCU and hired as SHF employees. The relevant operations of the PCCU branches, and SHF, represent the "Carved-Out Operations." After the reorganization, the entirety of the Carved-Out Operations were owned by SHF and the Pre-Public Company was dissolved. In addition, effective July 1, 2021, SHF entered into an Account Servicing Agreement and Support Services Agreement with PCCU, which memorialized the operational relationship between SHF and PCCU and which were subsequently amended and restated and are discussed in Note 10 to the Consolidated Financial Statements included elsewhere in this Form 10-K.

On September 28, 2022, the parties consummated the Business Combination, resulting in NLIT acquiring all of the issued and outstanding membership interests of SHF upon exchange for an aggregate of $185,000,000, consisting of (i) 11,386,139 shares of the Company's Class A Common Stock with an aggregate value equal to $115,000,000 and (ii) $70,000,000 in cash, $56,949,801 of which will be paid on a deferred basis. At the closing, 1,831,683 shares of the Class A Common Stock (the "Escrow Shares") were deposited with an escrow agent to be held in escrow for a period of 12 months following the closing date to satisfy potential indemnification claims of the parties. On December 31, 2023, the 12-month period has expired, and the Company is in discussion with the escrow agent for the release of the Escrow Shares. For more information about the Business Combination, refer to Note 3 to the Consolidated Financial Statements included elsewhere in this Form 10-K. As a result of the Business Combination, PCCU is the Company's largest stockholder, owning 39.62% of the Company's outstanding Class A Common Stock as of December 31, 2023.

The Business Combination Agreement was amended to provide for the deferral of a portion of the cash due to PCCU at the closing of the Business Combination. The purpose of this deferral was to provide the Company with additional cash to support its post-closing activities. Furthermore, PCCU also agreed to defer $3,143,388, representing certain excess cash of SHF due to PCCU under the Business Combination Agreement, and the reimbursement of certain reimbursable expenses under the Business Combination Agreement.

On October 26, 2022, the Company, entered into a Forbearance Agreement (the "Forbearance Agreement") with PCCU and Luminous Capital USA Inc. ("Luminous"), an affiliate of the sponsor of NLIT. Under the Forbearance Agreement, PCCU agreed to defer all payments owed by the Company pursuant to the Business Combination Agreement for a period of six months from the date of the Forbearance Agreement.

On October 31, 2022, the Company entered into an Agreement and Plan of Merger (the "Abaca Merger Agreement") by and among the Company, SHF Merger Sub I, a Delaware corporation and a direct wholly-owned subsidiary of the Company ("Merger Sub I"), SHF Merger Sub II, LLC, a Delaware limited liability company and a direct wholly-owned subsidiary of the Company ("Merger Sub II" and, together with Merger Sub I, the "Merger Subs"), Rockview Digital Solutions, Inc., a Delaware corporation, d/b/a Abaca ("Abaca") and Dan Roda, solely in such individual's capacity as the representative of the security holders of Abaca (the "Abaca Stockholders' Representative"). On November 11, 2022, the parties to the Abaca Merger Agreement entered into an amendment to the Abaca Merger Agreement to modify the number of shares of the Company's Class A Common Stock to be issued as consideration thereunder. On November 15, 2022, the parties consummated the transactions contemplated by the Abaca Merger Agreement, as amended. Pursuant to the Abaca Merger Agreement, as amended, (a) Merger Sub I merged with and into Abaca, with Abaca surviving as a direct wholly-owned subsidiary of the Company ("Merger I") and (b) immediately following the effective time of the Merger I, Abaca merged with and into Merger Sub II ("Merger II" and, collectively with Merger I, the "Mergers"), with Merger Sub II surviving Merger II as a direct wholly-owned subsidiary of the Company.

Pursuant to the Abaca Merger Agreement, as amended, the Company acquired Abaca together with its proprietary financial technology platform in exchange for $30,000,000, paid in a combination of cash and shares of the Company as follows: (a) cash consideration in an amount equal to (i) $9,000,000 ($3,000,000 was payable at the closing of the Mergers (the "Merger Closing"), with an additional $3,000,000 payable at each of the one-year and two-year anniversaries of the Merger Closing), (collectively, the "Cash Consideration"); and (b) 2,100,000 shares of Class A Common Stock at the Merger Closing and $12,600,000 (minus an outstanding note balance of $500,000, plus accrued interest) in shares of Class A Common Stock at the one-year anniversary of the Merger Closing based on a 10-day VWAP (collectively, the "Share Consideration"). Each of the Company, the Merger Subs, and Abaca provided customary representations, warranties and covenants in the Abaca Merger Agreement.

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On March 29, 2023, the Company and PCCU entered into a definitive transaction to settle and restructure the deferred obligations, including $56,949,800 into a five-year Senior Secured Promissory Note (the "Note") in the principal amount of $14,500,000 bearing interest at the rate of 4.25%; a Security Agreement pursuant to which the Company will grant, as collateral for the Note, a first priority security interest in substantially all of the assets of the Company; and a Securities Issuance Agreement, pursuant to which the Company will issue 11,200,000 shares of the Company's Class A Common Stock to PCCU. The Company and PCCU also entered into the Commercial Alliance Agreement that sets forth the terms and conditions of the lending-related and account-related services governing the relationship between the Company and PCCU and supersedes the Loan Servicing Agreement, as well as the Amended and Restated Support Services Agreement and the Amended and Restated Account Servicing Agreement.

On October 26, 2023, we entered into: (1) a Second Amendment to Agreement and Plan of Merger (the "Second Amendment") with SHF Merger Sub I, a

Delaware corporation and a direct wholly-owned subsidiary of Parent ("Merger Sub I"), SHF Merger Sub II, LLC, a Delaware limited liability company and a direct wholly-owned subsidiary of Parent ("Merger Sub II" and, together with Merger Sub I, the "Merger Subs"), Rockview Digital Solutions, Inc., a Delaware corporation, d/b/a Abaca ("Abaca"), and Dan Roda, solely in such individual's capacity as the representative of the Company Securityholders (the "Abaca Stockholders' Representative"), and (2) a Warrant Agreement with Continental Stock Transfer & Trust Company (solely as warrant agent to the Warrant Agreement).

The First Amendment modified, among other things, the First Anniversary Parent Shares to be issued as consideration so that the First Anniversary Parent Shares equal $12,600,000 minus the note balance of $500,000, plus accrued interest, divided by the 10-day VWAP of the Parent Common Stock for the 10 days immediately preceding the first anniversary of the Closing Date. The Second Amendment modified, among other things, the First Anniversary Parent Shares to be issued as consideration so that the First Anniversary Parent Shares equal $12,600,000 less the Closing Note Balance and Working Capital Adjustment, collectively in the amount of $928,356.16, divided by $2.00 per share. As a result, 5,835,822 shares of Parent Common Stock will be issued as the First Anniversary Parent Shares. The Second Amendment also added a Third Anniversary Consideration Payment of $1,500,000 which will be payable in cash, stock, or a combination of both at Company's discretion. If the Company decides to pay with shares, their value will be determined by the 10-day NASDAQ average before the anniversary, with prices ranging between $2.00 and $4.36. Shares given purely for payment won't be restricted by the Lock-Up Agreement. However, if the Lock-Up Agreement is in effect, the payment will be split into $750,000 cash and an equivalent $750,000 in shares. The lock-up duration for any shares will adhere to the legal minimum. In the event of a company stock consolidation or similar activity, the number of shares to be issued for the payment will be adjusted to reflect the decreased total of outstanding shares. No changes were made to the cash payments of $3,000,000 payable at each of the one-year and two-year anniversaries of the original closing. The Company has agreed to prepare and file a Registration Statement within 45 calendar days of the execution of the Second Amendment registering the resale of all Registrable Securities. The Company has also granted the Abaca Stockholders' Representative the right to nominate three qualified candidates for the Company's Board of Directors to the Company's Nominating and Corporate Governance Committee ("NCG Committee") of which the NCG Committee shall select and recommend one candidate for service on the Company's Board of Directors in the Company's 2024 annual proxy statement.

In addition, pursuant to the Warrant Agreement the Company agreed to deliver the Company Securityholders warrants to purchase up to an aggregate of 5,000,000 shares of Parent Common Stock at an initial exercise price of $2.00 per share.

On February 27, 2024, The Company and the Abaca Stockholders' Representative entered into First Amendment to Second Amendment to Agreement and Plan of Merger Warrant Agreement and Lock-up Agreement, revising the Second Amendment to their Merger Agreement. This revision modifies the Common Stock's registration requirements and timelines, updates the warrant agreement by changing warrant durations and eliminating the redemption clause, and adjusts the Lock-Up Agreement to shorten the lock-up period to match the amendment's effective date. These modifications were mutually agreed upon to ensure both compliance and clarity in the ongoing agreements.

Our Board has unanimously determined that the Second Amendment, First Amendment to Second Amendment and Warrant Agreement are advisable and in the best interests of the Company's stockholders, has approved the Second Amendment and Warrant Agreement on the terms and subject to the conditions set forth therein. The foregoing description of the Second Amendment, First Amendment to Second Amendment and the Warrant Agreement, along with the supporting documents, and the transactions contemplated thereby does not purport to be complete and is subject to, and qualified in its entirety by, the full text of the Second Amendment, First Amendment to Second Amendment and the Warrant Agreement, copies of which are attached hereto as Exhibits 2.1 and 2.2 and are incorporated herein by reference

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Corporate Information

Our mailing address is 1526 Cole Blvd., Suite 250, Golden, Colorado 80401. Our telephone number is (303) 431-3435.

Available Information

We maintain a website at the address https://shfinancial.org/. On our website, you can access, free of charge, our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, our annual proxy statement on Schedule 14A, and amendments to those materials filed or furnished pursuant to Sections 13(a) and 15(d) of the Exchange Act. Materials are available online as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. In addition, the SEC maintains a website at the address www.sec.gov that contains the information we file or furnish electronically with the SEC. The information contained on our website or on the SEC's website is not incorporated by reference in, or considered part of, this Annual Report on Form 10-K.

Emerging Growth Company Status

We are an "emerging growth company," or "EGC", as defined in the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"). As such, we are eligible to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not "emerging growth companies," including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a non-binding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved.

In addition, Section 107 of the JOBS Act also provides that an EGC can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act, for complying with new or revised accounting standards. In other words, an EGC can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We intend to take advantage of the benefits of this extended transition period, for as long as it is available. We will remain an EGC until the earlier of (1) the last day of the fiscal year (a) following the fifth anniversary of the date of the first sale of our common equity securities pursuant to an effective registration statement under the Securities Act and (b) in which we have total annual gross revenue of at least $1.07 billion, (2) the date on which we are deemed to be a large accelerated filer, which means the market value of our common stock that is held by non-affiliates exceeds $700 million as of the last business day of our most recently completed second fiscal quarter, and (3) the date on which we have issued more than $1.0 billion in non-convertible debt during the prior three-year period. References herein to "emerging growth company" have the meaning provided in the JOBS Act.

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Item 1A. Risk Factors.

For a complete discussion of the Company's risks and uncertainties, please refer to the risk factors included under the caption "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2022, filed with the SEC on April 14, 2023, as well as the limitation factors included in the forward-looking statement in this Form 10-K for the year ended December 31, 2023.

Item 1B. Unresolved Staff Comments.

None.

Item 1C. Cybersecurity.

The Company employs internal resources and third-party service providers to manage, operate and administer our day-to-day operations, business and affairs, subject to the direction and supervision of the Board. The Board recognizes the critical importance of maintaining the trust and confidence of our business partners. The Board plays an active role in overseeing management of our risks, and cybersecurity represents an important component of the Company's overall approach to risk management and oversight. The Company and its management are committed to protecting the confidentiality of all non-public information related to the Company's clients, shareholders and their personnel.

Risk Management and Strategy

The Company relies on its Management and employees to execute its comprehensive cybersecurity program, and has adopted a written information security program, which is designed to address applicable requirements under Regulation S-P and the FTC Safeguards Rule. Consequently, the Company also relies on the processes for assessing, identifying, and managing material risks from cybersecurity threats. The processes include, among other things, maintaining secure digital or physical access to information assets, using manual and automated detection methods for malicious code, due diligence of third-party vendors, and engaging a leading provider of cybersecurity services to assess and manage cybersecurity risk. For third-party service vendors that perform a variety of important functions for our business, we seek to engage reliable, reputable service vendors that maintain cybersecurity programs.

All of the Company's officers and employees are subject to its policies and procedures. The Company utilizes both internal and third-party cybersecurity services, including threat detection and response, vulnerability assessment and monitoring, security incident response and recovery and general cybersecurity education and awareness. We engage in periodic assessment and training regarding the policies, standards and practices designed to address cybersecurity threats and incidents. Our cybersecurity risk management is integrated into our overall enterprise risk management and shares common methodologies, reporting channels and governance processes that apply across our enterprise risk management.

To date, we have not experienced any cybersecurity threats, including as a result of any previous cybersecurity incidents, that have materially affected the Company and we are not aware of any cybersecurity threats that are reasonably likely to affect the Company, including its business strategy, results of operations or financial condition.

Governance

Management oversees the Company's cybersecurity risk management process. Management has adopted a charter that provides to periodically review and discuss with the Board the guidelines and policies with respect to risk assessment and risk management of cybersecurity and other risk exposures relevant to the Company's computerized information system controls and security. Management may receive additional training in cybersecurity and data privacy matters to enable its oversight of such risks. Management will report to the Board on the substance of such reviews and discussions and, as necessary, recommend to the Board such actions as the Management deems appropriate.

As noted above, the Company relies on our internal Information Systems in connection with the Company's day-to-day operations. The Company relies on the internal processes for assessing, identifying, and managing material risks from cybersecurity threats.

The Company's Chief Financial Officer, Chief Legal Officer, and Head of IT work collaboratively with other employees of the Company to ensure protection of the Company's Information Systems from cybersecurity threats and to promptly respond to any cybersecurity incidents. These members of the Company's management team monitor the prevention, detection, mitigation and remediation of cybersecurity threats and incidents and report such threats and incidents to the board when appropriate. They have gained relevant knowledge, skills and experience in information technology and cybersecurity risk management, including overseeing third-party vendors in such areas, over their careers at the Company or other organizations.

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Item 2. Properties.

The Company leases approximately 8043 square feet of office space as its executive offices in Golden, Colorado at a cost of approximately $15,470 per month, increasing annually to a maximum of $19,618 for the final six months of the term. The lease term expires July 31, 2029. In addition, the Company also leases approximately 2705 square feet of office space in Little Rock, Arkansas. The lease term continues through and including July 31, 2026 at an expense of approximately $3,000 per month.

Item 3. Legal Proceedings.

We may, from time to time, in the ordinary course, be subject to various legal proceedings and disputes. In addition, as part of the ordinary course of business, we may be parties to litigation involving claims relating to the ownership of funds in particular accounts, the collection of delinquent accounts, credit relationships, challenges to security interests in collateral and foreclosure interests, which are incidental to our regular business activities. While the ultimate liability with respect to these other litigation matters and claims cannot be determined at this time, we are currently not aware of any such pending or threatened legal proceedings or claims that we believe will have or is likely to have, individually or in the aggregate, a material adverse effect on our business, financial position, results of operations or cash flows. Where appropriate, reserves for these various matters of litigation are established, under FASB ASC Topic 450, Contingencies, based in part upon management's judgment and the advice of legal counsel.

At least quarterly, we assess our liabilities and contingencies in connection with outstanding legal proceedings utilizing the latest information available. For those matters where it is probable that we will incur a loss and the amount of the loss can be reasonably estimated, we record a liability in our consolidated financial statements. These legal reserves may be increased or decreased to reflect any relevant developments based on our quarterly reviews. For other matters, where a loss is not probable or the amount of the loss cannot be estimated, we have not accrued legal reserves, consistent with applicable accounting guidance. Based on information currently available to us, advice of counsel, and available insurance coverage, we believe that our established reserves are adequate and the liabilities arising from the legal proceedings will not have a material adverse effect on our consolidated financial condition. We note, however, that in light of the inherent uncertainty in legal proceedings there can be no assurance that the ultimate resolution will not exceed established reserves. As a result, the outcome of a particular matter or a combination of matters, if unfavorable, may be material to our financial position, results of operations or cash flows for a particular period, depending upon the size of the loss or our income for that particular period.

Item 4. Mine Safety Disclosures.

Not applicable.

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PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Information

Our Class A Common Stock and Public Warrants are currently listed on The Nasdaq Capital Market under the symbols "SHFS" and "SHFS," respectively.

Holders of Record

As of March 28,2023, there were 113 holders of our Class A Common Stock and 21 holders of our Public Warrants. The actual number of stockholders is greater than this number of record holders and includes stockholders who are beneficial owners but whose shares are held in street name by brokers and other nominees.

Dividend Policy

We have not paid any cash dividends on our Class A Common Stock to date. We may retain future earnings, if any, for future operations, expansion and debt repayment and has no current plans to pay cash dividends for the foreseeable future. Any decision to declare and pay dividends in the future will be made at the discretion of the Board and will depend on, among other things, our results of operations, financial condition, cash requirements, contractual restrictions and other factors that the Board may deem relevant. In addition, our ability to pay dividends may be limited by covenants of any existing and future outstanding indebtedness we or our subsidiaries incur. We do not anticipate declaring any cash dividends to holders of the Class A Common Stock in the foreseeable future.

Recent Sales of Unregistered Securities

There have been no securities sold by the Company for the period covered by this Annual Report on Form 10-K which were not registered under the Securities Act. Included are new issues, securities issued upon conversion from other share classes, and securities issued in exchange for property, services, or other securities.

Issuer Purchases of Equity Securities

None

Item 6. [Reserved]

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Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

References in this section to "we," "us," "our," "SHF" or the "Company" refer to SHF Holdings, Inc. References to "management" refer to our officers and board of managers. The following discussion and analysis of our financial performance and results of operations should be read in conjunction with our consolidated financial statements and the notes to those financial statements included elsewhere in this Form 10-K This discussion contains forward-looking statements based upon current expectations that involve risks and uncertainties. See "Cautionary Note Regarding Forward-Looking Statements." Our actual results may differ materially from those contained in or implied by any forward-looking statements.

Overview

Founded in 2015 by Partner Colorado Credit Union ("PCCU") (please see "Business Reorganization" below for a description of SHF's organization), SHF's mission is to provide access to reliable and compliant financial services for the legal cannabis industry. Through that mission and as an early leader with over nine years of experience, SHF is a leading provider of access to reliable and compliance driven banking, lending and other financial services to financial institutions desiring to provide those services to the cannabis industry.

Through our proprietary platform and on a multi-state level, SHF provides access to the following banking related services through PCCU and other financial institutions:

- Business checking and savings accounts;
- Cash management accounts;
- Savings and investment options;
- Commercial lending;
- Courier services (via third-party relationships);
- Remote deposit services;
- Automated Clearing House (ACH) payments and origination; and
- Wire payments.

Our services allow Cannabis Related Businesses (herein referred to as "CRBs") to obtain services from financial institutions that allow them to run their business more efficiently and effectively with improved financial insight into their business and access to resources to help them grow. Due to limited availability of payment and other banking solutions for the cannabis industry, most businesses transact with high volumes of cash. Our fintech platform benefits CRBs and financial institutions by providing CRBs with access to financial institutions and financial institutions access to increased deposits with the comfort of knowing that those deposits have been compliantly monitored and validated. By facilitating the daily deposits of cash receipts between CRBs and financial institutions, the risks associated with high cash on hand are mitigated, creating a safer atmosphere for the CRB's employees and the financial institutions at which the deposit accounts are held. Because the Company is not a financial institution, it does not hold customer deposits. All deposit accounts are held by the Company's financial institution clients and all transmissions of funds to and from deposit accounts are handled directly by the financial institutions. In an industry with limited capital and financing options, we offer access to loan options at what we believe to be competitive rates, often with less punitive terms than the current industry average. Our financial institution clients offer loan options including senior secured debt and operating lines of debt. Collateral types include real estate, equipment, and other business assets. We also provide access to lending options for ancillary service providers serving the cannabis industry as these businesses also can have difficulty finding reliable financial services.

To ensure access to consistent and dependable banking access to CRBs, we provide our compliance, validation and monitoring services to financial institutions in a compliance driven environment ensuring strict adherence to the Bank Secrecy Act/FinCEN guidance and related anti money laundering

provisions. Since inception, the Company has assisted in the processing of more than $22 billion in cannabis related funds. Through its relationship with its financial institution clients, the Company has successfully navigated 16 state and federal banking exams.

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In strategically selected geographic areas, the Company has licensed its proprietary software and Safe Harbor Program (the "Program") to other financial institutions to provide compliance-related services to CRBs. As part of the Program, we provide the following to financial institutions interested in licensing the Program to assist in compliant cannabis banking:

- Initial customer due diligence – Know Your Customer;
- Customer application management;
- Program management support;
- Compliance monitoring; and
- Regulatory exam assistance.

Business Reorganization

SHF was formed by PCCU following the approval of the contribution of certain assets and operating activities associated with operations from both certain branches and Safe Harbor Services, a wholly-owned subsidiary of PCCU, to SHF Holding, Co., LLC. SHF Holding, Co., LLC then contributed the same assets and related operations to SHF, with PCCU's investment in SHF maintained at the SHF Holding, Co., LLC level. The reorganization effectively occurred July 1, 2021. In conjunction with the reorganization, all of the employees engaged in the operations and certain PCCU employees were terminated from PCCU and hired as SHF employees. The relevant operations of the PCCU branches, and SHF, represent the "Carved-Out Operations." After the reorganization, the entirety of the Carved-Out Operations were owned by SHF and the Pre-Public Company was dissolved. In addition, effective July 1, 2021, SHF entered into an Account Servicing Agreement and Support Services Agreement with PCCU, which memorialized the operational relationship between SHF and PCCU and which were subsequently amended and restated and are discussed in Note 10 to the Consolidated Financial Statements included elsewhere in this Form 10-K.

On February 11, 2022, SHF and SHF Holding Co., LLC, the sole member of SHF, and PCCU, the sole member of SHF Holding, Co., LLC, entered into a definitive Unit Purchase Agreement (herein referred to as the "Business Combination") with Northern Lights Acquisition Corp. ("NLIT"), a special purpose acquisition company, and its sponsor, 5AK, LLC. Subsequent to the completion of the transaction, NLIT changed its name to "SHF Holdings, Inc." (herein referred to as the "Company"). On September 19, 2022, the parties entered into the First Amendment to the Unit Purchase Agreement to extend the date by which the closing had to occur from August 31, 2022 until September 28, 2022 and provide for the deferral of $30 million of the $70 million in cash due at the closing. On September 22, 2022, the parties entered into the second amendment to the Unit Purchase Agreement to provide for the deferral of a total of $50 million of the $70 million due at the closing. On September 28, 2022, the parties entered into the third amendment to the Unit Purchase Agreement to provide for the deferral of a total of $56,949,800 of the $70,000,000 due at the closing.

Pursuant to the Unit Purchase Agreement, upon the closing of the transaction, NLIT purchased all of the issued and outstanding membership interests of SHF in exchange for an aggregate of $185,000,000, consisting of (i) 11,386,139 shares of the entity's Class A common stock with an aggregate value equal to $115,000,000 and (ii) $70,000,000 in cash. At transaction close, 1,831,683 shares of the Class A Common Stock were deposited with an escrow agent to be held in escrow for a period of 12 months following the closing date to satisfy potential indemnification claims of the parties. In addition, $3,143,388 in cash and cash equivalents representing the amount of cash on hand at July 31, 2021, less accrued but unpaid liabilities, were paid to PCCU at the final transaction close.

The Company's lending services program currently depends on PCCU as its largest funding source for new loans to CRBs. Under PCCU's loan policy for loans to CRBs, PCCU's board of directors has approved aggregate lending limits at the lessor of 1.3125 times PCCU's net worth or 60% of total CRB deposits. Concentration limits for the deployment of loans are further categorized as (i) real estate secured, (ii) construction, (iii) unsecured and (iv) mixed collateral with each category limited to a percentage of PCCU's net worth. In addition, loans to any one borrower or group of associated borrowers are limited by applicable National Credit Union Association regulations to the greater of $100,000 or 15% of PCCU's net worth.

On September 28, 2022, the parties consummated the Business Combination, resulting in NLIT, consistent with the aforementioned parameters, purchasing all of the issued and outstanding membership interests of SHF in exchange for an aggregate of $185,000,000, consisting of (i) 11,386,139 shares of the Company's Class A Common Stock with an aggregate value equal to $115,000,000 and (ii) $70,000,000 in cash, $56,949,801 of which will be paid on a deferred basis.

The purpose of the $56,949,800 deferral is to provide the Company with additional cash to support its post-closing activities. Pursuant to the third amendment to the Unit Purchase Agreement, the deferred consideration was to paid in one payment of $21,949,801 on or before December 15, 2022, and the $35,000,000 balance in six equal installments of $6,416,667, payable beginning on the first business day following April 1, 2023, and on the first business day of each of the following five fiscal quarters, for a total of $38,500,002, including interest of $3,500,002. Furthermore, PCCU agreed to defer $3,143,388, representing certain excess cash of SHF, LLC due to the Seller under the Definitive Unit Purchase Agreement, and the reimbursement of certain reimbursable expenses under the Definitive Unit Purchase Agreement.

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Pursuant to the Unit Purchase Agreement, the Company entered into the Amended and Restated Support Services Agreement and the Amended and Restated Account Servicing Agreement under similar terms as the July 2021 agreements. In addition, in conjunction with the Unit Purchase Agreement, the Company and PCCU entered into a Loan Servicing Agreement. On March 29, 2023, the Company and PCCU entered into the Commercial Alliance Agreement that sets forth the terms and conditions of the lending-related and account-related services governing the relationship between the Company and PCCU and supersedes the Amended and Restated Support Services Agreement, the Amended and Restated Account Servicing Agreement, and the Loan Servicing Agreement.

On October 26, 2022, the Company entered into a Forbearance Agreement (the "Forbearance Agreement") with PCCU and Luminous Capital USA Inc. ("Luminous"). As per the terms of the agreement, PCCU has agreed to defer all payments owed pursuant to the Unit Purchase Agreement for a period of six (6) months from the date hereof while the Parties engage in good faith efforts to renegotiate the payment terms applicable to the Deferred Obligation (the "Forbearance Period").

On March 29, 2023, the Company and PCCU entered into a definitive transaction to settle and restructure the deferred obligations, including $56,949,800 into a five-year Senior Secured Promissory Note (the "Note") in the principal amount of $14,500,000 bearing interest at the rate of 4.25%; a Security Agreement pursuant to which the Company has granted, as collateral for the Note, a first priority security interest in substantially all of the assets of the Company; and a Securities Issuance Agreement, pursuant to which the Company has issued 11,200,000 shares of the Company's Class A Common

Stock to PCCU.

Purchase Agreement and Public Company Costs

The Business Combination detailed above was accounted for as a reverse recapitalization, with no goodwill or other intangible assets recorded, in accordance with GAAP. Under this method of accounting, NLIT was treated as the acquired company for financial reporting purposes. Accordingly, for accounting purposes, the Business Combination is treated as the equivalent of SHF issuing shares for the net assets of NLIT, accompanied by a recapitalization. The net assets of NLIT are recognized at fair value (which is expected to be consistent with carrying value), with no goodwill or other intangible assets recorded.

Other related events in connection with the Business Combination are summarized below:

- The 2,875,000 of Class B Common Stock converted at the closing to an equal number of shares of Class A Common stock.
- Upon closing of the Business Combination, 11,386,139 shares of Class A Common Stock were issued to PCCU as set forth in and pursuant to the terms of the Purchase Agreement.

PCCU was due to receive a cash payment of $3.1 million at the consummation of the Business Combination, which represented the amount of SHF's cash on hand at July 31, 2021, less accrued but unpaid liabilities. In addition, pursuant to the terms of the Purchase Agreement, the Company is responsible for reimbursing the Seller for its transaction expenses.

- Approximately $56.9 million of the $70 million of cash proceeds due to PCCU was deferred and is due to the Seller. Approximately $21.9 million of the amount was due to PCCU beginning December 15, 2022. The residual $35 million is due in six quarterly installments of $6.4 million thereafter. Interest accrues at an effective annual rate of approximately 4.71%. A sum of 1,200,000 shares of Class A Common Stock were escrowed until the amount is paid in full.
- The Parent-Entity Net Investment appearing in the balance sheet of the Company amounting to $9,124,297 on the date of business combination was transferred to additional paid in capital.
- Immediately prior to the Closing, 20,450 shares of Series A Convertible Preferred were purchased by the PIPE Investors pursuant to the PIPE Securities Purchase Agreements for an aggregate value of $20,450,000. The shares of Series A Convertible Preferred were converted into 2,045,000 shares of Class A Common Stock at a purchase price of $10.00 per share of Class A Common Stock. Twenty (20) percent of the aggregate value was deposited into a third party escrow account for purposes of paying the PIPE Investors any required Registration Delay Payments. Upon the filing of the registration statement 10 calendar days subsequent to closing, 17.5% of the escrow amount was released with the remaining amount once all securities were included in an effective registration statement.
- For tax purposes, the transaction is treated as a taxable asset acquisition, resulting in an estimated tax basis Goodwill balance of $43,198,800, creating a deferred tax asset reported as Additional Paid-in Capital in the equity section of the balance sheet as of the date of the business combination. There is not any goodwill for book reporting purposes as no goodwill or other intangible assets are to be recorded in accordance with GAAP.
- Preferred Stock: The Company is authorized to issue 1,250,000 preferred shares with a par value of $0.0001 per share with such designation rights and preferences as may be determined from time to time by the Company's Board of Directors. As of December 31, 2023, there were 1101 preferred shares issued or outstanding and 14,616 preferred shares issued or outstanding on December 31, 2022.

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- Class A Common Stock: The Company is authorized to issue up to 130,000,000 shares of Class A Common Stock with a par value of $0.0001 per share. Holders of the Company's Class A Common Stock are entitled to one vote for each share. As of December 31, 2023, and December 31, 2022, there were 54,563,371 and 20,815,912 shares, respectively, of Class A Common Stock issued or outstanding. As of December 31, 2023, and December 31, 2022, 3,667,377 Class A Common Stock are held by the purchasers under the Forward Purchase Agreement dated June 16, 2022, by and among the Company and such purchasers.
- Parent-Entity Net Investment: Parent-Entity Net Investment balance in the consolidated balance sheets represents PCCU's historical net investment in the Carved-Out Operations. For purposes of these consolidated financial statements, investing requirements have been summarized as "Parent-Entity Net Investment" and represent equity as no cash settlement with PCCU is required. No separate equity accounts are maintained for SHS, SHF or the Branches.

Key Metrics

In addition to the measures presented in our consolidated financial statements, our management regularly monitors certain measures in the operation of our business. These key metrics are discussed below.

Earnings Before Interest Taxes Depreciation and Amortization (EBITDA) and Adjusted EBITDA

To provide investors with additional information regarding our financial results, we have disclosed EBITDA and Adjusted EBITDA, both of which are non-GAAP financial measures that we calculate as net income before taxes and depreciation and amortization expense in the case of EBITDA and further adjusted to exclude non-cash, unusual and/or infrequent costs in the case of Adjusted EBITDA. Below we have provided a reconciliation of net income (the most directly comparable GAAP financial measure) to EBITDA and from EBITDA to Adjusted EBITDA.

We present EBITDA and Adjusted EBITDA because these metrics are a key measure used by our management to evaluate our operating performance, generate future operating plans, and make strategic decisions regarding the allocation of investment capacity. Accordingly, we believe that EBITDA and Adjusted EBITDA provide useful information to investors and others in understanding and evaluating our operating results in the same manner as our management.

EBITDA and Adjusted EBITDA have limitations as an analytical tool, and it should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are as follows:

- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and both EBITDA and Adjusted EBITDA do not reflect cash capital expenditure requirements for such replacements or for new capital expenditure requirements;
- EBITDA and Adjusted EBITDA do not reflect changes in, or cash requirements for, our working capital needs; and
- EBITDA and Adjusted EBITDA do not reflect tax payments that may represent a reduction in cash available to us.

Because of these limitations, you should consider EBITDA and Adjusted EBITDA alongside other financial performance measures, including net loss and our other GAAP results.

A reconciliation of net income to non-GAAP EBITDA and Adjusted EBITDA is as follows:

	Year Ended December 31,	
	2023	2022
Net loss	$ (17,279,847)	$ (35,128,083)
Interest expense	1,113,466	705,204
Depreciation and amortization	1,373,707	189,275
Taxes	(1,829,701)	(9,252,893)
EBITDA	(16,622,375)	(43,486,497)
Other adjustments –		
Provision for credit losses	290,857	506,212
Change in the fair value of warrants and forward purchase derivatives	1,853,920	8,058,091
Change in fair value of Forward Purchase Agreement	-	33,322,248
Change in the fair value of deferred consideration	(4,570,157)	97,593
Deferred loan origination fees and costs	27,271	(1,890)
Stock based compensation	3,739,156	2,806,336
Goodwill and long-lived intangible assets impairment	18,907,739	-
Adjusted EBITDA	$ 3,626,411	$ 1,302,093

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The increase in our income on both an EBITDA and Adjusted EBITDA basis for the fiscal year ending December 31, 2023, can be attributed to several key factors. These include a rise in deposits and activity income, which was significantly influenced by the growth in account numbers following the Abaca acquisition. Additionally, there was an increase in employee benefits and general and administrative expenses, coupled with a decrease in professional expenses, as detailed in the 'Discussion of our Results of Operations' section below. Other adjustments include estimated future credit losses not yet realized, including amounts indemnified to PCCU for loans funded by them, change in the fair value of warrants and forward purchase derivates, Change in fair value of Forward Purchase Agreement, Stock based compensation and Goodwill and long-lived intangible assets impairment. The Company had entered into a Loan Servicing Agreement with PCCU, pursuant to which the Company agreed to indemnify PCCU for claims associated with CRB activities including any loan default related losses for loans funded by PCCU; the Loan Servicing Agreement has since been superseded by the Commercial Alliance Agreement. Deferred loan origination fees and costs represent the change in net deferred loan origination fees and costs. When included with a new loan origination, we receive an upfront loan origination fee in conjunction with new loans funded by our financial institution partners and incur costs associated with originating a specific loan. For accounting purposes, the cash received for loan origination fees and costs is initially deferred and recognized as interest income utilizing the interest method.

Other Metrics

For our business operations, we monitor the following key metrics.

Total account balances, number of accounts and average account balances

Our lending capacity is dependent on the size of our managed deposit base and number of active accounts. In addition, fees are generated based on open accounts and account activity. We monitor account activity including deposits, withdrawals and ending account balance daily. Total account balances represent the balance of onboarded and monitored deposits on hand at financial institution clients at period end. Average account balance represents the total account balance divided by the number of accounts at the period end.

Account fees per average active accounts managed

Currently a significant amount of our fees is generated from account openings, active accounts and account activity. As a result, we monitor account openings and closings on a daily, weekly and monthly basis. We strive to meet the appropriate balance between depository balances and fees and therefore review account fees per average number of active accounts managed.

Year Ended December 31,		2023	2022	Change ($)	Change (%)
Average monthly ending deposit balance	(1)	$ 204,923,090	208,155,596	(3,232,506)	(1.55)%
Account fees	(2)	$ 7,735,582	5,951,337	1,784,245	29.98%
Average active accounts	(3)	932	967	(35)	(3.62)%
Average account balance	(4)	$ 219,835	215,259	4,576	2.13%
Average fees per account	(4)	$ 8,298	6,154	2,144	34.84%

(1) Represents the average of monthly ending account balances
(2) Reported account activity fee revenue
(3) Represents the average of monthly ending active accounts
(4) Refer to the below section – *Discussion of Results of our Operations* for additional discussion of trends.

For the year ending December 31, 2023, there was a decline in the average number of accounts compared to the previous year, primarily due to a decrease in clientele following the termination of an agreement with the Central Bank. Despite this, the average size and fees associated with accounts saw an increase, largely attributed to the acquisition of Abaca. We anticipate this pattern to persist as our lending program, which generally necessitates borrowers to make deposits at our affiliated financial institutions, remains a key focus.

We are focused on enhancing and growing our lending platform. Incremental lending key metrics will be monitored as this portion of our business grows in volume. Metrics will include average loan balance, average life to repayment, average effective interest rate and loan status, amongst others.

Components of our Results of Operations

Revenue

The Company generates interest and fee income through providing a variety of services to PCCU and other financial institutions to facilitate its banking services to CRBs including, among other things, Bank Secrecy Act and other regulatory compliance and reporting, onboarding, responding to account inquiries, responding to customer service inquiries relating to CRB deposit accounts held at financial institution clients, and sourcing and originating loans. In addition, the Company provides these similar services and outsourced support to other financial institutions providing banking to the cannabis industry.

These services are provided under the Safe Harbor Master Program Agreement.

Operating expenses

Operating expenses consist of compensation and benefits, professional services, rent expense, parent allocations, provisions for credit losses and other general and administrative expenses.

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Compensation and benefits consist of employee wages and associated benefits while professional services consist of legal, general consulting and accounting fees.

The Company reports a provision for credit losses both as it relates to loans funded internally and those carried by PCCU or other financial institutions. The Company indemnifies PCCU and other financial institutions for the losses on loans to borrowers sourced by the Company and funded by PCCU and other financial institutions. The Company anticipates comparable arrangements with other financial institutions that fund loans to borrowers sourced by the Company.

Other general and administrative expenses consist of various miscellaneous items including account hosting fees, insurance expense, advertising and marketing, travel meals and entertainment and other office and operating expense.

Discussion of our Results of Operations —2023 Compared to 2022 (Year Ended December 31)

Revenue

Year Ended December 31,	2023	2022	Change ($)	Change (%)
Deposit, activity, onboarding income	$ 8,614,945	$ 6,063,939	$ 2,551,006	42.07%
Safe Harbor Program income	130,688	164,062	(33,374)	(20.34)%
Investment income	5,844,836	2,120,640	3,724,196	175.62%
Loan interest income	2,972,434	1,130,178	1,842,256	163.01%
Total Revenue	$ 17,562,903	$ 9,478,819	$ 8,084,084	85.29%

Account fee income consists of deposit account fees, activity fees and onboarding income. Historically, the Company has charged fees based on cannabis related deposit account activity. During 2023, we reduced our fee percentage for cannabis specific accounts in order to ensure we were competitive with the market and for many accounts implemented a flat fee structure for certain CRB accounts based on client specific activity levels. In addition, we receive a flat fee and lower rates for ancillary accounts, which are accounts provided to businesses servicing the cannabis industry in general but do not manufacture, possess, distribute or transport cannabis. The increase in deposit, activity and onboarding income was primarily attributable to the increase in the number of accounts related to the Abaca acquisition. In 2023, PCCU accounted for $5,150,397 of the revenue generated from deposits, activities, and client onboarding. Related to this revenue, the Company recognized $529,209 in account hosting expenses, in accordance with the Loan Servicing Agreement and the Commercial Alliance Agreement. In 2022, PCCU contributed $5,554,922 to the revenue from similar sources, with account hosting expenses amounting to $255,853 as per the Loan Servicing Agreement provisions. These expenses were categorized under “General and administrative expenses” in the Consolidated Statements of Operations.

The Company provides similar account services and outsourced support to other financial institutions providing banking to the cannabis industry. These services are provided under the Safe Harbor Master Program Agreement. Revenue has decreased as we narrow the financial institutions and states we allow under this program and instead focus on servicing CRBs directly. The reduction in Safe Harbor Program income is a result of the reduction in the number of accounts.

We have agreements with PCCU (related party) and Five Star Bank (FSB) where our financial institution clients pay us interest on the daily account balance as per the rates in the agreements. In fiscal 2022 and up to the third quarter of 2023, our investment earnings were solely from interest on deposits at the Federal Reserve Bank, capped at the earnings accrued by PCCU from its reserves. However, a strategic shift in the fourth quarter of 2023 led us to adopt Federal Reserve’s interest rates applied to the daily average balance of SHF customer deposits, with certain exclusions. This method, applied retroactively from the beginning of 2023, resulted in incremental revenue of $549,000 recognized in the fourth quarter. Under our Commercial Alliance Agreement, we pay 25% of the investment income as a hosting fee to PCCU based on this income. In 2023, the income derived from investment income associated with PCCU totaled $5,803,114. In relation to this income, the Company incurred $1,445,517 in investment hosting fees, consistent with the stipulations of the Loan Servicing Agreement and the Commercial Alliance Agreement. In 2022, PCCU’s contribution to investment income amounted to $2,110,572, against which the Company recorded investment hosting fees of $519,406, as governed by the terms of the Loan Servicing Agreement. These expenses were categorized under “General and administrative expenses” in the Consolidated Statements of Operations.

We had a Loan Servicing Agreement with PCCU (related party) where our financial institution carries the loan balances on their financial statement; the Loan Servicing Agreement has since been superseded by the Commercial Alliance Agreement. The loan interest income reflects our share of loan interest on issued loans. We are obligated to pay 0.35% on the total outstanding principal of each loan that is funded and serviced by PCCU. Loan interest earned on the Company’s direct loans and the indemnified loans grew as the Company increased its focus on lending. For the year ended December 31, 2023, SHF serviced 22 loans, as compared to 11 loans in the year ended December 31, 2022. In 2023, the Company recognized $2,883,192 in loan interest income attributable to PCCU activities. Related expenses for this income included $81,577 in loan servicing fees, in compliance with both the Loan Servicing Agreement and the Commercial Alliance Agreement. In the preceding year, 2022, loan interest income from PCCU operations amounted to $989,642, with associated loan servicing fees totaling $26,088, pursuant to the same agreements. These expenses were categorized under “General and administrative expenses” in the Consolidated Statements of Operations.

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Operating expenses

Year Ended December 31,	2023	2022	Change ($)	Change (%)
Compensation and employee benefits	$ 10,334,212	$ 6,695,319	$ 3,638,893	55.35%
General and administrative expenses	6,568,662	2,390,539	4,178,123	174.78%
Impairment of goodwill	13,208,276	-	13,208,276	100.00%
Impairment of long-lived intangible assets	5,699,463	-	5,699,463	100.00%
Professional services	1,858,137	1,985,343	(127,206)	(6.41)%
Rent expense	315,615	99,246	216,369	218.01%
Provision for loan losses	290,857	506,212	(215,355)	(42.54)%
Total Operating Expenses	$ 38,275,222	$ 11,676,659	$ 26,598,563	227.79%

Compensation and employee benefits expenses rose due to an increase in stock-based compensation and a higher headcount, in anticipation of business expansion.

General and administrative expenses increased across various categories including: i) $926,111 in investment hosting fees as a result of the increase in investment income, ii) $715,771 in increased bank sharing fees due to the increase in the number of accounts related to the Abaca acquisition, iii) $1,184,432 in amortization and depreciation, and iv) $343,187 in business insurance.

Professional services expense reduced primarily due to the reduction in the legal fees and consulting fees associated with acquisition and SEC filing.

Impairment of goodwill and finite-lived intangible assets arose from the annual impairment assessment conducted on December 31, 2023, and an interim impairment assessment on June 30, 2023, triggered by the termination of the Master Services and Revenue Sharing Agreement with the Central Bank. Under this agreement, the Company offered expertise and intellectual property to cannabis-related businesses primarily in Arkansas.

Provision for credit losses has decreased due to the adoption of ASU 2016-13 as of January 1, 2023, utilizing the modified retrospective method.

Financial Condition

Cash and cash equivalents

Cash, cash equivalents totaled $4,888,769 and $8,390,195 as of December 31, 2023 and 2022, respectively.

Cash flows

For the year ended December 31, 2023, the Company's cash used in operations was $832,144 compared to cash provided by operations of $1,697,380, for the year ended December 31, 2022. This was mainly due to increase in the operating expenses and payments of the liabilities pertaining to the reverse acquisition along with an additional amount resulting from changes in working capital. See discussion under "Discussion of our Results of Operations" above for more information.

Contract assets and liabilities

Deferred revenue is primarily related to contract liabilities associated with the Company agreements. As of December 31, 2023, SHF reported a contract asset and liability of $0 and $21,922 respectively and on December 31, 2022, SHF reported a contract asset and liability of $21,170 and $996, respectively.

Liquidity and going concern

Liquidity refers to our capacity to fulfill anticipated cash demands, encompassing obligations to settle debt, sustain assets and operations, distribute earnings to shareholders, and cover other typical business expenditures. Our cash outflows predominantly settle towards repaying debt principal and interest, distributing dividends to shareholders, and financing our operational activities. The main contributors to our liquidity are the cash inflows from our operational performance. As of the end of the fiscal year on December 31, 2023, the Company reports no significant commitments to capital investments.

As of December 31, 2023, the Company had $4,888,769 cash and net working capital deficit of $135,355. The Company has also incurred an operating loss of $20,712,319 for the year ended December 31, 2023, and cash flows used in operating activities of $832,144.

Based upon these factors, management of the Company has determined that there is a risk of substantial doubt about the Company's ability to continue as a going concern for a period of at least twelve months from the date these consolidated financial statements have been issued.

If the Company is not able to sustain its present level of operations, it may be forced to make reductions in spending, extend payment terms with suppliers, liquidate assets where possible, or suspend or curtail planned expansion programs. Any of these actions could materially harm the Company's business, results of operations and future prospects.

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business, and do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or amounts and classification of liabilities that may result should the Company not continue as a going concern as a result of this uncertainty.

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Critical Accounting Estimates

Our consolidated financial statements and accompanying notes are prepared in accordance with GAAP. Preparing consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, and expenses, as well as disclosure of contingent assets and liabilities. An appreciation of our critical accounting policies is necessary to understand our financial results. In some cases, we could reasonably use different accounting policies and estimates, and changes in our estimates are reasonably likely to occur from period to period. Accordingly, actual results could differ materially from our estimates, and our financial condition or results of operations could be affected. We base our estimates on our experience and other assumptions that we believe are reasonable, and we evaluate these estimates on an ongoing basis. We refer to the following accounting estimates as critical accounting estimates, based on their importance to the financial reporting and potential for changes in future periods:

Revenue recognition

The company records revenue when it meets its service obligations, which include various fees charged for financial services such as account maintenance and transaction fees, along with other miscellaneous fees. When determining transaction prices, the company considers potential variations in these fees, which may fluctuate based on customer usage and specific contract terms. This is in line with ASC 606 standards, which require the allocation of transaction prices to the specific services provided within a contract, such as setup and ongoing fees for certain programs. The company also earns revenue from interest on loans, which includes those directly issued and those backed by a partnership with PCCU under a commercial alliance agreement. Investment income consist of interest earned on the daily deposits balance with financial institution. A strategic change in the fourth quarter of 2023 saw the company adopt a new method for calculating interest on customer deposit balances, excluding certain amounts. This new approach, applied retroactively to the start of 2023, led to an additional $549,000 in revenue for that quarter. The company's customer base mainly consists of financial institutions that serve cannabis-related businesses (CRBs), with revenue primarily generated in the United States. Under the terms of its Commercial Alliance Agreement with PCCU, the company is obligated to pay PCCU various fees, including a loan servicing fee of 0.35% of the current loan balance, and monthly service fees based on account balances, with rates varying for balances below and above $1 million. Additionally, the company must pass on 25% of its investment hosting fees to PCCU, which are calculated from the returns on PCCU-related deposits.

Indemnity liability

The indemnification component of the Loan Servicing Agreement is accounted for in accordance with ASC 460 Guarantees, which follows guidance in ASC 326 - Financial Instruments - Credit Losses (ASC Topic 326), for estimating expected credit losses under the current expected credit loss ("CECL") methodology, presented in the liabilities section in the consolidated balance sheets as an "Indemnity liability". The Company accounts for the indemnification component of the Commercial Alliance Agreement for claims related to cannabis-related businesses, with a particular emphasis on default-related credit losses. The Company's indemnity is secondary to other recovery methods like foreclosure or guarantor recourse. Indemnity payments don't absolve borrowers of their obligations, maintaining PCCU's rights to recoveries. The indemnification is considered a general loss contingency under ASC 460 due to uncertainties that could lead to losses, resolved by future events. The Company's liability for indemnity is based on management's estimation of probable credit losses at the balance sheet date, influenced by individual loan risk ratings and economic assumptions in the estimation model. These risk ratings are re-evaluated quarterly. The indemnity liability for the pooled component is derived from an estimate of expected credit losses primarily using an expected loss methodology that incorporates risk parameters such as probability of default ("PD") and loss given default ("LGD") which are derived from internally developed model estimation approaches for smaller homogenous loans. The PD is quantified by analyzing historical data to determine the rate at which loans have defaulted within the portfolio, relative to the total outstanding loans as of the end of the reporting period. This rate is expressed as a percentage and serves as a key indicator of the likelihood of default across the loan pool. LGD assessments are conducted to estimate the potential loss amount in the event of a default, considering the recoverable value from the collateral liquidation against the remaining loan balance. This involves a detailed analysis of two primary components: the loss on principal, which arises from the gap between the collateral's liquidation value and the unpaid principal balance of the loan; and the loss associated with various ancillary costs to recover, including, but not limited to, foregone interest, transaction costs, legal and administrative fees, and expenses related to the maintenance and renovation of the property.

Changes in the PD and LGD directly affect the estimated indemnity liability. An increase in PD, indicating a higher likelihood of defaults, necessitates a larger indemnity liability to cover potential losses, impacting the company's financial reserves. Conversely, a decrease in PD would lower the required indemnity liability, reflecting a more favorable risk outlook. Similarly, a rise in LGD, due to reduced collateral values or higher recovery costs, increases the estimated loss per default, requiring a higher indemnity liability. Conversely, a reduction in LGD suggests more loss recoveries, allowing for a decrease in the indemnity liability.

Stock-based compensation

In conjunction with the 2022 Plan, as of December 31, 2023, the Company had granted stock options and restricted stock units which are described in more detail below:

Stock options

The Company awards stock options to incentivize employee ownership and performance, applying ASC 718 for equity-based payments. Options, with a 10-year term with their fair value determined at the grant date, considering either market price or the Black-Scholes model. This model factors in expected option term, stock price volatility (set at 100% due to significant price fluctuations since listing), risk-free interest rates (aligned with U.S. Treasury rates), and an assumed zero dividend yield, given the Company's history of not paying dividends. The expected option term is derived using the simplified method, averaging the contractual term and vesting period. Compensation cost is recognized over the service period on a straight-line basis, with immediate recognition of forfeitures. Changes in valuation assumptions could significantly alter fair value estimates.

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Restricted Stock Units / Restricted Stock Awards

The Company values equity-based payments under ASC 718, using fair value at grant date for stock awards, recognizing expenses over the service period. Fair value is estimated via the market price or Black-Scholes model, considering variables like expected term, stock volatility, risk-free rates, and forfeiture rates. Given the stock's limited listing period and significant price drop, volatility is presumed at 100%. Risk-free rates align with U.S. Treasury rates matching the awards' lifespans. The options' expected term merges the contractual and vesting durations. The Company assumes zero dividend, reflecting the Company's history and future dividend outlook, impacting the valuation of stock-based compensation. Changes in valuation assumptions could significantly alter fair value estimates.

Forward Purchase Agreement

The Company, under a Forward Purchase Agreement (FPA) with Midtown East, which was later reassigned to Verdun and Vellar, involved complex transactions around Class A common stock. Initially, about 3.8 million shares were acquired from the market. Post-business combination, the Company disbursed $39.6 million for these shares and associated costs. The FPA allows for an early termination sale of shares by the assignees, with proceeds above the reset price going to them and the rest to the Company. The final settlement at the Maturity Date includes a cash or share payment based on the Forward Price and a Maturity Cash Consideration. In 2022, the reset price adjustment, influenced by the common stock's trading value and preferred share conversions, significantly reduced the FPA receivable from $37.9 million to $4.6 million. No further transactions or value changes were noted in the year end December 31, 2023, maintaining the FPA receivable's value. The value of the forward purchase agreement could diminish if the Company issues any securities at a price below the reset price of $1.25 per share before the agreement expires.

Forward Purchase Derivative

The Company records the forward purchase derivative from a business combination as per ASC 815, marking it as an asset or liability at fair value, adjusted each reporting period. Fair value adjustments are recognized in the consolidated statement of operations. The Monte-Carlo Simulation, applying Geometric Brownian Motion for stock price projections, was utilized for valuation in the year ended December 31, 2022. In 2022, the company fully accounted for the maximum contractual liability. Throughout 2023, there were no notable shifts in risk factors that would impact the values of FPA derivatives. As a result, the valuation established on December 31, 2022, was maintained for the year ended December 31, 2023.

Impairment of Goodwill and Finite-lived intangible assets

On November 15, 2022, the company finalized a significant acquisition for $30 million, resulting in the recognition of $19,266,276 in goodwill and $10,800,000 in amortizable intangible assets, which included market-related intangible assets valued at $2,100,000, customer relationships at $2,000,000, and developed technology at $6,700,000. According to ASC 350 and 360, the company is required to perform impairment assessments annually or more frequently if needed. An interim assessment conducted on June 30 utilized a hybrid approach, dividing emphasis between the income approach (one-third) and the market approach (two-thirds) for evaluating goodwill's fair value. Additionally, specific methods were applied to the intangibles: the Royalty Method for market-related intangibles, the Discounted Cash Flow Method for customer relationships, and the Cost to Re-create Method for developed technologies. This interim evaluation led to a goodwill impairment of $13.2 million, a $1,865,668 impairment for market-related intangible assets, and a $1,814,795 impairment for customer relationships. The annual assessment on December 31, 2023, also adopted the hybrid approach for goodwill valuation and applied the Relief from Royalty Method for market-related intangibles and developed technologies, along with the Multi-Period Excess Earnings Method for customer relationships, resulting in a $2,019,000 impairment for developed technologies.

The impairment determination process is inherently subjective, heavily reliant on assumptions about future conditions and events that might affect asset values. For impairment testing under ASC 350 and ASC 360 regarding goodwill and other intangibles, critical assumptions include future cash flow projections, appropriate discount rate determination reflective of asset-specific risks, the estimated useful lives of intangible assets, and customer attrition

rates for assets tied to customer relationships. These assumptions are affected by wider market and economic factors, including interest rate fluctuations, inflation, and sector-specific developments. Due to these variables, impairment test outcomes can significantly shift over time with changes in the company's operational performance, market dynamics, technological innovations, or strategic decisions like asset disposals or cessation of certain operations. This variability highlights the complex and judgment-based nature of impairment testing, emphasizing the potential for notable fluctuations in impairment charges across different periods.

Warrants Liability

The Company's accounting for warrants, including Public, Private Placement, PIPE, and Abaca warrants, constitutes a critical accounting estimate due to the significant judgments and assumptions involved in their valuation and the potential impact on our financial statements. These warrants are recorded at fair value on a recurring basis, requiring the use of observable market data and valuation techniques that involve significant estimates and assumptions. For Public warrants, the Company utilizes Level 1 inputs, relying on exchange-traded prices which provide a transparent and observable market valuation. This approach minimizes the level of estimation uncertainty associated with these warrants. Private Placement and PIPE Warrants valuation, as of 2023, has transitioned from third-party reports to internal assessments by the Company, employing Level 3 inputs derived from unobservable inputs. This shift aims to enhance the precision of the valuation process, allowing for adjustments reflective of the unique characteristics of these warrants and prevailing market conditions. Key assumptions in this valuation include the expected volatility of our stock, the risk-free interest rate, the expected life of the warrants, and the dividend yield. Variability in these assumptions could significantly impact the fair value estimates of these warrants. For Abaca Warrants, the Company also utilizes an internal assessment approach with Level 3 inputs. The valuation assumptions include, but are not limited to, the exercise price, the fair market value of the underlying Class A Common Stock, the expected term of the warrants, and the risk-free interest rate. Future variations in these critical assumptions could arise from changes in market conditions, such as fluctuations in the volatility of the Company's stock, alterations in the risk-free interest rate reflecting broader economic shifts, or adjustments in the expected life of the warrants due to changes in the holders' exercise behavior. Additionally, regulatory changes or shifts in the market perception of the Company could also necessitate adjustments to these assumptions. Changes in these assumptions could lead to significant variations in the recorded fair value of the warrants, impacting the Company's financial position and results of operations. The Company closely monitors these assumptions and market conditions to ensure that the warrant valuations accurately reflect their fair market value on reporting date.

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Deferred consideration

The Company's accounting for the deferred consideration arising from the acquisition of Abaca represents a critical accounting estimate, consistent with ASC Topic 815, "Derivatives and Hedging" ("ASC 815 "). This consideration, due to its failure to meet the equity classification criteria under ASC 815, is accounted for as a derivative liability. This approach necessitates the recognition of this obligation on the balance sheet at its fair value, with subsequent adjustments to fair value reflected at each reporting period end. The determination of fair value involves significant judgments and assumptions, particularly in light of the complex terms outlined in the Abaca merger agreement and its amendments. The deferred consideration includes cash payments scheduled at various anniversaries of the merger closing, the issuance of common stock based on specified conditions, and the introduction of additional consideration and stock warrants as per the latest amendments to the agreement. The fair value assessment of these components is influenced by several factors, including the Company's stock price, the volatility of the stock, the risk-free interest rate, and the specific terms of the deferred and stock considerations as amended. Future variations in the fair value of this derivative liability could arise from changes in the Company's stock price, fluctuations in market volatility, alterations in the risk-free interest rate, or changes in the terms of the agreement as negotiated with the Abaca stockholders. Such changes could be prompted by evolving business strategies, market conditions, or regulatory environments that impact the financial and operational aspects of the agreement. These estimates and assumptions are subject to inherent uncertainties and the exercise of management's judgment. Changes in these critical assumptions could lead to significant adjustments in the recorded fair value of the derivative liability associated with the Abaca acquisition's deferred consideration. These adjustments could materially impact the Company's financial position and results of operations, emphasizing the importance of the estimates and assumptions used in the valuation of this complex financial instrument. The Company closely monitors related developments and market conditions to ensure the derivative liability is accurately valued, providing transparency and reliability on the reporting date**.**

Emerging Growth Company Status

SHF is an emerging growth company ("EGC"), as defined in the JOBS Act. Under the JOBS Act, EGCs can delay adopting new or revised accounting standards issued until such time as those standards apply to private companies. In electing this relief, the JOBS Act does not preclude an EGC from adopting a new or revised accounting standard earlier than the time that such standard applies to private companies. SHF has elected to use this relief and will do so until the earlier of the date that it (a) is no longer an emerging growth company or (b) affirmatively and irrevocably opts out of the extended transition period provided in the JOBS Act. As a result of the elected JOBS Act relief, these combined and consolidated financial statements may not be comparable to companies that do not elect JOBS Act relief or choose to early adopt different accounting pronouncements than SHF.

Internal Control Over Financial Reporting

In connection with our management assessment of internal control over financial reporting as of and for the year ended December 31, 2023, the Company has identified three (3) material weaknesses within our internal controls associated with Revenue Recognition, Complex Financial Instrument and Credit losses. Refer to Item 9A of this document for additional details.

Related Party Relationships

Account Servicing Agreement

The Company had an Account Servicing Agreement with PCCU. SHF provides services as per the agreement to CRB accounts at PCCU. In addition to providing the services, SHF assumed the costs associated with the CRB accounts. These costs include employees to manage account onboarding, monitoring and compliance, rent and office expense, insurance and other operating expenses necessary to service these accounts. Under the agreement, PCCU agreed to pay SHF all revenue generated from CRB accounts. Amounts due to SHF were due monthly in arrears and upon receipt of invoice. This agreement was replaced and superseded in its entirety by Commercial Alliance Agreement entered on March 29, 2023, between PCCU and the Company.

Support Services Agreement

On July 1, 2021, SHF entered into a Support Services Agreement with PCCU. In connection with PCCU hosting the depository accounts and the related loans and providing certain infrastructure support, PCCU receives (and SHF pays) a monthly fee per depository account. In addition, 25% of any investment income associated with CRB deposits is paid to PCCU. This agreement was replaced and superseded in its entirety by Commercial Alliance Agreement entered on March 29, 2023, between PCCU and the Company.

Loan Servicing Agreement

Effective February 11, 2022, SHF entered into a Loan Servicing Agreement with PCCU. The agreement sets forth the application, underwriting and approval process for loans from PCCU to CRB customers and the loan servicing and monitoring responsibilities provided by both PCCU and SHF. PCCU

receives a monthly servicing fee at the annual rate of 0.25% of the then-outstanding principal balance of each loan funded and serviced by PCCU. For the loans that are subject to this agreement, SHF originates the loans and performs all compliance analysis, credit analysis of the potential borrower, due diligence and underwriting and all administration, including hiring and incurring the costs of all related personnel or third-party vendors necessary to perform these services. Under the Loan Servicing Agreement, SHF has agreed to indemnify PCCU from all claims related to default-related credit losses as defined in the Loan Servicing Agreement. This agreement was replaced and superseded in its entirety by Commercial Alliance Agreement entered on March 29, 2023, between PCCU and the Company.

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Commercial Alliance Agreement

On March 29, 2023, the Company and PCCU entered into the Commercial Alliance Agreement. This Agreement sets forth the terms and conditions of the lending and account-related services, governing the relationship between the Company and PCCU. The Commercial Alliance Agreement replaces and supersedes, in their entirety, the following agreements entered into between the aforementioned parties: the Amended and Restated Loan Servicing Agreement (the "Loan Servicing Agreement", dated September 21, 2022); the Second Amended and Restated Account Servicing Agreement ("the "Account Servicing Agreement," dated May 23, 2022, effective February 11, 2022) and the Second Amended and Restated Support Services Agreement (the "Support Agreement," dated May 23, 2022, effective February 11, 2022).

The Commercial Alliance Agreement sets forth the application, underwriting, loan approval, and foreclosure process for loans from PCCU to borrowers that are cannabis-related businesses and the loan servicing and monitoring responsibilities provided by the Company and PCCU. In particular, the Commercial Alliance Agreement provides for procedures to be followed upon the default of a loan to ensure that neither the Company nor PCCU will take title to or possession of any cannabis-related assets, including real property, that may be collateral for a loan funded by PCCU pursuant to the Commercial Alliance Agreement. Under the Commercial Alliance agreement, the PCCU has the right to receive monthly fees for managing loans. For SHF-serviced loans, which are CRB loans provided by the PCCU but primarily handled by SHF, a yearly fee of 0.25% of the remaining loan balance is applied. On the other hand, loans both financed and serviced by the PCCU are charged a yearly fee of 0.35% on their outstanding balance. These fees are calculated using the average daily balance of each loan for the preceding month. In addition, the Company's is obligated by the Commercial Alliance Agreement to indemnify PCCU from certain default-related loan losses (as fully defined in the Commercial Alliance Agreement).

In addition, the Commercial Alliance Agreement provides for certain fees to be paid to the Company for certain identified account related services to include: all cannabis-related income, including all lending-related income (such as loan origination fees, interest income on CRB-related loans, participation fees and servicing fees), investment income, interest income, account activity fees, processing fees, flat fees, and other revenue generated from cannabis and multi-state hemp accounts that are hosted on PCCU's core system for a monthly fee equal to $30.96 per account in 2022, $25.32-$27.85 per account in 2023, and $26.08-$28.69 in 2024. In addition, as it pertains to CRB deposits held at PCCU, investment and interest income earned on these deposits (excluding interest income on loans funded by PCCU) will be shared 25% to PCCU and 75% to the Company. Finally, under the Commercial Alliance Agreement, PCCU will continue to allow its ratio of CRB-related deposits to total assets to equal at least 60% unless otherwise dictated by regulatory, regulator or policy requirements. The initial term of the Commercial Alliance Agreement is for a period of two years, with a one-year automatic renewal unless a party provides one hundred twenty days' written notice prior to the end of the term.

In fiscal 2022 and up to the third quarter of 2023, our investment earnings were solely from interest on deposits at the Federal Reserve Bank, capped at the earnings accrued by PCCU from its reserves. However, a strategic shift in the fourth quarter of 2023 led us to adopt Federal Reserve's interest rates applied to the daily average balance of SHF customer deposits, with certain exclusions. This method, applied retroactively from the beginning of 2023, resulted in incremental revenue of $549,000 recognized in the fourth quarter. Under our Commercial Alliance Agreement, we are obligated to remit 25% of the investment hosting fees to PCCU based on this income.

The below schedule demonstrates the ratio of CRB related loans funded by PCCU to the relative lending limits at December 31, 2023 and December 31, 2022.

	December 31, 2023	December 31, 2022
CRB related deposits	$ 129,350,998	$ 161,138,975
Capacity at 60%	77,610,599	96,683,385
PCCU net worth	81,087,746	133,231,565
Capacity at 1.3125	106,670,306	174,866,429
Limiting capacity	77,610,599	174,866,429
PCCU loans funded	55,660,039	18,898,042
Amounts available under lines of credit	525,000	996,958
Incremental capacity	$ 21,425,560	$ 154,971,429

The revenue from operation on the statement of operations consists of the following agreement mentioned above for the year ended December 31, 2023, and December 31, 2022:

	Year ended December 31, 2023	Year ended December 31, 2022
Account Servicing Agreement	$ 3,075,458	$ 8,823,608
Commercial Alliance Agreement	10,761,245	-
Total	$ 13,836,703	$ 8,823,608

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The operating expense on the statement of operations consists of the following agreement mentioned above for the year ended December 31, 2023, and December 31, 2022:

	Year ended December 31, 2023	Year ended December 31, 2022
Support Services Agreement	$ 378,730	$ 775,259
Loan Servicing Agreement	11,929	26,088
Commercial Alliance Agreement	1,665,644	-
Total	$ 2,056,303	$ 801,347

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

The Company is a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and is not required to provide the information otherwise

required with respect to market risk.

Item 8. Financial Statements and Supplementary Data.

Consolidated Financial Statements Information

The consolidated financial statements information required by this item is contained under the section titled “Index to Consolidated Financial Statements” (and the consolidated financial statements and related notes referenced therein) included beginning on page F-1 of this Form 10-K.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). The Company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of our financial statements in accordance with GAAP. 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 internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Our management has identified three (3) material weaknesses, as described below. Each deficiency was concluded to be a “material weakness”, which is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements would not be prevented or detected on a timely basis. Based on these material weaknesses identified in the management evaluation of internal controls over financial reporting, management has concluded that our internal control over financial reporting was not effective as of December 31, 2023.

We do not expect that our disclosure controls and procedures will prevent all errors and all instances of fraud. Disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Further, the design of disclosure controls and procedures must reflect the fact that there are resource constraints, and the benefits must be considered relative to their costs. Because of the inherent limitations in all disclosure controls and procedures, no evaluation of disclosure controls and procedures can provide absolute assurance that we have detected all our control deficiencies and instances of fraud, if any. The design of disclosure controls and procedures also is based partly on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Management’s Report on Internal Control over Financial Reporting

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, to allow timely decisions regarding required disclosure.

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As required by Rules 13a-15 and 15d-15 under the Exchange Act, our Chief Executive Officer and Chief Financial Officer carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures. Based upon their evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective as of December 31, 2023 due to the material weaknesses described below. In light of these material weaknesses, we performed additional analysis as deemed necessary to ensure that our consolidated financial statements were prepared in accordance with U.S. generally accepted accounting principles. Accordingly, management believes that the financial statements included in this Annual Report on Form 10-K present fairly in all material respects our financial position, results of operations and cash flows for the periods presented.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company’s annual or interim financial statements will not be prevented or detected on a timely basis. We consider the following material weaknesses to be outstanding as of December 31, 2023:

Revenue Recognition: During fiscal year 2022 and 2023, the Company’s revenue was earned through certain related party contracts with PCCU that define contractually the revenue earned by the Company from PCCU for account servicing. The Company has identified a material weakness in our internal control over financial reporting related to the need to enhance the design and operating effectiveness of internal controls over the review of revenue recognition from allocations that occurs on a monthly basis between the Company and PCCU.

To remediate this material weakness, the Company has implemented a monthly process with enhanced management review controls to perform and review revenue recognition. The analysis and disclosures are assessed by senior management of the Company performing review of the documentation and disclosures.

Complex Financial Instruments: During fiscal year 2022 and 2023, the Company had a material weakness with regard to the ineffectiveness in management review controls of the accounting, disclosure and valuation of complex financial instruments (warrants, Forward Purchase Agreement, and stock-based compensation).

To remediate this material weakness, the Company has implemented a quarterly process with enhanced management review controls to perform and review complex financial instruments. The analysis and disclosures are assessed by senior management of the Company performing review of the documentation and disclosures.

Credit Losses: During the three months ending March 31, 2023, the Company identified a material weakness with regard to the initial implementation of CECL. This included initially not having supporting documentation of the model aligning to the calculations recorded, and incorrectly applying the modified retrospective adoption through the Consolidated Statements of Operations only, as opposed to the Consolidated Statements of Parent-Entity Net Investment and Stockholders’ Equity on January 1, 2023.

To remediate this material weakness, the Company enhanced the allowance model documentation during the period from June 30, 2023, through December 31, 2023, and has implemented a quarterly process with enhanced management review controls to perform and review CECL, however remediation requires ensuring these controls are effective over time. The analysis and disclosures are assessed by senior management of the Company performing review of the documentation and disclosures.

With the implementation of our remediation plans for each material weakness, we believe, in subsequent periods, these material weaknesses can be remediated.

We plan to continue to assess and improve our internal controls and procedures and to take further action as necessary or appropriate to address any other matters we identify.

Completion of remediation does not provide assurance that our remediation or other controls will continue to operate properly. A failure to maintain effective internal controls over financial reporting could result in errors in its financial statements that could require the Company to restate past financial statements, cause the Company to fail to meet its reporting obligations and cause investors to lose confidence in the Company's reported financial information, all of which could materially and adversely affect the Company.

Changes in Internal Control over Financial Reporting

Other than as noted above in the December 31, 2023 material weaknesses, there was no changes in our internal control over financial reporting that occurred during the fiscal year ended December 31, 2022 covered by this Report on Form 10-K that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not applicable.

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PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Certain information relating to the Executive Officers of the Company appears in Part I of this Form 10-K under the heading "Information about Our Executive Officers" and is incorporated by reference in this section.

The information required under this Item will be contained in the Company's Proxy Statement for the 2024 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the year ended December 31, 2023 (the "Proxy Statement") under the captions "Directors and Nominees," "Corporate Governance" and "Delinquent Section 16 (a) Reports," which information is incorporated by reference herein.

Code of Ethics

We have adopted a Code of Conduct and Ethics applicable to all officers, directors and employees. A copy of our Code of Conduct and Ethics is filed as an exhibit to this Annual Report on Form 10-K.

Item 11. Executive Compensation.

The information required under this Item will be contained in the Company's Proxy Statement under the caption "Compensation Committee Report," "Director Compensation," "Executive Compensation" and "Compensation Committee Interlocks and Insider Participation," which information is incorporated by reference herein.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information required under this Item will be contained in the Company's Proxy Statement under the caption "Security Ownership of Certain Beneficial Owners" and "Equity Compensation Plan Information," which information is incorporated by reference herein.

Item 13. Certain Relationships and Related Transactions and Director Independence.

The information required under this Item will be contained in the Company's Proxy Statement under the caption "Certain Relationships and Related Party Transactions" and "Corporate Governance," which information is incorporated by reference herein.

Item 14. Principal Accountant Fees and Services.

The information required under this Item will be contained in the Company's Proxy Statement under the caption "Ratification of the Appointment of Independent Registered Public Accounting Firm," which information is incorporated by reference herein.

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PART IV

Item 15. Exhibits and Financial Statement Schedules.

List of documents filed as part of this Annual Report on Form 10-K:

(1) Consolidated Financial Statements

The consolidated financial statements required by this item are contained under the section entitled "Index to Consolidated Financial Statements" (and the consolidated financial statements and related notes referenced therein) included beginning on page F-1 of this Annual Report on Form 10-K.

(2) Consolidated Financial Statements Schedules

All financial statement schedules are omitted because they are either not applicable, not required, or because the information required is included in the above referenced consolidated financial statements and notes thereto.

(3) List of Exhibits

The exhibit list in the Exhibit Index is incorporated herein by reference as the list of exhibits required as part of this Annual Report on Form 10-K.

EXHIBIT INDEX

The following exhibits are filed as part of, or incorporated by reference into, this Annual Report on Form 10-K.

No.	Description of Exhibit
1*	Form of Code of Ethics and Business Conduct
2.1 †	Unit Purchase Agreement dated February 11, 2022 (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on February 14, 2022).
2.2	First Amendment to Unit Purchase Agreement dated September 19, 2022 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on September 19, 2022).
2.3	Second Amendment to Unit Purchase Agreement dated September 22, 2022 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on September 23, 2022).
2.4	Third Amendment to Unit Purchase Agreement dated September 28, 2022 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on September 29, 2022).
2.5†	Agreement and Plan of Merger, dated October 29, 2022, by and among SHF Holdings, Inc., Merger Sub I, Merger Sub II, Rockview Digital Solutions, Inc. d/b/a Abaca and Dan Roda, solely in such individual's capacity as the representative of Abaca security holders (incorporated by reference to Exhibit 2.1 of the Company's Current Report on Form 8-K, filed on October 31, 2022).
2.6	Amendment to Agreement and Plan of Merger, dated November 11, 2022, by and among SHF Holdings, Inc., Merger Sub I, Merger Sub II, Rockview Digital Solutions, Inc. d/b/a Abaca and Dan Roda, solely in such individual's capacity as the representative of the Abaca security holders (incorporated by reference to Exhibit 2.1 of the Company's Current Report on Form 8-K, filed on November 15, 2022).
2.7	Second Amendment to Agreement and Plan of Merger, dated October 26, 2023, by and among SHF Holdings, Inc., Merger Sub I, Merger Sub II, Rockview Digital Solutions, Inc. d/b/a Abaca and Dan Roda, solely in such individual's capacity as the representative of the Abaca security holders (incorporated by reference to Exhibit 2.1 of the Company's Current Report on Form 8-K, filed on October 27, 2023).
3*	Amended and Restated - 2022 Equity Incentive Plan
3.1	Second Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K, filed on September 29, 2022).
3.2	Certificate of Designation (incorporated by reference to Exhibit 3.2 of the Company's Current Report on Form 8-K, filed on September 29, 2022).
4*	Form SHF Holdings, Inc. Stock Option Agreement
4.1	Warrant Agreement, dated June 23, 2021, between the Company and Continental Stock Transfer & Trust Company (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on June 25, 2021).
4.2	Registration Rights Agreement, dated March 29, 2023, by and between the Company and Partner Colorado Credit Union (incorporated by reference to Exhibit 2 of the Company's Quarterly Report on Form 10-Q, filed May 15, 2023).
4.3	Security Agreement, dated March 29, 2023, by and between the Company and Partner Colorado Credit Union (incorporated by reference to Exhibit 3 of the Company's Quarterly Report on Form 10-Q, filed May 15, 2023).
4.4	Senior Secured Promissory Note, dated March 29, 2023, by and between the Company and Partner Colorado Credit Union (incorporated by reference to Exhibit 4 of the Company's Quarterly Report on Form 10-Q, filed May 15, 2023)
4.5	Securities Issuance Agreement, dated March 29, 2023, by and among the Company and Partner Colorado Credit Union (incorporated by reference to Exhibit 5 of the Company's Quarterly Report on Form 10-Q, filed May 15, 2023).
4.5	Warrant Agreement, dated October 26, 2023, by and among the Company and Continental Stock Transfer & Trust Company (incorporated by reference to Exhibit 2.2 of the Company's Current Report on Form 8-K, filed on October 27, 2023).

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4.6*	Description of Registered Securities
5*	Form of SHF Holdings, Inc. Restricted Stock Unit Agreement
7*	By Laws
10.1	Letter Agreement, dated June 23, 2021, among the Company, its officers and directors and 5AK, LLC (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 25, 2021).
10.2 †	Registration Rights Agreement, dated June 23, 2021, by and among the Company and certain securityholders (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on June 25, 2021).
10.3	Form of Indemnity Agreement (incorporated by reference to Exhibit 10.7 to the Company's Registration Statement on Form S-1 filed on June 2, 2021).
10.4	Forward Purchase Agreement dated June 16, 2022 (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K, filed on June 17, 2022).
10.5	Registration Rights Agreement dated September 28, 2022 (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K, filed on October 4, 2022).
10.6†	Lock-Up Agreement dated September 28, 2022 (incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K, filed on October 4, 2022).
10.7	Non-Competition Agreement dated September 28, 2022 (incorporated by reference to Exhibit 10.3 of the Company's Current Report on Form 8-K, filed on October 4, 2022).
10.8†	Form of Amended and Restated Securities Purchase Agreement (incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K, filed on September 29, 2022).
10.9	SHF Holdings, Inc. 2022 Stock Incentive Plan (incorporated by reference to Exhibit 10.4 of the Company's Current Report on Form 8-K, filed on October 4, 2022).
10.10	Forbearance Agreement, dated as of October 27, 2022 by and between SHF Holdings, Inc., Partner Colorado Credit Union and Luminous Capital USA Inc. (incorporated by reference to Exhibit 99.1 of the Company's Current Report on Form 8-K, filed on November 1, 2022).
10.11	Form of Lock-Up Agreement (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K, filed on November 15, 2022).
10.12	Executive Employment Agreement, dated January 10, 2023, by and between the Company and Donnie Emmi (incorporated by reference to Exhibit 10.12 of the Company's Annual Report on Form 10-K, filed on April 14, 2023).
10.13	Executive Employment Agreement, dated January 10, 2023, by and between the Company and James H. Dennedy (incorporated by reference to Exhibit 10.13 of the Company's Annual Report on Form 10-K, filed on April 14, 2023).
10.14	Commercial Alliance Agreement, dated March 29, 2023, between the Company and Partner Colorado Credit Unit (incorporated by reference to Exhibit 1 of the Company's Quarterly Report on Form 10-Q, filed on May 15, 2023).
10.15	Executive Employment Agreement, dated August 16, 2023, by and between the Company and Tyler Beuerlein (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K, filed on August 22, 2023).
21.1*	Subsidiaries of the Registrant
23.1*	Consent of Marcum LLP, independent registered public accounting firm
31.1*	Certification of Principal Executive Officer Pursuant to Securities Exchange Act Rules 13a-14(a) and 15(d)-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

31.2*	Certification of Principal Financial Officer Pursuant to Securities Exchange Act Rules 13a-14(a) and 15(d)-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1**	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2**	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
97*	Clawback policy
101.INS*	Inline XBRL Instance Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Labels Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith.
** Furnished.
† Certain of the exhibits and schedules to this exhibit have been omitted in accordance with Regulation S-K Item 601(a)(5). The Company agrees to furnish supplementally a copy of all omitted exhibits and schedules to the SEC upon its request.

Item 16. Form 10-K Summary.

None.

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SIGNATURES

Pursuant to the requirements of Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SHF HOLDINGS INC.

Date: April 01, 2024

/s/ Sundie Seefried
Name: Sundie Seefried
Title: Chief Executive Officer
(Principal Executive Officer)

Date: April 01, 2024

/s/ James H. Dennedy
Name: James H. Dennedy
Title: Chief Financial Officer
(Principal Financial and Accounting Officer)

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

Signature	Title	Date
/s/ Sundie Seefried Sundie Seefried	Chief Executive Officer	April 01, 2024
/s/ James H. Dennedy James H. Dennedy	Chief Financial Officer	April 01, 2024
/s/ Jonathon F. Niehaus Jonathon F. Niehaus	Director	April 01, 2024
/s/ Douglas Fagan Douglas Fagan	Director	April 01, 2024
/s/ Jennifer Meyers Jennifer Meyers	Director	April 01, 2024
/s/ Jonathan Summers Jonathan Summers	Director	April 01, 2024
/s/ Karl Racine Karl Racine	Director	April 01, 2024
/s/ Richard Carleton Richard Carleton	Director	April 01, 2024
/s/ John Darwin John Darwin	Director	April 01, 2024

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INDEX TO CONSOLIDATED FINANCIAL STATEMENTS.

SHF HOLDINGS, INC. AND SUBSIDIARIES CONSOLIDATED FINANCIAL STATEMENTS

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors of
SHF Holdings, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of SHF Holdings, Inc. and subsidiaries (the "Company") as of December 31, 2023 and 2022, the related consolidated statements of operations, parent-entity net investment and stockholders' equity, and cash flows for each of the two years in the period ended December 31, 2023, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

Explanatory Paragraph – Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As more fully described in Note 2, the Company has a significant working capital deficiency, has incurred significant losses and needs to raise additional funds to meet its obligations and sustain its operations. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, the Company has changed its method of accounting for the recognition and measurement of credit losses as of January 1, 2023 due to the adoption of ASC Topic 326, *Financial Instruments – Credit Losses*.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Marcum LLP

Marcum LLP

We have served as the Company's auditor since 2022.

Hartford, Connecticut
April 1, 2024

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SHF Holdings, Inc.
CONSOLIDATED BALANCE SHEETS

	December 31, 2023	December 31, 2022
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 4,888,769	$ 8,390,195
Accounts receivable – trade	121,875	203,058
Accounts receivable – related party	2,095,320	1,231,727
Contract assets	-	21,170
Prepaid expenses – current portion	546,437	175,585
Accrued interest receivable	13,780	7,320
Short-term loans receivable, net	12,391	51,300

Other current assets		82,657		150,817
Total Current Assets	**$**	**7,761,229**	**$**	**10,231,172**
Long-term loans receivable, net		381,463		1,359,772
Property, plant and equipment, net		84,220		49,614
Operating lease right to use assets		859,861		1,016,198
Goodwill		6,058,000		19,266,276
Intangible assets, net		3,721,745		10,621,087
Deferred tax asset		43,829,019		51,593,302
Prepaid expenses – long term position		562,500		712,500
Forward purchase receivable		4,584,221		4,584,221
Security deposit		18,651		17,795
Total Assets	**$**	**67,860,909**	**$**	**99,451,937**
LIABILITIES AND PARENT-ENTITY NET INVESTMENT AND STOCKHOLDERS' EQUITY				
Current Liabilities:				
Accounts payable	$	217,392	$	2,654,489
Accounts payable-related party		577,315		5,078,042
Accrued expenses		1,008,987		1,473,411
Contract liabilities		21,922		996
Lease liabilities – current		132,546		20,124
Senior secured promissory note – current portion		3,006,991		-
Deferred consideration – current portion		2,889,792		14,359,822
Due to seller - current portion		-		25,973,017
Other current liabilities		41,639		11,291
Total Current Liabilities	**$**	**7,896,584**	**$**	**49,571,192**
Warrant liability		4,164,129		666,510
Deferred consideration – long term portion		810,000		2,747,592
Forward purchase derivative liability		7,309,580		7,309,580
Due to seller – long term portion		-		30,976,783
Senior secured promissory note—long term portion		11,004,175		-
Net deferred indemnified loan origination fees		63,275		109,081
Lease liabilities – long term		875,447		1,008,109
Deferred underwriter fee		-		1,450,500
Indemnity liability		1,382,408		499,465
Total Liabilities	**$**	**33,505,598**	**$**	**94,338,812**
Commitment and Contingencies (Note 15)				
Parent-Entity Net Investment and Stockholders' Equity				
Convertible preferred stock, $ .0001 par value, 1,250,000 shares authorized, 1,101 and 14,616 shares issued and outstanding on December 31, 2023, and December 31, 2022, respectively		-		1
Class A common stock, $ .0001 par value, 130,000,000 shares authorized, 54,563,372 and 23,732,889 issued and outstanding on December 31, 2023, and December 31, 2022, respectively		5,458		2,374
Additional paid in capital		105,919,674		44,806,031
Retained deficit		(71,569,821)		(39,695,281)
Total Parent-Entity Net Investment and Stockholders' Equity	$	34,355,311	$	5,113,125
Total Liabilities and Parent-Entity Net Investment and Stockholders' Equity	**$**	**67,860,909**	**$**	**99,451,937**

See accompanying notes to consolidated financial statements

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SHF Holdings, Inc.
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the year ended December 31,			
		2023		**2022**
Revenue	$	17,562,903	$	9,478,819
Operating Expenses				
Compensation and employee benefits	$	10,334,212	$	6,695,319
General and administrative expenses		6,568,662		2,390,539
Professional services		1,858,137		1,985,343
Rent expense		315,615		99,246
Provision for credit losses		290,857		506,212
Impairment of goodwill		13,208,276		-
Impairment of long-lived intangible assets		5,699,463		-
Total operating expenses	$	38,275,222	$	11,676,659
Operating loss		(20,712,319)		(2,197,840)
Other (income) expenses				
Interest expense		1,113,466		705,204
Change in fair value of warrant liability		1,853,920		(939,019)
Change in the fair value of deferred consideration		(4,570,157)		97,593
Change in fair value of forward purchase agreement		-		33,322,248
Change in fair value of forward purchase option derivative		-		8,997,110
Total other (income) expenses	$	(1,602,771)	$	42,183,136
Net loss income before income tax		(19,109,548)		(44,380,976)
Provision for income taxes	$	(1,829,701)	$	(9,252,893)
Net loss	$	(17,279,847)	$	(35,128,083)
Weighted average shares outstanding, basic		42,574,563		18,988,558
Basic net loss per share	$	(0.41)	$	(1.85)

Weighted average shares outstanding, diluted	42,574,563	18,988,558
Diluted net loss per share	$ (0.41)	$ (1.85)

See accompanying notes to consolidated financial statements

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SHF Holdings, Inc.
Consolidated Statements of Parent-Entity Net Investment and Stockholders' Equity

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	Preferred Stock		Class A Common Stock		Additional Paid-in	Parent-Entity Net	Retained	Total Shareholders'
	Shares	Amount	Shares	Amount	Capital	Investment	Earnings	Equity
Balance, December 31, 2021	**-**	**$ -**	**-**	**$ -**	**$ -**	$ 7,339,101	**$ -**	$ 7,339,101
Issuance of shares in connection with Business Combination and PIPE offering, net of issuance costs	20,450	2	18,715,912	1,872	29,327,087	(7,339,101)	-	21,989,860
Acquisition of Abaca	-	-	2,099,977	210	8,105,701	-	-	8,105,911
Conversion of PIPE Shares	(5,834)	(1)	2,917,000	292	2,916,709	-	(2,917,000)	-
Stock option conversion	-	-	-	-	2,806,336	-	-	2,806,336
Net loss	-	-	-	-	1,650,198	-	(36,778,281)	(35,128,083)
Balance, December 31, 2022	**14,616**	**$ 1**	**23,732,889**	**$ 2,374**	**$ 44,806,031**	**$ -**	**$39,695,281)**	**$ 5,113,125**
Cumulative effect from adoption of CECL	-	-	-	-	-	-	(581,318)	(581,318)
Issuance of shares to Abaca shareholders	-	-	5,835,822	585	4,084,491	-	-	4,085,076
Conversion of PIPE Shares	(13,515)	(1)	12,562,200	1,256	14,012,120	-	(14,013,375)	-
Restricted stock units	-	-	1,232,461	123	1,251,920	-	-	1,252,043
Stock compensation cost	-	-	-	-	2,459,324	-	-	2,459,324
PCCU Restructuring	-	-	11,200,000	1,120	38,405,288	-	-	38,406,408
Reversal of deferred underwriting cost	-	-	-	-	900,500	-	-	900,500
Net loss	-	-	-	-	-	-	(17,279,847)	(17,279,847)
Balance, December 31, 2023	**1,101**	**-**	**54,563,372**	**5,458**	**105,919,674**	**-**	**71,569,821)**	**34,355,311**

See accompanying notes to consolidated financial statements

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SHF Holdings, Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (17,279,847)	$ (35,128,083)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	1,373,707	189,274
Stock compensation expense	3,711,367	2,806,336
Net deferred indemnified loan origination fees	(45,806)	-
Interest expense	663,208	705,204
Lease Expense	136,097	-
Provision for credit loss	290,857	506,212
Impairment of goodwill	13,208,276	-
Impairment of long-lived intangible assets	5,699,463	-
Deferred tax credit	(1,829,700)	(9,252,893)
Change in fair value of warrant and forward purchase option derivative liabilities	1,853,920	41,380,339
Change in the fair value of deferred consideration	(4,570,157)	97,593
Changes in operating assets and liabilities:		
Accounts receivable - Trade	81,183	24,798
Accounts receivable – Related Party	(863,593)	(710,698)
Contract assets	21,170	(2,853)
Prepaid expenses	(220,852)	55,997
Forward purchase receivables	-	1,379,285
Accrued interest receivable	(6,460)	(236)
Deferred underwriting payable	(550,000)	(715,750)
Other current assets	68,160	(150,817)
Accounts payable	(2,515,443)	355,202
Accounts Payable – related party	386,660	(231,875)
Accrued expenses	(464,424)	402,767
Contract Liabilities	20,926	(7,337)

Security deposit	(856)	(5,085)
Net cash (used in)/provided by operating activities	$ (832,144)	$ 1,697,380
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Purchase of property and equipment	(208,434)	(17,318)
Change in loan receivable, net	-	161,569
Payment to Abaca Shareholder	(3,000,000)	-
Loan receivable repayment	1,027,986	-
Acquisition of Abaca	-	(3,041,680)
Net cash used in investing activities	$ (2,180,448)	$ (2,897,429)
CASH FLOWS USED IN FINANCING ACTIVITIES:		
Proceeds from reverse capitalization, net of transaction costs	-	4,094,339
Repayment of loans	(488,834)	-
Net cash (used in)/provided by financing activities	$ (488,834)	$ 4,094,339
Net (decrease)/increase in cash and cash equivalents	(3,501,426)	2,894,290
Cash and cash equivalents - beginning of period	8,390,195	5,495,905
Cash and cash equivalents - end of period	$ 4,888,769	$ 8,390,195
Supplemental disclosure of cash flow information		
Interest paid	$ 450,258	-
Non-cash transactions:		
Shares issued for the settlement of abaca acquisition	$ 4,085,076	$ 8,105,911
Operating lease right of use assets recognized	-	1,029,227
Operating lease liabilities recognized	-	1,022,380
Shares issued for the settlement of PCCU debt obligation	38,406,408	-
Cumulative effect from adoption of CECL	581,318	-
Reversal of deferred underwriting cost	900,500	-
Interest recognized on PCCU settlement	639,521	-

See accompanying notes to consolidated financial statements

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Note 1. Organization and Business Operations

Business Description

The Company originated as business operations conducted through Partner Colorado Credit Union (“PCCU”), which were transferred to SHF LLC (“SHF”), then an indirect wholly owned subsidiary of PCCU.

SHF Holdings, Inc. (the “Company”), formerly known as Northern Lights Acquisition Corp. (“NLIT”), acquired all of the outstanding membership interests of SHF in a transaction that closed on September 28, 2022 (the “Business Combination”). The Business Combination was consummated pursuant to a Unit Purchase Agreement dated February 11, 2022 (the “Business Combination Agreement”) among SHF, SHF Holding Co., LLC (the direct parent of SHF and a wholly owned subsidiary of PCCU), PCCU, NLIT, a special purpose acquisition company, and its sponsor, 5AK, LLC. Subsequent to the completion of the Business Combination, NLIT changed its name to “SHF Holdings, Inc.” We use the terms “we,” “us,” “our” and the “Company” to refer to the business and operations of SHF Holdings, Inc. following the closing of the Business Combination. (Refer to Note 3 to the Consolidated Financial Statements.)

SHF was formed by PCCU following the approval of the contribution of certain assets and operating activities associated with operations from both certain branches and Safe Harbor Services, a wholly-owned subsidiary of PCCU, to SHF Holding, Co., LLC. SHF Holding, Co., LLC then contributed the same assets and related operations to SHF, with PCCU’s investment in SHF maintained at the SHF Holding, Co., LLC level (the “reorganization”). The reorganization effectively occurred July 1, 2021. In conjunction with the reorganization, all of the employees engaged in the operations and certain PCCU employees were terminated from PCCU and hired as SHF employees. Collectively, Pre-Public Company, the relevant operations of the PCCU branches, and SHF, represent the “Carved-Out Operations.” After the reorganization, the entirety of the Carved-Out Operations were owned by SHF and Pre-Public Company was dissolved. In addition, effective July 1, 2021, SHF entered into an Account Servicing Agreement and Support Services Agreement with PCCU, which memorialized the operational relationship between SHF and PCCU and which were subsequently amended and restated and are discussed in Note 10 to the Consolidated Financial Statements.

On September 28, 2022, the parties consummated the Business Combination, resulting in NLIT acquiring all of the issued and outstanding membership interests of SHF upon exchange for an aggregate of $ 185,000,000 , consisting of (i) 11,386,139 shares of the Company’s Class A common stock with an aggregate value equal to $ 115,000,000 and (ii) $ 70,000,000 in cash, $ 56,949,801 of which will be paid on a deferred basis. At the closing, 1,831,683 shares of the Class A Common Stock were deposited with an escrow agent to be held in escrow for a period of 12 months following the closing date to satisfy potential indemnification claims of the parties. On December 31, 2023, the 12 month period has expired, and the Company is in discussion with the escrow agent for the release those shares. For more information about the Business Combination, refer to Note 3 to the Consolidated Financial Statements. As a result of the Business Combination, PCCU is the Company’s largest stockholder, owning 46.37 % of the Company’s outstanding Class A Common Stock.

The Business Combination Agreement was amended to provide for the deferral of a portion of the cash due to PCCU at the closing of the Business Combination. The purpose of this deferral was to provide the Company with additional cash to support its post-closing activities. Furthermore, PCCU also agreed to defer $ 3,143,388 , representing certain excess cash of SHF due to PCCU under the Business Combination Agreement, and the reimbursement of certain reimbursable expenses under the Business Combination Agreement.

On October 26, 2022, the Company, entered into a Forbearance Agreement (the “Forbearance Agreement”) with PCCU and Luminous Capital USA Inc. (“Luminous”), an affiliate of the sponsor of NLIT. Under the Forbearance Agreement, PCCU agreed to defer all payments owed by the Company pursuant to the Business Combination Agreement for a period of six months from the date of the Forbearance Agreement. On March 29, 2023, the Company and PCCU entered into a definitive transaction to settle and restructure the deferred obligations payable in connection with the business combination.

On March 29, 2023, the Company and PCCU entered into a definitive transaction to settle and restructure the deferred obligations, including $ 56,949,800 into a five-year Senior Secured Promissory Note (the “Note”) in the principal amount of $ 14,500,000 bearing interest at the rate of 4.25 %; a Security Agreement pursuant to which the Company will grant, as collateral for the Note, a first priority security interest in substantially all of the assets of the Company; and a Securities Issuance Agreement, pursuant to which the Company will issue 11,200,000 shares of the Company’s Class A Common

Stock to PCCU. The Company and PCCU also entered into the Commercial Alliance Agreement that sets forth the terms and conditions of the lending-related and account-related services governing the relationship between the Company and PCCU and supersedes the Loan Servicing Agreement, as well as the Amended and Restated Support Services Agreement and the Amended and Restated Account Servicing Agreement.

On October 31, 2022, the Company entered into an Agreement and Plan of Merger (the "Abaca Merger Agreement") by and among the Company, SHF Merger Sub I, a Delaware corporation and a direct wholly-owned subsidiary of the Company ("Merger Sub I"), SHF Merger Sub II, LLC, a Delaware limited liability company and a direct wholly-owned subsidiary of the Company ("Merger Sub II" and, together with Merger Sub I, the "Merger Subs"), Rockview Digital Solutions, Inc., a Delaware corporation, d/b/a Abaca ("Abaca") and Dan Roda, solely in such individual's capacity as the representative of the security holders of Abaca (the "Abaca Stockholders' Representative"). On November 11, 2022, the parties to the Abaca Merger Agreement entered into an amendment to the Abaca Merger Agreement to modify the number of shares of the Company's Class A Common Stock to be issued as consideration thereunder. On November 15, 2022, the parties consummated the transactions contemplated by the Abaca Merger Agreement, as amended. Pursuant to the Abaca Merger Agreement, as amended, (a) Merger Sub I merged with and into Abaca, with Abaca surviving as a direct wholly-owned subsidiary of the Company ("Merger I") and (b) immediately following the effective time of the Merger I, Abaca merged with and into Merger Sub II ("Merger II" and, collectively with Merger I, the "Mergers"), with Merger Sub II surviving Merger II as a direct wholly-owned subsidiary of the Company.

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Pursuant to the Abaca Merger Agreement, as amended, the Company acquired Abaca together with its proprietary financial technology platform in exchange for $ 30,000,000 , paid in a combination of cash and shares of the Company as follows: (a) cash consideration in an amount equal to (i) $ 9,000,000 ($ 3,000,000 was payable at the closing of the Mergers (the "Merger Closing"), with an additional $ 3,000,000 payable at each of the one-year and two-year anniversaries of the Merger Closing), (collectively, the "Cash Consideration"); and (b) 2,100,000 shares of Class A Common Stock at the Closing Date and $ 12,600,000 (minus an outstanding note balance of $ 500,000 , plus accrued interest) in shares of Class A Common Stock at the one-year anniversary of the Merger Closing based on a 10-day VWAP (collectively, the "Share Consideration"). Each of the Company, the Merger Subs, and Abaca provided customary representations, warranties and covenants in the Agreement. As on October 26, 2023, the Company and the Abaca stockholders entered into the second amendment to the Abaca merger agreement to redefine the deferred cash consideration payable and the deferred stock consideration payable on the one-year anniversary of the merger closing. (Refer to Note 4 to the Consolidated Financial Statements.)

The Company generates both interest income and fee income through providing a variety of services to financial institutions desiring to service the cannabis industry including, among other things, the origination, onboarding, and servicing of cannabis-related deposit business for and on behalf of those partner institutions; Bank Secrecy Act and other regulatory compliance and reporting related to these accounts; onboarding these accounts and responding to account and customer service inquiries; and sourcing, underwriting, and servicing, and administering loans issued to cannabis businesses and related entities. In addition to PCCU, the Company provides these similar services and outsourced support to other financial institutions providing banking to the cannabis industry. These services are provided to other financial institutions under the Safe Harbor Master Program Agreement.

Note 2. Basis of Presentation and Summary of Significant Accounting Policies

i. Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Material estimates that are particularly subject to change in the near term include the determination of the allowance for credit losses, indemnification liabilities, valuation and useful lives of intangibles and the fair value of financial instruments. Actual results could differ from the estimates.

ii. Basis of Presentation

The accompanying consolidated financial statements and related notes have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("GAAP") and include the accounts of the Company, and its wholly-owned subsidiaries. The consolidated financial statements reflect all adjustments that, in the opinion of management, are necessary for the fair presentation of the Company's results of operations and financial condition as of and for the periods presented. All intercompany balances and transactions have been eliminated in consolidation.

In this reporting period, we have adopted the Current Expected Credit Loss (CECL) accounting standard for the first time, marking a significant change in our accounting policy for the recognition of credit losses. This adoption necessitates the estimation and immediate recognition of expected credit losses over the lifetimes of our financial assets upon their origination or acquisition, which is a departure from the previous incurred loss approach. The accounting method was adopted with on a modified retrospectively basis, and the effects of this adoption were recorded as of January 1, 2023.

The Company has made certain immaterial reclassifications to the 2022 balance sheet and statements of operations to conform to the presentation of the 2023 balance sheet and statements of operations. These included reclassifications totaling $ 1,198,781 from accounts receivable-trade and $ 32,946 from accrued interest receivable into accounts receivable - related party, $ 196,968 from accounts payable and $ 4,881,074 from accrued expenses into accounts payable - related party, $ 109,081 of net deferred loan origination fees to liabilities, and reclassification of $ 97,593 from Interest expense into change in the fair value of deferred consideration. Corresponding adjustments have been made to the statement of cash flows and applicable notes to the consolidated financial statements.

iii. Liquidity and Going Concern

As of December 31, 2023, the Company had $ 4,888,769 cash and net working capital deficit of $ 135,355 . The Company has also incurred an operating loss of $ 20,712,319 for the year ended December 31, 2023, and cash flows used in operating activities of $ 832,144 .

Based upon these factors, management of the Company has determined that there is a risk of substantial doubt about the Company's ability to continue as a going concern for a period of at least twelve months from the date these consolidated financial statements have been issued.

If the Company is not able to sustain its present level of operations, it may be forced to make reductions in spending, extend payment terms with suppliers, liquidate assets where possible, or suspend or curtail planned expansion programs. Any of these actions could materially harm the Company's business, results of operations and future prospects.

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business, and do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or amounts and classification of liabilities that may result should the Company not continue as a going concern as a result of this uncertainty.

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iv. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, amounts due from financial institutions, and investments with maturities of three months or less.

v. Concentrations of Risk

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash. Cash balances are maintained substantially in accounts at PCCU which is insured by the National Credit Union Share Insurance Fund ("NCUSIF") up to regulatory limits. From time to time, cash balances may exceed the NCUSIF insurance limit. The Company has not experienced any credit losses associated with its cash balances in the past.

Currently the Company only services the cannabis industry. Cannabis remains illegal under federal law, and therefore, strict enforcement of federal laws regarding cannabis would likely result in our inability to execute our business plan.

Currently the Company substantially relies on PCCU to hold customer deposits and fund its originated loans. As of this time, majority of the Company's revenue is generated by deposits and loans hosted by PCCU pursuant to a master service agreement.

The Company had only one loan on its balance sheet as of December 31, 2023, which comprises 100 % of the total loan balance. The Company also indemnified twenty loans as of December 31, 2023; of which three of these indemnified loans were in excess of 10 % of the total balance.

vi. Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are recorded based on account fee schedules. While fees are generated from individual CRB related accounts, amounts are initially collected by the financial institutional partners and remitted in the subsequent month. Accounts receivable - related party represents amounts due from PCCU under related party contracts disclosed in Note 10. The Company maintains allowances for doubtful accounts for estimated losses as a result of a customers' inability to make required payments. The Company estimates anticipated losses from doubtful accounts based on days past due as measured from the contractual due date and historical collection history. The Company also takes into consideration changes in economic conditions that may not be reflected in historical trends, for example customers in bankruptcy, liquidation or reorganization. Receivables are written-off against the allowance for doubtful accounts when they are determined uncollectible. Such determination includes analysis and consideration of the particular conditions of the account, including time intervals since last collection, customer performance against agreed upon payment plans, solvency of customer and any bankruptcy proceedings.

At December 31, 2023 and December 31, 2022, there were no recorded allowances for doubtful accounts on accounts receivables.

vii. Loans Receivable

CRB Loans that significantly support the Company's operations are recognized as assets on the balance sheet. These loans, intended to be held either for the foreseeable future or until their maturity or full repayment, are recorded at their outstanding principal balance. This amount is adjusted for any credit loss allowances and net of any deferred loan origination fees and costs, as applicable, to reflect the net investment in these loans. The Company recognizes interest income on CRB Loans over the loan term using the simple-interest method based on outstanding principal amounts. This approach ensures a systematic recognition of income, aligning with the time value of money principle.

Interest income recognition is suspended when there is uncertainty regarding full loan repayment, such as in cases of loan impairment or when payments are overdue by ninety days or more. Loans under these conditions are placed on nonaccrual status. Any accrued interest not received by the time a loan is placed on nonaccrual is reversed from interest income. Subsequent interest payments on nonaccrual loans are recorded using either the cash basis or the cost recovery method until the loan meets the criteria for reclassification to accrual status.

Loans are returned to accrual status when they become current (less than ninety days past due) and when there is reasonable assurance of future payment compliance, evidenced by the full satisfaction of both principal and interest payments due.

Loans are assessed individually for potential charge-off, which typically occurs at the point of foreclosure. Charge-offs are executed to reflect the realizable value of loans that are deemed uncollectible.

The determination of a loan's past-due status is based on its contractual repayment terms. Loans are either placed on nonaccrual status or charged-off ahead of their contractual delinquency dates if the collection of principal and interest is deemed doubtful, ceasing the recognition of interest income on such loans.

viii. Allowance for Credit Losses (ACL)

On January 1, 2023, the Company adopted Accounting Standards Codification Topic 326 – Financial Instruments – Credit Losses (ASC Topic 326), which replaced the incurred loss methodology for estimated probable credit losses with an expected credit loss methodology that is referred to as the current expected credit loss ("CECL") methodology.

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The ACL is a valuation account that is deducted from the amortized cost basis of financial assets carried at their amortized cost, including loans held for investment, to present the net amount that is expected to be collected throughout the life of the financial asset. The estimated ACL is recorded through a provision for credit losses charged against operations. Management periodically evaluates the adequacy of the ACL to maintain it at a level it believes to be reasonable. The Company uses the same methods used to determine the ACL to assess any reserves needed for off-balance sheet credit risks such as unfunded loan commitments including Indemnified loans to PCCU. These reserves for off-balance sheet credit risks are presented in the liabilities section in the consolidated balance sheets as an "Indemnity liability."

The ACL consists of two components: an asset-specific component for estimating credit losses for individual loans that do not share similar risk characteristics with other loans; and a pooled component for estimating credit losses for pools of loans that share similar risk characteristics. The ACL for the pooled component is derived from an estimate of expected credit losses primarily using an expected loss methodology that incorporates risk parameters such as probability of default ("PD") and loss given default ("LGD") which are derived from internally developed model estimation approaches for smaller homogenous loans.

The PD is quantified by analyzing historical data to determine the rate at which loans have defaulted within the portfolio, relative to the total outstanding loans as of the end of the reporting period. This rate is expressed as a percentage and serves as a key indicator of the likelihood of default across the loan pool. LGD assessments are conducted to estimate the potential loss amount in the event of a default, considering the recoverable value from the collateral liquidation against the remaining loan balance. This involves a detailed analysis of two primary components: the loss on principal, which arises from the gap between the collateral's liquidation value and the unpaid principal balance of the loan; and the loss associated with various ancillary costs to recover, including, but not limited to, foregone interest, transaction costs, legal and administrative fees, and expenses related to the maintenance and renovation of the property. The Company considers relevant current conditions and reasonable and supportable forecasts that relate to its lending

practices and environment and the specific borrower and determines that the significant factor affecting the loan's performance is the fact that these borrowers are involved in the cannabis business. Despite being legal at the state level in certain jurisdictions, cannabis remains federally illegal in the United States as of the date of this filing. As cannabis related lending is a new practice in the United States, there is very little historical or industry data on which to base a loss forecast. Therefore, significant judgement is required in creating a reasonable loss estimate, using similar non-MRB loans as a baseline and adjusting for the inherent risks in the cannabis industry. While the Company considers other qualitative factors, including national macroeconomic conditions, in its overall risk analysis, it has determined that they are not significant inputs to the overall loss estimate calculations.

The ACL estimation process also applies an economic forecast scenario, or a composite of scenarios based on management's judgment and expectations around the current and future macroeconomic outlook. Expected credit losses are estimated over the contractual term of the loans, adjusted for expected prepayments when appropriate. The contractual term of a loan excludes expected extensions, renewals, and modification under certain conditions.

Recoveries on loans represent collections received on amounts that were previously charged off against the ACL. Recoveries are credited to the ACL when received, to the extent of the amount previously charged off against the ACL on the related loan. Any amounts collected in excess of this limit are first recognized as interest income, then as a reduction of collection costs, and then as other income.

ix. Allowance for Loan Losses (ALL)

Prior to the adoption of CECL on January 1, 2023, the Company recognized an allowance for loan losses is a valuation allowance for probable incurred credit losses, increased by the provision for loan losses and decreased by charge-offs less recoveries. Management estimates the required allowance for loan losses balance using past loan loss experience, known and inherent risks in the nature and volume of the portfolio, information about specific borrower situations and estimated collateral values, economic conditions, and other factors. Allocations of the allowance for loan losses may be made for specific loans, but the entire allowance is available for any loan that, in management's judgment, should be charged-off.

The allowance for loan losses consists of specific and general components. The specific component relates to loans that are individually classified as impaired or loans otherwise classified as substandard or doubtful. The general component covers non-classified loans and is based on historical loss experience adjusted for current factors.

Due to the nature of uncertainties related to any estimation process, management's estimate of loan losses inherent in the loan portfolio may change in the near term. However, the amount of the change that is reasonably possible cannot be estimated.

A loan is considered impaired when, based on current information and events, full payment under the loan terms is not expected. Impairment is generally evaluated in total for smaller-balance loans of similar nature such as commercial lines of credit but may be evaluated on an individual loan basis if deemed necessary. If a loan is impaired, a portion of the allowance is allocated so that the loan is reported, net, at the present value of estimated future cash flows using the loan's existing rate or at the fair value of collateral if repayment is expected solely from the collateral.

The loans SHF originates are secured by various types of assets of the borrowers, including real property and certain personal property, including value associated with other assets to the extent permitted by applicable laws and the regulations governing the borrowers. The documents governing the loans also include a variety of provisions intended to provide remedies against the value associated with licenses. Collection procedures are designed to ensure that neither SHF nor its financial institution clients who provide funding for a loan, nor a third-party agent engaged to assist with the liquidation or foreclosure process, will take possession of cannabis inventory, cannabis paraphernalia, or other cannabis-related assets, nor will they take title to real estate used in cannabis-related businesses. Upon default of a loan, a third-party agent will be engaged to work with the borrower to have the borrower sell collateral securing the loan to a third party or to institute a foreclosure proceeding to have such collateral sold to generate funds towards the payoff of the loan. Applicable regulations under state law that govern CRBs generally do not permit the taking of title to real estate involved in commercial sales of cannabis, whether through foreclosure or otherwise, without prior regulatory approval. The sale of a license or other realization of the value of licenses also requires the approval of state and local regulatory authorities. A defaulted loan may also be sold if such a sale would yield higher proceeds or that a sale could be accomplished more quickly than a foreclosure proceeding while yielding proceeds comparable to what would be expected from a foreclosure sale. Such sale of the loan would be conducted through a third-party administrative agent. However, SHF can provide no assurances that a sale of such loans would be possible or that the sales price of such loans would be sufficient to recover the outstanding principal balance, accrued interest, and fees.

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x. Net Deferred Loan Origination Fees and Cost

When included with a new loan origination, the Company receives loan origination fees in conjunction with new loans funded and any indemnified liabilities which are not recorded on the balance sheet from the Company financial institution partners. Where applicable, the loan origination fee is netted with loan origination costs associated with originating a specific loan. These loan origination costs are typically incremental direct costs (non-reimbursed) paid to third parties. Net loan origination fees are initially deferred and presented net of loans receivable asset for portfolio loans, or as a separate liability for indemnified loans, and recognized as interest income utilizing the interest method.

xi. Indemnity Liability

Under the Loan Servicing Agreement and Commercial Alliance Agreement with PCCU, the Company had agreed to indemnify PCCU from all claims related to Company's cannabis-related business, including but not limited to default-related credit losses as defined in the Loan Servicing Agreement. The indemnification component of the Loan Servicing Agreement and the Commercial Alliance Agreement (refer to Note 10 to the consolidated financial statements) is accounted for in accordance with accounting standards codification ("*ASC") 460 Guarantees*. In determining the applicability of ASC 460, the Company considered that the agreement outlines a broad indemnification of all claims related to the cannabis-related business. The most immediate and potentially significant of these are potential default-related credit losses. In the lending industry, it is inherently anticipated future credit losses will result from currently issued debt. The Company's indemnity obligation is subordinate to PCCU's and other financial institution clients' other means of collecting on the loans including foreclosure of the collateral, recourse against personal and/or corporate guarantors and other default remedies available in the loan agreements. Since borrowers are not party to the agreement between Company and PCCU, any indemnity payments do not relieve borrowers of their obligation to PCCU nor would such payments preclude PCCU's right to future recoveries from the debtor. Therefore, as defined in ASC 460, the indemnification clause represents a general loss contingency in that it is an existing condition, situation or set of circumstances involving uncertainty as to possible loss to the Company that will ultimately be resolved when one or more future events occur or fail to occur. SHF's indemnity liability reflects SHF management's estimate of probable credit losses inherent under the agreement at the balance sheet date. The liability is measured and recognized in accordance with our accounting polices for ACL and ALL.

In addition to default-related credit losses, the Company continuously monitors all other circumstances pursuant to the agreement and identifies events that may necessitate a loss contingency under the Loan Servicing Agreement. A loss contingency is reported when it is both probable that a future event will confirm that a loss had been incurred on or before the related balance sheet date and the loss is reasonably estimable.

xii. Property and Equipment, net

Property and equipment are recorded at historical cost, net of accumulated depreciation. Depreciation is provided over the assets' useful lives on a

straight-line basis 3 - 5 years for equipment and furniture and fixtures. Repairs and maintenance costs are expensed as incurred.

Management periodically assesses the estimated useful life over which assets are depreciated or amortized. If the analysis warrants a change in the estimated useful life of property and equipment, management will reduce the estimated useful life and depreciate or amortize the carrying value prospectively over the shorter remaining useful life.

The carrying amounts of assets sold or retired and the related accumulated depreciation are eliminated in the period of disposal and the resulting gains and losses are included in the results of operations during the same period.

The Company capitalize certain costs related to software developed for internal-use, primarily associated with the ongoing development and enhancement of our technology platform. Costs incurred in the preliminary development and post-development stages are expensed. These costs are amortized on a straight-line basis over the estimated useful life of the related asset, generally five years.

xiii. Right of Use Assets and Lease Liability

The Company has entered into lease agreements for a certain facility and certain items of equipment, which provide the right to use the underlying asset and require lease payments over the term of the lease. At inception of the lease agreement, the Company assesses whether the agreement conveys the right to control the use of an identified asset for a period in exchange for consideration, in which case it is classified as a lease. Each lease is further analyzed to check whether it meets the classification criteria of a finance or operating lease. All identified leases are recorded on the consolidated balance sheet with a corresponding lease right-of-use asset, net, representing the right to use the underlying asset for the lease term and the operating lease liabilities representing the obligation to make lease payments arising from the lease. The Company has elected not to recognize lease assets and lease liabilities for short-term leases (leases with a term of 12 months or less) and leases of low-value assets. Lease right-of-use assets, net and lease liabilities are recognized at the commencement date of the lease based on the present value of lease payments over the lease term and include options to extend or terminate the lease when they are reasonably certain to be exercised. The present value of lease payments is determined primarily using the incremental borrowing rate based on the information available as of the lease commencement date.

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Lease expense for operating leases is recorded on a straight-line basis over the lease term and variable lease costs are recorded as incurred. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants. Finance lease interest expense is recognized based on an effective interest method and depreciation of assets is recorded on a straight-line basis over the shorter of the lease term and useful life of the asset. Both operating and finance lease right of use assets are reviewed for impairment, consistent with other finite lived assets, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. After a right of use asset is impaired, any remaining balance of the asset is amortized on a straight-line basis over the shorter of the remaining lease term or the estimated useful life.

xiv. Goodwill and Other Intangible Assets

The Company's methodology for allocating the purchase price of an acquisition is based on established valuation techniques that reflect the consideration of a number of factors, including a valuation performed by a third-party appraiser. Goodwill is measured as the excess of the cost of an acquired business over the fair value assigned to identifiable assets acquired and liabilities assumed.

Goodwill is tested for impairment at least annually, unless any events or circumstances indicate it is more likely than not that the fair value of the goodwill is less than its carrying value. The Company previously had elected to test goodwill for impairment as of November 15th annually, which was one year from the date of the Abaca acquisition. During the year ended December 31, 2023 the Company elected to change this accounting policy to measure goodwill impairment on December 31st (see Note 2 (xxv) for additional information on this accounting policy change).

Goodwill is considered impaired when the estimated fair value of the reporting unit that was allocated the goodwill is less than its carrying value. If the estimated fair value of such reporting unit is less than its carrying value, goodwill impairment is recognized based on that difference, not to exceed the carrying amount of goodwill. A reporting unit is an operating segment or a component of an operating segment provided that the component constitutes a business for which discrete financial information is available and management regularly reviews the operating results of that component.

Finite-lived intangible assets are amortized over their estimated useful life, which is the period over which the assets are expected to contribute directly or indirectly to the future cash flows of the Company. Intangible assets should be tested for impairment at the time of a triggering event, if one were to occur. Finite-lived intangible assets may be impaired when the estimated undiscounted future cash flows generated from the assets are less than their carrying amounts.

xv. Stock-based Compensation

The Company measures all equity-based payment arrangements to employees and directors in accordance with ASC 718, Compensation–Stock Compensation. The Company's stock-based compensation cost is measured based on the fair value at the grant date of the stock-based award. It is recognized as expense on a straight-line basis over the requisite service period for the entire award. Forfeitures are recognized as they occur. The Company estimates the fair value of each stock-based award on its measurement date using either the current market price of the stock or Black-Scholes option valuation model, whichever is most appropriate. The Black-Scholes valuation model incorporates assumptions such as expected term of the instrument, volatility of the Company's future share price, risk free rates, future dividend yields and estimated forfeitures at the initial grant date, by reference to the underlying terms of the instrument, and the Company's experience with similar instruments. Changes in assumptions used to estimate fair value could result in materially different results.

The shares of the Company have been listed on the Nasdaq stock exchange for a limited period of the time and also the stock price has dropped significantly from the date of listing, based on which the Company has considered the expected volatility at 100 % for the purpose of stock compensation. The risk-free interest rates are based on quoted U.S. Treasury rates for securities with maturities approximating the awards' expected lives. The expected term of the options granted is calculated based on the simplified method by taking average of contractual term and vesting period the awards. The expected dividend yield is zero as the Company has never paid dividends and does not currently anticipate paying any in the foreseeable future.

xvi. Fair Value Measurements

The Company utilizes the fair value hierarchy to apply fair value measurements. The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair values that are either observable or unobservable. Observable inputs reflect assumptions market participants would use in pricing an asset or liability based on market data obtained from independent sources, while unobservable inputs reflect a reporting entity's pricing based upon its own market assumptions. The basis for fair value measurements for each level within the hierarchy is described below:

Level 1 — Quoted prices for identical assets or liabilities in active markets.

Level 2 — Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; or model-derived valuations whose inputs are observable or whose significant value drivers are observable.

Level 3 —Valuations derived from valuation techniques in which one or more significant inputs to the valuation model are unobservable.

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xvii. Revenue Recognition

SHF recognizes revenue in accordance with ASC Topic 606, Revenue from Contracts with Customers ("ASC 606"). The core principle of ASC 606 requires that an entity recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which SHF expects to be entitled in exchange for those goods or services. ASC 606 defines a five-step process to achieve this core principle including identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation.

Revenue is recorded at a point in time when the performance obligation is satisfied, and no contingencies exist. Revenue consists primarily of fees earned on deposit accounts held at PCCU but serviced by SHF such as bank account charges, onboarding income, account activity fee income and other miscellaneous fees. Under the terms of the Loan Servicing Agreement and the Commercial Alliance Agreement, the Company is responsible for covering account hosting costs associated with the fees generated from deposits held at PCCU. These costs are classified as "General and Administrative Expenses" in the Consolidated Statements of Operations.

In addition, SHF recognizes revenue from the Master Program Agreement. The Master Program Agreement is a non-exclusive and non-transferable right to implement and utilize the Safe Harbor Program. The Safe Harbor Program has two performance obligations; an implementation fee recognized when the contract is effective and a service fee recognized ratable over the contract term as the compliance program is executed.

SHF recognizes revenue from interest on loans and investment income distributed by PCCU, which is determined by particular customer account balances. As per the Loan Servicing Agreement and the Commercial Alliance Agreement, SHF bears the expenses for hosting investments and servicing loans related to this interest and investment income. These expenses are allocated to "General and Administrative Expenses" in the Consolidated Statements of Operations.

Amounts received in advance of the service being provided is recorded as a liability under deferred revenue on the consolidated balance sheets. Typical Safe Harbor Program contracts are three-year contracts with amounts due monthly, quarterly or annually based on contract terms.

Customers consist of financial institutions providing services to CRBs. Revenues are concentrated in the United States of America.

xviii. Contract Assets / Contract Liabilities

A contract asset is the Company's right to consideration in exchange for goods or services that the Company has transferred to a customer. Conversely, the Company recognizes a contract liability if the customer's payment of consideration precedes the reporting entity's performance.

As of December 31, 2023, the Company reported contract assets and contract liabilities of $ 0 and $ 21,922 , respectively, from contracts with customers. As of December 31, 2022, the Company reported a contract asset and liability of $ 21,170 and $ 996 , respectively.

xix. Warrants Liability

The Company has evaluated each of the warrant arrangements separately in accordance with ASC 480 and 815, to determine classification as either equity instruments or liabilities based on the specific terms and features of each warrant. Warrants are recognized as equity if they are indexed to our own stock and meet the equity classification criteria in ASC 815-40. These warrants are recorded within stockholders' equity at their issuance date and are not subsequently remeasured at fair value. Conversely, warrants that do not meet the criteria for equity classification under ASC 815-40 are classified as liabilities. Such warrants are initially recorded at fair value on the issuance date and are subject to remeasurement at each balance sheet date thereafter. Any changes in fair value are recognized in the statement of operations. None of our warrant contracts met criteria to be considered indexed to their own stock, as a result, have each been accounted for as a liability financial instrument. The fair value of warrants classified as liabilities is determined using appropriate valuation models, such as the Black-Scholes model, which incorporates various inputs, including the current stock price, expected volatility, risk-free interest rate, and the expected term of the warrants.

xix. Deferred consideration

In line with ASC Topic 815, "Derivatives and Hedging" ("ASC 815"), the Company treats the deferred consideration from the Abaca acquisition as a derivative liability, since it does not fulfill the equity classification criteria. As a result, this obligation is recognized as a liability on the balance sheet at fair value and is adjusted to reflect its fair value at the end of each reporting period. The liability will be reassessed at fair value on every balance sheet date until the obligation's term concludes. Fluctuations in its fair value are recorded in the consolidated statements of operations.

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xx. Forward purchase derivative

The Company accounts for the forward purchase derivative assumed in the business combination in accordance with the guidance contained in ASC Topic 815 The Company classifies the forward purchase derivative as an asset or liability carried at fair value and adjusts the forward purchase derivative to fair value at each reporting period. This derivative asset or liability is subject to re-measurement at each balance sheet date until the conditions under the forward purchase agreement are exercised or expire, and any change in fair value is recognized in the consolidated statement of operations. On December 31, 2022, a Monte-Carlo Simulation within a risk-neutral framework was used to estimate the forward purchase derivative's fair value, assuming Geometric Brownian Motion for future stock prices. Values from each simulation path were determined per contractual terms and discounted by a matching risk-free rate. In 2023, no FPA holder sales occurred, and no significant risk factor changes affecting FPA derivative values were noted. Consequently, management retained the December 31, 2022 valuation for year-end 2023.

xxi. Earnings Per Share

Basic and diluted earnings per share are computed and disclosed in accordance with ASC Topic 260, Earnings Per Share. The Company utilizes the two-class method to compute earnings available to common shareholders. Under the two-class method, earnings are adjusted by accretion amounts to redeemable noncontrolling interests recorded at redemption value. The adjustments represent dividend distributions, in substance, to the noncontrolling interest holder as the holders have contractual rights to receive an amount upon redemption other than the fair value of the applicable shares. As a result, earnings are adjusted to reflect this in substance distribution that is different from other common shareholders. In addition, the Company allocates net earnings to each class of common stock and participating security as if all of the net earnings for the period had been distributed. The Company's participating securities consist of share-based payment awards that contain a non-forfeitable right to receive dividends and therefore are considered to participate in undistributed earnings with common shareholders (Refer to Note 16). Basic earnings per common share excludes dilution and is calculated by dividing net earnings allocated to common shares by the weighted-average number of common shares outstanding for the period. Diluted earnings per

common share is calculated by dividing net earnings allocable to common shares by the weighted-average number of common shares outstanding for the period, as adjusted for the potential dilutive effect of non-participating share-based awards.

xxii. Income Tax

Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are adjusted through the provision for income taxes as changes in tax laws or rates are enacted.

Prior to the merger, the Company was a pass-through entity for tax purposes, in which PCCU was exempt from most federal, state, and local taxes under the provisions of the Internal Revenue Code and state tax laws, except for being subject to unrelated business income tax. Effective September 28, 2022, the Company became subject to income taxes as a Corporation and complies with the accounting and reporting requirements of ASC Topic 740, which requires an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed for differences between the financial statement and tax bases of assets and liabilities that will result in future taxable or deductible amounts, based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

ASC 740-270-25-2 requires that an annual effective tax rate be determined and such annual effective rate applied to year to date income in interim periods. If management is unable to estimate a portion of its ordinary income, but is otherwise able to reliably estimate the remainder, ASC 740-270-25-3 provides that the tax applicable to that item be reported in the interim period in which the item occurs. The tax (or benefit) related to ordinary income (or loss) shall be computed at an estimated annual effective tax rate and the tax (or benefit) related to all other items shall be individually computed and recognized when the items occur. Management is unable to estimate a portion of its ordinary income and as a result had computed the company's tax provision in accordance with ASC 740-270-25-3.

ASC Topic 740 also prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. The Company recognizes accrued interest and penalties related to unrecognized tax benefits, if any, as income tax expense. There were no unrecognized tax benefits and no amounts accrued for interest and penalties as of December 31, 2023 and December 31, 2022. The Company is currently not aware of any issues under review that could result in significant payments, accruals or material deviation from its position.

xxiii. Offering Costs

Offering costs consisted of legal, accounting, underwriting fees and other costs incurred that were directly related to the PIPE offering. Offering costs are allocated to the separable financial instruments issued based on a relative fair value basis, compared to total proceeds received. Offering costs associated with warrant liabilities are expensed as incurred, presented as offering costs allocated to warrants in the statements of operations. Offering costs associated with the Public Shares were charged to Parent-Entity Net Investment and Stockholders' Equity upon the completion of the Initial Public Offering.

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xxiv. Recently Issued Accounting Standards

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board, or FASB, or other standard setting bodies and adopted by the Company as of the specified effective date. Unless otherwise discussed, the impact of recently issued standards that are not yet effective are not expected to have a material impact on the Company's financial position or results of operations upon adoption.

Adopted Standards

Simplifying the impairment test for Intangibles-Goodwill and Other

In January 2017, the FASB issued ASU 2017-04, Intangibles—Goodwill and Other (Topic 350)—Simplifying the Test for Goodwill Impairment ("ASU 2017-04"). ASU 2017-04 simplifies the accounting for goodwill impairments by eliminating the requirement to compare the implied fair value of goodwill with its carrying amount as part of step two of the goodwill impairment test referenced in Accounting Standards Codification ("ASC") 350, Intangibles – Goodwill and Other ("ASC 350"). As a result, an entity should perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. An impairment charge should be recognized for the amount by which the carrying amount exceeds the reporting unit's fair value. However, the impairment loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. ASU 2017-04, as amended, is effective for annual reporting periods beginning after December 15, 2019, for SEC filers, excluding entities eligible to be smaller reporting companies (for whom the effective periods begin after December 15, 2022), including any interim impairment tests within those annual periods, with early application permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The Company adopted ASU 2017-04 on January 1, 2023, with no material impact; however, the standard was applied to the impairment analyses noted in Note 5 of the financial statements below.

Current Expected Credit Losses

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments — Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which introduces a model based on expected losses to estimate credit losses for most financial assets and certain other instruments. In November 2019, the FASB issued ASU No. 2019-10 Financial Instruments — Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842). The update allows the extension of the initial effective date for entities which have not yet adopted ASU No. 2016-02. The standard is effective for annual reporting periods beginning after December 15, 2022 for private companies and SEC filers classified as smaller reporting entities, with early adoption permitted. Entities apply the standard's provisions by recording a cumulative effect adjustment to retained deficit. The Company has adopted ASU 2016-13 as of January 1, 2023, utilizing the modified retrospective method.

CECL Transition Impact: The table below provides details on the transition impacts of adopting CECL. Other balance sheet lines not presented were not affected by CECL.

Assets	December 31, 2022	Transition Adjustment	January 1, 2023
Loans receivable, gross	$ 1,432,560	$ -	$ 1,432,560
Less: Allowance for credit loss	(21,488)	(14,980)	(36,468)
	$ 14,11,072	**$ (14,980)**	**$ 1,396,092**

Liabilities & Equity	December 31, 2022	Transition Adjustment	January 1, 2023
Indemnity liability	$ 499,465	$ 566,338	$ 1,065,803

Retained deficit	(39,695,281)	(581,318)	(40,276,599)
	$ (39,195,816)	**$ (14,980)**	**$ (39,210,796)**

Lease Accounting

FASB ASU 2016-02, Leases, ("ASC 842") and related amendments, require lessees to recognize a right-of-use asset and a lease liability for substantially all leases and to disclose key information about leasing arrangements and aligns certain underlying principles of the lessor model with the revenue standard. The Company adopted this guidance during fiscal year 2022 using the optional transition method, which allows entities to apply the guidance at the adoption date and recognize a cumulative effect adjustment to the opening balance of retained earnings, if any, in the period of adoption with no restatement of comparative periods. At January 1, 2022 adoption date, there were no leases outstanding that met criteria for recognition. The Company has since recognized any leases in accordance with ASC 842 by recording right-of-use assets and operating lease liabilities on the consolidated balance sheets.

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Troubled Debt Restructurings and Vintage Disclosures

This Accounting Standard Update (ASU 2022-02) eliminates the recognition and measurement guidance on troubled debt restructurings for creditors that have adopted ASC 326 and requires them to make enhanced disclosures about loan modifications for borrowers experiencing financial difficulty. The new guidance also requires public business entities to present current period gross write-offs (on a current year-to-date basis for interim-period disclosures) by year of origination in their vintage disclosures. For entities that have adopted ASU 2016-13, this ASU is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The Company did not adopt ASU 2022-02 as of December 31, 2022; however, it has adopted this standard as of January 1, 2023 and the ASU has not had a material impact on the Company's consolidated financial statements.

Standards Pending to be Adopted

Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions

This Accounting Standard Update (ASU 2022-03) clarifies that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, is not considered when measuring fair value. Recognizing a contractual restriction on the sale of an equity security as a separate unit of account is not permitted. This ASU is effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. The Company does not expect this ASU to have a material impact on its consolidated financial statements.

Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848

This Accounting Standard Update (ASU 2022-06) defers the Sunset Date of ASC Topic 848, Reference Rate Reform (Topic 848), which provides temporary optional relief in accounting for the impact of Reference Rate Reform. This ASU is effective upon issuance (December 21, 2022) and generally can be applied through December 31, 2024. The Company does not expect this ASU to have a material impact on its consolidated financial statements.

Investments-Equity Method and Joint Ventures

In March 2023, the FASB issued ASU 2023-02, Investments-Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Tax Credit Structures using the Proportional Amortization Method. The FASB issued final guidance allowing entities to apply the proportional amortization method to equity investments in all tax credit programs that meet the conditions in ASC 323-740, rather than just investments in qualified affordable projects that generate low income housing tax credits, as was required under the legacy guidance. The guidance is effective for public business entities for fiscal years beginning after December 15, 2023 and interim periods within those fiscal years. The Company is evaluating the impact of this update on its consolidated financial statements.

Business Combinations-Joint Venture Formations

In August 2023, the FASB issued 2023-05, Business Combinations-Joint Venture Formations (Subtopic 805-60); Recognition and Initial Measurement. This ASU contains guidance requiring certain joint ventures to apply a new basis of accounting upon formation by recognizing and initially measuring most of their assets and liabilities at fair value. This guidance is effective for all joint venture formations with a formation date on or after January 1, 2025. Early adoption is permitted. Joint Ventures formed before the effective date have the option to apply it retrospectively, while those formed after the effective date are required to apply it prospectively. The Company is evaluating the impact of this update on its consolidated financial statements.

Disclosure Improvements, "Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative."

In October 2023, the FASB issued ASU 2023-06, Disclosure Improvements, "Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative." This ASU amends the disclosure or presentation requirements related to various subtopics in the FASB codification.

The effective date for each amendment will be the date on which the SEC's removal of that related disclosure from Regulation S-X or Regulation S-K becomes effective, with early adoption prohibited. For all other entities, the amendments will be effective two years later. The amendments in this Update should be applied prospectively. For all entities, if by June 30, 2027, the SEC has not removed the applicable requirement from Regulation S-X or Regulation S-K, the pending content of the related amendment will be removed from the Codification and will not become effective for any entity. The Company is evaluating the impact of this update on its consolidated financial statements.

Segment Reporting

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280). This ASU requires public entities to provide disclosures of significant segment expenses and other segment items. It also requires public entities to provide in interim periods all disclosures about a reportable segment's profit or loss and assets that are currently required annually. Public entities with a single reportable segment will have to provide all the disclosures required by ASC 280, including the significant segment expense disclosures. This guidance is applied retrospectively to all periods presented, unless it is impractical. This ASU applies to all public entities and is effective for fiscal years beginning after December 15, 2023, and for interim periods beginning after December 15, 2024. Early adoption is permitted. The Company is evaluating the impact of this update on its consolidated financial statements.

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Income Taxes

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740). This ASU requires public business entities to disclose in their rate reconciliation table additional categories of information about income taxes paid, including certain disclosures that would be disaggregated by jurisdiction and other categories. This ASU is effective for public entities for fiscal years beginning after December 15, 2024, and interim periods within fiscal years beginning after December 15, 2025. For all other entities, this ASU is effective for fiscal years after December 15, 2024 and for interim periods beginning after December 15, 2026. Early adoption would be permitted. The Company is evaluating the impact of this update on its consolidated financial statements.

xxv: Change in annual goodwill impairment testing date

During the current financial year, the Company has elected to change the annual impairment testing date for its goodwill from November 15th to December 31st. The change was considered by the Company to be preferable considering guidance in the December 8, 2014 “Remarks before the 2014 AICPA Conference on Current SEC and PCAOB Developments” by Carlton E. Tartar, Associate Chief Accountant, Office of the Chief Accountant as follows:

a. This change aligns the impairment testing process more closely with the Company’s financial year-end and facilitates a more efficient integration of the impairment analysis with the annual financial reporting cycle.

b. This adjustment in timing is deemed to provide a more relevant and timely assessment of the recoverable amounts of our assets, reflecting the operational and financial performance for the entire financial year.

c. We do not believe a different result in impairment assessment would have occurred had the measurement been conducted at November 15, 2023 vs. December 31, 2023.

d. November 15th was previously elected because it was one year from the date, we had acquired the goodwill. The Company had noted no goodwill impairment trigger events between the November 15th and December 31st dates in 2022. While November 15th was the elected policy date at that time, we could have also considered December 31st a relevant measurement date in determining that policy in the prior year.

e. We conducted an impairment test at June 30, 2023 as outlined in Note 5, which allowed for less than twelve months between conducting impairment tests with this policy change.

The change is applied prospectively from the current year and does not materially affect the comparability of our financial statements.

Note 3. Business Combination

On September 28, 2022, the Business Combination detailed in Note 1 above was accounted for as a reverse recapitalization, with no goodwill or other intangible assets recorded, in accordance with GAAP. Under this method of accounting, NLIT was treated as the acquired company for financial reporting purposes. Accordingly, for accounting purposes, the Business Combination was treated as the equivalent of SHF issuing shares for the net assets of NLIT, accompanied by a recapitalization. The net assets of NLIT were recognized at fair value (which was consistent with carrying value), with no goodwill or other intangible assets recorded.

Other related events in connection with the Business Combination are summarized below:

- The 2,875,000 of Founder Class B Stock converted at the closing to an equal number of shares of Class A stock.

- Upon closing of the Business Combination, 11,386,139 shares of Class A Stock were issued to the Seller as set forth in and pursuant to the terms of the Purchase Agreement.

  The Seller was due to receive a cash payment of $ 3.1 million at the consummation of the Business Combination, which represented the amount of SHF’s cash on hand at July 31, 2021, less accrued but unpaid liabilities. In addition, pursuant to the terms of the purchase agreement, the Company is responsible for reimbursing the Seller for its transaction expenses.

- Offering costs consisted of legal, accounting, underwriting fees and other costs incurred that were directly related to the business combination was approximately $ 10.85 million.

- Approximately $ 56.9 million of the $ 70 million of cash proceeds due to PCCU was deferred and is due to the Seller. Approximately $ 21.9 million of the amount was due to PCCU beginning December 15, 2022. The residual $ 35 million is due in six quarterly instalments of $ 6.4 million thereafter. Interest accrues at an effective annual rate of approximately 4.71 %. A sum of 1,200,000 founder shares were escrowed until the amount is paid in full.

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- The Parent-Entity Net Investment appearing in the balance sheet of SHF amounting to $ 9,124,297 on the date of business combination was transferred to additional paid in capital.

- Immediately prior to the Closing, 20,450 shares of Series A Convertible Preferred were purchased by the PIPE Investors pursuant to the PIPE Securities Purchase Agreements for an aggregate value of $ 20,450,000 . The shares of Series A Convertible Preferred were converted into 2,045,000 shares of Class A Stock at a purchase price of $ 10.00 per share of Class A Stock. Twenty (20) percent of the aggregate value was deposited into a third party escrow account for purposes of paying the PIPE Investors any required Registration Delay Payments. Upon the filing of registration statement 10 calendar days subsequent to closing, 17.5 % of the escrow amount was released with the remaining amount once all securities are included in an effective registration statement.

- For tax purposes, the transaction is treated as a taxable asset acquisition, resulting in an estimated tax basis Goodwill balance of $ 44,102,572 , creating a deferred tax asset reported as Additional Paid-in Capital in the equity section of the balance sheet as of the date of the business combination. There is not any goodwill for book reporting purposes as no goodwill or other intangible assets are to be recorded in accordance with GAAP.

- Preferred Stock: The Company is authorized to issue 1,250,000 preferred shares with a par value of $ 0.0001 per share with such designation rights and preferences as may be determined from time to time by the Company's Board of Directors. As of December 31, 2023, there were 1,101 preferred shares issued and outstanding and 14,616 preferred shares issued and outstanding on December 31, 2022. The holders of preferred stock shall be entitled to receive, and the Company shall pay, dividends on shares of preferred stock equal(on an as-if-converted-to-Class-A-Common-Stock basis) to and in the same form as dividends actually paid on shares of the Class A Common Stock when, as and if such dividends are paid on shares of the Class A Common Stock. No other dividends shall be paid on the preferred stock. The terms of the preferred stock provide for an initial conversion price of $ 10.00 per share of Class A Common Stock, which conversion price is subject to downward adjustment on each of the dates that are 10 days, 55 days, 100 days, 145 days and 190 days after the effectiveness of a registration statement registering the shares of Class A Common Stock issuable upon conversion of the preferred stock to the lower of the Conversion Price and the greater of (i) 80% of the volume weighted average price of the Class A Common Stock for the prior five trading days and (ii) $2.00 (the "Floor Price"), provided that, so long as a preferred stock holders continues to hold any preferred shares, such preferred stock holder will be entitled to receive the aggregate shares of Class A Common Stock that would be issuable based upon its initial purchase of preferred stock at the adjusted Conversion Price . Additionally, on January 25, 2023, at a special meeting of the Company's stockholders the reduction in the floor conversion price of the outstanding preferred stock from $ 2.00 per share to $ 1.25 per share.

- Class A Common Stock: The Company is authorized to issue up to 130,000,000 shares of Class A Common Stock with a par value of $ 0.0001 per share. Holders of the Company's Class A Common Stock are entitled to one vote for each share. As of December 31, 2022, and December 31, 2023 there were 23,732,889 and 54,563,372 shares, respectively, of Class A Common Stock issued or outstanding. As of December 31, 2023, and December 31, 2022, 3,667,377 Class A Common Stock are held by the purchasers under forward purchase agreement dated June 16, 2022, by and among the Company and such purchasers.

- The fair value of net assets on September 28,2022 in the books of NLIT are as follows:

Cash & Cash Equivalents	$	2,879
Prepaid Expense		15,000
Cash held in Trust		118,738,861
Deferred offering cost		266,240
Accounts Payable		(1,374,021)
Accrued Expense		(1,202,164)
Advance from sponsor		(1,150,000)
Deferred underwriter payable		(4,025,000)
Forward purchase derivative		(795,942)
Warrant Liability		(1,394,453)
Class A Common Stock subject to possible redemption		(79,259,819)
Fair value of net assets acquired	$	29,821,581

- The following table summarizes the total fair value of consideration:

Company's Class A common stock comprises of 11,386,139 shares	$	115,000,000
Cash consideration		13,050,199
Deferred cash consideration		56,949,801
Total fair value of consideration	$	185,000,000

Parent-Entity Net Investment: Parent-Entity Net Investment balance in the consolidated balance sheets represents PCCU's historical net investment in the Carved-Out Operations. For purposes of these consolidated financial statements, investing requirements have been summarized as "Parent-Entity Net Investment" and represent equity as no cash settlement with PCCU is required. No separate equity accounts are maintained for SHS, SHF or the Branches.

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On March 29, 2023, the Company and PCCU entered into a definitive transaction to settle and restructure the deferred obligations, including $ 56,949,800 into a five-year Senior Secured Promissory Note (the "Note") in the principal amount of $ 14,500,000 bearing interest at the rate of 4.25 %; a Security Agreement pursuant to which the Company will grant, as collateral for the Note, a first priority security interest in substantially all of the assets of the Company; and a Securities Issuance Agreement, pursuant to which the Company will issue 11,200,000 shares of the Company's Class A Common Stock to PCCU (Refer to Note 10 to the financial statements below.)

Note 4. Acquisition

On November 15, 2022, the Company and its subsidiary entered into a series of merger and acquisition transactions resulting in the acquisition of 100 % control of Rockview Digital Solutions Inc. d/b/a/ ABACA (collectively "Abaca"). This acquisition was completed in exchange for a combination of cash and the Company's shares. As part of the acquisition, the Company's Notes of $ 500,000 along with interest accrued until the date of acquisition were redeemed.

The acquisition increases the Company's customer base to include more than 1,000 unique depository accounts across 40 states and U.S. territories; adds Abaca's fintech platform to the Company's existing technology; increases the Company's financial institution client relationships and access to balance sheet capacity to five unique financial institutions strategically located across the United States; increases the Company's lending capacity; and nearly doubles the Company's team, adding to the existing talent pool of the cannabis industry's foremost financial services and financial technology experts.

Pursuant to the Abaca merger agreement, as amended, the Company acquired Abaca in exchange for $ 30,000,000 , paid in a combination of cash and shares of the Company as follows:

(a) cash consideration in an amount equal to (i) $ 9,000,000 ($ 3,000,000 was payable at the closing of the Mergers (the "Merger Closing"), with an additional $ 3,000,000 payable at each of the one-year and two-year anniversaries of the Merger Closing), (collectively, the "Deferred Cash Consideration"); and

(b) Common Stock equal to the lesser of (1) 2,100,000 shares or (2) a number of shares equal to (i) $ 8,400,000 , divided by (ii) the Closing Parent Trading Price and $ 12,600,000 (minus an outstanding note balance of $ 500,000 , plus accrued interest) in shares of Class A Common Stock at the one-year anniversary of the Merger Closing based on a 10-day VWAP (collectively, the "Deferred stock consideration").

The Company measures the deferred cash consideration and deferred stock consideration at fair value on the acquisition date based on a report received from an independent valuation firm.

The following table summarizes the purchase price allocation:

Property, plant & equipment	$	27,117
Software		9,189
Cash & cash equivalents		245,524
Prepaid expense		23,061
Security deposit		675
Accounts receivables		232,265
Accounts Payable		(206,508)
Accrued Expense		(235,894)
Fair value of net assets acquired	**$**	**95,429**
Other intangibles		10,800,000
Goodwill		19,266,276
Deferred tax liabilities		(1,758,769)
Total purchase consideration	**$**	**28,402,936**

The following table summarizes the total fair value of consideration:

Cash paid	$	2,763,800
Deferred cash payment		5,452,424
Share issued – common stock (2,099,977 shares)		8,105,911
Settlement of pre-existing notes along with accrued interest		523,404
Deferred consideration settled in common stock		11,557,397
Fair value of consideration	**$**	**28,402,936**

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At the date of acquisition, management allocated the initial purchase price based on the estimated fair value of the identifiable assets and liabilities assumed on the acquisition date. The pre-existing relationships settled were the Company's notes and related accrued interest with Abaca. Subsequently, the Company finalized the purchase price allocation and has adjusted the provisional values retrospectively to reflect changes to the assets and liabilities at the acquisition date. For the fair value of the identifiable intangible assets acquired, the Company used an income-based approach, which involves estimating the future net cash flows and applies an appropriate discount rate to those future cash flows.

Intangible assets were recorded at estimated fair value, as determined by management based on available information which includes a valuation prepared by an independent third party. The fair values assigned to identifiable intangible assets were determined through the use of the income approach and multi-period excess earnings methods. The major assumptions used in arriving at the estimated identifiable intangible asset values included management's estimates of future cash flows, discounted at an appropriate rate of return which is based on the weighted average cost of capital for both the company and other market participants. The useful lives of intangible assets were determined based upon the remaining useful economic lives of the intangible assets that are expected to contribute directly or indirectly to future cash flows. The estimated fair value of intangible assets and related useful lives as included in the purchase price allocation include:

		Amount	Useful life in Years
Market related intangible assets	$	2,100,000	8
Customer relationships		2,000,000	10
Developed technology		6,700,000	10
Fair value of consideration	**$**	**10,800,000**	

Goodwill has been recognized as a result of the specialized assembled workforce at Abaca.

Note 5. Deferred consideration

As per the note 4, Under the Abaca merger agreement, as amended, the Company acquired Abaca in exchange for $ 30,000,000 , paid in a combination of cash and shares of the Company as follows:

(a) cash consideration in an amount equal to (i) $ 9,000,000 ($ 3,000,000 was payable at the closing of the Mergers (the "Merger Closing"), with an additional $ 3,000,000 payable at each of the one-year and two-year anniversaries of the Merger Closing), (collectively, the "Deferred Cash Consideration"); and

(b) Common Stock equal to the lesser of (1) 2,100,000 shares or (2) a number of shares equal to (i) $ 8,400,000 , divided by (ii) the Closing Parent Trading Price and $ 12,600,000 (minus an outstanding note balance of $ 500,000 , plus accrued interest) in shares of Class A Common Stock at the one-year anniversary of the Merger Closing based on a 10-day VWAP (collectively, the "Deferred stock consideration")

As a result, there was $ 11.3 million and $ 5.6 million of liabilities for deferred stock consideration and deferred cash consideration were recognized at the date of acquisition on November 15, 2022. Such liabilities were marked to fair value throughout the years ended December 31, 2023, and 2022, for the change in the fair value of deferred consideration in the consolidated statements of operations.

On October 26, 2023, the Company and the Abaca stockholders entered into the second amendment to the Abaca merger agreement to redefine the deferred consideration payable and the deferred stock consideration payable on the one-year anniversary of the merger closing. The main points of the amendment are outlined below:

a) The deferred stock consideration payable on the first anniversary of the merger amounts to $ 12,600,000 minus the Closing Note Balance and the Working Capital divided by $ 2.00 per share. As a result, 5,835,822 shares of common stock issued as the stock consideration on the first anniversary of the merger.
b) No changes were made to the cash payments of $ 3,000,000 payable at each of the one-year (November 15, 2023) and two-year (October 5, 2024) anniversaries of the original closing.
c) Added a Third Anniversary Consideration Payment of $ 1,500,000 (due October 5, 2024) which will be payable in cash, stock, or a combination of both at the Company's discretion. If the Company decides to pay with shares, their value will be determined by the 10-day NASDAQ average before the anniversary, with prices ranging between $2.00 and $4.36. Shares given purely for payment won't be restricted by the Lock-Up Agreement. However, if the Lock-Up Agreement is in effect, the payment will be split into $750,000 cash and an equivalent $750,000 in shares. The lock-up duration for any shares will adhere to the legal minimum. In the event of a company stock consolidation or similar activity, the number of shares to be issued for the payment will be adjusted to reflect the decreased total of outstanding shares.
d) The Company issued stock warrants equal to 5,000,000 shares of the Company's common stock for an initial exercise price of $ 2.00 per share.

e) The Company has also granted the Abaca Stockholders' Representative the right to nominate 3 qualified candidates for the Company's Board of Directors to the Company's Nominating and Corporate Governance Committee ("NCG Committee") of which the NCG Committee shall select and nominate 1 candidate to the Company's Board of Directors in the Company's 2024 annual proxy statement.

As a result of the above, under the original agreement, the Company would have been obligated to issue 16.67 million common shares to the shareholders of Abaca, based on the fair value of the Company's common shares on October 26, 2023, of $ 0.70 . The second amendment to the merger agreement revised these terms such that the Company issued 5.8 million common shares at a value of $ 2.00 . The difference between the fair value of the first anniversary payment liability recognized vs. remeasured under the amended terms was $ 7.7 million recorded as a fair value adjustment in the statement of operations.

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Furthermore, the second amendment introduced a third-anniversary consideration, which includes a payment of $ 1.5 million, settleable in cash, stock, or a combination of both, at the discretion of the Company and warrants of 5 million shares of the Company's common stock at an initial exercise price of $ 2.00 per share. The fair value of this third-anniversary payment and warrants was determined pursuant to ASC 815, and recognized as $ 430,000 and $ 1,643,699 , respectively on October 26, 2023, also recorded as part of the fair value adjustment. The change in the amount of deferred consideration from January 1, 2022, to December 31, 2023, is as follows:

	Stock consideration	Cash consideration	Third Anniversary Consideration Payment
January 1, 2022	$ -	$ -	$ -
Add: Abaca acquisition	11,391,205	5,618,616	-
Add: Fair value adjustment	65,433	32,160	-
December 31, 2022	11,456,639	5,650,775	-
Less: Working capital adjustment	(108,691)	-	-
Less: Issuance of shares and payment to shareholders	(4,085,075)	(3,000,000)	-
Less: Issuance of Abaca warrants	(1,643,699)	-	-
Less: Issuance of third anniversary payment consideration	(430,000)	-	430,000
Less: Gain recognized in the consolidated statements of operations	(5,645,107)	-	-
Add: Fair value adjustment	455,933	239,017	380,000
December 31, 2023	$ -	$ 2,889,792	810,000

The second amendment has also led to a net gain of $ 5.6 million, which has been recorded in the Consolidated Statements of Operations. The table below outlines the effects of the transaction:

Change in the fair value of stock consideration	$ 7,718,806
Less: Fair value of third-anniversary consideration	(430,000)
Less: Fair value of Abaca warrants	(1,643,699)
Change in the fair value of deferred consideration on October 26, 2023, due to Second Amendment	5,645,107
Less: Adjustment to the fair value of deferred consideration for the year 2023	(1,074,950)
Net impact recognized in the Consolidated Statements of Operations	$ 4,570,157

Note 6. Goodwill and Finite-lived Intangible Assets

Goodwill

The Company's goodwill was derived from the transaction discussed in note 4, where the purchase price exceeded the fair value of the net identifiable assets acquired. Goodwill is tested for impairment at least annually, or more frequently if a triggering event occurs.

On July 20, 2023, the Company agreed to terminate the Master Services and Revenue Sharing Agreement between Abaca and Central Bank, effective October 1, 2023. Under the agreement, the Company provided expertise and intellectual property that allowed the Company and Central Bank to jointly serve the deposit banking needs of cannabis related businesses primarily located in Arkansas.

The Company engaged a third-party valuation specialist to assist in the performance of an impairment analysis of the goodwill at June 30, 2023 in conjunction with the aforementioned triggering event, and also at December 31, 2023 for the annual impairment test. In conducting the quantitative goodwill impairment tests as of June 30, 2023, and December 31, 2023, the Company adopted a hybrid method, allocating one-third of the emphasis on the income approach and the remainder two-third on the market approach to assess the goodwill's fair value . The discounted cash flow models reflect company's assumptions regarding revenue growth rates, risk-adjusted discount rate, terminal period growth rate, economic and market trends and other expectations about the anticipated operating results of the goodwill. Under the market approach, the Company estimates the fair value based on market multiples of revenues derived from comparable publicly traded companies with operating characteristics similar to the Company.

During the interim impairment assessment at June 30, 2023, it was found that the carrying value of goodwill exceeded its fair value, leading to the recognition of a $ 13.21 million non-cash goodwill impairment charge in the Company's consolidated statements of operations. The December 31, 2023, annual impairment test resulted in no additional impairment expense recognized, as the fair value did not surpass the carrying value.

Fair value determination of the goodwill requires considerable judgment and is sensitive to changes in underlying assumptions and factors. As a result, there can be no assurance that the estimates and assumptions made for purposes of the quantitative goodwill impairment tests will prove to be an accurate prediction of future results. Examples of events or circumstances that could reasonably be expected to negatively affect the underlying key assumptions and ultimately impact the estimated fair value of the goodwill may include such items as: (i) an increase in the weighted-average cost of capital due to further increases in interest rates, (ii) timing and success of estimated future income, it is possible that an additional impairment charge may be recorded in the future, which could be material.

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As of December 31, 2022, there were no negative indicators in the goodwill impairment that would impact the fair value of the goodwill.

The change in the carrying amount of goodwill from January 1, 2022, to December 31, 2023, is as follows:

January 1, 2022	$ -
Acquisition of Abaca	19,266,276

December 31, 2022	19,266,276
Impairment of Goodwill	(13,208,276)
December 31, 2023	$ 6,058,000

As of December 31, 2023, our accumulated goodwill impairment was $ 13,208,276 .

Finite-lived intangible assets

The Company reviews its finite-lived intangible assets is tested for impairment at least annually on December 31st unless any events or circumstances indicate it is more likely than not that the fair value of the finite-lived intangible assets is less than its carrying value.

As of June 30, 2023, due to the triggering event mentioned in the analysis of Goodwill analysis above, the Company conducted an interim test. Furthermore, in alignment with our policy, an annual assessment was carried out on December 31, 2023. The finite-lived intangible assets consist of market-related intangibles, customer relationships, and developed technologies.

The interim test, conducted as of June 30, 2023, utilized the Royalty Method for market-related intangibles, the Discounted Cash Flow Method for customer relationships, and the Cost to Re-create Method for developed technologies. This assessment led to the recognition of an impairment charge of $ 3,680,463 due to the market-related intangibles and customer relationships carrying values exceeding their fair values. The annual evaluation on December 31, 2023, applied the Relief from Royalty Method for both market-related intangibles and developed technologies, and the Multi-Period Excess Earnings Method for customer relationships, revealing a diminished fair value of developed technologies below their carrying value, resulting in an additional impairment charge of $ 2,019,000 . The total impairment charges for the year, amounting to $ 5,699,464 , were reflected in our consolidated statements of operations for the fiscal year ended December 31, 2023.

	Remaining Useful life in Years	December 31, 2022 (A)	Acquired in Acquisition (B)	Amortization (C)	Impairment (D)	December 31, 2023 (A+B-C-D)
Market related intangible assets	6.87 Years	2,066,918	$ -	$ 136,034	1,865,668	$ 65,216
Customer relationships	8.87 Years	1,974,795	-	103,225	1,814,795	56,775
Developed technology	5.87 Years	6,579,374	-	960,620	2,019,001	3,599,753
Total intangible assets		$10,621,087	**$ -**	$ 1,199,877	5,699,464	$ 3,721,745

Following is a summary of the Company's finite-lived intangible assets as of December 31, 2022:

	Remaining Useful life in Years	January 1, 2022 (A)	Acquired in Acquisition (B)	Amortization (C)	Impairment (D)	December 31, 2022 (A+B-C-D)
Market related intangible assets	8.00 Years	-	$ 2,100,000	$ 33,082	-	$ 2,066,918
Customer relationships	10.00 Years	-	2,000,000	25,205	-	1,974,795
Developed technology	7.00 Years	-	6,700,000	120,626	-	6,579,374
Total intangible assets		**$ -**	**$10,800,000**	**$ 178,913**	**-**	**$10,621,087**

Note 7. Loans Receivable

Commercial real estate loans receivable, net consist of the following:

	December 31, 2023	December 31, 2022
Commercial real estate loans receivable, gross	$ 404,577	$ 1,432,560
Allowance for credit losses	(10,723)	(21,488)
Commercial real estate loans receivable, net	393,854	1,411,072
Current portion	(12,391)	(51,300)
Noncurrent portion	$ 381,463	$ 1,359,772

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Allowance for Credit Losses

The allowance for credit losses is maintained at a level believed to be sufficient to provide for estimated credit losses based on evaluating known and inherent risks in the loan portfolio. The Company's estimated the allowance for credit losses on the reporting date in accordance with the credit loss policy described in Note 2.

The allowance for credit losses consists of the following activity for the year ended December 31, 2023 and 2022:

Year ended December 31,	2023	2022
Allowance for credit losses		
Beginning balance	$ 21,488	$ 14,741
Cumulative effect from adoption of CECL	14,980	-
Charge-offs	-	-
Recoveries	-	-
(Benefits) Provision	(25,745)	6,747
Ending balance	$ 10,723	$ 21,488
Loans receivable:		
Individually evaluated for impairment	$ -	$ -
Collectively evaluated for impairment	404,577	1,432,560

	$ 404,577	$ 1,432,560
Allowance for credit losses:		
Individually evaluated for impairment	$	$
Collectively evaluated for impairment	10,723	21,488
	$ 10,723	$ 21,488

At December 31, 2023 and December 31, 2022, no loans were past due, classified as non-accrual or considered impaired. Additionally, no loans were modified during the years ended December 31, 2023, or 2022.

Credit quality of loans:

As part of the on-going monitoring of the credit quality of the Company's loan portfolio, management tracks credit quality indicators based on the loan payment status on monthly basis. The Company continuously evaluates the credit quality of each indemnified loan by assessing the risk factors and assigning a risk rating based on a variety of factors. The detailed breakdown of risk factors described in Note 8.

The carrying value, excluding the CECL Reserve, of the Company's loans held at carrying value within each risk rating is as follows:

Risk rating	Year ended. December 31, 2023	Year ended December 31, 2022
4	$ 404,577	$ 1,432,560
Grand total	$ 404,577	$ 1,432,560

Note 8. Indemnification Liability

As discussed at Note 10 to the consolidated financial statements, and pursuant to PCCU Agreements, PCCU funds loans through a third-party vendor. SHF earns the associated interest and pays PCCU a loan hosting payment at an annual rate of 0.35% of the outstanding loan principal funded and serviced by PCCU and 0.25% of the outstanding loan principle serviced by SHF. The below schedule details outstanding amounts funded by PCCU and categorized as either collateralized loans or unsecured loans and lines of credit.

	December 31, 2023	December 31, 2022
Secured term loans	$ 55,215,013	$ 18,400,000
Unsecured loans and lines of credit	431,640	498,042
Total loans funded by Parent	$ 55,646,653	$ 18,898,042

Secured loans contained an interest rate ranging from 7 % to 12 %. Unsecured loans and lines of credit contain variable rates ranging from Prime +1.50 % to Prime +6.00 %. Unsecured lines of credit had incremental availability of $ 525,000 and $ 996,958 at December 31, 2023 and December 31, 2022.

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SHF has agreed to indemnify PCCU for losses on certain PCCU loans. The indemnity liability reflects SHF management's estimate of probable credit losses inherent under the agreement at the balance sheet date. The Company's estimated indemnity liability on the reporting date was calculated in accordance with the allowance for credit loss policy described in Note 2.

The indemnity liability activity are as follows:

	Year ended. December 31, 2023	Year ended December 31, 2022
Beginning balance	$ 499,465	$ -
Cumulative effect from adoption of CECL	566,341	-
Charge-offs	-	-
Recoveries	-	-
Provision	316,602	499,465
Ending balance	$ 1,382,408	$ 499,465

All loans were current and considered performing at December 31, 2023 except one loan which was identified pursuant to potential default on January 5, 2023. The Company's management was informed that an indemnified loan, having an outstanding balance of $ 3.1 million, was past due pursuant to its December 2022 payment. The guarantor on the loan stated to management that the borrower is out of money due to business losses. The Company is discussing workout options with the borrower. The above-mentioned loan is now greater than 120 days delinquent and is included in the Company's CECL methodology to calculate management's best estimate of credit losses in relation to this loan and the overall loan portfolio on a collective basis.

Credit quality of indemnified loans:

As part of the on-going monitoring of the credit quality of the Company's indemnified loan portfolio, management tracks credit quality indicators based on the loan payment status on monthly basis. The Company continuously evaluates the credit quality of each indemnified loan by assessing the risk factors and assigning a risk rating based on a variety of factors. Risk factors include property type, geographic and local market dynamics, physical condition, projected cash flow, loan structure and exit plan, loan-to-value ratio, fixed charge coverage ratio, project sponsorship, and other factors deemed necessary. Based on a 10-point scale, the Company's loans are rated "0" through "10," from less risk to greater risk, which ratings are defined as follows:

Risk rating	Category	Description
0	Risk Free	Free of repayment risk. The loan is fully guaranteed by the full faith and backing of the US Government or entirely secured by cash controlled by SHF.
1	Highest Quality	High caliber loan with the lowest risk of default. Significant excess cash flow after debt service and moderate to low leverage.
2	Excellent	High quality loan that carry's a low risk of default. Strong cash flow and relatively few negative individual risk factors.
3	Good	Loans with lower-than-average level of risk. Excess cash flow and other factors contributing to the overall low level of risk in the loan.
4	Average	Risk factors may be mixed with some negative and some positive aspects, but the overall rating will indicate an average level of risk.

5	Fair	Loans in this category have the maximum level of risk that can be accepted while still recommending a new loan for origination. The loan risk factors may contain multiple negative factors, but they are generally outweighed by the positive aspects of the loan.
6	Watch List	There is a temporary and curable condition resulting in a lower risk rating.
7	Special Mention	There is a potential weakness that may result in the deterioration of the prospect of repayment that are not temporary and may require additional collection or workout efforts.
8	Substandard	Loans in this category are inadequately protected by the current net worth and paying capacity of the obligors or of the collateral pledged and have well-defined weaknesses that jeopardize the liquidation of the debt with distinct possibility of loss. SHF may be required to advance additional funds to manage the loan. Escalated collection activities such as foreclosure have been scheduled with anticipated losses up to 20% of the outstanding balance.
9	Doubtful	Collection or liquidation in full highly questionable and improbable. Escalated collection activities such as foreclosure have commenced with anticipated losses from 20% to 50% of the outstanding balance.
10	Loss	Uncollectable loans. A complete write-off is imminent although a partial recovery may be affected in the future.

SHF has agreed to indemnify PCCU from all claims related to SHF's cannabis-related business. Other than potential credit losses, no other circumstances were identified meeting the requirements of a loss contingency.

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The carrying value, excluding the CECL Reserve, of the Company's indemnified loans held at carrying value within each risk rating is as follows:

Risk rating	Year ended. December 31, 2023	Year ended December 31, 2022
3	$ 10,100,000	$ 1,100,000
4	3,431,640	-
5	28,115,013	5,498,042
6	10,900,000	9,200,000
7	3,100,000	3,100,000
Grand total	$ 55,646,653	$ 18,898,042

The provision for credit losses on the statement of operations consists of the following activity for the year ended December 31, 2023 and December 31, 2022:

	December 31, 2023			December 31, 2022		
	Commercial real estate loans	Indemnity liability	Total	Commercial real estate loans	Indemnity liability	Total
Provision (benefit)	$ (25,745)	$ 316,602	$ 290,857	$ 6,747	$ 499,465	$ 506,212

Note 9. Property and equipment, net

Property and equipment consist of the following:

	December 31, 2023	December 31, 2022
Equipment	$ 45,397	$ 45,397
Software	51,692	51,692
Improvement	71,635	71,635
Office furniture	215,504	7,070
	384,228	175,794
Less: accumulated depreciation	(300,008)	(126,180)
Property and equipment, net	$ 84,220	$ 49,614

Depreciation expense was $ 173,828 and $ 10,361 for the years ended December 31, 2023, and 2022, respectively.

Note 10. Related party transactions

Account Servicing Agreement

The Company had an Account Servicing Agreement with PCCU. SHF provides services as per the agreement to CRB accounts at PCCU. In addition to providing the services, SHF assumed the costs associated with the CRB accounts. These costs include employees to manage account onboarding, monitoring and compliance, rent and office expense, insurance and other operating expenses necessary to service these accounts. Under the agreement, PCCU agreed to pay SHF all revenue generated from CRB accounts. Amounts due to SHF were due monthly in arrears and upon receipt of invoice. This agreement was replaced and superseded in its entirety by Commercial Alliance Agreement entered on March 29, 2023, between PCCU and the Company.

Support Services Agreement

On July 1, 2021, SHF entered into a Support Services Agreement with PCCU. In connection with PCCU hosting the depository accounts and the related loans and providing certain infrastructure support, PCCU receives (and SHF pays) a monthly fee per depository account. In addition, 25 % of any investment income associated with CRB deposits is paid to PCCU. This agreement was replaced and superseded in its entirety by Commercial Alliance Agreement entered on March 29, 2023, between PCCU and the Company.

Loan Servicing Agreement

Effective February 11, 2022, SHF entered into a Loan Servicing Agreement with PCCU. The agreement sets forth the application, underwriting and approval process for loans from PCCU to CRB customers and the loan servicing and monitoring responsibilities provided by both PCCU and SHF. PCCU receives a monthly servicing fee at the annual rate of 0.25 % of the then-outstanding principal balance of each loan funded and serviced by PCCU. For the loans that are subject to this agreement, SHF originates the loans and performs all compliance analysis, credit analysis of the potential borrower, due diligence and underwriting and all administration, including hiring and incurring the costs of all related personnel or third-party vendors necessary to perform these services. Under the Loan Servicing Agreement, SHF has agreed to indemnify PCCU from all claims related to default-related credit losses as defined in the Loan Servicing Agreement. This agreement was replaced and superseded in its entirety by Commercial Alliance Agreement entered on March 29, 2023, between PCCU and the Company.

Commercial Alliance Agreement

On March 29, 2023, the Company and PCCU entered into the Commercial Alliance Agreement. This Agreement sets forth the terms and conditions of the lending and account-related services, governing the relationship between the Company and PCCU. The Commercial Alliance Agreement replaces and supersedes, in their entirety, the following agreements entered into between the aforementioned parties: the Amended and Restated Loan Servicing Agreement (the "Loan Servicing Agreement", dated September 21, 2022); the Second Amended and Restated Account Servicing Agreement ("the "Account Servicing Agreement," dated May 23, 2022, effective February 11, 2022) and the Second Amended and Restated Support Services Agreement (the "Support Agreement," dated May 23, 2022, effective February 11, 2022).

The Commercial Alliance Agreement sets forth the application, underwriting, loan approval, and foreclosure process for loans from PCCU to borrowers that are cannabis-related businesses and the loan servicing and monitoring responsibilities provided by the Company and PCCU. In particular, the Commercial Alliance Agreement provides for procedures to be followed upon the default of a loan to ensure that neither the Company nor PCCU will take title to or possession of any cannabis-related assets, including real property, that may be collateral for a loan funded by PCCU pursuant to the Commercial Alliance Agreement. Under the Commercial Alliance agreement, the PCCU has the right to receive monthly fees for managing loans. For SHF-serviced loans, which are CRB loans provided by the PCCU but primarily handled by SHF, a yearly fee of 0.25 % of the remaining loan balance is applied. On the other hand, loans both financed and serviced by the PCCU are charged a yearly fee of 0.35 % on their outstanding balance. These fees are calculated using the average daily balance of each loan for the preceding month. In addition, the Company's is obligated by the Commercial Alliance Agreement to indemnify PCCU from certain default-related loan losses (as fully defined in the Commercial Alliance Agreement).

In addition, the Commercial Alliance Agreement provides for certain fees to be paid to the Company for certain identified account related services to include: all cannabis-related income, including all lending-related income (such as loan origination fees, interest income on CRB-related loans, participation fees and servicing fees), investment income, interest income, account activity fees, processing fees, flat fees, and other revenue generated from cannabis and multi-state hemp accounts that are hosted on PCCU's core system for a monthly fee equal to $30.96 per account in 2022, $25.32-$27.85 per account in 2023, and $26.08-$28.69 in 2024. In addition, as it pertains to CRB deposits held at PCCU, investment and interest income earned on these deposits (excluding interest income on loans funded by PCCU) will be shared 25% to PCCU and 75% to the Company. Finally, under the Commercial Alliance Agreement, PCCU will continue to allow its ratio of CRB-related deposits to total assets to equal at least 60% unless otherwise dictated by regulatory, regulator or policy requirements. The initial term of the Commercial Alliance Agreement is for a period of two years, with a one-year automatic renewal unless a party provides one hundred twenty days' written notice prior to the end of the term.

In fiscal 2022 and up to the third quarter of 2023, our investment earnings were solely from interest on deposits at the Federal Reserve Bank, capped at the earnings accrued by PCCU from its reserves. However, a strategic shift in the fourth quarter of 2023 led us to adopt Federal Reserve's interest rates applied to the daily average balance of SHF customer deposits, with certain exclusions. This method, applied retroactively from the beginning of 2023, resulted in incremental revenue of $ 549,000 recognized in the fourth quarter. Under our Commercial Alliance Agreement, we are obligated to remit 25 % of the investment hosting fees to PCCU based on this income.

The below schedule demonstrates the ratio of CRB related loans funded by PCCU to the relative lending limits:

	December 31, 2023 (Unaudited)	December 31, 2022 (Unaudited)
CRB related deposits	$ 129,350,998	$ 161,138,975
Capacity at 60%	77,610,599	96,683,385
PCCU net worth	81,087,746	133,231,565
Capacity at 1.3125	106,670,306	174,866,429
Limiting capacity	77,610,599	174,866,429
PCCU loans funded	55,660,039	18,898,042
Amounts available under lines of credit	525,000	996,958
Incremental capacity	$ 21,425,560	$ 154,971,429

The revenue from the PCCU Agreements recognized in the statements of operations consists of the following for the year ended December 31, 2023, and December 31, 2022:

	Year ended December 31, 2023	Year ended December 31, 2022
Account servicing agreement	$ 3,075,458	$ 8,823,608
Commercial alliance agreement	10,761,245	-
Total	$ 13,836,703	$ 8,823,608

The operating expense from the PCCU Agreements recognized in the statements of operations consists of the following for the year ended December 31, 2023, and December 31, 2022:

	Year ended December 31, 2023	Year ended December 31, 2022
Support services agreement	$ 378,730	$ 775,259
Loan servicing agreement	11,929	26,088
Commercial alliance agreement	1,665,644	-
Total	$ 2,056,303	$ 801,347

Issuance of shares to PCCU

On March 29, 2023, the Company and PCCU entered into the following definitive transaction documents to settle and restructure the deferred obligation:

- A five-year Senior Secured Promissory Note (the "Note") in the principal amount of $ 14,500,000 bearing interest at the rate of 4.25 % and a Security Agreement pursuant to which the Company will grant, as collateral for the Note, a first priority security interest in substantially all of the assets of the Company.

- A Securities Issuance Agreement, pursuant to which the Company issued 11,200,000 shares of the Company's Class A Common Stock to PCCU. Following the issuance of the Shares, PCCU own 46.39 % of the outstanding Class A Common Stock. In connection with the Securities Issuance Agreement, the parties also entered into a Registration Rights Agreement and a Lock-Up Agreement.

- The Registration Rights Agreement requires the Company to register the Shares for resale pursuant to the Securities Act of 1933, as amended (the "Securities Act"); and the Lock-Up Agreement restricts PCCU from transferring the Shares until the earlier of (i) six (6) months after the date of the Securities Issuance Documents or (ii) the consummation of a transaction with an unaffiliated third party in which all of the Company's stockholders have the right to exchange their shares of Class A Common Stock for cash, securities, or other property; and

- A Commercial Alliance Agreement that sets forth the terms and conditions of the lending-related and account-related services governing the relationship between the Company and PCCU which supersedes the Loan Servicing Agreement, as well as the Amended and Restated Support Services Agreement and the Amended and Restated Account Servicing Agreement.

Operating leases

Effective July 1, 2021, SHF entered into a one-year gross lease with PCCU to lease space in its existing office at a monthly rent of $ 5,400 . Effective July 1, 2022, the Company amended its existing lease to a month-to-month lease and therefore no asset or liability amounts are reported pursuant to ASC 842. The lease was terminated on February 1, 2023.

Advance from Sponsor

On June 27, 2022, Luminous Capital Inc., an affiliate of the Sponsor provided a non-interest-bearing advance (the "Advance") amounting to $ 1,150,000 to fund the operation of NLIT. The amount outstanding on December 31, 2023, and December 31, 2022, is $ 0 and $ 1,150,000 , respectively and is presented within "accounts payable" in the consolidated balance sheets.

The outstanding balances associated with the PCCU disclosed in the balance sheet are as follows:

	December 31, 2023	December 31, 2022
Accounts receivable	$ 2,095,320	$ 1,231,727
Accounts payable	577,315	5,078,042
Due to Seller (Refer to Note 11 to the financial statements below)	-	56,949,800
Senior Secured Promissory Note (Refer to Note 12 to the financial statements below)	14,011,166	-

Of the $ 8.9 million and $ 8.4 million of cash and cash equivalents at December 31, 2023 and 2022, $ 4.6 million and $ 8.3 million of the cash and cash equivalents were held in deposit accounts at PCCU as a related party.

Transactions with Abaca shareholder

As disclosed in Notes 4 and 5 to the consolidated financial statements, the merger with Abaca that occurred in October 2022 involves certain payments either paid or payable to the former shareholders of Abaca, warrants and issuances of stock. The former shareholders of Abaca represent a related party to the Company based on current employment with the Company and their significant equity ownership interest in the Company.

Note 11. Due to Seller

Amounts due to seller were as follows:

	December 31, 2023	December 31, 2022
Due to Seller-Current (Unsecured)	$ -	$ 25,973,017
Due to Seller-long term (Unsecured)	-	30,976,783
Total loans funded by PCCU	$ -	$ 56,949,800

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As contemplated by the Unit Purchase Agreement, related to reverse acquisition of NLIT, the consideration paid to PCCU in connection with the Business Combination consisted of an aggregate of $ 185,000,000 , consisting of (i) 11,386,139 shares of the Company's Class A Common Stock with an aggregate value equal to$ 115,000,000 and (ii) $ 70,000,000 in cash, $ 56,949,800 of which was to be paid on a deferred basis (the "Deferred Cash Consideration").

The Deferred Cash Consideration was to be paid in one payment of $ 21,949,800 on or before December 15, 2022, and the $ 35,000,000 balance in six equal instalments of $ 6,416,667 , payable beginning on the first business day following April 1,2023 and on the first business day of each of the following five fiscal quarters, for a total of $ 38,500,002 .

On October 26, 2022, the Company entered into a Forbearance Agreement (the "Forbearance Agreement") with PCCU and Luminous Capital USA Inc. ("Luminous"). As per the terms of the agreement, PCCU has agreed to defer all payments owed by the Company pursuant to the Purchase Agreement for a period of six (6) months from the date hereof while the Parties engage in good faith efforts to renegotiate the payment terms applicable to the Deferred Obligation (the "Forbearance Period").

The loan included 5 % interest annualized using the simple interest method and an approximate 4.71 % effective interest rate.

On March 29, 2023, the Company and PCCU entered into a definitive transaction to settle and restructure the deferred obligations, including $ 56,949,800 into a five-year Senior Secured Promissory Note (the "Note") in the principal amount of $ 14,500,000 bearing interest at the rate of 4.25 %; a Security Agreement pursuant to which the Company will grant, as collateral for the Note, a first priority security interest in substantially all of the assets of the Company; and a Securities Issuance Agreement, pursuant to which the Company issued 11,200,000 shares of the Company's Class A Common Stock to PCCU. The breakdown of the liabilities settled under this transaction are as follows:

Due to Seller	$ 56,949,800
Cash payment obligation under business combination	3,143,389
Business combination expense payable to seller	1,069,359
Interest accrued but not paid	1,337,843
Total deferred obligation	62,500,391
Less: Senior secured promissory note	14,500,000
Less: Change in deferred tax	9,593,983
Amount charged to Stockholders' Equity towards issuance of common stock	$ 38,406,408

Note 12. Senior Secured Promissory Note

	December 31, 2023	December 31, 2022
Senior Secured Promissory Note (current)	$ 3,006,991	$ -
Senior Secured Promissory Note (long term)	11,004,175	-
	$ 14,011,166	$ -

On March 29, 2023, the Company and PCCU entered into definitive transaction documents to settle and restructure the deferred obligation related to business Combination (Refer to Note 3) under which the Company has issued the five-year Senior Secured Promissory Note (the "Note") in the principal amount of $ 14,500,000 bearing interest at the rate of 4.25 % and a Security Agreement pursuant to which the Company will grant, as collateral for the Note, a first priority security interest in substantially all of the assets of the Company.

The Note amount will be paid in 54 installments of principal and interest of $ 295,487 each starting from November 5, 2023, and for the period between March 29, 2023, to October 5, 2023, the Company has paid only interest portion.

The repayment schedule of the outstanding principal amount on December 31, 2023, is as follows:

Year of payment	
2024	$ 3,006,991
2025	3,138,933
2026	3,274,966
2027	3,416,896
2028	1,173,380
Grand total	$ 14,011,166

Note 13. Leases

The Company has non-cancellable operating leases for facility space with varying terms. All of the active leases for facility space qualified for capitalization under FASB ASC 842, Leases. These leases have remaining lease terms between one to 7 years and may include options to extend the leases for up to ten years . The extension terms are not recognized as part of the right-of-use assets. The Company has elected not to capitalize leases with terms equal to, or less than, one year. As of December 31, 2023, and December 31, 2022, net assets recorded under operating leases were $ 859,861 and $ 1,016,198 , respectively, and net lease liabilities were $ 1,007,993 and $ 1,028,233 , respectively.

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The Company analyses contracts above certain thresholds to identify leases and lease components. Lease and non-lease components are not separated for facility space leases. The Company uses its contractual borrowing rate to determine lease discount rates when an implicit rate is not available. Total lease cost for the years ended December 31, 2023 and 2022, included in Consolidated Statements of Operations, is detailed in the table below:

	Year ended December 31, 2023	Year ended December 31, 2022
Operating lease cost	$ -	$ -
Short-term lease cost	315,615	99,246
Total Lease Cost	$ 315,615	$ 99,246
ROU assets that are related to lease properties are presented as follows:		
Beginning balance	$ 1,016,198	$ -
Additions to right-of-use assets	-	1,029,226
Amortization charge for the year	(156,337)	(13,028)
Lease modifications	-	-
Ending balance	$ 859,861	$ 1,016,198
Further information related to leases is as follows:		
Weighted-average remaining lease term	3.42 Years	4.42 Years
Weighted-average discount rate	6.87%	6.87%

Future minimum lease payments as of December 31, 2023 and December 31, 2022 are as follows:

Year		
2023	$ -	$ 91,303
2024	197,520	197,520
2025	217,925	217,925
2026	222,275	222,275
2027	226,705	226,705
2028	231,216	231,216
Thereafter	117,710	117,710
Total future minimum lease payments	$ 1,213,351	$ 1,304,654
Less: Imputed interest	205,358	276,421
Operating lease liabilities	$ 1,007,993	$ 1,028,233
Less: Current portion	132,546	20,124
Non-current portion of lease liabilities	$ 875,447	$ 1,008,109

Note 14. Revenue

Disaggregated revenue

Revenue by type are as follows:

	Year ended December 31	
	2023	2022
Deposit, activity, onboarding income	$ 8,614,945	$ 6,063,939
Investment income	5,844,836	2,120,640
Loan interest income	2,972,434	1,130,178

Safe Harbor Program income	130,688	164,062
Total Revenue	$ 17,562,903	$ 9,478,819

Account fee income consists of deposit account fees, activity fees and onboarding income, which are recognized on periodic basis as per the fee schedule with financial partner institutions. Safe Harbor Program income consists of outsourced support to other financial institutions providing banking to the cannabis industry whose income is recognized on the basis of usage as per the agreements. Loan interest income consist of interest earned on both direct and indemnified loans pursuant to a commercial alliance agreement with PCCU. Investment income consist of interest earned on the daily deposits balance with financial institution.

In fiscal 2022 and up to the third quarter of 2023, our investment earnings were solely from interest on deposits at the Federal Reserve Bank, capped at the earnings accrued by PCCU from its reserves. However, a strategic shift in the fourth quarter of 2023 led us to adopt Federal Reserve's interest rates applied to the daily average balance of SHF customer deposits, with certain exclusions. This method, applied retroactively from the beginning of 2023, resulted in incremental revenue of $ 549,000 recognized in the fourth quarter. Under our Commercial Alliance Agreement, we are obligated to remit 25 % of the investment hosting fees to PCCU based on this income which is classified as “General and Administrative Expenses” in the Consolidated Statements of Operations. In 2023, PCCU’s contributions to the Company’s revenues included $ 5,150,397 from deposits, activities, and client onboarding, $ 5,803,114 from investment income, and $ 2,883,192 from loan interest income. The associated expenses for these revenues were $ 529,209 for account hosting, $ 1,445,517 for investment hosting fees, and $ 81,577 for loan servicing fees, all in accordance with the Loan Servicing Agreement and the Commercial Alliance Agreement, classified as “General and Administrative Expenses” in the Consolidated Statements of Operations. In 2022, PCCU contributed to the Company’s revenues with $ 5,554,922 from deposits, activities, and client onboarding, $ 2,110,572 from investment income, and $ 989,642 from loan interest income. The related expenses for these revenue streams were $ 255,853 for account hosting, $ 519,406 for investment hosting fees, and $ 26,088 for loan servicing fees, all in compliance with the Loan Servicing Agreement, classified as “General and Administrative Expenses” in the Consolidated Statements of Operations.

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Note 15. Deferred underwriter fee

In connection with the business combination (refer to Note 3), the Company executed a note on September 28, 2022 with EF Hutton related to PIPE financing under which the Company was obligated to pay the principal sum of $ 2,166,250 on the following schedule: (i) $ 715,750 on October 14, 2022, and (ii) $ 362,625 on each of October 31, 2022, November 30, 2022, December 31, 2022, and January 31, 2023.

The Company made the payment of its first installment of $ 715,750 and defaulted on the remaining outstanding amounts. The outstanding balance of the note on December 31, 2022 was $ 1,450,500 . On March 13, 2023, the Company and EF Hutton entered into a settlement agreement pursuant to which the Company paid $ 550,000 to EF Hutton in full settlement of the amount due and the difference of $ 900,500 has been accounted for in the “Consolidated Statements of Parent-Entity Net Investment and Stockholders’ Equity.”

Note 16. Commitments and Contingencies

- The Company is involved in, or has been involved in, arbitrations or various other legal proceedings that arise from the normal course of its business. The ultimate outcome of any litigation is uncertain, and either unfavorable or favorable outcomes could have a material impact on the Company’s results of operations, balance sheets and cash flows due to defense costs, and divert management resources. The Company cannot predict the timing or outcome of these claims and other proceedings.

- In connection with the Company’s initial public offering (“IPO”), the Company entered into a registration rights agreement dated June 23, 2021 with the Sponsor and the individuals serving as directors and executive officers of the Company at the time of the IPO. Pursuant to this registration rights agreement, the Company has agreed to register for resale upon the expiration of the applicable lock-up period the Company securities acquired by the Sponsor and such individuals in connection with the organization of the Company and the IPO.

- In connection with the issuance of common stock to Abaca shareholders, the Company commits to registering the stock upon the exercise of Warrants if required by law or regulation to ensure the shares can be sold without restrictive legends, known as the Warrant Registration Requirement. Should this requirement arise, the Company is obliged to file a registration statement with the SEC within 45 calendar days of notification of the Warrant Registration Requirement. The failure to file within this timeframe constitutes an event of default. Moreover, the Company is dedicated to making the registration statement effective as promptly as possible and maintaining its effectiveness, along with a current prospectus, until the Warrants expire according to this Agreement’s terms. In the event a registration statement triggered by a Warrant Registration Requirement is not declared effective by the SEC within one year from its filing date, Warrant holders are entitled to exercise their Warrants on a cashless basis from the 366th day post-filing until the statement becomes effective.

Note 17. Earnings Per Share

Basic net income (loss) per common share is calculated by dividing the net income (loss) attributable to common stockholders by the weighted-average number of common shares outstanding during the period, without consideration for potentially dilutive securities. Diluted net income (loss) per share is computed by dividing the net income (loss) attributable to common stockholders by the weighted average number of common shares and potentially dilutive securities outstanding for the period. For the Company’s diluted earnings per share calculation, the Company uses the “if-converted” method for preferred stock and convertible debt and the “treasury stock” method for Warrants and Options.

As the Business Combination and related transactions are being reflected as if they had occurred at the beginning of the period presented, the calculation of weighted average shares outstanding for basic and diluted net income per share assumes that the shares issued in connection with the Business Combination have been outstanding for the entire period presented.

For year Ended December 31	**2023**	**2022**
Net loss	$ (17,279,847)	$ (35,128,083)
Weighted average shares outstanding – basic	42,574,563	18,988,558
Basic net loss per share	$ (0.41)	$ (1.85)
Weighted average shares outstanding – diluted	42,574,563	18,988,558
Diluted net loss per share	$ (0.41)	$ (1.85)

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Weighted average shares calculation	**December 31, 2023**	**December 31, 2022**
Company public shares	3,926,598	3,926,598
Company initial stockholders	3,403,175	3,403,175
PCCU stockholders	19,977,920	11,386,139

Shares issued for Abaca acquisition	3,155,222	264,654
Restricted stock units issued	999,638	-
Conversion of Preferred stock	11,112,010	7,992
Grand total	42,574,563	18,988,558

Certain share-based equity awards were excluded from the computation of dilutive loss per share because inclusion of these awards would have had an anti-dilutive effect. The following table reflects the awards excluded.

For year Ended December 31	2023	2022
Warrants	12,786,588	7,036,588
Share based payments	2,643,277	2,170,000
Shares to be issued to Abaca shareholders	-	6,433,839
Conversion of preferred stock	880,800	13,443,000
Grand total	16,310,665	29,083,427

The holders of Series A Convertible Preferred Stock shall be entitled to receive, and the Company shall pay, dividends on shares of Series A Convertible Preferred Stock equal (on an as-if-converted-to-Class-A-Common-Stock basis) to and in the same form as dividends actually paid on shares of the Class A Common Stock when, as and if such dividends are paid on shares of the Class A Common Stock. No other dividends shall be paid on shares of Series A Convertible Preferred Stock.

Note 18. Forward Purchase Agreement

On June 16, 2022, NLIT entered into a Forward Purchase Agreement with Midtown East Management NL, LLC ("Midtown East"). Subsequent to entering into the Forward Purchase Agreement, the Company, NLIT, and Midtown East entered into assignment and novation agreements with Verdun Investments LLC ("Verdun") and Vellar Opportunity Fund SPV LLC – Series 1 ("Vellar"), pursuant to which Midtown East assigned its obligations as to 1,666,666 shares of the shares of Class A Stock to be purchased under the Forward Purchase Agreement to each of Verdun and Vellar. As contemplated by the Forward Purchase Agreement:

- Prior to the closing, Midtown East, Verdun and Vellar purchased approximately 3.8 million shares of NLIT Class A common stock directly from investors at market price in the public market. Midtown East and other counter parties waived their redemption rights with respect to the acquired shares.

- One business day following the closing, NLIT paid approximately $ 39.3 million from the cash held in its trust account to Midtown East; Verdun and Vellar for the shares purchased and approximately $ 0.3 million in related expense amounts.

- At the Maturity Date, Midtown East, Verdun and Vellar shall be entitled to (1) the product of the shares then held by them multiplied by the Forward Price, and (2) an amount, in cash or shares at the sole discretion of NLIT, equal to (a) in the case of cash, the product of (i)(x) 3.8 million shares less (y) the number of Terminated Shares and (ii) $2.00 (the "Maturity Cash Consideration") and (b) in the case of shares, (i) the Maturity Cash Consideration divided by (ii) the VWAP Price for the 30 Scheduled Trading Days prior to the Maturity Date .

- At any time prior to the Maturity Date (defined as the earlier of i) the third anniversary of the Closing of the Business Combination, ii) the shares are delisted from The Nasdaq Stock Market or (iii) during any 30 consecutive Scheduled Trading Day-period following the closing of the Business Combination, the Volume Weighted Average Share Price (VWAP) Price for 20 Scheduled Trading Days during such period shall be less than $ 3.00 per share), Midtown East, Verdun and Vellar may elect an optional early termination to sell some or all of the shares (the "Terminated Shares") of Class A Stock in the open market. If Midtown East, Verdun and Vellar sell any shares prior to the Maturity Date, the pro-rata portion of the Reset Price will be released from the escrow account and paid to SHF. Midtown East, Verdun and Vellar shall retain any proceeds in excess of the Reset Price that is paid to SHF.

- The trading value of the common stock combined with preferred shareholders electing to convert their preferred shares to common stock triggered a lower reset price embedded in the forward purchase agreement, or FPA. In 2022, the Company had already called a special meeting to lower the make-whole price under the preferred share purchase agreement to $ 1.25 /share.

- In 2022, an agreement was reached among the Company, its common shareholders, and preferred investors, leading to a reduction in the make-whole price to $ 1.25 per share. This reset resulted in a significant decrease in the FPA receivable, from $ 37.9 million as of September 30, 2022, to $ 4.6 million. In 2023, there were no share transactions by FPA holders, and management identified no additional impacts on the FPA receivable's value on December 31, 2023.

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- The reconciliation statement of the common stock held by the parties are as follows:

		As at December 31, 2022		Shares sold during the year ended December 31, 2023		As at December 31, 2023		
S.no	Name of the party	Opening Shares (a)	Amount	Shares (b)	Amount	Shares (c=a-b)	Rest price (iii)	Amount (c x iii)
1	Vellar	971,204	$1,214,005	-	$ -	971,204	1.25	$1,214,005
2	Midtown East	1,517,924	1,897,405	-	-	1,517,924	1.25	1,897,405
3	Verdun	1,178,249	1,472,811	-	-	1,178,249	1.25	1,472,811
Grand total		**3,667,377**	**$4,584,221**	-	$ -	**3,667,377**		**$4,584,221**

	On the date of acquisition (September 28, 2022)		Shares sold during the period September 29, 2022 to December 31, 2022		As at December 31, 2022		
Name of the party	Opening Shares (a)	Amount	Shares (b)	Amount	Shares (c=a-b)	Rest price (iii)	Amount (c x iii)
Vellar	1,025,000	$10,583,246	53,796	$ 524,472	971,204	1.25	$1,214,005
Midtown East	1,599,496	16,514,986	81,572	832,850	1,517,924	1.25	1,897,405

Verdun	1,180,376	12,187,522	2,127	21,962	1,178,249	1.25	1,472,811
Grand total	**3,804,872**	**39,285,754**	**137,495**	**1,379,284**	**3,667,377**		**$4,584,221**

Note 19. Warrant Liabilities

Public and Private Placement Warrants

As of December 31, 2023, and December 31, 2022, the Company has 5,750,000 Public warrants and 264,088 Private Placement Warrants.

The Public and Private Placement Warrants may only be exercised for a whole number of shares.

The Public and Private Placement Warrants became exercisable on September 28, 2022, the date of the Business Combination and will expire on September 28, 2027, or earlier upon redemption or liquidation .

No warrant will be exercisable for cash or on a cashless basis, and the Company will not be obligated to issue any shares to holders seeking to exercise their warrants, unless the issuance of the shares upon such exercise is registered or qualified under the securities laws of the state of the exercising holder, or an exemption from registration is available.

Redemption of warrants become exercisable when the price per Class A Common Stock equals or exceeds $ 18.00 . Once the warrants become exercisable, the Company may redeem the warrants:

- in whole and not in part;
- at a price of $ 0.01 per warrant;
- upon not less than 30 days' prior written notice of redemption to each warrant holder; and
- if, and only if, the reported last sale price of the Class A Common Stock equals or exceeds $ 18.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like and certain issuances of Class A Common Stock and equity-linked securities) for any 20 trading days within a 30-trading day period commencing no earlier than the date the warrants become exercisable and ending on the third business day before the date on which the Company sends the notice of redemption to the warrant holders.

If and when the warrants become redeemable by the Company, the Company may exercise its redemption rights; this is also the case if the Company is unable to register or qualify the underlying securities for sale under all applicable state securities laws.

If the Company calls the warrants for redemption, management will have the option to require all holders that wish to exercise the Warrants to do so on a "cashless basis," as described in the warrant agreement. The exercise price and number of shares of Class A Common Stock issuable upon exercise of the warrants may be adjusted in certain circumstances including in the event of a stock dividend, or recapitalization, reorganization, merger or consolidation. However, the warrants will not be adjusted for issuance of Class A Common Stock at a price below its exercise price. Additionally, in no event will the Company be required to net cash settle the warrants.

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The private placement warrants are identical to the public warrants, except that the private placement warrants and the Class A Common Stock issuable upon the exercise of the private placement warrants were not transferable, assignable or saleable, subject to certain limited exceptions. Additionally, the private placement warrants are exercisable on a cashless basis and non-redeemable so long as they are held by the initial purchasers or their permitted transferees. If the private placement warrants are held by someone other than the initial purchasers or their permitted transferees, the private placement warrants will be redeemable by the Company and exercisable by such holders on the same basis as the public warrants.

PIPE Warrants

As of December 31, 2023, and December 31, 2022, the Company has 1,022,500 PIPE Warrants.

The PIPE Warrants have an exercise price of $ 11.50 per share of Class A Common Stock to be paid in cash (except if the shares underlying the warrants are not covered by an effective registration statement after the six-month anniversary of the closing date, in which case cashless exercise is permitted), subject to adjustment to a price equal to the greater of (i)125% of the conversion price if at any time there is an adjustment to the Conversion Price and the exercise price after such adjustment is greater than 125% of the Conversion Price as adjusted and (ii) $5.00 . The PIPE Warrants are also subject to adjustment for other customary adjustments for stock dividends, stock splits and similar corporate actions. The PIPE Warrants are exercisable for a period of five years following the Closing, or September 28, 2027. After exercise of a PIPE Warrant, the Company may be required to pay certain penalties if it fails to deliver the Class A Common Stock within a specified period of time.

Abaca Warrants

As of December 31, 2023, the Company has 5,000,000 Abaca warrants . As of December 31, 2022, the Company has no Abaca warrants outstanding.

The Abaca 5,000,000 stock warrants have an exercise price of $ 2.00 per share of Class A Common stock to be paid in Cash. A Warrant may be exercised only during the period commencing 1 year of the Effective Date and terminating five (5) years from the effective date of the registration statement. The Company may, in its sole discretion, settle the Warrant when exercised, in whole or in part, in cash in lieu of issuing shares of Common Stock underlying the Warrant. The Company may elect to pay the Registered Holder in cash in the amount equal to the difference between the fair market value of the Company's Common Stock on the date of exercise and the warrant price ($ 2.00) multiplied by the number of shares of Common Stock. The Company commits to promptly registering shares issued upon Warrant exercises if required by law, ensuring these shares can be sold without restrictions. This registration must be filed within 45 days of receiving a notification of such a requirement, with failure to do so constituting a default. The Company will endeavor to keep the registration effective until the Warrants expire. If the registration isn't effective within one year, Warrant holders may exercise their Warrants on a cashless basis, receiving shares based on a defined fair market value calculation. This process aims to facilitate the straightforward and lawful exercise of Warrants, ensuring the shares issued are readily tradable without the need for restrictive legends.

Note 20. Financial Instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The fair value hierarchy ranks the inputs used in measuring fair value as follows:

- Level 1 – Observable, unadjusted quoted prices in active markets
- Level 2 – Inputs other than quoted prices included in Level 1 that are directly or indirectly observable for the asset or liability
- Level 3 – Unobservable inputs with little or no market activity that require the Company to use reasonable inputs and assumptions

The Company uses fair value measurements to record adjustments to certain financial assets and liabilities on a recurring basis. The Company may be required to record certain assets at fair value on a nonrecurring basis in specific circumstances, such as evidence of impairment. Methodologies used to determine fair value might be highly subjective and judgmental in nature; therefore, valuations may not be precise. If the Company determines that a

valuation technique change is necessary, the change is assumed to have occurred at the end of the respective reporting period.

Assets and Liabilities Reported at Fair Value on a Recurring Basis

Public Warrants:

Public warrants are recorded at fair value on a recurring basis. The Company obtains exchange traded price, of Level 1 inputs, based on observable data to value these warrants.

Private Placement Warrants:

Private Placement Warrants are recorded at fair value on a recurring basis. In 2023, the Company internally assessed the value of these derivatives with Level 3 inputs, which are derived from Black-Scholes model . This is a change from 2022, when the valuation was based on third-party reports, also utilizing Level 3 inputs for these derivatives. Management believes that this change was necessary to enhance the precision and control over the valuation process, allowing for a more tailored and responsive approach to the unique characteristics of the derivatives and the evolving market conditions.

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PIPE Warrants:

PIPE Warrants are recorded at fair value on a recurring basis. In 2023, the Company internally assessed the value of these derivatives with Level 3 inputs, which are derived from Black-Scholes model. This is a change from 2022, when the valuation was based on third-party reports, also utilizing Level 3 inputs for these derivatives. Management believes that this change was necessary to enhance the precision and control over the valuation process, allowing for a more tailored and responsive approach to the unique characteristics of the derivatives and the evolving market conditions.

Abaca Warrants:

Abaca Warrants are recorded at fair value on a recurring basis. The Company internally assessed the value of these derivatives with Level 3 inputs. Level 3 inputs, based on unobservable data derived from Black-Scholes model.

Third anniversary payment consideration:

Third anniversary payment consideration are recorded at fair value on a recurring basis. The Company value these derivatives based on third party reports for Level 3 inputs. Level 3 inputs, based on unobservable data derived from Black Scholes-Merton model.

Forward purchase option derivatives:

Forward purchase option derivatives are recorded at fair value on a recurring basis. In 2022, the Company values these derivatives based on third party reports for Level 3 inputs. In 2023, no significant risk factor changes affecting FPA derivative values were noted. Consequently, management retained the December 31, 2022, valuation for December 31, 2023.

The following tables summarize financial assets and liabilities recorded at fair value on a recurring basis, by the level of valuation inputs in the fair value hierarchy on December 31, 2023, and December 31,2022:

	December 31, 2023			December 31, 2022		
Description	Total Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Other Unobservable Inputs (Level 3)	Total Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Other Unobservable Inputs (Level 3)
Liabilities:						
PIPE warrants	$ 273,124	-	273,124	$ 286,300	-	286,300
Public warrants	$ 481,850	481,850	-	$ 361,100	361,100	-
Private placement warrants	$ 25,070	-	25,070	$ 19,110	-	19,110
Abaca warrant	$3,384,085	-	3,384,085	$ -	-	-
Forward purchase derivative liability	$7,309,580	-	7,309,580	$7,309,580	-	7,309,580
Third anniversary payment consideration	$ 810,000	-	810,000	$ -	-	-

Assets Measured at Fair Value on a Nonrecurring Basis

Assets that are measured at fair value on a nonrecurring basis primarily comprises of property, plant and equipment, right-to-use assets, finite lived intangible assets and goodwill. The Company does not record these at fair value on a recurring basis, however, the carrying value of the assets may be reduced to fair value when the Company determines that impairment has occurred.

At December 31, 2023, the Company's developed technology asset were measured at fair value on a nonrecurring basis as result of annual impairment testing. In order to evaluate the fair value of the developed technology asset, the annual impairment test employed the Relief from Royalty Method for accurately reflecting market conditions and asset performance (Refer to note 5 - Goodwill and Finite-lived intangible assets).

The following table presents the carrying amounts and fair values of financial instruments measured on a nonrecurring basis, by the level of valuation inputs in the fair value hierarchy, as of the dates indicated:

	As on December 31, 2023				
	Carrying amount	Fair value	Fair value measurement using		
			Level 1	Level 2	Level 3
Assets					
Developed Technology	3,599,754	3,599,754	-	-	3,599,754

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The following table provides quantitative information regarding Level 3 fair value measurements inputs as it relates to the finite lived intangible assets as of their measurement dates:

As on December 31, 2023	Developed technology
Royalty rate	6.50%
Discount rate	14.25%
Estimated useful life	5.87 years
Tax rate	25%

There were no assets or liabilities recorded at fair value on a nonrecurring basis for the period ended December 31, 2022.

Fair Value of Financial Instruments

The Company uses various methodologies and assumptions to estimate the fair value of certain financial instruments. With the exceptions of loans receivable, warrants and forward purchase option derivatives, the Company considers the carrying amounts of its financial instruments (cash, accounts receivable and accounts payable) in the balance sheet to approximate fair value because of the short-term or highly liquid nature of these financial instruments.

The following tables present the carrying amounts and fair values of financial instruments, by the level of valuation inputs in the fair value hierarchy, as of the dates indicated:

	As on December 31, 2023				
	Carrying amount	Fair value	Fair value measurement using		
			Level 1	Level 2	Level 3
Assets					
Cash and cash equivalents	$ 4,888,769	$ 4,888,769	$ 4,888,769	$ -	$ -
Forward purchase receivables	4,584,221	4,584,221	4,584,221	-	-
Loans	330,579	363,561	-	-	363,561
Liabilities					
Deferred consideration	2,889,792	2,889,792	2,889,792	-	-
Senior secured promissory note	14,011,166	12,750,204	-	-	12,750,204
Public warrants	481,850	481,850	481,850	-	-
Private placement warrants	25,070	25,070	-	-	25,070
PIPE warrants	273,124	273,124	-	-	273,124
Abaca warrants	3,384,085	3,384,085	-	-	3,384,085
Forward purchase derivative	7,309,580	7,309,580	-	-	7,309,580
Third anniversary payment consideration	810,000	810,000	-	-	810,000

	As on December 31, 2022				
	Carrying amount	Fair value	Fair value measurement using		
			Level 1	Level 2	Level 3
Assets					
Cash and cash equivalents	$ 8,390,195	$ 8,390,195	$ 8,390,195	$ -	$ -
Forward purchase receivables	4,584,221	4,584,221	4,584,221		-
Loans	1,301,991	1,241,761	-	-	1,241,761
Liabilities					
Deferred consideration	14,359,822	14,359,822	14,359,822	-	-
Due to seller - current portion	25,973,017	25,973,017	25,973,017	-	-
Due to seller - long term position	30,976,783	30,976,783	30,976,783	-	-
Deferred underwriter fee payable	1,450,500	1,450,500	1,450,500	-	-
Public warrants	361,100	361,100	361,100	-	-
Private placement warrants	19,110	19,110	-	-	19,110
PIPE warrants	286,300	286,300	-	-	286,300
Forward purchase derivative	7,309,580	7,309,580	-	-	7,309,580

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The change in the assets measured at fair value on a recurring basis for which the Company have utilized Level 3 inputs to determine fair value are presented in the following table:

	For the Year ended December 31, 2023				
	PIPE Warrants	Abaca Warrant	Private Placement Warrants	Third anniversary payment consideration	Forward Purchase Derivative
Balance at the beginning of the period	$ 286,300	-	19,110	-	7,309,580
Issued to Abaca shareholders	-	1,635,407	-	430,000	-
Fair value adjustment	(13,176)	1,740,386	5,960	380,000	-
Balance at the end of the period	$ 273,124	3,384,085	25,070	810,000	7,309,580

	For the Year ended December 31, 2022		
	PIPE Warrants	Private Placement Warrants	Forward Purchase Derivative
Balance at the beginning of the period	$ -	$ -	$ -
Acquired under business combination		203,112	(1,687,530)
Fair value adjustment	286,300	184,002	8,997,110
Balance at the end of the period	$ 286,300	$ 19,110	$ 7,309,580

In 2023, the valuation of private placement warrants, PIPE warrants, and Abaca warrants was carried out using the Black-Scholes model, while the fair

value of the Abaca third anniversary payment consideration was determined using the Black Scholes Merton Option pricing model. Contrastingly, in 2022, the fair value assessments for both the private placement warrants and PIPE warrants were conducted using the Black-Scholes model and the Black Scholes-Merton model, respectively. Management believes that the change in method for PIPE warrants was necessary to enhance the precision and control over the valuation process, allowing for a more tailored and responsive approach to the unique characteristics of the derivatives and the evolving market conditions. As of December 31, 2023, and December 31, 2022, these warrants were valued for Level 3 inputs, which are based on observable data to value these derivatives.

In 2022, the fair value of the forward purchase derivative was estimated using a Monte-Carlo Simulation in a risk-neutral framework (a special case of the Income Approach). In 2023, no significant risk factor changes affecting FPA derivative values were noted. Consequently, management retained the December 31, 2022, valuation for December 31, 2023.The Company will continue to monitor the fair value of the forward option derivative each reporting period with subsequent revisions to be recorded in the Statements of Operations.

During the fiscal years 2022 and 2023, there were no changes in the classification of financial instruments within Level 2 and Level 3 of the fair value hierarchy.

The following table provides quantitative information regarding Level 3 fair value measurements inputs as it relates to the private placement warrants and public warrants as of their measurement dates:

	December 31, 2023				December 31, 2022			
	PIPE Warrants	Private Warrants	Third anniversary payment consideration	Abaca Warrants	PIPE Warrants	Private Warrants	Third anniversary payment consideration	Abaca Warrants
Exercise price	$ 5	$ 11.5	-	$ 2	$ 5	$ 11.5	-	-
Share Price	$ 1.42	$ 1.42	$ 1.42	$ 1.42	$ 1.78	$ 1.78	-	-
Expected term (years)	3.74	3.74	1.76	4.84	4.74	4.74	-	-
Volatility	62.95%	62.95%	62.95%	62.95%	46.00%	46.00%	-	-
Risk-free rate	4.25%	4.25%	4.25%	4.25%	4.00%	3.98%	-	-

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The following table provides quantitative information regarding Level 3 fair value measurements inputs as it relates to the forward purchase derivatives as of their measurement dates on December 31, 2023 and December 31, 2022:

	December 31, 2023	December 31, 2022
Reset Price	$ 1.25	$ 1.25
Expected term (years)	1.74	2.74
Additional Maturity Consideration per share	$ 2.00	$ 2.00
Volatility	46%	46%
Risk-free rate	4.2%	4.2%
Risk-adjusted discount rate	13.4%	13.4%

Note 21. Tax

The major components of income tax expense for the years ended 31 December 2023 and 31 December 2022:

For year ended December 31,	2023	2022
Current income tax:		
Current tax on profits	$ -	$ (3,394)
Deferred tax:		
Deferred taxation - current year	$ (1,829,701)	$ (9,249,499)
Income tax benefit reported in the income statement	$ (1,829,701)	$ (9,252,893)

A reconciliation follows between tax benefit and the product of accounting profit multiplied by the United States domestic tax rate for the years ended December 31, 2023 and December 31, 2022:

For year ended December 31,	2023	2022
Accounting loss before tax from continuing operations	(19,109,548)	$ (44,380,976)
Accounting loss before income tax	(19,109,548)	(44,380,976)
At federal statutory income tax rate of 21%	(4,013,005)	(9,320,005)
State income tax benefit, net of federal benefit	(253,649)	(1,304,510)
Permanent differences, net	2,207,439	1,787,471
Other	229,514	(415,849)
Total	(1,829,701)	$ (9,252,893)

Deferred tax:

Deferred taxes are comprised of the following:

	December 31, 2023	December 31, 2022	Change
Loan Loss Reserve	340,982	127,508	(213,473)
Capital Loss Carryover	72,914	-	(72,914)
Stock Option Expense	1,322,890	686,879	(636,011)
Deferred Revenue	5,366	251	(5,115)
Fixed Assets	20,866	(11,444)	(32,310)
Transaction Costs	1,014,922	817,323	(197,599)
Change in Forward Purchase Contract	8,155,953	8,155,953	-
Goodwill	30,631,880	42,551,111	11,919,231
NOL Carryforward	3,210,838	1,862,393	(1,348,445)
ROU Assets	(210,460)	(248,725)	(38,265)
ROU Liabilities	246,716	251,670	4,954
Intangible Assets	(910,934)	(2,599,617)	(1,688,683)

Valuation Allowance	(72,914)	-	72,914
Net deferred tax assets / (liabilities)	43,829,019	51,593,302	7,764,284
Reflected in the statement of financial position as follows:			
Deferred tax assets	44,950,413	-	
Deferred tax liabilities	(1,121,394)	-	
Deferred tax assets net	43,829,019	-	

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Reconciliation of deferred tax liabilities net:

	Year on year change	December 31, 2022
Opening balance as on December 31, 2022	$ 51,593,302	$ -
Tax Income/(expense) during the period recognized in profit or loss	1,829,701	9,249,499
Acquisitions	(9,593,985)	42,343,803
Closing balance as on December 31, 2023	$ 43,829,019	$ 51,593,302

The Company offsets tax assets and liabilities only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority. The Company considers their deferred tax assets to be realizable and has not established a valuation allowance. The Company has US federal tax loss carryovers totaling $ 13.1 million arising from 2020 through 2023 which have an unlimited carryover period. The Company has State of Colorado loss carryovers arising in 2020 through 2023 of $ 12.8 million which expire in 2042 and State of Arkansas loss carryovers arising in 2020 through 2022 of $ 0.2 million which expire in 2028 through 2032. The Company currently has no tax examinations in progress. The Company has open years for examination from Federal and State of Arkansas for the years ending December 31, 2020, forward and from State of Colorado from December 31, 2022. The Company does not have any uncertain tax positions as of December 31, 2022. In both 2022 and 2023, the Company did not make any payments towards federal or state taxes.

Note 22. 401(k) Plan

The Company offers to all employees a tax-qualified retirement contribution plan, with the Company's 100 % matching contribution up to 4 % of a participant's eligible compensation. The Company's consolidated matching contributions for the year ended December 31, 2023, amounting to $ 62,785 , and December 31, 2022, amounting to $ 47,806 , respectively.

Note 23. Share based compensation

2022 Equity Incentive Plan

Share-based compensation expense recognized for the years ended December 31, 2023, and 2022 totaled $ 3.71 million and $ 2.81 million respectively.

The 2022 Plan was approved by the Company's stockholders on June 28, 2022. The 2022 Plan permits the grant of incentive stock options, non-qualified stock options, stock appreciation rights, restricted stock, restricted stock units, stock bonus awards, and performance compensation awards. The Company has not issued stock appreciation rights, stock bonus awards, or performance compensation awards in the year ended December 31, 2023, and December 31, 2022. In conjunction with the 2023 Plan, as of December 31, 2023, the Company had granted stock options and restricted stock units which are described in more detail below.

Stock options

Stock options are awarded to encourage ownership of the Company's common stock by employees and to provide increased incentive for employees to render services and to exert maximum effort for the success of the Company. The Company's incentive stock options generally permit net-share settlement upon exercise. The option exercise price, vesting schedule and exercise period are determined for each grant by the administrator (person appointed by board to administer the stock plans) of the applicable plan. The Company's stock options generally have a 10 -year contractual term.

The assumptions used to determine the fair value of options granted in the year ended December 31, 2023, using the Black-Scholes-Merton model are as follows:

Particulars	December 31, 2023	December 31, 2022
Dividend yield	-	-
Risk-free interest rate	3.62 % to 4.23%	3.62 % to 4.23%
Expected volatility (weighted-average and range, if applicable)	100%	100%
Expected term	6.00 to 6.5 years	6.00 to 6.5 years

The expected term of the options granted is calculated based on the simplified method by taking average of contractual term and vesting period the awards. The shares of the Company have been listed on the stock exchange for a limited period of the time and the share price has also dropped significantly from the date of listing, based on these factors, Management has considered the expected volatility at 100 % for the current period. The risk-free interest rate used is the current yield on US Treasury notes, with a term equal to the expected term of the options at the grant date. The expected dividend yield is based on annualized dividends on the underlying share during the expected term of the option.

A summary of the Company's stock option activities and related information for the year ended December 31, 2023, is as follows:

Stock Option	No. of Stock Option	Weighted Average Exercise Price	Weighted-Average Remaining Contractual Life (in Years)
December 31, 2022	2,170,000	5.29	2.02
Granted	336,730	$ 1.03	1.28
Exercised	-	-	-
Expired	-	-	-
Cancelled / Forfeited	(220,720)	(2.67)	-
December 31, 2023	2,286,010	$ 5.43	1.65

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On December 31, 2023, there were no unrecognized compensation costs related to non-vested stock options to be recognized. Share based

compensation did not impact on Company's cash flow in year ended December 31, 2023 or year ended December 31, 2022.

Stock Option	No. of Stock Option	Weighted Average Exercise Price	Weighted-Average Remaining Contractual Life (in Years)
December 31, 2021	-	-	-
Granted	2,170,000	$ 5.29	2.02
Exercised	-	-	-
Expired	-	-	-
Cancelled / Forfeited	-	-	-
December 31, 2022	2,170,000	$ 5.29	2.02

The following options were outstanding at their respective exercise price:

Exercise price options outstanding	December 31, 2023	December 31, 2022
$ 1.56	376,510	87,500
$ 2.58	350,000	350,000
$ 4.00	309,500	482,500
$ 6.67	1,250,000	1,250,000
Total	**2,286,010**	**2,170,000**

Restricted Stock Units ("RSUs")

A summary of the Company's RSU activities and related information for the year ended December 31, 2023, is as follows:

Restricted Stock Units	No. of RSU	Weighted-Average Grant Date Fair Value Per RSU	Weighted-Average Remaining Contractual Life (in Years)
December 31, 2022	-	$ -	$ -
Granted	1,600,028	0.99	2.0
Exercised	(1,266,228)	(0.90)	-
Expired			-
Cancelled / Forfeited	(10,300)	1.31	-
December 31, 2023	323,500	$ 0.47	2.0

The following RSU were outstanding at their respective exercise price:

Exercise price RSU outstanding	December 31, 2023	December 31, 2022
$ 1.31	323,500	-
Total	**323,500**	**-**

The fair value as of the respective vesting dates of RSUs that vested during the year ended December 31, 2023, and December 31, 2022 was $ 1,140,648 and $ 0 . As of December 31, 2023, there is no unrecognized share-based compensation expense related to RSU awards.

Note 24. Subsequent event

For the period subsequent to the reporting date up to the date of filing this report, there have been no significant events that would materially affect the financial position or results of operations as presented in this 10-K.

SHF Holdings, Inc.

Code of Ethics and Business Conduct

1. Introduction.

1.1 The Board of Directors of SHF Holdings, Inc. (together with its subsidiaries, the "**Company**") has adopted this Code of Ethics and Business Conduct (the "**Code**") in order to:

(a) promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest;

(b) promote full, fair, accurate, timely and understandable disclosure in reports and documents that the Company files with, or submits to, the Securities and Exchange Commission (the "**SEC**") and in other public communications made by the Company;

(c) promote compliance with applicable governmental laws, rules and regulations;

(d) promote the protection of Company assets, including corporate opportunities and confidential information;

(e) promote fair dealing practices;

(f) deter wrongdoing; and

(g) ensure accountability for adherence to the Code.

1.2 All directors, officers and employees are required to be familiar with the Code, comply with its provisions and report any suspected violations as described below in Section 10, Reporting and Enforcement.

2. Honest and Ethical Conduct.

2.1 The Company's policy is to promote high standards of integrity by conducting its affairs honestly and ethically.

2.2 Each director, officer and employee must act with integrity and observe the highest ethical standards of business conduct in their dealings with the Company's customers, suppliers, partners, service providers, competitors, employees and anyone else with whom they have contact in the course of performing their job.

3. Conflicts of Interest.

3.1 A conflict of interest occurs when an individual's private interest (or the interest of a member of their family) interferes, or even appears to interfere, with the interests of the Company as a whole. A conflict of interest can arise when an employee, officer or director (or a member of their family) takes actions or has interests that may make it difficult to perform their work for the Company objectively and effectively. Conflicts of interest also arise when an employee, officer or director (or a member of their family) receives improper personal benefits as a result of their position in the Company.

3.2 Loans by the Company to, or guarantees by the Company of obligations of, employees or their family members are of special concern and could constitute improper personal benefits to the recipients of such loans or guarantees, depending on the facts and circumstances. Loans by the Company to, or guarantees by the Company of obligations of, any director or [executive] officer [or their family members] are expressly prohibited.

3.3 Whether or not a conflict of interest exists or will exist can be unclear. Conflicts of interest should be avoided unless specifically authorized as described in Section 3.4.

3.4 Persons other than directors and executive officers who have questions about a potential conflict of interest or who become aware of an actual or potential conflict should discuss the matter with, and seek a determination and prior authorization from legal department by providing a written description of the activity and seeking the legal department's written approval.

Directors and executive officers must seek determinations and prior authorizations or approvals of potential conflicts of interest exclusively from the Chief Legal Officer.

4. Compliance.

4.1 Employees, officers and directors should comply, both in letter and spirit, with all applicable laws, rules and regulations in the cities, states and countries in which the Company operates.

4.2 Although not all employees, officers and directors are expected to know the details of all applicable laws, rules and regulations, it is important to know enough to determine when to seek advice from appropriate personnel. Questions about compliance should be addressed to the Legal Department.

4.3 No director, officer or employee may purchase or sell any Company securities while in possession of material nonpublic information

regarding the Company, nor may any director, officer or employee purchase or sell another company's securities while in possession of material nonpublic information regarding that company. It is against Company policies and illegal for any director, officer or employee to use material nonpublic information regarding the Company or any other company to:

(a) obtain profit for himself or herself; or

(b) directly or indirectly "tip" others who might make an investment decision on the basis of that information.

5. Disclosure.

5.1 The Company's periodic reports and other documents filed with the SEC, including all financial statements and other financial information, must comply with applicable federal securities laws and SEC rules.

5.2 Each director, officer and employee who contributes in any way to the preparation or verification of the Company's financial statements and other financial information must ensure that the Company's books, records and accounts are accurately maintained. Each director, officer and employee must cooperate fully with the Company's accounting and internal audit departments, as well as the Company's independent public accountants and counsel.

5.3 Each director, officer and employee who is involved in the Company's disclosure process must:

(a) be familiar with and comply with the Company's disclosure controls and procedures and its internal control over financial reporting; and

(b) take all necessary steps to ensure that all filings with the SEC and all other public communications about the financial and business condition of the Company provide full, fair, accurate, timely and understandable disclosure.

6. Protection and Proper Use of Company Assets.

6.1 All directors, officers and employees should protect the Company's assets and ensure their efficient use. Theft, carelessness and waste have a direct impact on the Company's profitability and are prohibited.

6.2 All Company assets should be used only for legitimate business purposes[, though incidental personal use [is/may be] permitted]. Any

suspected incident of fraud or theft should be reported for investigation immediately.

6.3 The obligation to protect Company assets includes the Company's proprietary information. Proprietary information includes intellectual property such as trade secrets, patents, trademarks, and copyrights, as well as business and marketing plans, engineering and manufacturing ideas, designs, databases, records and any nonpublic financial data or reports. Unauthorized use or distribution of this information is prohibited and could also be illegal and result in civil or criminal penalties.

7. Corporate Opportunities. All directors, officers and employees owe a duty to the Company to advance its interests when the opportunity arises. Directors, officers and employees are prohibited from taking for themselves personally (or for the benefit of friends or family members) opportunities that are discovered through the use of Company assets, property, information or position. Directors, officers and employees may not use Company assets, property, information or position for personal gain (including gain of friends or family members). In addition, no director, officer or employee may compete with the Company.

8. Confidentiality. Directors, officers and employees should maintain the confidentiality of information entrusted to them by the Company or by its customers, suppliers or partners, except when disclosure is expressly authorized or is required or permitted by law. Confidential information includes all nonpublic information (regardless of its source) that might be of use to the Company's competitors or harmful to the Company or its customers, suppliers or partners if disclosed.

9. Fair Dealing. Each director, officer and employee must deal fairly with the Company's customers, suppliers, partners, service providers, competitors, employees and anyone else with whom they have contact in the course of performing their job. No director, officer or employee may take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of facts or any other unfair dealing practice.

10. Reporting and Enforcement.

10.1 Reporting and Investigation of Violations.

(a) Actions prohibited by this Code involving directors or executive officers must be reported to the Audit Committee.

(b) Actions prohibited by this Code involving anyone other than a director or executive officer must be reported to the General Counsel.

(c) After receiving a report of an alleged prohibited action, all appropriate actions necessary to investigate the action must be promptly taken.

(d) All directors, officers and employees are expected to cooperate in any internal investigation of misconduct.

10.2 Enforcement.

(a) The Company must ensure prompt and consistent action against violations of this Code.

(b) If, after investigating a report of an alleged prohibited action by a director or executive officer, a determination is made that a violation of this Code has occurred, a report to the Board of Directors shall be provided.

(c) If, after investigating a report of an alleged prohibited action by any other person, a determination is made that a violation of this Code has occurred, a report to the General Counsel shall be provided.

(d) Upon receipt of a determination that there has been a violation of this Code, the Board of Directors or the General Counsel will take such preventative or disciplinary action as it deems appropriate, including, but not limited to, reassignment, demotion, dismissal and, in the event of criminal conduct or other serious violations of the law, notification of appropriate governmental authorities.

10.3 Waivers.

(a) Each of the Board of Directors or Audit Committee (in the case of a violation by a director or executive officer) and the General Counsel (in the case of a violation by any other person) may, in its discretion, waive any violation of this Code.

(b) Any waiver for a director or an executive officer shall be disclosed as required by SEC and Nasdaq rules.

10.4 Prohibition on Retaliation.

The Company does not tolerate acts of retaliation against any director, officer or employee who makes a good faith report of known or suspected acts of misconduct or other violations of this Code.

Acknowledgment of Receipt and Review

[To be signed and returned to the Legal Department.

I, _____, acknowledge that I have received and read a copy of the SHF Holdings, Inc. Code of Ethics and Business Conduct. I understand the contents of the Code and I agree to comply with the policies and procedures set out in the Code.

I understand that I should approach Legal Department if I have any questions about the Code generally or any questions about reporting a suspected conflict of interest or other violation of the Code.

_____

[NAME]

_____

[PRINTED NAME]

_____

[DATE]

SHF HOLDINGS, INC.

AMENDED AND RESTATED - 2022 EQUITY INCENTIVE PLAN
(Adopted October 4, 2022)

1. ESTABLISHMENT, EFFECTIVE DATE AND TERM

SHF Holdings, Inc. (f/k/a Northern Lights Acquisition Corp.), a Delaware corporation ("Safe Harbor") has previously established the Northern Lights Acquisition Corp. 2022 Equity Incentive Plan (the "Plan"), effective June 28, 2022. Safe Harbor hereby amends and restates "Plan"). The effective date of this amendment shall be the date that this amendment and restatement is approved by the Board. Unless earlier terminated pursuant to Section 15(l) hereof, the Plan shall terminate on the tenth anniversary of the Effective Date. Capitalized terms used herein are defined in Annex A attached hereto.

2. PURPOSE

The purpose of the Plan is to enable the Company to attract, retain, reward and motivate Eligible Individuals by providing them with an opportunity to acquire or increase a proprietary interest in the Company and to incentivize them to expend maximum effort for the growth and success of the Company, so as to strengthen the mutuality of the interests between the Eligible Individuals and the shareholders of the Company.

3. ELIGIBILITY

Awards may be granted under the Plan to any Eligible Individual, as determined by the Committee from time to time, on the basis of their importance to the business of the Company pursuant to the terms of the Plan.

4. ADMINISTRATION

(a) ***Committee***. The Plan shall be administered by the Compensation Committee of the Board. The Board (or those members of the Board who are "independent directors" under the corporate governance requirements of the Listing Market) may, in its discretion, take any action and exercise any power, privilege or discretion conferred on the Committee under the Plan with the same force and effect under the Plan as if done or exercised by the Committee. The Committee shall have full and final authority, subject to and consistent with the provisions of the Plan, to select Eligible Individuals to become Participants, grant Awards, determine the type, number and other terms and conditions of, and all other matters relating to, Awards, prescribe Award Agreements (which need not be identical for each Participant) and rules and regulations for the administration of the Plan, construe and interpret the Plan and Award Agreements and correct defects, supply omissions or reconcile inconsistencies therein, and to make all other decisions and determinations as the Committee may deem necessary or advisable for the administration of the Plan. In exercising any discretion granted to the Committee under the Plan or pursuant to any Award, the Committee shall not be required to follow past practices, act in a manner consistent with past practices, or treat any Eligible Individual or Participant in a manner consistent with the treatment of any other Eligible Individual. The Committee cannot grant reload or other automatic Awards made upon exercise of Options or Stock Appreciation Rights under the Plan.

(b) ***Delegation to Officers or Employees***. The Committee may designate officers or employees of the Company to assist the Committee in the administration of the Plan. The Committee may delegate authority to officers or employees of the Company to grant Awards and execute Award Agreements or other documents on behalf of the Committee in connection with the administration of the Plan, subject to whatever limitations or restrictions the Committee may impose in accordance with applicable law and to the extent that such delegation will not result in the loss of an exemption under Rule 16b-3(d)(1) for Awards granted to Participants subject to Section 16 of the Exchange Act in respect of the Company and will not result in a related-person transaction with an executive officer required to be disclosed under Item 404(a) of Regulation S-K (in accordance with Instruction 5.a.ii thereunder) under the Exchange Act.

(c) ***Designation of Advisors***. The Committee may designate professional advisors to assist the Committee in the administration of the Plan. The Committee may employ such legal counsel, consultants, and agents as it may deem desirable for the administration of the Plan and may rely upon any advice and any computation received from any such counsel, consultant, or agent. The Company shall pay all expenses and costs incurred by the Committee for the engagement of any such counsel, consultant, or agent.

(d) ***Participants Outside the U.S***. In order to conform with the provisions of local laws and regulations in foreign countries in which the Company operates, the Committee shall have the sole discretion to (i) modify the terms and conditions of the Awards granted under the Plan to Eligible Individuals located outside the United States; (ii) establish subplans with such modifications as may be necessary or advisable under the circumstances present by local laws and regulations; and (iii) take any action which it deems advisable to comply with or otherwise reflect any necessary governmental regulatory procedures, or to obtain any exemptions or approvals necessary with respect to the Plan or any subplan established hereunder.

(e) ***Liability and Indemnification***. No Covered Individual shall be liable for any action or determination made in good faith with respect to the Plan, any Award granted hereunder or any Award Agreement entered into hereunder. The Company shall, to the maximum extent permitted by applicable law and the Articles of Incorporation and Bylaws of the Company, indemnify and hold harmless each Covered Individual against any cost or expense (including reasonable attorney fees reasonably acceptable to the Company) or liability (including any amount paid in settlement of a claim with the approval of the Company), and amounts advanced to such Covered Individual necessary to pay the foregoing at the earliest time and to the fullest extent permitted, arising out of any act or omission to act in connection with the Plan, any Award granted hereunder or any Award Agreement entered into hereunder. Such indemnification shall be in addition to any rights of indemnification such individuals may have under applicable law or under the Articles of Incorporation or Bylaws of the Company. Notwithstanding anything else herein, this indemnification will not apply to the actions or determinations made by a Covered Individual with regard to Awards granted to such Covered Individual under the Plan or arising out of such Covered Individual's own fraud or bad faith.

5. SHARES OF COMMON STOCK SUBJECT TO PLAN

(a) ***Shares Available for Awards***. The Common Stock that may be issued pursuant to Awards granted under the Plan shall be treasury shares or authorized but unissued shares of the Common Stock. The total number of shares of Common Stock that may be issued pursuant to Awards granted under the Plan shall be 4,037,147 Shares; provided however, total number of Common Shares that may be issued, under the Plan will automatically increase on the first trading day of each calendar year, beginning with calendar year 2023, by a number of shares of Common Stock equal to five percent (5%) of the total outstanding shares of Common Stock on the last day of the prior calendar year (subject to a maximum annual increase

of 1,000,000 Common Shares. Notwithstanding the automatic annual increase set forth above, the Board may act prior to January 1st of a given year to provide that there will be no such increase in the share reserve for such year or that the increase in the share reserve for such year will be a lesser number of Common Shares than would otherwise occur pursuant to the stipulated percentage.

(b) ***Limitations on Incentive Stock Option***. With respect to the shares of Common Stock reserved pursuant to this Section, all 4,037,147 shares of Common Stock may be issued as grants of Incentive Stock Options. (See also Section 5(a).)

(c) ***Cancelled, Forfeited, or Surrendered Awards***. If any Award that may be settled in Common Stock is cancelled, forfeited, terminated or settled in cash for any reason, the shares of Common Stock that were subject to such Award shall, to the extent cancelled, forfeited, terminated or settled in cash, immediately become available for future Awards granted under the Plan as if said Award had never been granted; provided, however, that any shares of Common Stock subject to an Award which are tendered, cancelled, forfeited, withheld or terminated in order to pay the Exercise Price, purchase price or any taxes or tax withholdings on an Award shall not be available for future Awards granted under the Plan. Shares of Common Stock that have been repurchased by the Company using the proceeds from Stock Option exercise shall not be available for future Awards granted under the Plan.

(d) ***Recapitalization***. If the outstanding shares of Common Stock are increased or decreased or changed into or exchanged for a different number or kind of shares or other securities of the Company by reason of any recapitalization, reclassification, reorganization, stock split, reverse split, combination of shares, exchange of shares, stock dividend or other distribution payable in capital stock of the Company or other increase or decrease in such shares effected without receipt of consideration by the Company occurring after the Effective Date, an appropriate and proportionate adjustment shall be made by the Committee to (i) the aggregate number and kind of shares of Common Stock available under the Plan (including, but not limited to, the aggregate limits of the number of shares of Common Stock described in Sections 5(c)(i) and (ii), (ii) the limits on the number of shares of Common Stock that may be granted to an Eligible Employee in any one fiscal year, (iii) the calculation of the reduction of shares of Common Stock available under the Plan, (iv) the number and kind of shares of Common Stock issuable upon exercise (or vesting) of outstanding Awards granted under the Plan; (v) the Exercise Price of outstanding Options granted under the Plan, and/or (vi) the number of shares of Common Stock subject to Awards granted to Non-Employee Directors under Section 10. No fractional shares of Common Stock or units of other securities shall be issued pursuant to any such adjustment under this Section 5(d), and any fractions resulting from any such adjustment shall be eliminated in each case by rounding downward to the nearest whole share or unit. In furtherance of the foregoing, a Participant shall have a legal right to an adjustment to an outstanding Award that constitutes a "share-based payment arrangement" in the event of an "equity restructuring," as such terms are defined under FASB ASC Topic 718, which adjustment shall preserve without enlarging the value of the Award to the Participant. Any adjustments made under this Section 5(d) with respect to any Incentive Stock Options must be made in accordance with Code Section 424.

(e) Non-Employee Director Limitations. The maximum number of Common Shares that may be granted under the Plan during any single fiscal year to any Participant who is a non-employee director, when taken together with any cash fees paid to such non-employee director during such year in respect of his or her service as a non-employee director (including service as a member or chair of any committee of the Board), shall not exceed $750,000 in total value (calculating the value of any such Awards based on the grant date fair value of such Awards for financial reporting purposes); provided that the non-employee directors

who are considered independent (under the rules of The NASDAQ Stock Market or other securities exchange on which the Common Shares are traded) may make exceptions to this limit for a non-executive chair of the Board, if any, in which case the non-employee Director receiving such additional compensation may not participate in the decision to award such compensation.

6. OPTIONS

(a) Grant of Options. Subject to the terms and conditions of the Plan, the Committee may grant to such Eligible Individuals as the Committee may determine, Options to purchase such number of shares of Common Stock and on such terms and conditions as the Committee shall determine in its sole and absolute discretion. Each grant of an Option shall satisfy the requirements set forth in this Section.

(b) ***Type of Options***. Each Option granted under the Plan may be designated by the Committee, in its sole discretion, as either (i) an Incentive Stock Option, or (ii) a Non-Qualified Stock Option. Options designated as Incentive Stock Options that fail to continue to meet the requirements of Code Section 422 shall be re-designated as Non-Qualified Stock Options automatically on the date of such failure to continue to meet such requirements without further action by the Committee. In the absence of any designation, Options granted under the Plan will be deemed to be Non-Qualified Stock Options.

(c) ***Exercise Price***. Subject to the limitations set forth in the Plan relating to Incentive Stock Options, the Exercise Price of an Option shall be fixed by the Committee and stated in the respective Award Agreement, provided that the Exercise Price of the shares of Common Stock subject to such Option may not be less than Fair Market Value of such Common Stock on the Grant Date, or if greater, the par value of the Common Stock.

(d) ***Limitation on Option Period***. Subject to the limitations set forth in the Plan relating to Incentive Stock Options, Options granted under the Plan and all rights to purchase Common Stock thereunder shall terminate no later than the tenth anniversary of the Grant Date of such Options, or on such earlier date as may be stated in the Award Agreement relating to such Option. In the case of Options expiring prior to the tenth anniversary of the Grant Date, the Committee may in its discretion, at any time prior to the expiration or termination of said Options, extend the term of any such Options for such additional period as it may determine, but in no event beyond the tenth anniversary of the Grant Date thereof.

(e) ***Limitations on Incentive Stock Options***. Notwithstanding any other provisions of the Plan, the following provisions shall apply with respect to Incentive Stock Options granted pursuant to the Plan.

(i) ***Limitation on Grants***. Incentive Stock Options may only be granted to Section 424 Employees. The aggregate Fair Market Value (determined at the time such Incentive Stock Option is granted) of the shares of Common Stock for which any individual may have Incentive Stock Options which first become vested and exercisable in any calendar year (under all incentive stock option plans of the Company) shall not exceed $100,000. Options granted to such individual in excess of the $100,000 limitation, and any Options issued subsequently which first become vested and exercisable in the same calendar year, shall automatically be treated as Non-Qualified Stock Options.

(ii) ***Minimum Exercise Price***. In no event may the Exercise Price of a share of Common Stock subject to an Incentive Stock Option be less than 100% of the Fair Market Value of such share of Common Stock on the Grant Date.

(iii) ***Ten Percent Shareholder***. Notwithstanding any other provision of the Plan to the contrary, in the case of Incentive Stock Options granted to a Section 424 Employee who, at the time the Option is granted, owns (after application of the rules set forth in Code Section 424(d)) stock possessing more than ten percent of the total combined voting power of all classes of stock of the Company , such Incentive Stock Options (i) must have an Exercise Price per share of Common Stock that is at least 110% of the Fair Market Value as of the Grant Date of a share of Common Stock, and (ii) must not be exercisable after the fifth anniversary of the Grant Date.

(f) ***Vesting Schedule and Conditions***. Subject to Section 10 of the Plan, no Options may be exercised prior to the satisfaction of the conditions and vesting schedule provided for in the Award Agreement relating thereto.

(g) ***Exercise***. When the conditions to the exercise of an Option have been satisfied, the Participant may exercise the Option only in accordance with the following provisions. The Participant shall deliver to the Company a written notice stating that the Participant is exercising the Option and specifying the number of shares of Common Stock which are to be purchased pursuant to the Option, and such notice shall be accompanied by payment in full of the Exercise Price of the shares for which the Option is being exercised, by one or more of the methods provided for in the Plan. An attempt to exercise any Option granted hereunder other than as set forth in the Plan shall be invalid and of no force and effect.

(h) ***Payment***. Payment of the Exercise Price for the shares of Common Stock purchased pursuant to the exercise of an Option shall be made by one of the following methods:

(i) by cash, certified or cashier's check, bank draft or money order;

(ii) through the delivery to the Company of shares of Common Stock which have been previously owned by the Participant for the requisite period necessary to avoid a charge to the Company's earnings for financial reporting purposes; such shares shall be valued, for purposes of determining the extent to which the Exercise Price has been paid thereby, at their Fair Market Value on the date of exercise; without limiting the foregoing, the Committee may require the Participant to furnish an opinion of counsel acceptable to the Committee to the effect that such delivery would not result in the Company incurring any liability under Section 16(b) of the Exchange Act; or

(iii) by any other method which the Committee, in its sole and absolute discretion and to the extent permitted by applicable law, may permit, including, but not limited to, any of the following: (A) through a "cashless exercise sale and remittance procedure" pursuant to which the Participant shall concurrently provide irrevocable instructions (1) to a brokerage firm approved by the Committee to effect the immediate sale of the purchased shares and remit to the Company , out of the sale proceeds available on the settlement date, sufficient funds to cover the aggregate Exercise Price payable for the purchased shares plus all applicable federal, state and local income, employment, excise, foreign and other taxes required to be withheld by the Company by reason of such exercise and (2) to the Company to deliver the certificates for the purchased shares directly to such brokerage firm in order to complete the sale; or (B) by any other method as may be permitted by the Committee.

(i) ***Termination of Employment, Disability or Death***. Unless otherwise provided in an Award Agreement, upon the termination of the employment or other service of a Participant with Company for any reason, all of the Participant's outstanding Options (whether vested or unvested) shall be subject to the rules

of this paragraph. Upon such termination, the Participant's unvested Options shall expire. Notwithstanding anything in this Plan to the contrary, the Committee may provide, in its sole and absolute discretion, that following the termination of employment or other service of a Participant with the Company for any reason (i) any unvested Options held by the Participant that vest solely upon a future service requirement shall vest in whole or in part, at any time subsequent to such termination of employment or other service, and/or (ii) a Participant or the Participant's estate, devisee or heir at law (whichever is applicable), may exercise an Option, in whole or in part, at any time subsequent to such termination of employment or other service and prior to the termination of the Option pursuant to its terms. Unless otherwise determined by the Committee, temporary absence from employment because of illness, vacation, approved leaves of absence or military service shall not constitute a termination of employment or other service.

(i) ***Termination for Reason Other Than Cause, Disability or Death***. If a Participant's termination of employment or other service is for any reason other than death, Disability, Cause or a voluntary termination within ninety (90) days after occurrence of an event which would be grounds for termination of employment or other service by the Company for Cause, any Option held by such Participant, may be exercised, to the extent exercisable at termination, by the Participant at any time within a period not to exceed ninety (90) days from the date of such termination, but in no event after the termination of the Option pursuant to its terms.

(ii) ***Disability***. *If* a Participant's termination of employment or other service with the Company is by reason of a Disability of such Participant, the Participant shall have the right at any time within a period not to exceed one (1) year after such termination, but in no event after the termination of the Option pursuant to its terms, to exercise, in whole or in part, any vested portion of the Option held by such Participant at the date of such termination; provided, however, that if the Participant dies within such period, any vested Option held by such Participant upon death shall be exercisable by the Participant's estate, devisee or heir at law (whichever is applicable) for a period not to exceed one (1) year after the Participant's death, but in no event after the termination of the Option pursuant to its terms.

(iii) ***Death***. If a Participant dies while in the employment or other service of the Company, the Participant's estate or the devisee named in the Participant's valid last will and testament or the Participant's heir at law who inherits the Option has the right, at any time within a period not to exceed one (1) year after the date of such Participant's death, but in no event after the termination of the Option pursuant to its terms, to exercise, in whole or in part, any portion of the vested Option held by such Participant at the date of such Participant's death.

(iv) ***Termination for Cause***. In the event the termination is for Cause or is a voluntary termination within ninety (90) days after occurrence of an event which would be grounds for termination of employment or other service by the Company for Cause (without regard to any notice or cure period requirement), any Option held by the Participant at the time of such termination shall be deemed to have terminated and expired upon the date of such termination.

7. STOCK APPRECIATION RIGHTS

(a) ***Grant of Stock Appreciation Rights***. Subject to the terms and conditions of the Plan, the Committee may grant to such Eligible Individuals as the Committee may determine, Stock Appreciation Rights, in such amounts and on such terms and conditions as the Committee shall determine in its sole and

absolute discretion. Each grant of a Stock Appreciation Right shall satisfy the requirements as set forth in this Section.

(b) ***Terms and Conditions of Stock Appreciation Rights***. The terms and conditions (including, without limitation, the limitations on the Exercise Price, exercise period, repricing and termination) of the Stock Appreciation Right shall be substantially identical (to the extent possible taking into account the differences related to the character of the Stock Appreciation Right) to the terms and conditions that would have been applicable under Section 6 above were the grant of the Stock Appreciation Rights a grant of an Option.

(c) ***Exercise of Stock Appreciation Rights***. Stock Appreciation Rights shall be exercised by a Participant only by written notice delivered to the General Counsel of the Company, specifying the number of shares of Common Stock with respect to which the Stock Appreciation Right is being exercised.

(d) ***Payment of Stock Appreciation Right***. Unless otherwise provided in an Award Agreement, upon exercise of a Stock Appreciation Right, the Participant or Participant's estate, devisee or heir at law (whichever is applicable) shall be entitled to receive payment, in cash, in shares of Common Stock, or in a combination thereof, as determined by the Committee in its sole and absolute discretion. The amount of such payment shall be determined by multiplying the excess, if any, of the Fair Market Value of a share of Common Stock on the date of exercise over the Fair Market Value of a share of Common Stock on the Grant Date, by the number of shares of Common Stock with respect to which the Stock Appreciation Rights are then being exercised. Notwithstanding the foregoing, the Committee may limit in any manner the amount payable with respect to a Stock Appreciation Right by including such limitation in the Award Agreement.

8. RESTRICTED STOCK

(a) ***Grant of Restricted Stock***. Subject to the terms and conditions of the Plan, the Committee may grant to such Eligible Individuals as the Committee may determine, Restricted Stock, in such amounts and on such terms and conditions as the Committee shall determine in its sole and absolute discretion. Each grant of Restricted Stock shall satisfy the requirements as set forth in this Section.

(b) ***Restrictions***. The Committee shall impose such restrictions on any Restricted Stock granted pursuant to the Plan as it may deem advisable.

(c) ***Certificates and Certificate Legend***. With respect to a grant of Restricted Stock, the Company may issue a certificate evidencing such Restricted Stock to the Participant or issue and hold such shares of Restricted Stock for the benefit of the Participant until the applicable restrictions expire. The Company may legend the certificate representing Restricted Stock to give appropriate notice of such restrictions. In addition to any such legends, each certificate representing shares of Restricted Stock granted pursuant to the Plan shall bear the following legend:

"The sale or other transfer of the shares of stock represented by this certificate, whether voluntary, involuntary, or by operation of law, are subject to certain terms, conditions, and restrictions on transfer as set forth in the SHF Holdings, Inc. Amended and Restated 2022 Equity Incentive Plan (the "Plan"), and in an Agreement entered into by and between the registered owner of such shares SHF Holdings, Inc. (the "Company"), dated **January 31, 2023** (the "Award Agreement"). A copy of the Plan and the Award Agreement may be obtained from the Secretary of the Company."

(d) ***Removal of Restrictions***. Except as otherwise provided in the Plan, shares of Restricted Stock shall become freely transferable by the Participant upon the lapse of the applicable restrictions. Once the shares of Restricted Stock are released from the restrictions, the Participant shall be entitled to have the legend required by paragraph (c) above removed from the share certificate evidencing such Restricted Stock and the Company shall pay or distribute to the Participant all dividends and distributions held in escrow by the Company with respect to such Restricted Stock.

(e) ***Shareholder Rights***. Unless otherwise provided in an Award Agreement, until the expiration of all applicable restrictions, (i) the Restricted Stock shall be treated as outstanding, and (ii) the Participant holding shares of Restricted Stock may exercise full voting rights with respect to such shares.

(f) ***Termination of Service***. Unless otherwise provided in an Award Agreement, if a Participant's employment or other service with the Company terminates for any reason, all unvested shares of Restricted Stock held by the Participant and any dividends or distributions held in escrow by the Company with respect to such Restricted Stock shall be forfeited immediately and returned to the Company. Notwithstanding anything in this Plan to the contrary, the Committee may provide, in its sole and absolute discretion, that following the termination of employment or other service of a Participant with the Company for any reason, any unvested shares of Restricted Stock held by the Participant that vest solely upon a future service requirement shall vest in whole or in part, at any time subsequent to such termination of employment or other service.

9. RESTRICTED STOCK UNITS

(a) ***Grant of Restricted Stock Units***. Subject to the terms and conditions of the Plan, the Committee may grant to such Eligible Individuals as the Committee may determine. a right to receive Common Stock upon vesting or at the end of a specified deferral period, with any risks of forfeiture or other restrictions as the Committee, in its sole discretion, may impose.

(b) ***Shareholder Rights***. Except as otherwise provided in Section 16(d) of the Plan, a Restricted Stock Unit carries no voting or dividend, or other rights associated with respect to such underlying Commons Stock prior to the issuance of such shares.

(c) ***Termination of Service***. Unless otherwise provided in an Award Agreement, if a Participant's employment or other service with the Company terminates for any reason prior vesting, all unvested Restricted Stock Units held by the Participant shall be forfeited. Notwithstanding anything in this Plan to the contrary, the Committee may provide, in its sole and absolute discretion, that following the termination of employment or other service of a Participant with the Company for any reason, any unvested Restricted Stock Units held by the Participant that vest solely upon a future service requirement shall vest in whole or in part, at any time subsequent to such termination of employment or other service.

10. PERFORMANCE AWARDS

(i) ***Grant of Performance Awards***. Subject to the terms and conditions of the Plan, the Committee may grant to such Eligible Individuals as the Committee may determine, Performance Shares, Performance Share Units and Performance Units, in such amounts and on such terms and conditions as the Committee shall determine in its sole and absolute discretion. Each grant of a Performance Award shall satisfy the requirements as set forth in this Section. Performance Shares shall be subject to the provisions

set forth in Section 8 of the Plan and Performance Share Units and Performance Units shall be subject to the provisions set forth in Section 9 of the Plan.

(ii) ***Performance Goals***. Performance Goals will be based on one or more of the following criteria, as determined by the Committee in its absolute and sole discretion: (i) the attainment of certain target levels of, or a specified increase in, the Company's enterprise value or value creation targets; (ii) the attainment of certain target levels of, or a percentage increase in, the Company's after-tax or pre-tax profits including, without limitation, that attributable to the Company's continuing and/or other operations; (iii) the attainment of certain target levels of, or a specified increase relating to, the Company's operational cash flow or working capital, or a component thereof; (iv) the attainment of certain target levels of, or a specified decrease relating to, the Company's operational costs, or a component thereof (v) the attainment of a certain level of reduction of, or other specified objectives with regard to limiting the level of increase in all or a portion of bank debt or other of the Company's long-term or short-term public or private debt or other similar financial obligations of the Company, which may be calculated net of cash balances and/or other offsets and adjustments as may be established by the Committee; (vi) the attainment of a specified percentage increase in earnings per share or earnings per share from the Company's continuing operations; (vii) the attainment of certain target levels of, or a specified percentage increase in, the Company's net sales, revenues, net income or earnings before income tax or other exclusions; (viii) the attainment of certain target levels of, or a specified increase in, the Company's return on capital employed or return on invested capital; (ix) the attainment of certain target levels of, or a percentage increase in, the Company's after-tax or pre-tax return on shareholder equity; (x) the attainment of certain target levels in the fair market value of the Company's Common Stock; (xi) the growth in the value of an investment in the Common Stock assuming the reinvestment of dividends; and/or (xii) the attainment of certain target levels of, or a specified increase in, EBITDA (earnings before income tax, depreciation and amortization). In addition, Performance Goals may be based upon the attainment by a subsidiary, division or other operational unit of the Company of specified levels of performance under one or more of the measures described above. Further, the Performance Goals may be based upon the attainment by the Company (or a subsidiary, division, facility or other operational unit of the Company) of specified levels of performance under one or more of the foregoing measures relative to the performance of other corporations. The Committee may, in its sole and absolute discretion: (i) designate additional business criteria upon which the Performance Goals may be based; (ii) modify, amend or adjust the business criteria described herein; or (iii) incorporate in the Performance Goals provisions regarding changes in accounting methods, corporate transactions (including, without limitation, dispositions or acquisitions) and similar events or circumstances. Performance Goals may include a threshold level of performance below which no Performance Award will be earned, levels of performance at which a Performance Award will become partially earned and a level at which a Performance Award will be fully earned.

(iii) ***Terms and Conditions of Performance Awards***. The applicable Award Agreement shall set forth the number and type of Performance Awards; (ii) the Performance Period; and the Performance Goals with respect to each such Performance Award; (iii) the maximum shares of Common Stock that may be issued pursuant to a Performance Award and (iv) any other terms and conditions as the Committee determines in its sole and absolute discretion. The Committee shall establish, in its sole and absolute discretion, the Performance Goals for the applicable Performance Period for each Performance Award granted hereunder. Performance Goals for different Participants and for different grants of Performance Awards need not be identical. The Committee may, in its discretion, reduce the amount of a settlement otherwise to be made in connection with Performance Awards, but may not exercise discretion to

increase any amount payable in respect of a Performance Award. A holder of a Performance Award is not entitled to the rights of a holder of Common Stock.

(iv) ***Determination and Payment of Performance Awards***. As soon as practicable after the end of a Performance Period, the Committee shall determine the extent to which Performance Awards have been earned on the basis of the Company's actual performance in relation to the established Performance Goals as set forth in the applicable Award Agreement and shall certify these results in writing. As soon as practicable after the Committee has determined that an amount is payable or should be distributed with respect to a Performance Share Unit or Performance Unit, but in any event no later than 70 days following the end of the applicable Performance Period, the Committee shall cause the amount of such Performance Share Unit or Performance Unit to be paid or distributed to the Participant or the Participant's estate, devisee or heir at law (whichever is applicable). For purposes of making payment or a distribution with respect to a Performance Cash Unit, the value of a share of Common Stock shall be determined by the Fair Market Value of the Common Stock on the day the Committee designates the Performance Cash Units to be payable.

(v) ***Termination of Employment***. Unless otherwise provided in an Award Agreement, if a Participant's employment or other service with the Company terminates for any reason, all of the Participant's outstanding Performance Awards shall be subject to the rules of this Section 10.

(vi) ***Termination for Reason Other Than Death or Disability***. If a Participant's employment or other service with the Company terminates prior to the expiration of a Performance Period with respect to any Performance Awards held by such Participant for any reason other than death or Disability, the outstanding Performance Awards held by such Participant for which the Performance Period has not yet expired shall terminate upon such termination and the Participant shall have no further rights pursuant to such Performance Awards.

(vii) ***Termination of Employment for Death or Disability***. If a Participant's employment or other service with the Company terminates by reason of the Participant's death or Disability prior to the end of a Performance Period, the Participant, or the Participant's estate, devisee or heir at law (whichever is applicable) shall be entitled to a payment or vesting, as the case may be, of the Participant's outstanding Performance Awards at the end of the applicable Performance Period, pursuant to the terms of the Plan and the Participant's Award Agreement; provided, however, that the Participant shall be deemed to have earned only that proportion (to the nearest whole unit or share) of the Performance Awards granted to the Participant under such Performance Award as the number of full months of the Performance Period which have elapsed since the first day of the Performance Period for which the Performance Award was granted to the end of the month in which the Participant's termination of employment or other service, bears to the total number of months in the Performance Period, subject to the attainment of the Performance Goals associated with the Award as certified by the Committee. The right to any remaining Performance Awards shall be canceled and forfeited.

11. OTHER AWARDS

Awards of shares of Common Stock, phantom stock, and other awards that are valued in whole or in part by reference to, or otherwise based on, Common Stock, may also be made, from time to time, to Eligible Individuals as may be selected by the Committee. Such Common Stock may be issued in satisfaction of awards granted under any other plan sponsored by the Company or compensation payable to an Eligible

Individual. In addition, such awards may be made alone or in addition to or in connection with any other Award granted hereunder. The Committee may determine the terms and conditions of any such award. Each such award shall be evidenced by an Award Agreement between the Eligible Individual and the Company which shall specify the number of shares of Common Stock subject to the award, any consideration therefore, any vesting or performance requirements and such other terms and conditions as the Committee shall determine in its sole and absolute discretion. With respect to the Awards that may be issued solely pursuant to this Section 11 and not pursuant to any other provision of the Plan, a maximum number of shares of Common Stock with respect to which such Awards may be issued, shall not exceed five percent (5%) of the total number of shares of Common Stock that may be issued under the Plan, as described in Section 5(a) of the Plan.

12. CHANGE IN CONTROL

Unless otherwise provided in an Award Agreement, upon the occurrence of a Change in Control of the Company, the Committee may in its sole and absolute discretion, provide on a case by case basis that (i) some or all outstanding Awards may become immediately exercisable or vested, without regard to any limitation imposed pursuant to this Plan, (ii) that all Awards shall terminate, provided that Participants shall have the right, immediately prior to the occurrence of such Change in Control and during such reasonable period as the Committee in its sole discretion shall determine and designate, to exercise any vested Award in whole or in part, (iii) that all Awards shall terminate, provided that Participants shall be entitled to a cash payment equal to the Change in Control Price with respect to shares subject to the vested portion of the Award net of the Exercise Price thereof (if applicable), (iv) provide that, in connection with a liquidation or dissolution of the Company, Awards shall convert into the right to receive liquidation proceeds net of the Exercise Price (if applicable) and (v) any combination of the foregoing. In the event that the Committee does not terminate or convert an Award upon a Change in Control of the Company, then the Award shall be assumed, or substantially equivalent Awards shall be substituted, by the acquiring, or succeeding corporation (or an affiliate thereof).

13. CHANGE IN STATUS OF PARENT OR SUBSIDIARY

Unless otherwise provided in an Award Agreement or otherwise determined by the Committee, in the event that an entity or business unit which was previously a part of the Company is no longer a part of the Company, as determined by the Committee in its sole discretion, the Committee may, in its sole and absolute discretion: (i) provide on a case by case basis that some or all outstanding Awards held by a Participant employed by or performing service for such entity or business unit may become immediately exercisable or vested, without regard to any limitation imposed pursuant to this Plan; (ii) provide on a case by case basis that some or all outstanding Awards held by a Participant employed by or performing service for such entity or business unit may remain outstanding, may continue to vest, and/or may remain exercisable for a period not exceeding one (1) year, subject to the terms of the Award Agreement and this Plan; and/or (ii) treat the employment or other services of a Participant employed by such entity or business unit as terminated if such Participant is not employed by the Company or any entity that is a part of the Company immediately after such event.

14. REQUIREMENTS OF LAW

(a) ***Violations of Law***. The Company shall not be required to sell or issue any shares of Common Stock under any Award if the sale or issuance of such shares would constitute a violation by the

individual exercising the Award, the Participant or the Company of any provisions of any law or regulation of any governmental authority, including without limitation any provisions of the Sarbanes-Oxley Act, and any other federal or state securities laws or regulations. Any determination in this connection by the Committee shall be final, binding, and conclusive. The Company shall not be obligated to take any affirmative action in order to cause the exercise of an Award, the issuance of shares pursuant thereto or the grant of an Award to comply with any law or regulation of any governmental authority.

(b) ***Registration***. At the time of any exercise or receipt of any Award, the Company may, if it shall determine it necessary or desirable for any reason, require the Participant (or Participant's heirs, legatees or legal representative, as the case may be), as a condition to the exercise or grant thereof, to deliver to the Company a written representation of present intention to hold the shares for their own account as an investment and not with a view to, or for sale in connection with, the distribution of such shares, except in compliance with applicable federal and state securities laws with respect thereto. In the event such representation is required to be delivered, an appropriate legend may be placed upon each certificate delivered to the Participant (or Participant's heirs, legatees or legal representative, as the case may be) upon the Participant's exercise of part or all of the Award or receipt of an Award and a stop transfer order may be placed with the transfer agent. Each Award shall also be subject to the requirement that, if at any time the Company determines, in its discretion, that the listing, registration or qualification of the shares subject to the Award upon any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of or in connection with, the issuance or purchase of the shares thereunder, the Award may not be exercised in whole or in part and the restrictions on an Award may not be removed unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Company in its sole discretion. The Participant shall provide the Company with any certificates, representations and information that the Company requests and shall otherwise cooperate with the Company in obtaining any listing, registration, qualification, consent or approval that the Company deems necessary or appropriate. The Company shall not be obligated to take any affirmative action in order to cause the exercisability or vesting of an Award, to cause the exercise of an Award or the issuance of shares pursuant thereto, or to cause the grant of Award to comply with any law or regulation of any governmental authority.

(c) ***Withholding***. The Committee may make such provisions and take such steps as it may deem necessary or appropriate for the withholding of any taxes that the Company is required by any law or regulation of any governmental authority, whether federal, state or local, domestic or foreign, to withhold in connection with the grant or exercise of an Award, or the removal of restrictions on an Award including, but not limited to: (i) the withholding of delivery of shares of Common Stock until the holder reimburses the Company for the amount the Company is required to withhold with respect to such taxes; (ii) the canceling of any number of shares of Common Stock issuable in an amount sufficient to reimburse the Company for the amount it is required to so withhold; (iii) withholding the amount due from any such person's wages or compensation due to such person; or (iv) requiring the Participant to pay the Company cash in the amount the Company is required to withhold with respect to such taxes.

(d) ***Governing Law***. The Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware.

15. GENERAL PROVISIONS

(a) ***Award Agreements***. All Awards granted pursuant to the Plan shall be evidenced by an Award Agreement. Each Award Agreement shall specify the terms and conditions of the Award granted and shall contain any additional provisions as the Committee shall deem appropriate, in its sole and absolute discretion (including, to the extent that the Committee deems appropriate, provisions relating to confidentiality, non-competition, non-solicitation and similar matters). The terms of each Award Agreement need not be identical for Eligible Individuals provided that all Award Agreements comply with the terms of the Plan.

(b) ***Dividends and Dividend Equivalents***. No dividends or Dividend Equivalents shall be paid to Participants with respect to unvested Awards until such Awards vest. In the event that the Committee provides for the accrual of dividends or dividend equivalents with respect to an Award, such dividends or dividend equivalents shall be subject to the same terms and conditions as, and shall in no event be paid prior to the vesting of, the Award to which they relate.

(c) ***Exemptions from Section 16(b) Liability***. It is the intent of the Company that the grant of any Awards to or other transaction by a Participant who is subject to Section 16 of the Exchange Act shall be exempt from Section 16 pursuant to an applicable exemption (except for transactions acknowledged in writing to be non-exempt by such Participant and sales transactions to persons other than the Company). Accordingly, if any provision of the Plan or any Award Agreement does not comply with the requirements of Rule 16b-3 then applicable to any such transaction, such provision shall be construed or deemed amended to the extent necessary to conform to the applicable requirements of Rule 16b-3 so that such Participant shall avoid liability under Section 16(b). In the event Rule 16b-3 is revised or replaced, the Board, or the Committee acting on behalf of the Board, may exercise discretion to modify this Plan in any respect necessary to satisfy the requirements of the revised exemption or its replacement.

(d) ***Purchase Price***. To the extent the purchase price of any Award granted hereunder is less than par value of a share of Common Stock and such purchase price is not permitted by applicable law, the per share purchase price shall be deemed to be equal to the par value of a share of Common Stock.

(e) ***Deferral of Awards***. The Committee may from time to time establish procedures pursuant to which a Participant may elect to defer, until a time or times later than the vesting of an Award, receipt of all or a portion of the shares of Common Stock or cash subject to such Award and to receive Common Stock or cash at such later time or times, all on such terms and conditions as the Committee shall determine. The Committee shall not permit the deferral of an Award unless counsel for the Company determines that such action will not result in adverse tax consequences to a Participant under Code Section 409A. If any such deferrals are permitted, then notwithstanding anything to the contrary herein, a Participant who elects to defer receipt of Common Stock shall not have any rights as a shareholder with respect to deferred shares of Common Stock unless and until shares of Common Stock are actually delivered to the Participant with respect thereto, except to the extent otherwise determined by the Committee.

(f) ***Prospective Employees***. Notwithstanding anything to the contrary, any Award granted to a Prospective Employee shall not become vested prior to the date the Prospective Employee first becomes an employee of the Company.

(g) ***Issuance of Certificates; Shareholder Rights***. the Company shall deliver to the Participant a certificate evidencing the Participant's ownership of shares of Common Stock issued pursuant to the exercise of an Award as soon as administratively practicable after satisfaction of all conditions relating to the issuance of such shares. A Participant shall not have any of the rights of a shareholder with respect to such Common Stock prior to satisfaction of all conditions relating to the issuance of such Common Stock, and, except as expressly provided in the Plan, no adjustment shall be made for dividends, distributions or other rights of any kind for which the record date is prior to the date on which all such conditions have been satisfied.

(h) ***Transferability of Awards***. A Participant may not Transfer an Award other than by will or the laws of descent and distribution. Awards may be exercised during the Participant's lifetime only by the Participant. No Award shall be liable for or subject to the debts, contracts, or liabilities of any Participant, nor shall any Award be subject to legal process or attachment for or against such person. Any purported Transfer of an Award in contravention of the provisions of the Plan shall have no force or effect and shall be null and void, and the purported transferee of such Award shall not acquire any rights with respect to such Award. Notwithstanding anything to the contrary, the Committee may in its sole and absolute discretion permit the Transfer of an Award to a Participant's "family member" as such term is defined in the Form S-8 Registration Statement under the Securities Act of 1933, as amended, under such terms and conditions as specified by the Committee; *provided, however*, that the Participant will not directly or indirectly receive any payment of value in connection with the transfer of the Award. In such case, such Award shall be exercisable only by the transferee approved of by the Committee. To the extent that the Committee permits the Transfer of an Incentive Stock Option to a "family member", so that such Option fails to continue to satisfy the requirements of an incentive stock option under the Code such Option shall automatically be re-designated as a Non-Qualified Stock Option.

(i) ***Buyout and Settlement Provisions***. Except as prohibited in Section 15(k)(ii) of the Plan, the Committee may at any time on behalf of the Company offer to buy out any Awards previously granted based on such terms and conditions as the Committee shall determine which shall be communicated to the Participants at the time such offer is made.

(j) ***Use of Proceeds***. The proceeds received by the Company from the sale of Common Stock pursuant to Awards granted under the Plan shall constitute general funds of the Company.

(k) ***Modification or Substitution of an Award***.

(i) ***Generally***. Subject to the terms and conditions of the Plan, the Committee may modify outstanding Awards. Notwithstanding the following, no modification of an Award shall adversely affect any rights or obligations of the Participant under the applicable Award Agreement without the Participant's consent. The Committee in its sole and absolute discretion may rescind, modify, or waive any vesting requirements or other conditions applicable to an Award.

(ii) ***Limitation on Repricing***. Unless such action is approved by the Company's shareholders in ***accordance*** with applicable law: (i) no outstanding Option or Stock Appreciation Right granted under the Plan may be amended to provide an Exercise Price that is lower than the then-current Exercise Price of such outstanding Option or Stock Appreciation Right (other than adjustments to the Exercise Price pursuant to Sections 5(f) and 12); (ii) the Committee may not cancel any outstanding Option or Stock Appreciation Right when its Exercise Price is equal to or greater than the Fair Market Value of the

underlying Common Stock and grant in substitution therefore new Awards, equity, cash or other property (other than adjustments pursuant to Section 12); (iii) the Committee may not authorize the repurchase of an outstanding Option or Stock Appreciation Right which has an Exercise Price that is higher than the then-current fair market value of the Common Stock (other than adjustments pursuant to Section 12); (iv) the Committee may not cancel any outstanding Option or Stock Appreciation Right and grant in substitution therefore new Awards as part of a strategy to materially enhance the position of the holder of such Options or Stock Appreciation Rights with respect to their value as of the time of such substitution (other than adjustments pursuant to Section 12), and (v) the Committee may not take any other action that is treated as a repricing under generally accepted accounting principles (other than adjustments pursuant to Sections 5(f) and 12). A cancellation and exchange or substitution described in clauses (ii) and (iv) of the preceding sentence will be considered a repricing regardless of whether the Option, Restricted Stock or other equity is delivered simultaneously with the cancellation, regardless of whether it is treated as a repricing under generally accepted accounting principles, and regardless of whether it is voluntary on the part of the Participant.

(l) ***Amendment and Termination of Plan***. The Board may, at any time and from time to time, amend, suspend or terminate the Plan as to any shares of Common Stock as to which Awards have not been granted; *provided, however*, that the approval of the shareholders of the Company in accordance with applicable law and the Articles of Incorporation and Bylaws of the Company shall be required for any amendment (other than those permitted under Section 5 or 12): (i) that changes the class of individuals eligible to receive Awards under the Plan; (ii) that increases the maximum number of shares of Common Stock in the aggregate that may be subject to Awards that are granted under the Plan; or (iii) that proposes to eliminate a requirement provided herein that the shareholders of the Company must approve an action to be undertaken under the Plan. Except as permitted under Section 5 or Section 12 hereof, no amendment, suspension or termination of the Plan shall, without the consent of the holder of an Award, alter or impair rights or obligations under any Award theretofore granted under the Plan. Awards granted prior to the termination of the Plan may extend beyond the date the Plan is terminated and shall continue subject to the terms of the Plan as in effect on the date the Plan is terminated.

(m) ***Code Section 409A***. The Award Agreement for any Award that the Committee reasonably determines to constitute "nonqualified deferred compensation plan" under Code Section 409A (a "Section 409A Plan"), and the provisions of the Plan applicable to that Award, shall be construed in a manner consistent with the applicable requirements of Code Section 409A, and the Committee, in its sole discretion and without the consent of any Participant, may amend any Award Agreement (and the provisions of the Plan applicable thereto) if and to the extent that the Committee determines that such amendment is necessary or appropriate to comply with the requirements of Code Section 409A. If any Award constitutes a Section 409A Plan, then the Award shall be subject to the following additional requirements, if and to the extent required to comply with Code Section 409A:

(i) Payments under the Section 409A Plan may not be made earlier than (u) the Participant's "separation from service", (v) the date the Participant becomes "disabled", (w) the Participant's death, (x) a "specified time (or pursuant to a fixed schedule)" specified in the Award Agreement at the date of the deferral of such compensation, (y) a "change in the ownership or effective control of the corporation, or in the ownership of a substantial portion of the assets" of the corporation, or (z) the occurrence of an "unforeseeable emergency";

(ii) The time or schedule for any payment of the deferred compensation may not be accelerated, except to the extent provided in applicable Treasury Regulations or other applicable guidance issued by the Internal Revenue Service;

(iii) Any elections with respect to the deferral of such compensation or the time and form of distribution of such deferred compensation shall comply with the requirements of Code Section 409A(a)(4); and

(iv) In the case of any Participant who is a "specified employee", a distribution on account of a "separation from service" may not be made before the date which is six months after the date of the Participant's "separation from service" (or, if earlier, the date of the Participant's death).

(v) For purposes of the foregoing, the terms in quotations shall have the same meanings as those terms have for purposes of Code Section 409A, and the limitations set forth herein shall be applied in such manner (and only to the extent) as shall be necessary to comply with any requirements of Code Section 409A that are applicable to the Award.

(n) ***Notification of 83(b) Election***. If in connection with the grant of any Award, any Participant makes an election permitted under Code Section 83(b), such Participant must notify the Company in writing of such election within ten (10) days of filing such election with the Internal Revenue Service.

(o) ***Erroneously Awarded Compensation***. All Awards shall be subject (including on a retroactive basis) to (i) any clawback, forfeiture or similar incentive compensation recoupment policy established from time to time by the Company, including, without limitation, any such policy established to comply with the Dodd-Frank Wall Street Reform and Consumer Protection Act, (ii) applicable law (including, without limitation, Section 304 of the Sarbanes-Oxley Act and Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act), and/or (iii) the rules and regulations of the applicable securities exchange or inter-dealer quotation system on which the Common Shares or other securities are listed or quoted, and such requirements shall be deemed incorporated by reference into all outstanding Award agreements.

(p) ***Disclaimer of Rights***. No provision in the Plan, any Award granted hereunder, or any Award Agreement entered into pursuant to the Plan shall be construed to confer upon any individual the right to remain in the employ of or other service with the Company or to interfere in any way with the right and authority of the Company either to increase or decrease the compensation of any individual, including any holder of an Award, at any time, or to terminate any employment or other relationship between any individual and the Company. The grant of an Award pursuant to the Plan shall not affect or limit in any way the right or power of the Company to make adjustments, reclassifications, reorganizations or changes of its capital or business structure or to merge, consolidate, dissolve or liquidate, or to sell or transfer all or any part of its business or assets.

(q) ***Unfunded Status of Plan***. The Plan is intended to constitute an "unfunded" plan for incentive ***and*** deferred compensation. With respect to any payments as to which a Participant has a fixed and vested interest but which are not yet made to such Participant by the Company, nothing contained herein shall give any such Participant any rights that are greater than those of a general creditor of the Company.

(r) ***Nonexclusivity of Plan***. The adoption of the Plan shall not be construed as creating any limitations upon the right and authority of the Board to adopt such other incentive compensation

arrangements (which arrangements may be applicable either generally to a class or classes of individuals or specifically to a particular individual or individuals) as the Board in its sole and absolute discretion determines desirable.

(s) ***Other Benefits***. No Award payment under the Plan shall be deemed compensation for purposes of computing benefits under any retirement plan of the Company or any agreement between a Participant and the Company, nor affect any benefits under any other benefit plan of the Company now or subsequently in effect under which benefits are based upon a Participant's level of compensation.

(t) ***Headings***. The section headings in the Plan are for convenience only; they form no part of this Agreement and shall not affect its interpretation.

(u) ***Pronouns***. The use of any gender in the Plan shall be deemed to include all genders, and the use of the singular shall be deemed to include the plural and vice versa, wherever it appears appropriate from the context.

(v) ***Successors and Assigns***. The Plan shall be binding on all successors of the Company and all successors and permitted assigns of a Participant, including, but not limited to, a Participant's estate, devisee, or heir at law.

(w) ***Severability***. If any provision of the Plan or any Award Agreement shall be determined to be illegal or unenforceable by any court of law in any jurisdiction, the remaining provisions hereof and thereof shall be severable and enforceable in accordance with their terms, and all provisions shall remain enforceable in any other jurisdiction.

(x) ***Notices***. Any communication or notice required or permitted to be given under the Plan shall be in writing and mailed by registered or certified mail or delivered by hand, to the Company, to its principal place of business, attention: Joseph Negron, General Counsel, The Company Group Inc., and if to the holder of an Award, to the address as appearing on the records of the Company.

ANNEX A
DEFINITIONS

"Award" means any Common Stock, Option, Performance Unit, Performance Share, Performance Share Unit, Restricted Stock, Stock Appreciation Right or any other award granted pursuant to the Plan.

"Award Agreement" means a written agreement entered into by the Company and a Participant setting forth the terms and conditions of the grant of an Award to such Participant.

"Board" means the board of directors of the Company.

"Cause" means, with respect to a termination of employment or other service with the Company, a termination of employment or other service due to a Participant's dishonesty, fraud, insubordination, willful misconduct, refusal to perform services (for any reason other than illness or incapacity) or materially unsatisfactory performance of the Participant's duties for the Company; *provided, however*, that if the Participant and the Company have entered into an employment agreement or consulting agreement which defines the term Cause, the term Cause shall be defined in accordance with such agreement with respect to any Award granted to the Participant on or after the effective date of the respective employment or consulting agreement. The Committee shall determine in its sole and absolute discretion whether Cause exists for purposes of the Plan.

"Change in Control" shall be deemed to occur upon the occurrence of any of the following after the Effective Date:

(a) any "person" as such term is used in Sections 13(d) and 14(d) of the Exchange Act (other than the Company, any trustee or other fiduciary holding securities under any employee benefit plan of the Company, or any company owned, directly or indirectly, by the shareholders of the Company in substantially the same proportions as their ownership of common stock of the Company), is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing thirty percent (30%) or more of the combined voting power of the Company's then outstanding securities;

(b) during any period of two (2) consecutive years, individuals who at the beginning of such period constitute the Board, and any new director (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in paragraph (a), (c), or (d) of this Section) whose election by the Board or nomination for election by the Company's shareholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the two-year period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority of the Board;

(c) consummation of a merger, consolidation, reorganization, or other business combination of the Company with any other entity, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than fifty percent (50%) of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation; provided, however, that a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no

person acquires more than twenty-five percent (25%) of the combined voting power of the Company's then outstanding securities shall not constitute a Change in Control; or

(d) the shareholders of the Company approve a plan of complete liquidation of the Company, and such liquidation occurs, or the consummation of the sale or disposition by the Company of all or substantially all of the Company's assets other than (x) the sale or disposition of all or substantially all of the assets of the Company to a person or persons who beneficially own, directly or indirectly, at least fifty percent (50%) or more of the combined voting power of the outstanding voting securities of the Company at the time of the sale or (y) pursuant to a spin-off type transaction, directly or indirectly, of such assets to the shareholders of the Company.

However, to the extent that Code Section 409A would cause an adverse tax consequence to a Participant using the above definition, the term "Change in Control" shall have the meaning ascribed to the phrase "Change in the Ownership or Effective Control of a Corporation or in the Ownership of a Substantial Portion of the Assets of a Corporation" under Treasury Department Proposed Regulation 1.409A-3(g)(5), as revised from time to time in either subsequent proposed or final regulations, and in the event that such regulations are withdrawn or such phrase (or a substantially similar phrase) ceases to be defined, as determined by the Committee.

"Change in Control Price" means the price per share of Common Stock paid in any transaction related to a Change in Control of the Company.

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

"Committee" means the Committee designated to administer the Plan in accordance with Section 4.

"Common Stock" means the common stock, par value $0.01 per share, of the Company.

"Company" means SHF Holdings, Inc., the subsidiaries of SHF Holdings, Inc., and all other entities whose financial statements are required to be consolidated with the financial statements of SHF Holdings, Inc. pursuant to United States generally accepted accounting principles, and any other entity determined to be an affiliate of SHF Holdings, Inc. as determined by the Committee in its sole and absolute discretion.

"Covered Individual" means any current or former member of the Committee, any current or former officer or director of the Company, or any individual designated pursuant to Section 4(c).

"Disability" means a "permanent and total disability" within the meaning of Code Section 22(e)(3); *provided, however,* that if a Participant and the Company have entered into an employment or consulting agreement which defines the term Disability for purposes of such agreement, Disability shall be defined pursuant to the definition in such agreement with respect to any Award granted to the Participant on or after the effective date of the respective employment or consulting agreement. The Committee shall determine in its sole and absolute discretion whether a Disability exists for purposes of the Plan.

"Disparagement" means making any comments or statements to the press, the Company's employees, clients or any other individuals or entities with whom the Company has a business relationship, which could adversely affect in any manner: (i) the conduct of the business of the Company (including, without

limitation, any products or business plans or prospects), or (ii) the business reputation of the Company or any of its products, or its past or present officers, directors or employees.

"Dividend Equivalents" means an amount equal to the cash or stock dividends paid by the Company upon one share of Common Stock subject to an Award granted to a Participant under the Plan.

"Effective Date" shall mean the date the Plan was originally approved by the shareholders of SHF Holdings, Inc. (f/k/a Northern Lights Acquisition Corp.) in accordance with the laws of the State of Delaware.

"Eligible Individual" means any employee, officer, director (employee or non-employee director) or consultant of the Company and any Prospective Employee to whom Awards are granted in connection with an offer of future employment with the Company.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Exercise Price" means the purchase price per share of each share of Common Stock subject to an Award.

"Fair Market Value" means, unless otherwise required by the Code, as of any date, the last sales price reported for the Common Stock on the day immediately prior to such date (i) as reported by the national securities exchange in the United States on which it is then traded, or (ii) if not traded on any such national securities exchange, as quoted on an automated quotation system sponsored by the National Association of Securities Dealers, Inc., or if the Common Stock shall not have been reported or quoted on such date, on the first day prior thereto on which the Common Stock was reported or quoted; *provided, however,* that the Committee may modify the definition of Fair Market Value to reflect any changes in the trading practices of any exchange or automated system sponsored by the National Association of Securities Dealers, Inc. on which the Common Stock is listed or traded. If the Common Stock is not readily traded on a national securities exchange or any system sponsored by the National Association of Securities Dealers, Inc., the Fair Market Value shall be determined in good faith by the Committee.

"Company" means SHF Holdings, Inc.

"Grant Date" means the date on which the Committee approves the grant of an Award or such later date as is specified by the Committee and set forth in the applicable Award Agreement.

"Incentive Stock Option" means an "incentive stock option" within the meaning of Code Section 422.

"Listing Market" means the New York Stock Exchange or, if the securities of the Company are not then listed on the New York Stock Exchange, such other national securities exchange on which any securities of the Company are listed for trading, and if not listed for trading on any national securities exchange, or an automated quotation system sponsored by the Financial Industry Regulatory Authority.

"Non-Employee Director" means a director of the Company who is not an active employee of the Company.

"Non-Qualified Stock Option" means an Option that is not an Incentive Stock Option.

"Option" means an option to purchase Common Stock granted pursuant to Sections 6 of the Plan.

"Participant" means any Eligible Individual who holds an Award under the Plan and any of such individual's successors or permitted assigns.

"Performance Award" means an award of Performance Shares, Performance Share Units or Performance Units.

"Performance Goals" means the specified performance goals that have been established by the Committee in connection with an Award.

"Performance Period" means the period during which Performance Goals must be achieved in connection with an Award granted under the Plan.

"Performance Shares" means Restricted Stock that is subject to the achievement of certain Performance Goals being attained during a Performance Period pursuant to Section 9 hereunder.

"Performance Share Unit" means a right to receive a fixed number of shares of Common Stock, or the cash equivalent, that is contingent on the achievement of certain Performance Goals during a Performance Period.

"Performance Unit" means a right to receive a designated dollar value, or shares of Common Stock of the equivalent value, that is contingent on the achievement of certain Performance Goals during a Performance Period.

"Person" shall mean any person, corporation, partnership, joint venture or other entity or any group (as such term is defined for purposes of Section 13(d) of the Exchange Act), other than a parent or subsidiary.

"Plan" means the SHF Holdings, Inc. 2022 Equity Incentive Plan.

"Prospective Employee" means any individual who has committed to become an employee of the Company within sixty (60) days from the date an Award is granted to such individual.

"Restricted Stock" means Common Stock subject to certain restrictions, as determined by the Committee, and granted pursuant to Section 8 hereunder.

"***Restricted Stock Unit***" means a right to receive Common Stock upon vesting or at the end of a specified deferral period, with any risks of forfeiture or other restrictions as the Committee, in its sole discretion, may impose.

"Section 424 Employee" means an employee of the Company or any "subsidiary corporation" or "parent corporation" as such terms are defined in and in accordance with Code Section 424. The term "Section 424 Employee" also includes employees of a corporation issuing or assuming any Options in a transaction to which Code Section 424(a) applies.

"Stock Appreciation Right" means the right to receive all or some portion of the increase in value of a fixed number of shares of Common Stock granted pursuant to Section 7 hereunder.

"Transfer" means, as a noun, any direct or indirect, voluntary or involuntary, exchange, sale, bequeath, pledge, mortgage, hypothecation, encumbrance, distribution, transfer, gift, assignment or other disposition or attempted disposition of, and, as a verb, directly or indirectly, voluntarily or involuntarily, to exchange, sell, bequeath, pledge, mortgage, hypothecate, encumber, distribute, transfer, give, assign or in any other manner whatsoever dispose or attempt to dispose of.

IN WITNESS WHEREOF, this Amended and Restated SHF Holdings, Inc. 2022 Equity Incentive Plan has been duly approved and adopted by the Company as of the date set forth below.

Adopted by consent of the Board: October 4, 2022

SHF Holdings, Inc.

(executed consent on file at corporate offices)

By: DocuSigned by: Sunil Sethi 01D805D04CD491...

Title: CEO

Date: 2/2/2023

Exhibit 4

SHF HOLDINGS, INC.

AMENDED AND RESTATED - 2022 EQUITY INCENTIVE PLAN

OPTION AGREEMENT

THIS OPTION AGREEMENT (this "Agreement") is made and effective as of January 31, 2023 (the "Grant Date"), by and between SHF Holdings, Inc. (the "Company"), and _____ ("Optionee").

W I T N E S S E T H:

WHEREAS, the Company desires to increase the incentive of Optionee whose contributions are important to the continued success of the Company.

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the Company hereby grants Participant options to purchase shares of the Company's Common Stock pursuant to the SHF Holdings, Inc. Amended and Restated 2022 Equity Incentive Plan (the "Plan"), upon the following terms and conditions. Capitalized terms not defined herein shall have the meaning ascribed thereto in the Plan.

1. GRANT OF OPTION

Subject to the terms and conditions of this Agreement and the Plan, the Company hereby grants to Optionee an option (the "Option") to purchase an aggregate of _____ Units (the "Option Units"). Optionee hereby agrees and acknowledges that any and all Option Units purchased by Optionee pursuant to this Agreement ("Award Units") shall be subject to the terms of the LLC Agreement, the Plan and this Agreement.

2. OPTION PRICE

The Option Price ("Option Price") of this Option shall be **$**_____ per Option Unit. The Option Price of this Option shall be subject to adjustment in the event of changes in the capitalization of the Company, as set forth in the Plan.

3. TERM AND VESTING OF OPTION

(a) Option Period. Subject to the provisions of the Plan, this Option shall terminate and all of Optionee's rights to purchase Option Units hereunder shall cease on the tenth (10^{th}) anniversary of the Grant Date (the "Expiration Date").

(b) Vesting and Exercisability. Subject to the provisions of the Plan, this Option is fully vested.

4. MANNER OF EXERCISE AND PAYMENT

(a) Exercise. When the conditions to the exercise of an Option have been satisfied, the Optionee may exercise the Option only in accordance with the following provisions. The Optionee shall deliver to the Company a written notice stating that the Optionee is exercising the Option and specifying the number of shares of Option Units which are to be purchased pursuant to the Option, and such notice shall be accompanied by payment in full of the Option Price of the shares for which the Option is being exercised, by one or more of the methods provided for in the Plan. Said notice must be delivered to the Company at its principal office. An attempt to exercise any Option granted hereunder other than as set forth in the Plan shall be invalid and of no force and effect.

(b) Payment. Payment of the Option Price for the Option Units purchased pursuant to the exercise of an Option shall be made by wire transfer, certified or cashier's check, bank draft or money order.

5. TRANSFERABILITY OF OPTION

Any purported Transfer of an Option in contravention of the provisions of this Agreement or the Plan shall have no force or effect and shall be null and void, and the purported transferee of such Option shall not acquire any rights with respect to such Option.

6. DISCLAIMER OF RIGHTS

No provision of this Agreement shall be construed to confer upon any person or entity, including Optionee, the right to remain in the employ or service of the Company or to interfere in any way with the right and authority of the Company either to increase or decrease the compensation of any person or entity, including Optionee, at any time, or to terminate any employment or other relationship between any person or entity, including Optionee, and the Company.

7. NONEXCLUSIVITY OF THIS AGREEMENT

This Agreement shall not be construed as creating any limitations upon the right and authority of the Board to adopt such other incentive compensation arrangements (which arrangements may be applicable either generally to a class or classes of individuals or specifically to a particular individual or individuals) as the Board in their sole and absolute discretion determine desirable.

8. MISCELLANEOUS

(a) Controlling Law. This Agreement and all questions relating to its validity, interpretation, performance and enforcement (including, without limitation, provisions concerning limitations of actions), shall be governed by and construed in accordance with the laws of the State of Delaware, without application to the principles of conflict of laws.

(b) Binding Nature of Agreement; Assignability. This Agreement shall be binding upon the parties hereto and their respective heirs, personal representatives, successors and assigns.

(c) Provisions of Plan Control. This Agreement is subject to all the terms, conditions and provisions of the Plan, including, without limitation, the amendment provisions thereof, and to such rules, regulations and interpretations relating to the Plan as may be adopted by the Board and as may be in

effect from time to time. The Plan is incorporated herein by reference. If and to the extent that this Agreement conflicts or is inconsistent with the terms, conditions and provisions of the Plan, the Plan shall control, and this Agreement shall be deemed to be modified accordingly.

(d) Withholding. In connection with the exercise of the Option, the Optionee agrees: (i) to pay to the Company, or make arrangements satisfactory to the Company regarding payment of, any federal, state or local, domestic or foreign taxes of any kind required by law to be withheld with respect to such exercise; and (ii) that the Company shall, to the extent permitted by law, have the right to deduct from any payment of any kind otherwise due to the Optionee any federal, state or local taxes of any kind required by law to be withheld with respect to the exercise of the Option.

(e) No Third-Party Beneficiaries. This Agreement shall not confer any rights or remedies upon any person or entity other than the parties and their respective permitted successors and assigns.

(f) Entire Agreement; Amendments . This Agreement constitutes the entire agreement among the parties in respect of the subject matter hereof and supersedes any prior understandings, agreements, or representations by or among the parties, written or oral, that may have related in any way to the subject matter hereof. This Agreement may not be amended, supplemented or modified in whole or in part except by an instrument in writing signed by the party or parties against whom enforcement of any such amendment, supplement or modification is sought.

(g) No Rights to Continued Employment . Nothing contained herein shall give the Participant the right to be retained in the employment or service of the Company or any of its subsidiaries or affiliates or affect the right of any such employer to terminate the Participant.

(h) Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed an original and all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

SHF HOLDINGS, INC.

Sundie Seefried, Chief Executive Officer

OPTIONEE:

Address:

Exhibit 4.6

DESCRIPTION OF THE REGISTRANT'S SECURITIES REGISTERED PURSUANT TO SECTION1 12 OF THE SECURITIES EXCHANGE ACT OF 1934

The following summary of the registered securities of SHF Holdings, Inc. does not purport to be complete and is qualified in its entirety by reference to our second amended and restated certificate of incorporation, as amended, and bylaws, each of which are incorporated by reference as an exhibit to the Annual Report on Form 10-K of which this Exhibit is a part, and certain provisions of Delaware law. Unless the context requires otherwise, all references to the "Company," "we," "our," and "us" in this Exhibit refer to SHF Holdings, Inc.

Pursuant to our second amended and restated certificate of incorporation, we are authorized to issue 130,000,000 shares of our Class A common stock, $0.0001 par value (the "Class A Common Stock"), and 1,250,000 shares of preferred stock, $0.0001 par value (the "Preferred Stock"), 30,000 of which shares of Preferred Stock have been designated as Series A Convertible Preferred Stock (the "Series A Preferred Stock").

Common Stock

As of March 28, 20234, 55,430,976 shares of Class A Common Stock were issued and outstanding. All issued and outstanding shares of Class A Common Stock are fully paid and non-assessable.

Voting Rights

Except as otherwise required by law or as otherwise provided in any certificate of designation for any series of Preferred Stock, under our second amended and restated certificate of incorporation, the holders of Class A Common Stock possess or will possess, as applicable, all voting power for the election of our directors and all other matters requiring stockholder action and are entitled or will be entitled, as applicable, to one vote per share on matters to be voted on by stockholders. Subject to certain limited exceptions, the holders of Class A Common Stock shall at all times vote together as one class on all matters submitted to a vote of the holders of Class A Common Stock under our second amended and restated certificate of incorporation. Unless specified in our second amended and restated certificate of incorporation or bylaws, or as required by applicable provisions of the DGCL or applicable stock exchange rules, the affirmative vote of a majority of our shares of common stock that are voted is required to approve any such matter voted on by our stockholders. Our board of directors will be divided into three classes, each of which will generally serve for a term of three years with only one class of directors being elected in each year. There is no cumulative voting with respect to the election of directors, with the result that the holders of more than 50% of the shares voted for the election of directors can elect all of the directors.

Dividend Rights

Subject to the rights of holders of any outstanding Preferred Stock, holders of shares of Class A Common Stock are entitled to receive ratable dividends when, as and if declared by the board of directors out of funds legally available therefor.

Liquidation Rights

Subject to the rights of holders of any outstanding Preferred Stock, in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Company, the holders of Class A Common Stock are entitled to share ratably in all assets and funds available for distribution.

Other Rights

The holders of Class A Common Stock have no preemptive or conversion rights or other subscription rights.

There are no redemption or sinking fund provisions applicable to the Class A Common Stock. The rights, preferences and privileges of holders of the Class A Common Stock will be subject to those of the holders of any shares of the Preferred Stock.

Preferred Stock

General

As of March 28, 2024, 111 shares of Preferred Stock, each of which being a share of Series A Preferred Stock, were issued and outstanding. All issued and outstanding shares of Preferred Stock are fully paid and non-assessable.

Our second amended and restated certificate of incorporation authorizes 1,250,000 shares of preferred stock and provides that shares of preferred stock may be issued from time to time in one or more series. Our board of directors is authorized to fix the voting rights, if any, designations, powers, preferences, the relative, participating, optional or other special rights and any qualifications, limitations and restrictions thereof, applicable to the shares of each series. Our board of directors will be able to, without stockholder approval, issue shares of preferred stock with voting and other rights that could adversely affect the voting power and other rights of the holders of the common stock and could have anti-takeover effects. The ability of our board of directors to issue shares of preferred stock without stockholder approval could have the effect of delaying, deferring or preventing a change of control of us or the removal of existing management.

Series A Convertible Preferred Stock

On September 28, 2022, we filed a Certificate of Designation of Preferences, Rights and Limitations of the Series A Convertible Preferred Stock (the "Certificate of Designation") with the Secretary of State of the State of Delaware, designating 30,000 shares of Preferred Stock as Series A Preferred Stock.

Voting Rights

Except as otherwise required by law or as otherwise provided in the Certificate of Designation, the holders of Series A Preferred Stock do not possess voting rights.

Dividend Rights

Subject to the rights of holders of any outstanding Preferred Stock senior to the Series A Preferred Stock, holders of Series A Preferred Stock are entitled to receive dividends on shares of Series A Preferred Stock equal (on an as-if-converted basis) to and in the same form as dividends actually paid

on shares of the Class A Common Stock when, as and if such dividends are paid on shares of the Class A Common Stock. No other dividends will be paid to the holders of Series A Preferred Stock.

Liquidation Rights

In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Company, the holders of Series A Preferred Stock shall rank (i) senior to all of the Class A Common Stock; (ii) senior to any class or series of capital stock of the Company created specifically ranking by its terms junior to any Series A Preferred Stock; (iii) on parity with any class or series of capital stock of the Company created specifically ranking by its terms on parity with the Series A Preferred Stock; and (iv) junior to any class or series of capital stock of the Company created specifically ranking by its terms senior to any Series A Preferred Stock, in each case, as to dividends or distributions of assets upon liquidation, dissolution or winding up of the Company.

Conversion Rights

Each share of Series A Preferred Stock shall be convertible at any time at the option of the holder thereof into that number of shares of Class A Common Stock determined by dividing the stated value of such share of Series A Preferred Stock by the then-current conversion price. Holders shall effect conversions by providing the Company with a conversion notice.

The conversion price is subject to downward adjustment on each of the dates that are 10 days, 55 days, 100 days, 145 days and 190 days after the effectiveness of a registration statement registering the shares of Class A Common Stock issuable upon conversion of the shares of Series A Preferred Stock, which registration statement was made effective on December 9, 2022, to the lower of the conversion price and the greater of (i) 80% of the volume weighted average price of the Class A Common Stock for the prior five trading days and (ii) $1.25; provided that, so long as a holder of Series A Preferred Stock continues to hold any shares of Series A Preferred Stock, such holder will be entitled to receive the aggregate shares of Class A Common Stock that would be issuable based upon its initial purchase of shares of Series A Preferred Stock at the adjusted conversion price.

Public Stockholders' Warrants

Each whole warrant entitles the registered holder to purchase one share of our Class A Common Stock at a price of $11.50 per share, subject to adjustment as discussed below, at any time commencing on the later of 12 months from the closing of our initial public offering and the date of the consummation of our initial business combination. Pursuant to the warrant agreement, a warrant holder may exercise its warrants only for a whole number of Class A Common Stock. This means only a whole warrant may be exercised at a given time by a warrant holder. No fractional warrants will be issued upon separation of the units and only whole warrants will trade. Accordingly, unless you purchase at least two units, you will not be able to receive or trade a whole warrant.

The warrants will expire five years after the completion of our initial business combination, September 28, 2027, at 5:00 p.m., New York City time, or earlier upon redemption or liquidation.

The shares of Class A Common Stock issuable upon exercise of the warrants were registered under the Securities Act pursuant to a Registration Statement on Form S-1 (SEC File No.: 333-267796), initially filed with the SEC on October 7, 2022 and made effective on December 9, 2022. We have agreed to maintain a current prospectus relating to those shares of Class A Common Stock until the warrants expire or are redeemed, as specified in the warrant agreement. No warrant will be exercisable and we will not be obligated to issue shares of Class A Common Stock upon exercise of a warrant unless Class A Common Stock issuable upon such warrant exercise has been registered, qualified or deemed to be exempt under the securities laws of the state of residence of the registered holder of the warrants. In the event that the condition in the immediately preceding sentence is not satisfied with respect to a warrant, the holder of such warrant will not be entitled to exercise such warrant and such warrant may have no value and expire worthless. In no event will we be required to net cash settle any warrant.

We may call the warrants for redemption:

- in whole and not in part;
- at a price of $0.01 per warrant;
- upon not less than 30 days' prior written notice of redemption given after the warrants become exercisable (the "30-day redemption period") to each warrant holder; and
- if, and only if, the reported last sale price of the Class A Common Stock equals or exceeds $18.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) for any 20 trading days within a 30-trading day period commencing once the warrants become exercisable and ending three business days before we send the notice of redemption to the warrant holders.

If and when the warrants become redeemable by us, we may not exercise our redemption right if the issuance of shares of common stock upon exercise of the warrants is not exempt from registration or qualification under applicable state blue sky laws or we are unable to effect such registration or qualification. We will use our best efforts to register or qualify such shares of common stock under the blue-sky laws of the state of residence in those states in which the warrants were offered by us in our initial public offering. We have established the last of the redemption criterion discussed above to prevent a redemption call unless there is at the time of the call a significant premium to the warrant exercise price. If the foregoing conditions are satisfied and we issue a notice of redemption of the warrants, each warrant holder will be entitled to exercise its warrant prior to the scheduled redemption date. However, the price of the Class A Common Stock may fall below the $18.00 redemption trigger price (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) as well as the $11.50 warrant exercise price after the redemption notice is issued.

If and when the warrants become redeemable by us, we may not exercise our redemption right if the issuance of shares of common stock upon exercise of the warrants is not exempt from registration or qualification under applicable state blue sky laws or we are unable to effect such registration or qualification. We will use our best efforts to register or qualify such shares of common stock under the blue sky laws of the state of residence in those states in which the warrants were offered by us in our initial public offering.

We have established the last of the redemption criterion discussed above to prevent a redemption call unless there is at the time of the call a significant premium to the warrant exercise price. If the foregoing conditions are satisfied and we issue a notice of redemption of the warrants, each warrant holder will be entitled to exercise its warrant prior to the scheduled redemption date. However, the price of the Class A Common Stock may fall below the $18.00 redemption trigger price (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) as well as the $11.50 warrant exercise price after the redemption notice is issued.

If we call the warrants for redemption as described above, our management will have the option to require any holder that wishes to exercise its warrant to do so on a "cashless basis." In determining whether to require all holders to exercise their warrants on a "cashless basis," our management will consider, among other factors, our cash position, the number of warrants that are outstanding and the dilutive effect on our stockholders of issuing the

maximum number of shares of Class A Common Stock issuable upon the exercise of our warrants. If our management takes advantage of this option, all holders of warrants would pay the exercise price by surrendering their warrants for that number of shares of Class A Common Stock equal to the quotient obtained by dividing (x) the product of the number of shares of Class A Common Stock underlying the warrants, multiplied by the difference between the exercise price of the warrants and the "fair market value" (defined below) by (y) the fair market value. The "fair market value" for this purpose shall mean the average reported last sale price of the Class A Common Stock for the 10 trading days ending on the third trading day prior to the date on which the notice of redemption is sent to the holders of warrants. If our management takes advantage of this option, the notice of redemption will contain the information necessary to calculate the number of shares of Class A Common Stock to be received upon exercise of the warrants, including the "fair market value" in such case. If we call our warrants for redemption and our management does not take advantage of this option, our sponsor and its permitted transferees would still be entitled to exercise their placement warrants for cash or on a cashless basis using the same formula described above that they and the other warrant holders would have been required to use had all warrant holders been required to exercise their warrants on a cashless basis, as described in more detail below.

A holder of a warrant may notify us in writing in the event it elects to be subject to a requirement that such holder will not have the right to exercise such warrant, to the extent that after giving effect to such exercise, such person (together with such person's affiliates), to the warrant agent's actual knowledge, would beneficially own in excess of 4.9% or 9.8% (or such other amount as a holder may specify) of the shares of Class A Common Stock outstanding immediately after giving effect to such exercise.

If the number of outstanding shares of Class A Common Stock is increased by a stock dividend payable in shares of Class A Common Stock, or by a split-up of shares of Class A Common Stock or other similar event, then, on the effective date of such stock dividend, split-up or similar event, the number of shares of Class A Common Stock issuable on exercise of each whole warrant will be increased in proportion to such increase in the outstanding shares of Class A Common Stock. A rights offering to holders of Class A Common Stock entitling holders to purchase shares of Class A Common Stock at a price less than the fair market value will be deemed a stock dividend of a number of shares of Class A Common Stock equal to the product of (i) the number of shares of Class A Common Stock actually sold in such rights offering (or issuable under any other equity securities sold in such rights offering that are convertible into or exercisable for Class A Common Stock) and (ii) one (1) minus the quotient of (x) the price per share of Class A Common Stock paid in such rights offering divided by (y) the fair market value. For these purposes (i) if the rights offering is for securities convertible into or exercisable for Class A Common Stock, in determining the price payable for Class A Common Stock, there will be taken into account any consideration received for such rights, as well as any additional amount payable upon exercise or conversion and (ii) fair market value means the volume weighted average price of Class A Common Stock as reported during the ten (10) trading day period ending on the trading day prior to the first date on which the shares of Class A Common Stock trade on the applicable exchange or in the applicable market, regular way, without the right to receive such rights.

In addition, if we, at any time while the warrants are outstanding and unexpired, pay a dividend or make a distribution in cash, securities or other assets to the holders of Class A Common Stock on account of such shares of Class A Common Stock (or other shares of our capital stock into which the warrants are convertible), other than (a) as described above or (b) certain ordinary cash dividends, then the warrant exercise price will be decreased, effective immediately after the effective date of such event, by the amount of cash and/or the fair market value of any securities or other assets paid on each share of Class A Common Stock in respect of such event.

If the number of outstanding shares of our Class A Common Stock is decreased by a consolidation, combination, reverse stock split or reclassification of shares of Class A Common Stock or other similar event, then, on the effective date of such consolidation, combination, reverse stock split, reclassification or similar event, the number of shares of Class A Common Stock issuable on exercise of each warrant will be decreased in proportion to such decrease in outstanding shares of Class A Common Stock.

Whenever the number of shares of Class A Common Stock purchasable upon the exercise of the warrants is adjusted, as described above, the warrant exercise price will be adjusted by multiplying the warrant exercise price immediately prior to such adjustment by a fraction (x) the numerator of which will be the number of shares of Class A Common Stock purchasable upon the exercise of the warrants immediately prior to such adjustment, and (y) the denominator of which will be the number of shares of Class A Common Stock so purchasable immediately thereafter.

In case of any reclassification or reorganization of the outstanding shares of Class A Common Stock (other than those described above or that solely affects the par value of such shares of Class A Common Stock), or in the case of any merger or consolidation of us with or into another corporation (other than a consolidation or merger in which we are the continuing corporation and that does not result in any reclassification or reorganization of our outstanding shares of Class A Common Stock), or in the case of any sale or conveyance to another corporation or entity of the assets or other property of us as an entirety or substantially as an entirety in connection with which we are dissolved, the holders of the warrants will thereafter have the right to purchase and receive, upon the basis and upon the terms and conditions specified in the warrants and in lieu of the shares of our Class A Common Stock immediately theretofore purchasable and receivable upon the exercise of the rights represented thereby, the kind and amount of shares of stock or other securities or property (including cash) receivable upon such reclassification, reorganization, merger or consolidation, or upon a dissolution following any such sale or transfer, that the holder of the warrants would have received if such holder had exercised their warrants immediately prior to such event.

The warrants have been issued in registered form under a warrant agreement between Continental Stock Transfer & Trust Company, as warrant agent, and us. The warrant agreement provides that the terms of the warrants may be amended without the consent of any holder to cure any ambiguity or correct any mistake, including to conform the provisions of the warrant agreement to the description of the terms of the warrants and the warrant agreement set forth in the prospectus for our initial public offering, or defective provision, but requires the approval by the holders of at least a majority of the then outstanding public warrants to make any change that adversely affects the interests of the registered holders of public warrants.

The warrants may be exercised upon surrender of the warrant certificate on or prior to the expiration date at the offices of the warrant agent, with the exercise form on the reverse side of the warrant certificate completed and executed as indicated, accompanied by full payment of the exercise price (or on a cashless basis, if applicable), by certified or official bank check payable to us, for the number of warrants being exercised. The warrant holders do not have the rights or privileges of holders of Class A Common Stock and any voting rights until they exercise their warrants and receive shares of Class A Common Stock. After the issuance of shares of Class A Common Stock upon exercise of the warrants, each holder will be entitled to one (1) vote for each share held of record on all matters to be voted on by stockholders.

No fractional shares will be issued upon exercise of the warrants. If, upon exercise of the warrants, a holder would be entitled to receive a fractional interest in a share, we will, upon exercise, round down to the nearest whole number of shares of Class A Common Stock to be issued to the warrant holder.

We have agreed that, subject to applicable law, any action, proceeding or claim against us arising out of or relating in any way to the warrant agreement will be brought and enforced in the courts of the State of New York or the United States District Court for the Southern District of New York, and we irrevocably submit to such jurisdiction, which jurisdiction will be the exclusive forum for any such action, proceeding or claim. This provision applies to claims under the Securities Act but does not apply to claims under the Exchange Act or any claim for which the federal district courts of the United States of America are the sole and exclusive forum.

Placement Warrants

Except as described below, the placement warrants have terms and provisions that are identical to those of the warrants sold as part of the units in our initial public offering, including as to exercise price, exercisability and exercise period. Following the completion of our initial business combination, the placement warrants (including the Class A Common Stock issuable upon exercise of the placement warrants) are transferable, assignable and salable. They are also exercisable on a cashless basis so long as they are held by our sponsor or its permitted transferees. Our sponsor or its permitted transferees have the option to exercise the placement warrants on a cashless basis. If the placement warrants are held by someone other than our sponsor or its permitted transferees, the placement warrants will be exercisable by such holders on the same basis as the warrants included in the units sold in our initial public offering. The placement warrants will be redeemable by us on the same basis as the public warrants.

If holders of the placement warrants elect to exercise them on a cashless basis, they would pay the exercise price by surrendering their warrants for that number of shares of Class A Common Stock equal to the quotient obtained by dividing (x) the product of the number of shares of Class A Common Stock underlying the warrants, multiplied by the difference between the exercise price of the warrants and the "fair market value" (defined below) by (y) the fair market value. The "fair market value" for this purpose shall mean the average reported last sale price of the Class A Common Stock for the 10 trading days ending on the third trading day prior to the date on which the notice of warrant exercise is sent to the warrant agent. In addition, holders of our placement warrants are entitled to certain registration rights.

PIPE Warrants

The private placement warrants issued in connection with the PIPE transaction (the "PIPE Warrants") have an exercise price of $11.50 per share of Class A Common Stock to be paid in cash (except if the shares underlying the warrants are not covered by an effective registration statement after the six-month anniversary of the closing date, in which case cashless exercise is permitted), subject to adjustment to a price equal to the greater of (i) 125% of the conversion price of the Series A Preferred Stock if at any time there is an adjustment to the conversion price and the exercise price after such adjustment is greater than 125% of the conversion price as adjusted and (ii) $5.00. The PIPE Warrants are also subject to adjustment for other customary adjustments for stock dividends, stock splits and similar corporate actions. The PIPE Warrants are exercisable for a period of five years following the closing of our initial business combination, or September 28, 2027. After exercise of a PIPE Warrant, we may be required to pay certain penalties if it fails to deliver the Class A Common Stock within a specified period of time.

Accounting Treatment

Due to certain provisions contained in our warrant agreement, each of the public warrants, the placement warrants, and the PIPE Warrants will be treated as a derivative liability and we will be required to record the fair value of each warrant as a liability in accordance with the guidance contained in ASC 815-40. As a result, each quarter, we will be required to determine the fair value of each warrant and record the change on the value of the warrants from the prior quarter as a gain or a loss on our income statement, which will change the value of the liability for the warrants on our balance sheet.

Dividends

We have not paid any cash dividends on our common stock to date and do not intend to pay cash dividends at this time. The payment of cash dividends in the future will be dependent upon our revenues and earnings, if any, capital requirements and general financial conditions. The payment of any cash dividends will be within the discretion of our board of directors at such time. Further, if we incur any indebtedness, our ability to declare dividends may be limited by restrictive covenants we may agree to in connection therewith.

Our Transfer Agent and Warrant Agent

The transfer agent for our common stock and warrant agent for our warrants is Continental Stock Transfer & Trust Company. We have agreed to indemnify Continental Stock Transfer & Trust Company in its roles as transfer agent and warrant agent, its agents and each of its stockholders, directors, officers and employees against all claims and losses that may arise out of acts performed or omitted for its activities in that capacity, except for any liability due to any gross negligence, willful misconduct or bad faith of the indemnified person or entity.

Certain Anti-Takeover Provisions of Delaware Law and our Second Amended and Restated Certificate of Incorporation and Bylaws

The Second Amended and Restated Certificate of Incorporation and bylaws contains provisions that may discourage unsolicited takeover proposals that stockholders may consider to be in their best interests. We are also subject to anti-takeover provisions under Delaware law, which could delay or prevent a change of control. Together, these provisions may make more difficult the removal of management and may discourage transactions that otherwise could involve payment of a premium over prevailing market prices for our securities. These provisions will include:

- a prohibition on stockholder action by written consent, which forces stockholder action to be taken at an annual or special meeting of our stockholders;
- a denial of the right of stockholders to call a special meeting;
- a vote of 66 2/3% required to approve certain amendments to the Second Amended and Restated Certificate of Incorporation and the bylaws; and
- the designation of Delaware as the exclusive forum for certain disputes.

Forum Selection Clause

Our Second Amended and Restated Certificate of Incorporation and bylaws provide that, unless we consent in writing to the selection of an alternative forum, the sole and exclusive forum, to the fullest extent permitted by law, for (1) any derivative action or proceeding brought on our behalf, (2) any action asserting a breach of a fiduciary duty owed by any director, officer or other employee to us or our stockholders, (3) any action asserting a claim against us or any director, officer or other employee arising pursuant to the DGCL, (4) any action to interpret, apply, enforce or determine the validity of our Second Amended and Restated Certificate of Incorporation and bylaws, or (5) any other action asserting a claim that is governed by the internal affairs doctrine, shall be the Court of Chancery of the State of Delaware (or another state court or the federal court located within the State of Delaware if the Court of Chancery does not have or declines to accept jurisdiction), in all cases subject to the court's having jurisdiction over indispensable parties named as defendants. In addition, our Second Amended and Restated Certificate of Incorporation provides that the federal district courts of the United States will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act but that the forum selection

provision will not apply to claims brought to enforce a duty or liability created by the Exchange Act. Although we believe these provisions benefit us by providing increased consistency in the application of Delaware law for the specified types of actions and proceedings, the provisions may have the effect of discouraging lawsuits against us or our directors and officers. Alternatively, if a court were to find the choice of forum provision contained in our Second Amended and Restated Certificate of Incorporation and bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, financial condition, and operating results. For example, under the Securities Act, federal courts have concurrent jurisdiction over all suits brought to enforce any duty or liability created by the Securities Act, and investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder. Any person or entity purchasing or otherwise acquiring any interest in our shares of capital stock shall be deemed to have notice of and consented to this exclusive forum provision, but will not be deemed to have waived our compliance with the federal securities laws and the rules and regulations thereunder.

Special meeting of stockholders

Our bylaws provide that special meetings of our stockholders may be called only by a majority vote of our board of directors, by a Chief Executive Officer or by our Chairman.

Advance notice requirements for stockholder proposals and director nominations

Our bylaws contain advance notice procedures with respect to stockholder proposals and the nomination of candidates for election as director. In order for any matter to be "properly brought" before a meeting, a stockholder will have to comply with such advance notice procedures and provide us with certain information. Our bylaws allow the presiding officer at a meeting of stockholders to adopt rules and regulations for the conduct of meetings which may have the effect of precluding the conduct of certain business at a meeting if such rules and regulations are not followed.

These provisions may also defer, delay or discourage a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to influence or obtain control of the Company.

Classified board of directors

Our board of directors is currently divided into three classes, Class I, Class II and Class III, with members of each class serving staggered three-year terms. Our second amended and restated certificate of incorporation provides that the authorized number of directors may be changed only by resolution of the board of directors. Subject to the terms of any preferred stock, any or all of the directors may be removed from office at any time, but only for cause and only by the affirmative vote of holders of a majority of the voting power of all then outstanding shares of our capital stock entitled to vote generally in the election of directors, voting together as a single class. Any vacancy on our board of directors, including a vacancy resulting from an enlargement of our board of directors, may be filled only by vote of a majority of our directors then in office.

Rule 144

Rule 144 is not available for the resale of securities initially issued by shell companies (other than business combination related shell companies) or issuers that have been at any time previously a shell company. However, Rule 144 also includes an important exception to this prohibition if the following conditions are met:

- the issuer of the securities that was formerly a shell company has ceased to be a shell company;

- the issuer of the securities is subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act;

- the issuer of the securities has filed all Exchange Act reports and material required to be filed, as applicable, during the preceding 12 months (or such shorter period that the issuer was required to file such reports and materials), other than Form 8-K reports; and

- at least one year has elapsed from the time that the issuer filed current Form 10 type information with the SEC reflecting its status as an entity that is not a shell company.

As a result, our sponsor and any other holder of shares of Class A Common Stock issued upon conversion of our previously outstanding Class B Common Stock or placement warrants, as applicable will be able to sell their private placement securities pursuant to Rule 144 without registration one year after the Company has completed its initial business combination, or September 28, 2023, assuming the Company otherwise complies with the conditions set forth above.

Once the conditions set forth in the exceptions listed above are satisfied, Rule 144 will become available for the resale of the above noted restricted securities.

Registration Rights

Simultaneously with the closing of the initial business combination, the Company and Partner Colorado Credit Union entered into a registration rights agreement, pursuant to which Partner Colorado Credit Union may request that the Company register certain securities held by it, including: (i) all outstanding shares of Class A Common Stock held by Partner Colorado Credit Union immediately following the closing of the initial business combination and (ii) all shares of Class A Common Stock issued to Partner Colorado Credit Union by way of any stock split, stock dividend or other distribution, recapitalization, stock exchange, stock reconstruction, amalgamation, contractual control arrangement or similar event.

Holders of shares of Class A Common Stock issued upon conversion of the previously outstanding Class B common stock upon consummation of the initial business combination and placement warrants also have certain registration rights pursuant to a registration rights agreement executed in connection with our initial public offering, requiring us to register such securities for resale. The holders of the majority of these securities are entitled to make up to three demands, excluding short form demands, that we register such securities. In addition, the holders have certain "piggy-back" registration rights with respect to registration statements filed subsequent to our completion of our initial business combination and rights to require us to register for resale such securities pursuant to Rule 415 under the Securities Act. The registration rights agreement does not contain liquidated damages or other cash settlement provisions resulting from delays in registering our securities. We will bear the expenses incurred in connection with the filing of any such registration statements.

Listing of Securities

Our Class A Common Stock and public warrants are listed on Nasdaq under the symbols "SHFS" and "SHFSW," respectively.

Exhibit 5

SHF HOLDINGS, INC.

AMENDED AND RESTATED - 2022 EQUITY INCENTIVE PLAN

NOTICE OF AWARD

This is to notify you that you have been granted an award (the " Award") under the SHF Holdings, Inc. Amended and Restated 2022 Equity Incentive Plan adopted October 4, 2022, (the "Plan"), subject to the terms and conditions set forth below and in the attached Award Agreement (" Agreement"). The Award is conditioned on your acknowledgment of receipt and acceptance in accordance with Section 9 of the Agreement.

Capitalized terms used in this Notice of Award and the Agreement, unless otherwise defined, shall have the meanings set forth in the Plan.

Summary of Award Terms

	Grantee Details
Grantee Name:	
Grant Date:	
Award Type:	Restricted Stock Units
Award Number:	
Settlement Date:	
Vesting Commencement Date:	
Vesting Schedule:	

To the extent any category above is not completed with the applicable "Grantee Detail," the same shall not apply to the Award without action pursuant to Section 15 of the Plan.

See the Award Agreement for additional terms governing the Award, including provisions regarding vesting, forfeiture, and transfer restrictions, among others.

SHF HOLDINGS, INC.

AMENDED AND RESTATED - 2022 EQUITY INCENTIVE PLAN

AWARD AGREEMENT

Pursuant to this Award Agreement (" Agreement"), and subject to the terms and conditions of the SHF Holdings, Inc. Amended and Restated 2022 Equity Incentive Plan adopted October 4, 2022, (the "Plan"), which Plan is incorporated by reference into this Agreement, SHF Holdings, Inc. (the "Company," which term shall include affiliates thereof unless the context indicates otherwise) grants the Award to the Grantee, in each case as identified in the Notice of Award attached hereto (which Notice of Award forms part of this Agreement).

Grantee understands and acknowledges that his/her failure to timely execute the acknowledgement of receipt and acceptance in accordance with Section 9 of the Agreement shall render the Award and this Agreement null and void and of no force and effect.

1. GRANT

a) Pursuant to the Plan, the Company hereby issues the Award to the Grantee on the Grant Date.

b) If any change is made to the outstanding Common Stock or the capital structure of the Company, if required, the Restricted Stock Units shall be adjusted or terminated in any manner as contemplated by the Plan.Each Restricted Stock Unit ("RSU") represents the right to receive one share of Class A Common Stock of SHF Holdings, Inc. ("Common Stock"), subject to the terms and conditions set forth in this Agreement and the Plan.

2. CONSIDERATION

The Award is made in consideration of the services rendered by the Grantee to the Company.

3. SETTLEMENT

a) On or before the Settlement Date, the Company shall: (i) issue and deliver to the Grantee the number of shares of Common Stock as provided by the Award; and (ii) enter the Grantee's name on the books of the Company as the shareholder of record with respect to the shares of Common Stock delivered to the Grantee. The

b) Grantee shall not have any rights of a shareholder with respect to the shares of Common Stock underlying the Award unless and until settlement. Notwithstanding anything herein to the contrary, if the Committee designates Grantee as a "specified employee" under the Plan, then settlement will be delayed in accordance with the Plan.

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c) Subject to any exceptions set forth in this Agreement or the Plan, until such time as the Award is settled in accordance with this Section, no portion of the Award may be Transferred by the Grantee. Any attempt to Transfer the Award shall be wholly ineffective and, if any such attempt is made, the Award will be forfeited by the Grantee with the consequence that all of the Grantee's rights to the Award shall immediately terminate without any further payment by, or consideration from, the Company.

4. NO IMPACT ON CONTINUED SERVICE

The value of the Award is not part of Grantee's normal or expected compensation for purposes of calculating any severance, retirement, welfare, insurance or similar employee benefit. Neither the Plan nor this Agreement shall confer upon the Grantee any right to be retained in any position or at any compensation level by the Company. Further, nothing in the Plan or this Agreement shall be construed to limit the discretion of the Company to either increase or decrease the compensation of, or to continue the services of, Grantee.

5. TAX LIABILITY AND WITHHOLDING

a) The Grantee shall be required to pay the amount of any required withholding taxes in respect of the Award to the Company, and the Company shall have the right to take all such action as the Committee deems necessary to satisfy all obligations for the payment of such withholding taxes (including, without limitation, deduction from any compensation paid to the Grantee pursuant to the Plan). The Committee may permit the Grantee to satisfy any federal, state or local tax withholding obligation by any means authorized by the Plan, including the following:

(i) tendering a cash payment;

(ii) withholding the amount due from Grantee's wages or compensation;

(iii) authorizing the Company to withhold shares of Common Stock from the shares of Common Stock otherwise issuable or deliverable to the Grantee as a result of the Award; or

(iv) authorizing the Company to cancel any number of shares of Common Stock issuable in an amount sufficient to reimburse the Company for the amount it is required to so withhold;

provided, however, that no shares of Common Stock shall be withheld or cancelled with a value exceeding the maximum amount of withholding tax required by law

b) Notwithstanding any action taken by the Company hereunder, the ultimate tax liability for the Award is and remains the Grantee's responsibility. Company makes no representation or undertakings regarding the tax liability of Grantee under any Award (including with respect to any grant, vesting, settlement or Transfer thereof). Company further does not commit to structure any Award to reduce or eliminate the Grantee's tax-related liability. Notwithstanding anything herein to the contrary, Company in no event shall be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by the Grantee.

6. COMPLIANCE WITH LAW

The issuance and transfer of shares of Common Stock shall be subject to compliance by the Company and the Grantee with all applicable requirements of federal and state securities laws and with all applicable requirements of any stock exchange on which the Common Stock may be listed. No shares of Common Stock shall be issued or transferred unless and until any then applicable requirements of state and federal laws and regulatory agencies have been fully complied with to the satisfaction of the Company and its counsel. This Agreement is intended to comply with Section 409A of the Code or an exemption thereunder and shall be construed and interpreted in a manner that is consistent with the requirements for avoiding additional taxes or penalties under Section 409A of the Code.

7. DISCRETIONARY NATURE OF PLAN

The Plan is discretionary and may be amended, cancelled or terminated by the Company at any time, in its discretion. No Award or grant pursuant to the Plan creates any contractual right or other right to receive any Awards or grants in the future. No amendment, modification, or termination of the Plan shall constitute a change or impairment of the terms and conditions of the Grantee's employment with the Company. The Committee has the right to amend, alter, suspend, discontinue or cancel any Award, prospectively or retroactively; *provided, that,* no such amendment shall adversely affect the Grantee's material rights under this Agreement without the Grantee's consent.

8. MISCELLANEOUS

(a) Controlling Law. This Agreement and all questions relating to its validity, interpretation, performance and enforcement (including, without limitation, provisions concerning limitations of actions), shall be governed by and construed in accordance with the laws of the State of Delaware, without application to the principles of conflict of laws.

(b) Binding Nature of Agreement. This Agreement shall be binding upon the parties hereto and their respective heirs, personal representatives, successors and assigns.

(c) Provisions of Plan Control. This Agreement is subject to all the terms, conditions and provisions of the Plan, including, without limitation, the amendment provisions thereof, and to such rules, regulations and interpretations relating to the Plan as may be adopted by the Board and as may be in effect from time to time. The Plan is incorporated herein by reference. If and to the extent that this Agreement conflicts or is inconsistent with the terms, conditions and provisions of the Plan, the Plan shall control, and this Agreement shall be deemed to be modified accordingly.

(d) Notices. Any notice required to be delivered to the Company under this Agreement shall be in writing and addressed to the Secretary of the Board of Directors of the Company at the Company's principal corporate offices. Any notice required to be delivered to the Grantee under this Agreement shall be in writing and addressed to the Grantee at the Grantee's address as shown in the records of the Company. Either party may designate another address in writing (or by such other method approved by the Company) from time to time.

(e) No Third-Party Beneficiaries. This Agreement shall not confer any rights or remedies upon any person or entity other than the parties and their respective permitted successors and assigns.

(f) Entire Agreement; Amendments. This Agreement constitutes the entire agreement among the parties in respect of the subject matter hereof and supersedes any prior understandings, agreements, or representations by or among the parties, written or oral, that may have related in any way to the subject matter hereof. This Agreement may not be amended, supplemented or modified in whole or in part except by an instrument in writing signed by the party or parties against whom enforcement of any such amendment, supplement or modification is sought.

(g) Non-Exclusivity. This Agreement shall not be construed as creating any limitations upon the right and authority of the Company to adopt such other incentive compensation arrangements (which arrangements may be applicable either generally to a class or classes of individuals or specifically to a particular individual or individuals) as it may, in its sole and absolute discretion, determine desirable.

(h) Personal Data. Grantee consents to the collection, use, and transfer, in electronic or other form, of the Grantee's personal data by the Company, the Committee, and any third party retained to administer the Plan for the exclusive purpose of administering the Award and Grantee's participation in the Plan. The Grantee agrees to promptly notify the Committee of any changes in the Grantee's name, address, or contact information during the entire period of Plan participation.

(i) Interpretation. In accordance with the Plan and this Agreement, the Committee shall have full discretionary authority to administer the Award, including discretionary authority to interpret and construe any and all provisions relating to the Award. Decisions of the Committee shall be final, binding, and conclusive on all parties.

(j) Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed an original and all of which together will constitute one and the same instrument.

9. ACCEPTANCE

The Grantee hereby acknowledges receipt of a copy of the Plan and this Agreement. The Grantee has read and understands the terms and provisions thereof, and accepts the Award subject to all of the terms and conditions of the Plan and this Agreement. The Grantee acknowledges that the Award has tax consequences and that the Grantee has been advised to consult a tax advisor prior to such vesting, settlement or disposition.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

SHF HOLDINGS, INC.

Printed Name: _____
Title: _____

GRANTEE:

_____
Sundie Seefried

Address: _____

EX-3.3 5 tm2112515d2_ex3-3.htm EXHIBIT 3.3

Exhibit 3.3

BY LAWS
OF
NORTHERN LIGHTS ACQUISITION CORP.
(THE "CORPORATION")

ARTICLE I

OFFICES

Section 1.1. Registered Office. The registered office of the Corporation within the State of Delaware shall be located at either (a) the principal place of business of the Corporation in the State of Delaware or (b) the office of the corporation or individual acting as the Corporation's registered agent in Delaware.

Section 1.2. Additional Offices. The Corporation may, in addition to its registered office in the State of Delaware, have such other offices and places of business, both within and outside the State of Delaware, as the Board of Directors of the Corporation (the "***Board***") may from time to time determine or as the business and affairs of the Corporation may require.

ARTICLE II

STOCKHOLDERS MEETINGS

Section 2.1. Annual Meetings. The annual meeting of stockholders shall be held at such place, either within or without the State of Delaware, and time and on such date as shall be determined by the Board and stated in the notice of the meeting, provided that the Board may in its sole discretion determine that the meeting shall not be held at any place, but may instead be held solely by means of remote communication pursuant to Section 9.5(a). At each annual meeting, the stockholders entitled to vote on such matters shall elect those directors of the Corporation to fill any term of a directorship that expires on the date of such annual meeting and may transact any other business as may properly be brought before the meeting.

Section 2.2. Special Meetings. Subject to the rights of the holders of any outstanding series of the preferred stock of the Corporation ("***Preferred Stock***"), and to the requirements of applicable law, special meetings of stockholders, for any purpose or purposes, may be called only by the Chairman of the Board, Chief Executive Officer, or the Board pursuant to a resolution adopted by a majority of the Board, and may not be called by any other person. Special meetings of stockholders shall be held at such place, either within or without the State of Delaware, and at such time and on such date as shall be determined by the Board and stated in the Corporation's notice of the meeting, provided that the Board may in its sole discretion determine that the meeting shall not be held at any place, but may instead be held solely by means of remote communication pursuant to Section 9.5(a).

Section 2.3. Notices. Written notice of each stockholders meeting stating the place, if any, date, and time of the meeting, and the means of remote communication, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting and the record date for determining the stockholders entitled to vote at the meeting, if such date is different from the record date for determining stockholders entitled to notice of the meeting, shall be given in the manner permitted by Section 9.3 to each stockholder entitled to vote thereat as of the record date for determining the stockholders entitled to notice of the meeting, by the Corporation not less than 10 nor more than 60 days before the date of the meeting unless otherwise required by the General Corporation Law of the State of Delaware (the "***DGCL***"). If said notice is for a stockholders meeting other than an annual meeting, it shall in addition state the purpose or purposes for which the meeting is called, and the business transacted at such meeting shall be limited to the matters so stated in the Corporation's notice of meeting (or any supplement thereto). Any meeting of stockholders as to which notice has been given may be postponed, and any meeting of stockholders as to which notice has been given may be cancelled, by the Board upon public announcement (as defined in Section 2.7(c)) given before the date previously scheduled for such meeting.

Section 2.4. Quorum. Except as otherwise provided by applicable law, the Corporation's Certificate of Incorporation, as the same may be amended or restated from time to time (the "***Certificate of Incorporation***") or these By Laws, the presence, in person or by proxy, at a stockholders meeting of the holders of shares of outstanding capital stock of the Corporation representing a majority of the voting power of all outstanding shares of capital stock of the Corporation entitled to vote at such meeting shall constitute a quorum for the transaction of business at such meeting, except that when specified business is to be voted on by a class or series of stock voting as a class, the holders of shares representing a majority of the voting power of the outstanding shares of such class or series shall constitute a quorum of such class or series for the transaction of such business. If a quorum shall not be present or represented by proxy at any meeting of the stockholders of the Corporation, the chairman of the meeting may adjourn the meeting from time to time in the manner provided in Section 2.6 until a quorum shall attend. The stockholders present at a duly convened meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum. Shares of its own stock belonging to the Corporation or to another corporation, if a majority of the voting power of the shares entitled to vote in the election of directors of such other corporation is held, directly or indirectly, by the Corporation, shall neither be entitled to vote nor be counted for quorum purposes; provided, however, that the foregoing shall not limit the right of the Corporation or any such other corporation to vote shares held by it in a fiduciary capacity.

Section 2.5. Voting of Shares.

(a) Voting Lists. The Secretary of the Corporation (the "***Secretary***") shall prepare, or shall cause the officer or agent who has charge of the stock ledger of the Corporation to prepare and make, at least 10 days before every meeting of stockholders, a complete list of the stockholders of record entitled to vote at such meeting; provided, however, that if the record date for determining the stockholders entitled to vote is less than 10 days before the meeting date, the list shall reflect the stockholders entitled to vote as of the tenth day before the meeting date, arranged in alphabetical order and showing the address and the number and class of shares registered in the name of each stockholder. Nothing contained in this Section 2.5(a) shall require the Corporation to include electronic mail addresses or other electronic contact information on such list. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours for a period of at least 10 days prior to the meeting: (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (ii) during ordinary business hours, at the principal place of business of the Corporation. In the event that the Corporation determines to make the list available on an electronic network, the Corporation may take reasonable steps to ensure that such information is available only to stockholders of the Corporation. If the meeting is to be held at a place, then the list shall be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. If a meeting of stockholders is to be held solely by means of remote communication as permitted by Section 9.5(a), the list shall be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of meeting. The stock ledger shall be the only evidence as to who are the stockholders entitled to examine the list required by this Section 2.5(a) or to vote in person or by proxy at any meeting of stockholders.

(b) Manner of Voting. At any stockholders meeting, every stockholder entitled to vote may vote in person or by proxy. If authorized by the Board, the voting by stockholders or proxy holders at any meeting conducted by remote communication may be effected by a ballot submitted by electronic transmission (as defined in Section 9.3), provided that any such electronic transmission must either set forth or be submitted with information from which the Corporation can determine that the electronic transmission was authorized by the stockholder or proxy holder. The Board, in its discretion, or the chairman of the meeting of stockholders, in such person's discretion, may require that any votes cast at such meeting shall be cast by written ballot.

(c) Proxies. Each stockholder entitled to vote at a meeting of stockholders or to express consent or dissent to corporate action in writing without a meeting may authorize another person or persons to act for such stockholder by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. Proxies need not be filed with the Secretary until the meeting is called to order, but shall be filed with the Secretary before being voted. Without limiting the manner in which a stockholder may authorize another person or persons to act for such stockholder as proxy, either of the following shall constitute a valid means by which a stockholder may grant such authority. No stockholder shall have cumulative voting rights.

(i) A stockholder may execute a writing authorizing another person or persons to act for such stockholder as proxy. Execution may be accomplished by the stockholder or such stockholder's authorized officer, director, employee or agent signing such writing or causing such person's signature to be affixed to such writing by any reasonable means, including, but not limited to, by facsimile signature.

(ii) A stockholder may authorize another person or persons to act for such stockholder as proxy by transmitting or authorizing the transmission of an electronic transmission to the person who will be the holder of the proxy or to a proxy solicitation firm, proxy support service organization or like agent duly authorized by the person who will be the holder of the proxy to receive such transmission, provided that any such electronic transmission must either set forth or be submitted with information from which it can be determined that the electronic transmission was authorized by the stockholder. Any copy, facsimile telecommunication or other reliable reproduction of the writing or transmission authorizing another person or persons to act as proxy for a stockholder may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used; provided that such copy, facsimile telecommunication or other reproduction shall be a complete reproduction of the entire original writing or transmission.

(d) Required Vote. Subject to the rights of the holders of one or more series of Preferred Stock, voting separately by class or series, to elect directors pursuant to the terms of one or more series of Preferred Stock, at all meetings of stockholders at which a quorum is present, the election of directors shall be determined by a plurality of the votes cast by the stockholders present in person or represented by proxy at the meeting and entitled to vote thereon. All other matters presented to the stockholders at a meeting at which a quorum is present shall be determined by the vote of a majority of the votes cast by the stockholders present in person or represented by proxy at the meeting and entitled to vote thereon, unless the matter is one upon which, by applicable law, the Certificate of Incorporation, these By Laws or applicable stock exchange rules, a different vote is required, in which case such provision shall govern and control the decision of such matter.

(e) Inspectors of Election. The Board may, and shall if required by law, in advance of any meeting of stockholders, appoint one or more persons as inspectors of election, who may be employees of the Corporation or otherwise serve the Corporation in other capacities, to act at such meeting of stockholders or any adjournment thereof and to make a written report thereof. The Board may appoint one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspectors of election or alternates are appointed by the Board, the chairman of the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before discharging his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability. The inspectors shall ascertain and report the number of outstanding shares and the voting power of each; determine the number of shares present in person or represented by proxy at the meeting and the validity of proxies and ballots; count all votes and ballots and report the results; determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors; and certify their determination of the number of shares represented at the meeting and their count of all votes and ballots. No person who is a candidate for an office at an election may serve as an inspector at such election. Each report of an inspector shall be in writing and signed by the inspector or by a majority of them if there is more than one inspector acting at such meeting. If there is more than one inspector, the report of a majority shall be the report of the inspectors.

Section 2.6. Adjournments. Any meeting of stockholders, annual or special, may be adjourned by the chairman of the meeting, from time to time, whether or not there is a quorum, to reconvene at the same or some other place. Notice need not be given of any such adjourned meeting if the date, time, and place, if any, thereof, and the means of remote communication, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken. At the adjourned meeting the stockholders, or the holders of any class or series of stock entitled to vote separately as a class, as the case may be, may transact any business that might have been transacted at the original meeting. If the adjournment is for more than 30 days, notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. If after the adjournment a new record date for stockholders entitled to vote is fixed for the adjourned meeting, the Board shall fix a new record date for notice of such adjourned meeting in accordance with Section 9.2, and shall give notice of the adjourned meeting to each stockholder of record entitled to vote at such adjourned meeting as of the record date fixed for notice of such adjourned meeting.

Section 2.7. Advance Notice for Business.

(a) Annual Meetings of Stockholders. No business may be transacted at an annual meeting of stockholders, other than business that is either (i) specified in the Corporation's notice of meeting (or any supplement thereto) given by or at the direction of the Board, (ii) otherwise properly brought before the annual meeting by or at the direction of the Board or (iii) otherwise properly brought before the annual meeting by any stockholder of the Corporation (x) who is a stockholder of record entitled to vote at such annual meeting on the date of the giving of the notice provided for in this Section 2.7(a) and on the record date for the determination of stockholders entitled to vote at such annual meeting and (y) who complies with the notice procedures set forth in this Section 2.7(a). Notwithstanding anything in this Section 2.7(a) to the contrary, only persons nominated for election as a director to fill any term of a directorship that expires on the date of the annual meeting pursuant to Section 3.5 will be considered for election at such meeting.

(i) In addition to any other applicable requirements, for business (other than nominations) to be properly brought before an annual meeting by a stockholder, such stockholder must have given timely notice thereof in proper written form to the Secretary and such business must otherwise be a proper matter for stockholder action. Subject to Section 2.7(a)(iii), a stockholder's notice to the Secretary with respect to such business, to be timely, must be received by the Secretary at the principal executive offices of the Corporation not later than the close of business on the 90th day nor earlier than the opening of business on the 120th day before the anniversary date of the immediately preceding annual meeting of stockholders; provided, however, that in the event that the annual meeting is more than 30 days before or more than 60 days after such anniversary date, notice by the stockholder to be timely must be so delivered not earlier than the close of business on the 120th day before the meeting and not later than the later of (x) the close of business on the 90th day before the meeting or (y) the close of business on the 10th day following the day on which public announcement of the date of the annual meeting is first made by the Corporation. The public announcement of an adjournment or postponement of an annual meeting shall not commence a new time period (or extend any time period) for the giving of a stockholder's notice as described in this Section 2.7(a).

(ii) To be in proper written form, a stockholder's notice to the Secretary with respect to any business (other than nominations) must set forth as to each such matter such stockholder proposes to bring before the annual meeting (A) a brief description of the business desired to be brought before the annual meeting, the text of the proposal or business (including the text of any resolutions proposed for consideration and in the event such business includes a proposal to amend these By Laws, the language of the proposed amendment) and the reasons for conducting such business at the annual meeting, (B) the name and record address of such stockholder and the name and address of the beneficial owner, if any, on whose behalf the proposal is made, (C) the class or series and number of shares of capital stock of the Corporation that are owned beneficially and of record by such stockholder and by the beneficial owner, if any, on whose behalf the proposal is made, (D) a description of all arrangements or understandings between such stockholder and the beneficial owner, if any, on whose behalf the proposal is made and any other person or persons (including their names) in connection with the proposal of such business by such stockholder, (E) any material interest of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made in such business and (F) a representation that such stockholder (or a qualified representative of such stockholder) intends to appear in person or by proxy at the annual meeting to bring such business before the meeting.

(iii) The foregoing notice requirements of this Section 2.7(a) shall be deemed satisfied by a stockholder as to any proposal (other than nominations) if the stockholder has notified the Corporation of such stockholder's intention to present such proposal at an annual meeting in compliance with Rule 14a-8 (or any successor thereof) of the Securities Exchange Act of 1934, as amended (the "***Exchange Act***"), and such stockholder has complied with the requirements of such Rule for inclusion of such proposal in a proxy statement prepared by the Corporation to solicit proxies for such annual meeting. No business shall be conducted at the annual meeting of stockholders except business brought before the annual meeting in accordance with the procedures set forth in this Section 2.7(a), provided, however, that once business has been properly brought before the annual meeting in accordance with such procedures, nothing in this Section 2.7(a) shall be deemed to preclude discussion by any stockholder of any such business. If the Board or the chairman of the annual meeting determines that any stockholder proposal was not made in accordance with the provisions of this Section 2.7(a) or that the information provided in a stockholder's notice does not satisfy the information requirements of this Section 2.7(a), such proposal shall not be presented for action at the annual meeting. Notwithstanding the foregoing provisions of this Section 2.7(a), if the stockholder (or a qualified representative of the stockholder) does not appear at the annual meeting of stockholders of the Corporation to present the proposed business, such proposed business shall not be transacted, notwithstanding that proxies in respect of such matter may have been received by the Corporation.

(iv) In addition to the provisions of this Section 2.7(a), a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth herein. Nothing in this Section 2.7(a) shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

(b) Special Meetings of Stockholders. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. Nominations of persons for election to the Board may be made at a special meeting of stockholders at which directors are to be elected pursuant to the Corporation's notice of meeting only pursuant to Section 3.5.

(c) Public Announcement. For purposes of these By Laws, "***public announcement***" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Sections 13, 14 or 15(d) of the Exchange Act (or any successor thereto).

Section 2.8. Conduct of Meetings. The chairman of each annual and special meeting of stockholders shall be the Chairman of the Board or, in the absence (or inability or refusal to act) of the Chairman of the Board, any Chief Executive Officer (if he or she shall be a director) or, in the absence (or inability or refusal to act of a Chief Executive Officer or if a Chief Executive Officer is not a director, the President (if he or she shall be a director) or, in the absence (or inability or refusal to act) of the President or if the President is not a director, such other person as shall be appointed by the Board. The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at the meeting by the chairman of the meeting. The Board may adopt such rules and regulations for the conduct of the meeting of stockholders as it shall deem appropriate. Except to the extent inconsistent with these By Laws or such rules and regulations as adopted by the Board, the chairman of any meeting of stockholders shall have the right and authority to convene and to adjourn the meeting, to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairman, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board or prescribed by the chairman of the meeting, may include, without limitation, the following: (a) the establishment of an agenda or order of business for the meeting; (b) rules and procedures for maintaining order at the meeting and the safety of those present; (c) limitations on attendance at or participation in the meeting to stockholders of record of the Corporation, their duly authorized and constituted proxies or such other persons as the chairman of the meeting shall determine; (d) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (e) limitations on the time allotted to questions or comments by participants. Unless and to the extent determined by the Board or the chairman of the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure. The secretary of each annual and special meeting of stockholders shall be the Secretary or, in the absence (or inability or refusal to act) of the Secretary, an Assistant Secretary so appointed to act by the chairman of the meeting. In the absence (or inability or refusal to act) of the Secretary and all Assistant Secretaries, the chairman of the meeting may appoint any person to act as secretary of the meeting.

Section 2.9. Consents in Lieu of Meeting. Unless otherwise provided by the Certificate of Incorporation, until the Corporation consummates an initial public offering ("***Offering***"), any action required to be taken at any annual or special meeting of stockholders, or any action which may be taken at any annual or special meeting of such stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock entitled to vote thereon having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted, and shall be delivered to the Corporation by delivery to its registered office in the State of Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to the Corporation's registered office shall be by hand or by certified or registered mail, return receipt requested.

Every written consent shall bear the date of signature of each stockholder who signs the consent, and no written consent shall be effective to take the corporate action referred to therein unless, within 60 days of the earliest dated consent delivered in the manner required by this section and the DGCL to the Corporation, written consents signed by a sufficient number of holders entitled to vote to take action are delivered to the Corporation by delivery to its registered office in Delaware, its principal place of business or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to the Corporation's registered office shall be by hand or by certified or registered mail, return receipt requested.

ARTICLE III

DIRECTORS

Section 3.1. Powers; Number. The business and affairs of the Corporation shall be managed by or under the direction of the Board, which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Certificate of Incorporation or by these By Laws required to be exercised or done by the stockholders. Directors need not be stockholders or residents of the State of Delaware. Subject to the Certificate of Incorporation, the number of directors shall be fixed exclusively by resolution of the Board. Each director shall hold office until a successor is duly elected and qualified or until the director's earlier death, resignation, disqualification, or removal.

Section 3.2. Newly Created Directorships and Vacancies. Any newly created directorships resulting from an increase in the authorized number of directors and any vacancies occurring in the Board of Directors, may be filled by the affirmative votes of a majority of the remaining members of the Board of Directors, although less than a quorum, or by a sole remaining director. A director so elected shall be elected to hold office until the earlier of the expiration of the term of office of the director whom he or she has replaced, a successor is duly elected and qualified, or the earlier of such director's death, resignation, or removal.

Section 3.3. Resignations. Any director may resign at any time by notice given in writing or by electronic transmission to the Corporation. Such resignation shall take effect at the date of receipt of such notice by the Corporation or at such later effective date or upon the happening of an event or events as is therein specified.

Section 3.4. Removals. Except as prohibited by applicable law or the Certificate of Incorporation, the stockholders holding a majority of the shares then entitled to vote at an election of directors may remove any director from office with or without cause.

Section 3.5. Advance Notice for Nomination of Directors.

(a) Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation, except as may be otherwise provided by the terms of one or more series of Preferred Stock with respect to the rights of holders of one or more series of Preferred Stock to elect directors. Nominations of persons for election to the Board at any annual meeting of stockholders, or at any special meeting of stockholders called for the purpose of electing directors as set forth in the Corporation's notice of such special meeting, may be made (i) by or at the direction of the Board or (ii) by any stockholder of the Corporation (x) who is a stockholder of record entitled to vote in the election of directors on the date of the giving of the notice provided for in this Section 3.5 and on the record date for the determination of stockholders entitled to vote at such meeting and (y) who complies with the notice procedures set forth in this Section 3.5.

(b) In addition to any other applicable requirements, for a nomination to be made by a stockholder, such stockholder must have given timely notice thereof in proper written form to the Secretary. To be timely, a stockholder's notice to the Secretary must be received by the Secretary at the principal executive offices of the Corporation (i) in the case of an annual meeting, not later than the close of business on the 90th day nor earlier than the opening of business on the 120th day before the anniversary date of the immediately preceding annual meeting of stockholders; provided, however, that in the event that the annual meeting is more than 30 days before or more than 60 days after such anniversary date, notice by the stockholder to be timely must be so received not earlier than the opening of business on the 120th day before the meeting and not later than the later of (x) the close of business on the 90th day before the meeting or (y) the close of business on the 10th day following the day on which public announcement of the date of the annual meeting was first made by the Corporation; and (ii) in the case of a special meeting of stockholders called for the purpose of electing directors, not later than the close of business on the 10th day following the day on which public announcement of the date of the special meeting is first made by the Corporation. In no event shall the public announcement of an adjournment or postponement of an annual meeting or special meeting commence a new time period (or extend any time period) for the giving of a stockholder's notice as described in this Section 3.5.

(c) Notwithstanding anything in paragraph (b) to the contrary, in the event that the number of directors to be elected to the Board at an annual meeting is greater than the number of directors whose terms expire on the date of the annual meeting and there is no public announcement by the Corporation naming all of the nominees for the additional directors to be elected or specifying the size of the increased Board before the close of business on the 90th day prior to the anniversary date of the immediately preceding annual meeting of stockholders, a stockholder's notice required by this Section 3.5 shall also be considered timely, but only with respect to nominees for the additional directorships created by such increase that are to be filled by election at such annual meeting, if it shall be received by the Secretary at the principal executive offices of the Corporation not later than the close of business on the 10th day following the date on which such public announcement was first made by the Corporation.

(d) To be in proper written form, a stockholder's notice to the Secretary must set forth (i) as to each person whom the stockholder proposes to nominate for election as a director (A) the name, age, business address and residence address of the person, (B) the principal occupation or employment of the person, (C) the class or series and number of shares of capital stock of the Corporation that are owned beneficially or of record by the person and (D) any other information relating to the person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder; and (ii) as to the stockholder giving the notice (A) the name and record address of such stockholder as they appear on the Corporation's books and the name and address of the beneficial owner, if any, on whose behalf the nomination is made, (B) the class or series and number of shares of capital stock of the Corporation that are owned beneficially and of record by such stockholder and the beneficial owner, if any, on whose behalf the nomination is made, (C) a description of all arrangements or understandings relating to the nomination to be made by such stockholder among such stockholder, the beneficial owner, if any, on whose behalf the nomination is made, each proposed nominee and any other person or persons (including their names), (D) a representation that such stockholder (or a qualified representative of such stockholder) intends to appear in person or by proxy at the meeting to nominate the persons named in its notice and (E) any other information relating to such stockholder and the beneficial owner, if any, on whose behalf the nomination is made that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder. Such notice must be accompanied by a written consent of each proposed nominee to being named as a nominee and to serve as a director if elected.

(e) If the Board or the chairman of the meeting of stockholders determines that any nomination was not made in accordance with the provisions of this Section 3.5, or that the information provided in a stockholder's notice does not satisfy the information requirements of this Section 3.5, then such nomination shall not be considered at the meeting in question. Notwithstanding the foregoing provisions of this Section 3.5, if the stockholder (or a qualified representative of the stockholder) does not appear at the meeting of stockholders of the Corporation to present the nomination, such nomination shall be disregarded, notwithstanding that proxies in respect of such nomination may have been received by the Corporation.

(f) In addition to the provisions of this Section 3.5, a stockholder shall also comply with all of the applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth herein. Nothing in this Section 3.5 shall be deemed to affect any rights of the holders of Preferred Stock to elect directors pursuant to the Certificate of Incorporation.

Section 3.6. Compensation. Unless otherwise restricted by the Certificate of Incorporation or these By Laws, the Board shall have the authority to fix the compensation of directors, including for service on a committee of the Board, and may be paid either a fixed sum for attendance at each meeting of the Board or other compensation as director. The directors may be reimbursed their expenses, if any, of attendance at each meeting of the Board. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of committees of the Board may be allowed like compensation and reimbursement of expenses for service on the committee.

ARTICLE IV

BOARD MEETINGS

Section 4.1. Annual Meetings. The Board shall meet as soon as practicable after the adjournment of each annual stockholders meeting at the place of the annual stockholders meeting unless the Board shall fix another time and place and give notice thereof in the manner required herein for special meetings of the Board. No notice to the directors shall be necessary to legally convene this meeting, except as provided in this Section 4.1.

Section 4.2. Regular Meetings. Regularly scheduled, periodic meetings of the Board may be held without notice at such times, dates and places (within or without the State of Delaware) as shall from time to time be determined by the Board.

Section 4.3. Special Meetings. Special meetings of the Board (a) may be called by the Chairman of the Board or President and (b) shall be called by the Chairman of the Board, President or Secretary on the written request of at least a majority of directors then in office, or the sole director, as the case may be, and shall be held at such time, date and place (within or without the State of Delaware) as may be determined by the person calling the meeting or, if called upon the request of directors or the sole director, as specified in such written request. Notice of each special meeting of the Board shall be given, as provided in Section 9.3, to each director (i) at least 24 hours before the meeting if such notice is oral notice given personally or by telephone or written notice given by hand delivery or by means of a form of electronic transmission and delivery; (ii) at least two days before the meeting if such notice is sent by a nationally recognized overnight delivery service; and (iii) at least five days before the meeting if such notice is sent through the United States mail. If the Secretary shall fail or refuse to give such notice, then the notice may be given by the officer who called the meeting or the directors who requested the meeting. Any and all business that may be transacted at a regular meeting of the Board may be transacted at a special meeting. Except as may be otherwise expressly provided by applicable law, the Certificate of Incorporation, or these By Laws, neither the business to be transacted at, nor the purpose of, any special meeting need be specified in the notice or waiver of notice of such meeting. A special meeting may be held at any time without notice if all the directors are present or if those not present waive notice of the meeting in accordance with Section 9.4.

Section 4.4. Quorum; Required Vote. A majority of the Board shall constitute a quorum for the transaction of business at any meeting of the Board, and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board, except as may be otherwise specifically provided by applicable law, the Certificate of Incorporation or these By Laws. If a quorum shall not be present at any meeting, a majority of the directors present may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present.

Section 4.5. Consent In Lieu of Meeting. Unless otherwise restricted by the Certificate of Incorporation or these By Laws, any action required or permitted to be taken at any meeting of the Board or any committee thereof may be taken without a meeting if all members of the Board or committee, as the case may be, consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions (or paper reproductions thereof) are filed with the minutes of proceedings of the Board or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

Section 4.6. Organization. The chairman of each meeting of the Board shall be the Chairman of the Board or, in the absence (or inability or refusal to act) of the Chairman of the Board, any Chief Executive Officer (if he or she shall be a director) or, in the absence (or inability or refusal to act) of a Chief Executive Officer or if a Chief Executive Officer is not a director, the President (if he or she shall be a director) or in the absence (or inability or refusal to act) of the President or if the President is not a director, a chairman elected from the directors present. The Secretary shall act as secretary of all meetings of the Board. In the absence (or inability or refusal to act) of the Secretary, an Assistant Secretary shall perform the duties of the Secretary at such meeting. In the absence (or inability or refusal to act) of the Secretary and all Assistant Secretaries, the chairman of the meeting may appoint any person to act as secretary of the meeting.

ARTICLE V

COMMITTEES OF DIRECTORS

Section 5.1. Establishment. The Board may by resolution of the Board designate one or more committees, each committee to consist of one or more of the directors of the Corporation. Each committee shall keep regular minutes of its meetings and report the same to the Board when required by the resolution designating such committee. The Board shall have the power at any time to fill vacancies in, to change the membership of, or to dissolve any such committee.

Section 5.2. Available Powers. Any committee established pursuant to Section 5.1 hereof, to the extent permitted by applicable law and by resolution of the Board, shall have and may exercise all of the powers and authority of the Board in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers that may require it.

Section 5.3. Alternate Members. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of such committee. In the absence or disqualification of a member of the committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he, she or they constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in place of any such absent or disqualified member.

Section 5.4. Procedures. Unless the Board otherwise provides, the time, date, place, if any, and notice of meetings of a committee shall be determined by such committee. At meetings of a committee, a majority of the number of members of the committee (but not including any alternate member, unless such alternate member has replaced any absent or disqualified member at the time of, or in connection with, such meeting) shall constitute a quorum for the transaction of business. The act of a majority of the members present at any meeting at which a quorum is present shall be the act of the committee, except as otherwise specifically provided by applicable law, the Certificate of Incorporation, these By Laws or the Board. If a quorum is not present at a meeting of a committee, the members present may adjourn the meeting from time to time, without notice other than an announcement at the meeting, until a quorum is present. Unless the Board otherwise provides and except as provided in these By Laws, each committee designated by the Board may make, alter, amend and repeal rules for the conduct of its business. In the absence of such rules each committee shall conduct its business in the same manner as the Board is authorized to conduct its business pursuant to Article III and Article IV of these By Laws.

ARTICLE VI

OFFICERS

Section 6.1. Officers. The officers of the Corporation elected by the Board shall be one or more Chief Executive Officers, a Chief Financial Officer, a Secretary and such other officers (including without limitation, a Chairman of the Board, Presidents, Vice Presidents, Assistant Secretaries and a Treasurer) as the Board from time to time may determine. Officers elected by the Board shall each have such powers and duties as generally pertain to their respective offices, subject to the specific provisions of this Article VI. Such officers shall also have such powers and duties as from time to time may be conferred by the Board. Any Chief Executive Officer or President may also appoint such other officers (including without limitation one or more Vice Presidents and Controllers) as may be necessary or desirable for the conduct of the business of the Corporation. Such other officers shall have such powers and duties and shall hold their offices for such terms as may be provided in these By Laws or as may be prescribed by the Board or, if such officer has been appointed by any Chief Executive Officer or President, as may be prescribed by the appointing officer.

(a) Chairman of the Board. The Chairman of the Board shall preside when present at all meetings of the stockholders and the Board. The Chairman of the Board shall have general supervision and control of the acquisition activities of the Corporation subject to the ultimate authority of the Board, and shall be responsible for the execution of the policies of the Board with respect to such matters. In the absence (or inability or refusal to act) of the Chairman of the Board, any Chief Executive Officer (if he or she shall be a director) shall preside when present at all meetings of the stockholders and the Board. The powers and duties of the Chairman of the Board shall not include supervision or control of the preparation of the financial statements of the Corporation (other than through participation as a member of the Board). The position of Chairman of the Board and Chief Executive Officer may be held by the same person and may be held by more than one person.

(b) Chief Executive Officer. One or more Chief Executive Officers shall be the chief executive officer(s) of the Corporation, shall have general supervision of the affairs of the Corporation and general control of all of its business subject to the ultimate authority of the Board, and shall be responsible for the execution of the policies of the Board with respect to such matters, except to the extent any such powers and duties have been prescribed to the Chairman of the Board pursuant to Section 6.1(a) above. In the absence (or inability or refusal to act) of the Chairman of the Board, any Chief Executive Officer (if he or she shall be a director) shall preside when present at all meetings of the stockholders and the Board. The position of Chief Executive Officer and President may be held by the same person and may be held by more than one person.

(c) President. The President shall make recommendations to any Chief Executive Officer on all operational matters that would normally be reserved for the final executive responsibility of any Chief Executive Officer. In the absence (or inability or refusal to act) of the Chairman of the Board and a Chief Executive Officer, the President (if he or she shall be a director) shall preside when present at all meetings of the stockholders and the Board. The President shall also perform such duties and have such powers as shall be designated by the Board. The position of President and Chief Executive Officer may be held by the same person.

(d) Vice Presidents. In the absence (or inability or refusal to act) of the President, the Vice President (or in the event there be more than one Vice President, the Vice Presidents in the order designated by the Board) shall perform the duties and have the powers of the President. Any one or more of the Vice Presidents may be given an additional designation of rank or function.

(e) Secretary.

(i) The Secretary shall attend all meetings of the stockholders, the Board and (as required) committees of the Board and shall record the proceedings of such meetings in books to be kept for that purpose. The Secretary shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board and shall perform such other duties as may be prescribed by the Board, the Chairman of the Board, any Chief Executive Officer or President. The Secretary shall have custody of the corporate seal of the Corporation and the Secretary, or any Assistant Secretary, shall have authority to affix the same to any instrument requiring it, and when so affixed, it may be attested by his or her signature or by the signature of such Assistant Secretary. The Board may give general authority to any other officer to affix the seal of the Corporation and to attest the affixing thereof by his or her signature.

(ii) The Secretary shall keep, or cause to be kept, at the principal executive office of the Corporation or at the office of the Corporation's transfer agent or registrar, if one has been appointed, a stock ledger, or duplicate stock ledger, showing the names of the stockholders and their addresses, the number and classes of shares held by each and, with respect to certificated shares, the number and date of certificates issued for the same and the number and date of certificates cancelled.

(f) Assistant Secretaries. The Assistant Secretary or, if there be more than one, the Assistant Secretaries in the order determined by the Board shall, in the absence (or inability or refusal to act) of the Secretary, perform the duties and have the powers of the Secretary.

(g) Chief Financial Officer. The Chief Financial Officer shall perform all duties commonly incident to that office (including, without limitation, the care and custody of the funds and securities of the Corporation, which from time to time may come into the Chief Financial Officer's hands and the deposit of the funds of the Corporation in such banks or trust companies as the Board, any Chief Executive Officer or the President may authorize).

(h) Treasurer. The Treasurer shall, in the absence (or inability or refusal to act) of the Chief Financial Officer, perform the duties and exercise the powers of the Chief Financial Officer.

Section 6.2. Term of Office; Removal; Vacancies. The elected officers of the Corporation shall be appointed by the Board and shall hold office until their successors are duly elected and qualified by the Board or until their earlier death, resignation, retirement, disqualification, or removal from office. Any officer may be removed, with or without cause, at any time by the Board. Any officer appointed by any Chief Executive Officer or President may also be removed, with or without cause, by any Chief Executive Officer or President, as the case may be, unless the Board otherwise provides. Any vacancy occurring in any elected office of the Corporation may be filled by the Board. Any vacancy occurring in any office appointed by any Chief Executive Officer or President may be filled by any Chief Executive Officer, or President, as the case may be, unless the Board then determines that such office shall thereupon be elected by the Board, in which case the Board shall elect such officer.

Section 6.3. Other Officers. The Board may delegate the power to appoint such other officers and agents, and may also remove such officers and agents or delegate the power to remove same, as it shall from time to time deem necessary or desirable.

Section 6.4. Multiple Officeholders; Stockholder and Director Officers. Any number of offices may be held by the same person unless the Certificate of Incorporation or these By Laws otherwise provide. Officers need not be stockholders or residents of the State of Delaware.

ARTICLE VII

SHARES

Section 7.1. Certificated and Uncertificated Shares. The shares of the Corporation may be certificated or uncertificated, subject to the sole discretion of the Board and the requirements of the DGCL.

Section 7.2. Multiple Classes of Stock. If the Corporation shall be authorized to issue more than one class of stock or more than one series of any class, the Corporation shall (a) cause the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights to be set forth in full or summarized on the face or back of any certificate that the Corporation issues to represent shares of such class or series of stock or (b) in the case of uncertificated shares, within a reasonable time after the issuance or transfer of such shares, send to the registered owner thereof a written notice containing the information required to be set forth on certificates as specified in clause (a) above; provided, however, that, except as otherwise provided by applicable law, in lieu of the foregoing requirements, there may be set forth on the face or back of such certificate or, in the case of uncertificated shares, on such written notice a statement that the Corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences or rights.

Section 7.3. Signatures. Each certificate representing capital stock of the Corporation shall be signed by or in the name of the Corporation by (a) the Chairman of the Board, any Chief Executive Officer, the President or a Vice President and (b) the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary of the Corporation. Any or all the signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, such certificate may be issued by the Corporation with the same effect as if such person were such officer, transfer agent or registrar on the date of issue.

Section 7.4. Consideration and Payment for Shares.

(a) Subject to applicable law and the Certificate of Incorporation, shares of stock may be issued for such consideration, having in the case of shares with par value a value not less than the par value thereof, and to such persons, as determined from time to time by the Board. The consideration may consist of any tangible or intangible property or any benefit to the Corporation including cash, promissory notes, services performed, contracts for services to be performed or other securities, or any combination thereof.

(b) Subject to applicable law and the Certificate of Incorporation, shares may not be issued until the full amount of the consideration has been paid, unless upon the face or back of each certificate issued to represent any partly paid shares of capital stock or upon the books and records of the Corporation in the case of partly paid uncertificated shares, there shall have been set forth the total amount of the consideration to be paid therefor and the amount paid thereon up to and including the time said certificate representing certificated shares or said uncertificated shares are issued.

Section 7.5. Lost, Destroyed or Wrongfully Taken Certificates.

(a) If an owner of a certificate representing shares claims that such certificate has been lost, destroyed or wrongfully taken, the Corporation shall issue a new certificate representing such shares or such shares in uncertificated form if the owner: (i) requests such a new certificate before the Corporation has notice that the certificate representing such shares has been acquired by a protected purchaser; (ii) if requested by the Corporation, delivers to the Corporation a bond sufficient to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, wrongful taking or destruction of such certificate or the issuance of such new certificate or uncertificated shares; and (iii) satisfies other reasonable requirements imposed by the Corporation.

(b) If a certificate representing shares has been lost, apparently destroyed or wrongfully taken, and the owner fails to notify the Corporation of that fact within a reasonable time after the owner has notice of such loss, apparent destruction or wrongful taking and the Corporation registers a transfer of such shares before receiving notification, the owner shall be precluded from asserting against the Corporation any claim for registering such transfer or a claim to a new certificate representing such shares or such shares in uncertificated form.

Section 7.6. Transfer of Stock.

(a) If a certificate representing shares of the Corporation is presented to the Corporation with an endorsement requesting the registration of transfer of such shares or an instruction is presented to the Corporation requesting the registration of transfer of uncertificated shares, the Corporation shall register the transfer as requested if:

(i) in the case of certificated shares, the certificate representing such shares has been surrendered;

(ii) (A) with respect to certificated shares, the endorsement is made by the person specified by the certificate as entitled to such shares; (B) with respect to uncertificated shares, an instruction is made by the registered owner of such uncertificated shares; or (C) with respect to certificated shares or uncertificated shares, the endorsement or instruction is made by any other appropriate person or by an agent who has actual authority to act on behalf of the appropriate person;

(iii) the Corporation has received a guarantee of signature of the person signing such endorsement or instruction or such other reasonable assurance that the endorsement or instruction is genuine and authorized as the Corporation may request;

(iv) the transfer does not violate any restriction on transfer imposed by the Corporation that is enforceable in accordance with Section 7.8(a); and

(v) such other conditions for such transfer as shall be provided for under applicable law have been satisfied.

(b) Whenever any transfer of shares shall be made for collateral security and not absolutely, the Corporation shall so record such fact in the entry of transfer if, when the certificate for such shares is presented to the Corporation for transfer or, if such shares are uncertificated, when the instruction for registration of transfer thereof is presented to the Corporation, both the transferor and transferee request the Corporation to do so.

Section 7.7. Registered Stockholders. Before due presentment for registration of transfer of a certificate representing shares of the Corporation or of an instruction requesting registration of transfer of uncertificated shares, the Corporation may treat the registered owner as the person exclusively entitled to inspect for any proper purpose the stock ledger and the other books and records of the Corporation, vote such shares, receive dividends or notifications with respect to such shares and otherwise exercise all the rights and powers of the owner of such shares, except that a person who is the beneficial owner of such shares (if held in a voting trust or by a nominee on behalf of such person) may, upon providing documentary evidence of beneficial ownership of such shares and satisfying such other conditions as are provided under applicable law, may also so inspect the books and records of the Corporation.

Section 7.8. Effect of the Corporation's Restriction on Transfer.

(a) A written restriction on the transfer or registration of transfer of shares of the Corporation or on the amount of shares of the Corporation that may be owned by any person or group of persons, if permitted by the DGCL and noted conspicuously on the certificate representing such shares or, in the case of uncertificated shares, contained in a notice, offering circular or prospectus sent by the Corporation to the registered owner of such shares within a reasonable time prior to or after the issuance or transfer of such shares, may be enforced against the holder of such shares or any successor or transferee of the holder including an executor, administrator, trustee, guardian or other fiduciary entrusted with like responsibility for the person or estate of the holder.

(b) A restriction imposed by the Corporation on the transfer or the registration of shares of the Corporation or on the amount of shares of the Corporation that may be owned by any person or group of persons, even if otherwise lawful, is ineffective against a person without actual knowledge of such restriction unless: (i) the shares are certificated and such restriction is noted conspicuously on the certificate; or (ii) the shares are uncertificated and such restriction was contained in a notice, offering circular or prospectus sent by the Corporation to the registered owner of such shares within a reasonable time prior to or after the issuance or transfer of such shares.

Section 7.9. Regulations. The Board shall have power and authority to make such additional rules and regulations, subject to any applicable requirement of law, as the Board may deem necessary and appropriate with respect to the issue, transfer or registration of transfer of shares of stock or certificates representing shares. The Board may appoint one or more transfer agents or registrars and may require for the validity thereof that certificates representing shares bear the signature of any transfer agent or registrar so appointed.

ARTICLE VIII

INDEMNIFICATION

Section 8.1. Right to Indemnification. To the fullest extent permitted by applicable law, as the same exists or may hereafter be amended, the Corporation shall indemnify and hold harmless each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "***proceeding***"), by reason of the fact that he or she is or was a director or officer of the Corporation or, while a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust, other enterprise or nonprofit entity, including service with respect to an employee benefit plan (hereinafter an "***Indemnitee***"), whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent, or in any other capacity while serving as a director, officer, employee or agent, against all liability and loss suffered and expenses (including, without limitation, attorneys' fees, judgments, fines, ERISA excise taxes and penalties and amounts paid in settlement) reasonably incurred by such Indemnitee in connection with such proceeding; provided, however, that, except as provided in Section 8.3 with respect to proceedings to enforce rights to indemnification, the Corporation shall indemnify an Indemnitee in connection with a proceeding (or part thereof) initiated by such Indemnitee only if such proceeding (or part thereof) was authorized by the Board.

Section 8.2. Right to Advancement of Expenses. In addition to the right to indemnification conferred in Section 8.1, an Indemnitee shall also have the right to be paid by the Corporation to the fullest extent not prohibited by applicable law the expenses (including, without limitation, attorneys' fees) incurred in defending or otherwise participating in any such proceeding in advance of its final disposition (hereinafter an "***advancement of expenses***"); provided, however, that, if the DGCL requires, an advancement of expenses incurred by an Indemnitee in his or her capacity as a director or officer of the Corporation (and not in any other capacity in which service was or is rendered by such Indemnitee, including, without limitation, service to an employee benefit plan) shall be made only upon the Corporation's receipt of an undertaking (hereinafter an "***undertaking***"), by or on behalf of such Indemnitee, to repay all amounts so advanced if it shall ultimately be determined that such Indemnitee is not entitled to be indemnified under this Article VIII or otherwise.

Section 8.3. Right of Indemnitee to Bring Suit. If a claim under Section 8.1 or Section 8.2 is not paid in full by the Corporation within 60 days after a written claim therefor has been received by the Corporation, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be 20 days, the Indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Indemnitee shall also be entitled to be paid the expense of prosecuting or defending such suit. In (a) any suit brought by the Indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by an Indemnitee to enforce a right to an advancement of expenses) it shall be a defense that, and (b) in any suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Corporation shall be entitled to recover such expenses upon a final judicial decision from which there is no further right to appeal (hereinafter a "***final adjudication***") that, the Indemnitee has not met any applicable standard for indemnification set forth in the DGCL. Neither the failure of the Corporation (including its directors who are not parties to such action, a committee of such directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the Indemnitee is proper in the circumstances because the Indemnitee has met the applicable standard of conduct set forth in the DGCL, nor an actual determination by the Corporation (including a determination by its directors who are not parties to such action, a committee of such directors, independent legal counsel, or its stockholders) that the Indemnitee has not met such applicable standard of conduct, shall create a presumption that the Indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the Indemnitee, shall be a defense to such suit. In any suit brought by the Indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the Indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this Article VIII or otherwise shall be on the Corporation.

Section 8.4. Non-Exclusivity of Rights. The rights provided to any Indemnitee pursuant to this Article VIII shall not be exclusive of any other right, which such Indemnitee may have or hereafter acquire under applicable law, the Certificate of Incorporation, these By Laws, an agreement, a vote of stockholders or disinterested directors, or otherwise.

Section 8.5. Insurance. The Corporation may maintain insurance, at its expense, to protect itself and/or any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the DGCL.

Section 8.6. Indemnification of Other Persons. This Article VIII shall not limit the right of the Corporation to the extent and in the manner authorized or permitted by law to indemnify and to advance expenses to persons other than Indemnitees. Without limiting the foregoing, the Corporation may, to the extent authorized from time to time by the Board, grant rights to indemnification and to the advancement of expenses to any employee or agent of the Corporation and to any other person who is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan, to the fullest extent of the provisions of this Article VIII with respect to the indemnification and advancement of expenses of Indemnitees under this Article VIII.

Section 8.7. Amendments. Any repeal or amendment of this Article VIII by the Board or the stockholders of the Corporation or by changes in applicable law, or the adoption of any other provision of these By Laws inconsistent with this Article VIII, will, to the extent permitted by applicable law, be prospective only (except to the extent such amendment or change in applicable law permits the Corporation to provide broader indemnification rights to Indemnitees on a retroactive basis than permitted prior thereto), and will not in any way diminish or adversely affect any right or protection existing hereunder in respect of any act or omission occurring prior to such repeal or amendment or adoption of such inconsistent provision; provided however, that amendments or repeals of this Article VIII shall require the affirmative vote of the stockholders holding at least 66.7% of the voting power of all outstanding shares of capital stock of the Corporation.

Section 8.8. Certain Definitions. For purposes of this Article VIII, (a) references to "***other enterprise***" shall include any employee benefit plan; (b) references to "***fines***" shall include any excise taxes assessed on a person with respect to an employee benefit plan; (c) references to "***serving at the request of the Corporation***" shall include any service that imposes duties on, or involves services by, a person with respect to any employee benefit plan, its participants, or beneficiaries; and (d) a person who acted in good faith and in a manner such person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interest of the Corporation" for purposes of Section 145 of the DGCL.

Section 8.9. Contract Rights. The rights provided to Indemnitees pursuant to this Article VIII shall be contract rights and such rights shall continue as to an Indemnitee who has ceased to be a director, officer, agent or employee and shall inure to the benefit of the Indemnitee's heirs, executors and administrators.

Section 8.10. Severability. If any provision or provisions of this Article VIII shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Article VIII shall not in any way be affected or impaired thereby; and (b) to the fullest extent possible, the provisions of this Article VIII (including, without limitation, each such portion of this Article VIII containing any such provision held to be invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

ARTICLE IX

MISCELLANEOUS

Section 9.1. Place of Meetings. If the place of any meeting of stockholders, the Board or committee of the Board for which notice is required under these By Laws is not designated in the notice of such meeting, such meeting shall be held at the principal business office of the Corporation; provided, however, if the Board has, in its sole discretion, determined that a meeting shall not be held at any place, but instead shall be held by means of remote communication pursuant to Section 9.5 hereof, then such meeting shall not be held at any place.

Section 9.2. Fixing Record Dates.

(a) In order that the Corporation may determine the stockholders entitled to notice of any meeting of stockholders or any adjournment thereof, the Board may fix a record date, which shall not precede the date upon which the resolution fixing the record date is adopted by the Board, and which record date shall not be more than 60 nor less than 10 days before the date of such meeting. If the Board so fixes a date, such date shall also be the record date for determining the stockholders entitled to vote at such meeting unless the Board determines, at the time it fixes such record date, that a later date on or before the date of the meeting shall be the date for making such determination. If no record date is fixed by the Board, the record date for determining stockholders entitled to notice of and to vote at a meeting of stockholders shall be at the close of business on the business day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the business day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board may fix a new record date for the adjourned meeting, and in such case shall also fix as the record date for stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote in accordance with the foregoing provisions of this Section 9.2(a) at the adjourned meeting.

(b) In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than 60 days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board adopts the resolution relating thereto.

Section 9.3. Means of Giving Notice.

(a) Notice to Directors. Whenever under applicable law, the Certificate of Incorporation or these By Laws notice is required to be given to any director, such notice shall be given either (i) in writing and sent by mail, or by a nationally recognized delivery service, (ii) by means of facsimile telecommunication or other form of electronic transmission, or (iii) by oral notice given personally or by telephone. A notice to a director will be deemed given as follows: (i) if given by hand delivery, orally, or by telephone, when actually received by the director, (ii) if sent through the United States mail, when deposited in the United States mail, with postage and fees thereon prepaid, addressed to the director at the director's address appearing on the records of the Corporation, (iii) if sent for next day delivery by a nationally recognized overnight delivery service, when deposited with such service, with fees thereon prepaid, addressed to the director at the director's address appearing on the records of the Corporation, (iv) if sent by facsimile telecommunication, when sent to the facsimile transmission number for such director appearing on the records of the Corporation, (v) if sent by electronic mail, when sent to the electronic mail address for such director appearing on the records of the Corporation, or (vi) if sent by any other form of electronic transmission, when sent to the address, location or number (as applicable) for such director appearing on the records of the Corporation.

(b) Notice to Stockholders. Whenever under applicable law, the Certificate of Incorporation or these By Laws notice is required to be given to any stockholder, such notice may be given (i) in writing and sent either by hand delivery, through the United States mail, or by a nationally recognized overnight delivery service for next day delivery, or (ii) by means of a form of electronic transmission consented to by the stockholder, to the extent permitted by, and subject to the conditions set forth in Section 232 of the DGCL. A notice to a stockholder shall be deemed given as follows: (i) if given by hand delivery, when actually received by the stockholder, (ii) if sent through the United States mail, when deposited in the United States mail, with postage and fees thereon prepaid, addressed to the stockholder at the stockholder's address appearing on the stock ledger of the Corporation, (iii) if sent for next day delivery by a nationally recognized overnight delivery service, when deposited with such service, with fees thereon prepaid, addressed to the stockholder at the stockholder's address appearing on the stock ledger of the Corporation, and (iv) if given by a form of electronic transmission consented to by the stockholder to whom the notice is given and otherwise meeting the requirements set forth above, (A) if by facsimile transmission, when directed to a number at which the stockholder has consented to receive notice, (B) if by electronic mail, when directed to an electronic mail address at which the stockholder has consented to receive notice, (C) if by a posting on an electronic network together with separate notice to the stockholder of such specified posting, upon the later of (1) such posting and (2) the giving of such separate notice, and (D) if by any other form of electronic transmission, when directed to the stockholder. A stockholder may revoke such stockholder's consent to receiving notice by means of electronic communication by giving written notice of such revocation to the Corporation. Any such consent shall be deemed revoked if (1) the Corporation is unable to deliver by electronic transmission two consecutive notices given by the Corporation in accordance with such consent and (2) such inability becomes known to the Secretary or an Assistant Secretary or to the Corporation's transfer agent, or other person responsible for the giving of notice; provided, however, the inadvertent failure to treat such inability as a revocation shall not invalidate any meeting or other action.

(c) Electronic Transmission. "***Electronic transmission***" means any form of communication, not directly involving the physical transmission of paper, that creates a record that may be retained, retrieved and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process, including but not limited to transmission by telex, facsimile telecommunication, electronic mail, telegram and cablegram.

(d) Notice to Stockholders Sharing Same Address. Without limiting the manner by which notice otherwise may be given effectively by the Corporation to stockholders, any notice to stockholders given by the Corporation under any provision of the DGCL, the Certificate of Incorporation or these By Laws shall be effective if given by a single written notice to stockholders who share an address if consented to by the stockholders at that address to whom such notice is given. A stockholder may revoke such stockholder's consent by delivering written notice of such revocation to the Corporation. Any stockholder who fails to object in writing to the Corporation within 60 days of having been given written notice by the Corporation of its intention to send such a single written notice shall be deemed to have consented to receiving such single written notice.

(e) Exceptions to Notice Requirements. Whenever notice is required to be given, under the DGCL, the Certificate of Incorporation or these By Laws, to any person with whom communication is unlawful, the giving of such notice to such person shall not be required and there shall be no duty to apply to any governmental authority or agency for a license or permit to give such notice to such person. Any action or meeting that shall be taken or held without notice to any such person with whom communication is unlawful shall have the same force and effect as if such notice had been duly given. In the event that the action taken by the Corporation is such as to require the filing of a certificate with the Secretary of State of Delaware, the certificate shall state, if such is the fact and if notice is required, that notice was given to all persons entitled to receive notice except such persons with whom communication is unlawful. Whenever notice is required to be given by the Corporation, under any provision of the DGCL, the Certificate of Incorporation or these By Laws, to any stockholder to whom (1) notice of two consecutive annual meetings of stockholders and all notices of stockholder meetings or of the taking of action by written consent of stockholders without a meeting to such stockholder during the period between such two consecutive annual meetings, or (2) all, and at least two payments (if sent by first-class mail) of dividends or interest on securities during a 12-month period, have been mailed addressed to such stockholder at such stockholder's address as shown on the records of the Corporation and have been returned undeliverable, the giving of such notice to such stockholder shall not be required. Any action or meeting that shall be taken or held without notice to such stockholder shall have the same force and effect as if such notice had been duly given. If any such stockholder shall deliver to the Corporation a written notice setting forth such stockholder's then current address, the requirement that notice be given to such stockholder shall be reinstated. In the event that the action taken by the Corporation is such as to require the filing of a certificate with the Secretary of State of Delaware, the certificate need not state that notice was not given to persons to whom notice was not required to be given pursuant to Section 230(b) of the DGCL. The exception in subsection (1) of the first sentence of this paragraph to the requirement that notice be given shall not be applicable to any notice returned as undeliverable if the notice was given by electronic transmission.

Section 9.4. Waiver of Notice. Whenever any notice is required to be given under applicable law, the Certificate of Incorporation, or these By Laws, a written waiver of such notice, signed by the person or persons entitled to said notice, or a waiver by electronic transmission by the person entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent to such required notice. All such waivers shall be kept with the books of the Corporation. Attendance at a meeting shall constitute a waiver of notice of such meeting, except where a person attends for the express purpose of objecting to the transaction of any business on the ground that the meeting was not lawfully called or convened.

Section 9.5. Meeting Attendance via Remote Communication Equipment.

(a) Stockholder Meetings. If authorized by the Board in its sole discretion, and subject to such guidelines and procedures as the Board may adopt, stockholders entitled to vote at such meeting and proxy holders not physically present at a meeting of stockholders may, by means of remote communication:

(i) participate in a meeting of stockholders; and

(ii) be deemed present in person and vote at a meeting of stockholders, whether such meeting is to be held at a designated place or solely by means of remote communication, provided that (A) the Corporation shall implement reasonable measures to verify that each person deemed present and permitted to vote at the meeting by means of remote communication is a stockholder or proxy holder, (B) the Corporation shall implement reasonable measures to provide such stockholders and proxy holders a reasonable opportunity to participate in the meeting and, if entitled to vote, to vote on matters submitted to the applicable stockholders, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with such proceedings, and (C) if any stockholder or proxy holder votes or takes other action at the meeting by means of remote communication, a record of such votes or other action shall be maintained by the Corporation.

(b) Board Meetings. Unless otherwise restricted by applicable law, the Certificate of Incorporation or these By Laws, members of the Board or any committee thereof may participate in a meeting of the Board or any committee thereof by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at the meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting was not lawfully called or convened.

Section 9.6. Dividends. The Board may from time to time declare, and the Corporation may pay, dividends (payable in cash, property or shares of the Corporation's capital stock) on the Corporation's outstanding shares of capital stock, subject to applicable law and the Certificate of Incorporation.

Section 9.7. Reserves. The Board may set apart out of the funds of the Corporation available for dividends a reserve or reserves for any proper purpose and may abolish any such reserve.

Section 9.8. Contracts and Negotiable Instruments. Except as otherwise provided by applicable law, the Certificate of Incorporation or these By Laws, any contract, bond, deed, lease, mortgage or other instrument may be executed and delivered in the name and on behalf of the Corporation by such officer or officers or other employee or employees of the Corporation as the Board may from time to time authorize. Such authority may be general or confined to specific instances as the Board may determine. The Chairman of the Board, any Chief Executive Officer, the President, the Chief Financial Officer, the Treasurer or any Vice President may execute and deliver any contract, bond, deed, lease, mortgage or other instrument in the name and on behalf of the Corporation. Subject to any restrictions imposed by the Board, the Chairman of the Board , any Chief Executive Officer, President, the Chief Financial Officer, the Treasurer or any Vice President may delegate powers to execute and deliver any contract, bond, deed, lease, mortgage or other instrument in the name and on behalf of the Corporation to other officers or employees of the Corporation under such person's supervision and authority, it being understood, however, that any such delegation of power shall not relieve such officer of responsibility with respect to the exercise of such delegated power.

Section 9.9. Fiscal Year. The fiscal year of the Corporation shall be fixed by the Board.

Section 9.10. Seal. The Board may adopt a corporate seal, which shall be in such form as the Board determines. The seal may be used by causing it or a facsimile thereof to be impressed, affixed or otherwise reproduced.

Section 9.11. Books and Records. The books and records of the Corporation may be kept within or outside the State of Delaware at such place or places as may from time to time be designated by the Board.

Section 9.12. Resignation. Any director, committee member or officer may resign by giving notice thereof in writing or by electronic transmission to the Chairman of the Board, any Chief Executive Officer, the President or the Secretary. The resignation shall take effect at the time it is delivered unless the resignation specifies a later effective date or an effective date determined upon the happening of an event or events. Unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 9.13. Surety Bonds. Such officers, employees and agents of the Corporation (if any) as the Chairman of the Board, any Chief Executive Officer, President or the Board may direct, from time to time, shall be bonded for the faithful performance of their duties and for the restoration to the Corporation, in case of their death, resignation, retirement, disqualification or removal from office, of all books, papers, vouchers, money and other property of whatever kind in their possession or under their control belonging to the Corporation, in such amounts and by such surety companies as the Chairman of the Board, any Chief Executive Officer, President or the Board may determine. The premiums on such bonds shall be paid by the Corporation and the bonds so furnished shall be in the custody of the Secretary.

Section 9.14. Securities of Other Corporations. Powers of attorney, proxies, waivers of notice of meeting, consents in writing and other instruments relating to securities owned by the Corporation may be executed in the name of and on behalf of the Corporation by the Chairman of the Board, any Chief Executive Officer, President, any Vice President or any officers authorized by the Board. Any such officer, may, in the name of and on behalf of the Corporation, take all such action as any such officer may deem advisable to vote in person or by proxy at any meeting of security holders of any corporation in which the Corporation may own securities, or to consent in writing, in the name of the Corporation as such holder, to any action by such corporation, and at any such meeting or with respect to any such consent shall possess and may exercise any and all rights and power incident to the ownership of such securities and which, as the owner thereof, the Corporation might have exercised and possessed. The Board may from time to time confer like powers upon any other person or persons.

Section 9.15. Amendments. The Board shall have the power to adopt, amend, alter or repeal the By Laws. The affirmative vote of a majority of the Board shall be required to adopt, amend, alter or repeal the By Laws. The By Laws also may be adopted, amended, altered or repealed by the stockholders; provided, however, that in addition to any vote of the holders of any class or series of capital stock of the Corporation required by applicable law or the Certificate of Incorporation, the affirmative vote of the holders of at least a majority of the voting power (except as otherwise provided in Section 8.7) of all outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required for the stockholders to adopt, amend, alter or repeal the By Laws.

Exhibit 23.1

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM'S CONSENT

We consent to the incorporation by reference in the Registration Statement of SHF Holdings, Inc. on form S-8 (File No. 333-276311) of our report dated April 1, 2024, which includes an explanatory paragraph as to the company's ability to continue as a going concern, with respect to our audits of the consolidated financial statements of SHF Holdings, Inc. and subsidiaries as of December 31, 2023 and 2022 and for the years ended December 31, 2023 and 2022, which report is included in this Annual Report on Form 10-K of SHF Holdings, Inc. for the year ended December 31, 2023.

As discussed in Note 2 to the consolidated financial statements, SHF Holdings, Inc. and subsidiaries has changed their method of accounting for the recognition and measurement of credit losses as of January 1, 2023, due to the adoption of ASC Topic 326, *Financial Instruments – Credit Losses*.

/s/ Marcum LLP

Marcum LLP
Hartford, Connecticut
April 1, 2024

Exhibit 31.1

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Sundie Seefried, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2023 of SHF Holdings, 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 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.

Date: April 1, 2024

/s/ Sundie Seefried
Sundie Seefried
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, James H. Dennedy, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2023 of SHF Holdings, 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 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.

Date: April 1, 2024

/s/ James H. Dennedy
James H. Dennedy
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

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 Annual Report of SHF Holdings, Inc. on Form 10-K for the annual period ended December 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Sundie Seefried, Chief Executive Officer of SHF Holdings, Inc., certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

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.

Date: April 1, 2024

/s/ Sundie Seefried

Sundie Seefried
Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

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 Annual Report of SHF Holdings, Inc. on Form 10-K for the annual period ended December 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James H. Dennedy, Chief Financial Officer of SHF Holdings, Inc., certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

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.

Date: April 1, 2024

/s/ James H. Dennedy

James H. Dennedy
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 97

SHF HOLDINGS, INC.

CLAWBACK POLICY

1. **Purpose and Scope.** The Board of Directors (the "**Board**") of SHF Holdings, Inc. (the "**Company**") believes that it is in the best interests of the Company and its shareholders to create and maintain a culture that emphasizes integrity and accountability and that reinforces the Company's pay-for-performance compensation philosophy. The Board has therefore adopted this clawback policy (the "**Policy**") which provides for the recoupment of certain executive compensation in the event of an accounting restatement resulting from material noncompliance with financial reporting requirements under the federal securities laws. This Policy is designed to comply with Section 10D of the Securities Exchange Act of 1934 (the "**Exchange Act**") and Nasdaq Listing Rule 5608 (the " **Clawback Listing Standards** ").

2. **Administration.** This Policy shall be administered by the Board or, if so designated by the Board, the Compensation Committee, in which case references herein to the Board shall be deemed references to the Compensation Committee. Any determinations made by the Board shall be final and binding on all affected individuals.

3. **Effective Date.** This Policy shall be effective as of the date it is adopted by the Board (the " **Effective Date**") and shall apply to Incentive-Based Compensation that is approved, awarded, or granted to Covered Executives on or after the Effective Date, even if such Incentive-Based Compensation was approved, awarded, or granted to Covered Executives prior to the Effective Date.

4. **Covered Executives.** This Policy applies to all of the Company's current and former executive officers, as determined by the Board in accordance with the definition in Section 10D of the Exchange Act and the Clawback Listing Standards, and such other employees who may from time to time be deemed subject to this Policy by the Board (each, a "**Covered Executive**").

5. **Incentive-Based Compensation.** For purposes of this Policy, the term "Incentive-Based Compensation" means any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a financial reporting measure. "Financial reporting measures" are measures that are determined and presented in accordance with the accounting principles used in preparing the issuer's financial statements, and any measures that are derived wholly or in part from such measures, including stock price and total shareholder return. For the avoidance of doubt, Incentive-Based Compensation does not include annual salary, compensation awarded based on completion of a specified period of service, or compensation awarded based on subjective standards, strategic measures, or operational measures.

6. **Recovery; Accounting Restatement.** In the event the Company is required to prepare an accounting restatement of its financial statements due to material noncompliance with any financial reporting requirement under the federal securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (a "**Restatement**"), the Company shall, as promptly as it reasonably can, recover any Incentive-Based Compensation received by a Covered Executive during the three completed fiscal years immediately preceding the date on which the Company is required to prepare such Restatement (the "**Restatement Date**"), so long as the Incentive-Based Compensation received by such Covered Executive is in excess of what would have been awarded or vested after giving effect to the Restatement. The Restatement Date shall be the earlier of (i) the date the Company's board of directors, a board committee, or officer(s) are authorized to take such action if board action is not required, concludes, or reasonably should have concluded, that the issuer is required to prepare an accounting restatement due to the material noncompliance of the issuer with any financial reporting requirement under the securities laws as described in Rule 10D-1(b)(1) under the Exchange Act or (ii) the date a court, regulator, or other legally authorized body directs the issuer to prepare an accounting restatement. The amount to be recovered will be the excess of the Incentive-Based Compensation paid to the Covered Executive based on the erroneous data in the original financial statements over the Incentive-Based Compensation that would have been paid to the Covered Executive had it been based on the restated results, without respect to any taxes paid.

Subsequent changes in a Covered Executive's employment status, including retirement or termination of employment, do not affect the Company's rights to recover Incentive-Based Compensation pursuant to this Policy. For purposes of this Policy, Incentive-Based Compensation shall be deemed to have been received during the fiscal period in which the financial reporting measure specified in the award is attained, even if such Incentive-Based Compensation is paid or granted after the end of such fiscal period.

No recovery shall be required in the case of a Board determination that the direct expense paid to a third party to assist in enforcing this Policy would exceed the amount to be recovered.

Such determination shall be made after a reasonable and documented attempt to recover the Incentive-Based Compensation, which documentation shall be provided to the national securities exchange on which the Company's securities are then listed.

The Board shall determine, in its sole discretion, the method of recovering any Incentive-Based Compensation pursuant to this Policy.

7. **No Indemnification.** The Company shall not indemnify any current or former Covered Executive against the loss of erroneously awarded compensation, and shall not pay, or reimburse any Covered Executives for premiums, for any insurance policy to fund such executive's potential recovery obligations.

8. **Notice.** Before the Board determines to seek recovery pursuant to this Policy, it shall provide the Covered Executive with written notice and the opportunity to be heard at a meeting of the Board (either in person or via telephone).

9. **Interpretation.** The Board is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate, or advisable for the administration of this Policy. It is intended that this Policy be interpreted in a manner that is consistent with the requirements of Section 10D of the Exchange Act and any applicable rules or standards adopted by the SEC and any national securities exchange on which the Company's securities are then listed.

10. **Amendment; Termination.** The Board may amend this Policy from time to time in its discretion, and shall amend this Policy as it deems necessary to reflect the regulations adopted by the SEC and to comply with any rules or standards adopted by a national securities exchange on which the Company's securities are then listed. The Board may terminate this Policy at any time.

11. **Other Recoupment Rights.** Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Company pursuant to the terms of any similar policy in any employment agreement, equity award agreement, or similar agreement and any other legal remedies available to the Company.

12. **Relationship to Other Plans and Agreements.** The Board intends that this Policy will be applied to the fullest extent of the law. The Board may require that any employment agreement, equity award agreement, or similar agreement entered into on or after the Effective Date shall, as a condition to the grant of any benefit thereunder, require a Covered Executive to agree to abide by the terms of this Policy. In the event of any inconsistency between the terms of the Policy and the terms of any employment agreement, equity award agreement, or similar agreement under which Incentive Compensation has been granted, awarded, earned or paid to a Covered Executive, whether or not deferred, the terms of the Policy shall govern.

13. **Attestation and Acknowledgement.** Each Covered Executive shall sign an attestation and acknowledgment form in the form attached hereto as Exhibit A in which they acknowledge that they have read and understand the terms of the Policy and are bound by the Policy.

14. **Impracticability.** The Board shall recover any excess Incentive Compensation in accordance with this Policy unless such recovery would be impracticable, as determined by the Board in accordance with Rule 10D-1 of the Exchange Act and the listing standards of the national securities exchange on which the Company's securities are listed.

15. **Successors.** This Policy shall be binding and enforceable against all Covered Executives and their beneficiaries, heirs, executors, administrators or other legal representatives.

***

EXHIBIT A

ATTESTATION AND ACKNOWLEDGEMENT
OF
THE CLAWBACK POLICY
OF
SHF HOLDINGS, INC.

By signing below, I, the undersigned, acknowledge and agree as follows:

- I have received and reviewed a copy of the SHF Holdings, Inc. Clawback Policy (as it may be amended, restated, supplemented or otherwise modified from time to time, the "**Clawback Policy**");
- I am bound by, subject to, and shall comply with, all terms and conditions of the Clawback Policy, both during and after my period of employment or service with the Company and its affiliates;
- In the event of any conflict between the Clawback Policy and the terms of any employment or other agreement to which I am a party, or any compensation or benefit plan, program or arrangement in which I participate, the terms of the Clawback Policy shall govern; and
- If it is determined by the Board or the Compensation Committee that any amounts granted, awarded, paid or provided to me should be forfeited or reimbursed to the Company or its affiliates, I shall promptly take any action necessary to effectuate such forfeiture and/or reimbursement.
- I acknowledge that I am not entitled to indemnification in connection with the Company's enforcement of the Clawback Policy.
- I understand that any delay or failure by the Company to enforce any requirement contained in the Clawback Policy will not constitute a waiver of the Company's right to do so in the future.

Any capitalized terms used in this Attestation and Acknowledgment that are not otherwise defined shall have the meaning ascribed to them in the Clawback Policy.

Signature: _____

Name: _____

Date: _____