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**ANNUAL REPORTS
FORM X-17A-5
PART III**

MAR 04 2024

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| SEC FILE NUMBER |
| 8-68611 |

Washington, DC

FACING PAGE

Information Required Pursuant to Rules 17a-5, 17a-12, and 18a-7 under the Securities Exchange Act of 1934

FILING FOR THE PERIOD BEGINNING 01/01/2023 AND ENDING 12/31/2023
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF FIRM: SpareBank 1 Capital Markets, Inc.

TYPE OF REGISTRANT (check all applicable boxes):

- Broker-dealer Security-based swap dealer Major security-based swap participant
 Check here if respondent is also an OTC derivatives dealer

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use a P.O. box no.)

3225 Turtle Creek Blvd - Suite 704

(No. and Street)

Dallas

TX

75219

(City)

(State)

(Zip Code)

PERSON TO CONTACT WITH REGARD TO THIS FILING

Robert Clayton Lau, President

212-861-6633

robert.lau@sb1cm.com

(Name)

(Area Code - Telephone Number)

(Email Address)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose reports are contained in this filing*

Michael T Remus CPA

(Name - if individual, state last, first, and middle name)

PO Box 2555

Hamilton Square

NJ

08690

(Address)

(City)

(State)

(Zip Code)

02/23/2010

3598

(Date of Registration with PCAOB)(if applicable)

(PCAOB Registration Number, if applicable)

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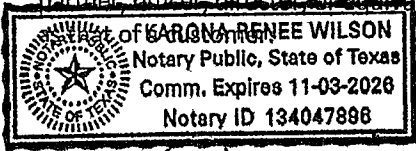
* Claims for exemption from the requirement that the annual reports be covered by the reports of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis of the exemption. See 17 CFR 240.17a-5(e)(1)(ii), if applicable.

Persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.



OATH OR AFFIRMATION

I, Robert Lau, swear (or affirm) that, to the best of my knowledge and belief, the financial report pertaining to the firm of SpareBank 1 Capital Markets, Inc., as of 12/31, 2023, is true and correct. I further swear (or affirm) that neither the company nor any partner, officer, director, or equivalent person, as the case may be, has any proprietary interest in any account classified solely



Karona Renee Wilson

Notary Public 11-03-2026

Signature: Robert C Lau

Title: President

This filing** contains (check all applicable boxes):

- (a) Statement of financial condition.
- (b) Notes to consolidated statement of financial condition.
- (c) Statement of income (loss) or, if there is other comprehensive income in the period(s) presented, a statement of comprehensive income (as defined in § 210.1-02 of Regulation S-X).
- (d) Statement of cash flows.
- (e) Statement of changes in stockholders' or partners' or sole proprietor's equity.
- (f) Statement of changes in liabilities subordinated to claims of creditors.
- (g) Notes to consolidated financial statements.
- (h) Computation of net capital under 17 CFR 240.15c3-1 or 17 CFR 240.18a-1, as applicable.
- (i) Computation of tangible net worth under 17 CFR 240.18a-2.
- (j) Computation for determination of customer reserve requirements pursuant to Exhibit A to 17 CFR 240.15c3-3.
- (k) Computation for determination of security-based swap reserve requirements pursuant to Exhibit B to 17 CFR 240.15c3-3 or Exhibit A to 17 CFR 240.18a-4, as applicable.
- (l) Computation for Determination of PAB Requirements under Exhibit A to § 240.15c3-3.
- (m) Information relating to possession or control requirements for customers under 17 CFR 240.15c3-3.
- (n) Information relating to possession or control requirements for security-based swap customers under 17 CFR 240.15c3-3(p)(2) or 17 CFR 240.18a-4, as applicable.
- (o) Reconciliations, including appropriate explanations, of the FOCUS Report with computation of net capital or tangible net worth under 17 CFR 240.15c3-1, 17 CFR 240.18a-1, or 17 CFR 240.18a-2, as applicable, and the reserve requirements under 17 CFR 240.15c3-3 or 17 CFR 240.18a-4, as applicable, if material differences exist, or a statement that no material differences exist.
- (p) Summary of financial data for subsidiaries not consolidated in the statement of financial condition.
- (q) Oath or affirmation in accordance with 17 CFR 240.17a-5, 17 CFR 240.17a-12, or 17 CFR 240.18a-7, as applicable.
- (r) Compliance report in accordance with 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- (s) Exemption report in accordance with 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- (t) Independent public accountant's report based on an examination of the statement of financial condition.
- (u) Independent public accountant's report based on an examination of the financial report or financial statements under 17 CFR 240.17a-5, 17 CFR 240.18a-7, or 17 CFR 240.17a-12, as applicable.
- (v) Independent public accountant's report based on an examination of certain statements in the compliance report under 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- (w) Independent public accountant's report based on a review of the exemption report under 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- (x) Supplemental reports on applying agreed-upon procedures, in accordance with 17 CFR 240.15c3-1e or 17 CFR 240.17a-12, as applicable.
- (y) Report describing any material inadequacies found to exist or found to have existed since the date of the previous audit, or a statement that no material inadequacies exist, under 17 CFR 240.17a-12(k).
- (z) Other: _____

**To request confidential treatment of certain portions of this filing, see 17 CFR 240.17a-5(e)(3) or 17 CFR 240.18a-7(d)(2), as applicable.

SpareBank 1 Capital Markets, Inc.
(SEC I.D. No. 8-68611)

Financial Statements and Supplemental Schedules

As of and for the Year Ended December 31, 2023

and

Report of Independent Registered Public Accounting Firm

MICHAEL T. REMUS
Certified Public Accountant

P.O. Box 2555
Hamilton Square, NJ 08690
Tel: 609-540-1751
Fax: 609-570-5526

Report of Independent Registered Public Accounting Firm

To: The Stockholder and Board of Directors of
SpareBank 1 Capital Markets, Inc.

Opinion on the Financial Statements

I have audited the accompanying statement of financial condition of SpareBank 1 Capital Markets, Inc. as of December 31, 2023, and the related statements of income, changes in stockholder equity and cash flows for the year then ended, that are filed pursuant to Rule 17a-5 under the Securities Exchange Act of 1934 and the related notes and schedules (collectively referred to as the financial statements). In my opinion, the financial statements present fairly, in all material respects, the financial position of SpareBank 1 Capital Markets, Inc. as of December 31, 2023 and its results of operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of SpareBank 1 Capital Markets, Inc.'s management. My responsibility is to express an opinion on SpareBank 1 Capital Markets, Inc.'s financial statements based on my audit. I am a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and I am required to be independent with respect to SpareBank 1 Capital Markets, Inc. in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

I conducted my audit in accordance with the standards of the PCAOB. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. My audit 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. My audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. I believe that my audit provides a reasonable basis for my opinion.

Supplemental Information

The Schedule I, Computation of Net Capital Under SEC Rule 15c3-1, Schedule II, Computation for Identification of Reserve Requirements and Information Relating to Possession or Control Requirements Under SEC Rule 15c3-3 (*exemption*) has been subjected to audit procedures performed in conjunction with the audit of SpareBank 1 Capital Markets, Inc.'s financial statements.

The supplemental information is the responsibility of SpareBank 1 Capital Markets, Inc.'s management. My audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming my opinion on the supplemental information, I evaluated whether the supplemental information, including its form and content, is presented in conformity with 17 C.F.R. §240.17a-5. In my opinion, the Schedule I, Computation of Net Capital Under SEC Rule 15c3-1, Schedule II, Computation for Identification of Reserve Requirements and Information Relating to Possession or Control Requirements Under SEC Rule 15c3-3 (*exemption*) is fairly stated, in all material respects, in relation to the financial statements as a whole.

Michael T. Remus

I have served as SpareBank 1 Capital Markets, Inc.'s auditor since 2022.

Michael T. Remus, CPA
Hamilton Square, New Jersey
February 9, 2024

SpareBank 1 Capital Markets, Inc.
STATEMENT OF FINANCIAL CONDITION
December 31, 2023

ASSETS

| | |
|--|-------------------|
| Cash | \$ 373,973 |
| Cash - segregation in compliance with federal regulation | 100,000 |
| Accounts receivable - related party | 25,000 |
| Prepaid Expenses | 3,858 |
| Total Assets | <u>\$ 502,831</u> |

LIABILITIES AND STOCKHOLDER EQUITY

| | |
|---------------------------------------|------------|
| Liabilities | |
| Accounts payable and accrued expenses | \$ 666 |
| Total Liabilities | <u>666</u> |

Commitments and Contingencies (Note 7)

Stockholder Equity

| | |
|--|-----------------|
| Common stock, no par value | |
| 1,000 authorized, 1,000 issued and outstanding | 565,612 |
| Accumulated deficit | <u>(63,447)</u> |
| Total Stockholder Equity | <u>502,165</u> |

| | |
|--|-------------------|
| Total Liabilities & Stockholder Equity | <u>\$ 502,831</u> |
|--|-------------------|

See accompanying notes.

SpareBank 1 Capital Markets, Inc.

STATEMENT OF INCOME

Year Ended December 31, 2023

REVENUES

| | |
|---------------------------------|------------|
| Services income - related party | \$ 300,000 |
|---------------------------------|------------|

OPERATING EXPENSES

| | |
|-------------------------------|---------|
| Payroll and employee benefits | 253,790 |
|-------------------------------|---------|

| | |
|-------------------|-------|
| Professional Fees | 9,600 |
|-------------------|-------|

| | |
|-----------------|-------|
| Regulatory Fees | 1,305 |
|-----------------|-------|

| | |
|-----------------------------|--------|
| Technology & communications | 10,812 |
|-----------------------------|--------|

| | |
|--------------------------|--------|
| General & Administrative | 22,113 |
|--------------------------|--------|

| | |
|----------------|----------------|
| Total Expenses | <u>297,620</u> |
|----------------|----------------|

| | |
|------------|-----------------|
| Net Income | <u>\$ 2,380</u> |
|------------|-----------------|

See accompanying notes.

SpareBank 1 Capital Markets, Inc.
STATEMENT OF CHANGES IN STOCKHOLDER EQUITY
Year Ended December 31, 2023

| | Common Stock | | Accumulated | Stockholder |
|------------------------------|--------------|-------------------|--------------------|-------------------|
| | Shares | Amonut | Deficit | Equity |
| Balance at December 31, 2022 | 1,000 | \$ 565,612 | (65,827) | \$ 499,785 |
| Net Income | | | 2,380 | 2,380 |
| Balance at December 31, 2023 | <u>1,000</u> | <u>\$ 565,612</u> | <u>\$ (63,447)</u> | <u>\$ 502,165</u> |

See accompanying notes.

SpareBank 1 Capital Markets, Inc.
STATEMENT OF CASH FLOWS
Year Ended December 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|--|--------------------------|
| Net Income | \$ 2,380 |
| Adjustments to Reconcile Net Loss to Net Cash Provided By Operating Activities: | |
| (Increase) Decrease in Operating Assets: | |
| Prepaid expenses | (560) |
| Increase (Decrease) in Operating Liabilities: | |
| Accounts payable and accrued liabilities | 38 |
| | <hr/> |
| Net cash provided by operating activities | <u>1,858</u> |
| Net increase in cash and Cash-Segregation in Compliance with Federal Regulations | 1,858 |
| Cash and Cash-Segregation in Compliance with Federal Regulations, Beginning of Year | <u>472,115</u> |
| Cash and Cash-Segregation in Compliance with Federal Regulations, End of Year | <u><u>\$ 473,973</u></u> |
| Supplemental Cash Flows Disclosures | |
| Cash paid for income taxes | \$ - |
| Cash paid for interest | \$ - |

See accompanying notes.

SpareBank 1 Capital Markets, Inc.
Notes To Financial Statements
December 31, 2023

1 Organization and Nature of Business

SpareBank 1 Capital Markets, Inc. (the Company) is a wholly owned entity of SpareBank 1 Markets AS a Norwegian entity, the “Parent Company”. The Company was founded in 2010.

The Company is a broker-dealer registered with the SEC and is a member of the Financial Industry Regulatory Authority - FINRA and the Securities Investor Protection Corporation - SIPC.

2 Summary Significant Accounting Policies

(a) Basis of Presentation

The financial statements and accompanying notes are prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) unless otherwise disclosed.

(b) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(c) Statement of Cash Flows and Cash-Segregation in Compliance with Federal Regulations

For purposes of the statement of cash flows the Company has defined cash equivalents as highly liquid investments, with original maturities of less than three months, that are not held for sale in the ordinary course of business. The company has adopted the indirect method of presenting the statement of cash flows in accordance with current authoritative pronouncements. There were no cash equivalents at December 31, 2023.

Cash is held at a high credit quality financial institution and is insured by the Federal Deposit Insurance Corporation.

Pursuant to its current status as a broker dealer with FINRA, the Company is required to maintain such funds for regulatory purposes, relating to maintaining cash in a segregated reserve account for the exclusive benefit of its clients.

(d) Accounts Receivable

The Company establishes an allowance for uncollectible trade accounts receivable based on managements evaluation of the collectibility of outstanding accounts receivable. Management has evaluated accounts receivable at December 31, 2023 and believes they are all collectible. Accounts receivable are not collateralized.

SpareBank 1 Capital Markets, Inc.

Notes To Financial Statements

December 31, 2023

(e) Revenue Recognition

The Company earned service fees performed under an agreement with its Parent Company which was the sole source of revenue for the Company. Revenue is recognized in accordance with ASC Topic 606 as services are rendered and a given contract's identified performance obligations are satisfied. Economic factors can impact the nature, amount, timing and uncertainty of revenue and cash flows. There were no unsatisfied performance obligations at December 31, 2023.

(f) Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due (if any). No recognition for uncertain tax provisions have been included because the Company believes there are none.

Certain transactions of the Company may be subject to accounting methods for federal and state income tax purposes which differ significantly from the accounting methods used in preparing the financial statements. Accordingly, the net income or loss of the Company and the resulting balances in the shareholder's capital account reported for federal and state income tax purposes may differ from the balances reported for those same items in these financial statements.

The Company recognizes and measures its unrecognized tax benefits in accordance with ASC Topic 740, Income Taxes. Under that guidance the Company assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances and information available at the end of the financial reporting period. The measurement of unrecognized tax benefits is adjusted when new information is available, or when an event occurs that requires a change.

Management has determined that the Company has no uncertain tax positions that would require financial statement recognition at December 31, 2023. This determination will always be subject to ongoing evaluation as facts and circumstances may require.

The Company has net operating loss carry forwards that may be offset against future taxable income. The loss carry forwards at December 31, 2023 total approximately \$10,000, and may be carried forward indefinitely. Deferred income taxes have not been provided for this temporary difference as they are not considered significant.

In addition, no income tax related penalties or interest have been recorded for the year ended December 31, 2023.

(g) Advertising and Marketing

Advertising and marketing costs (if any) are expensed as incurred.

(h) General and Administrative Expenses

General and administrative costs are expensed as incurred.

SpareBank 1 Capital Markets, Inc.

Notes to Financial Statements

December 31, 2023

(i) Fair Value Hierarchy

FASB ASC 820 defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy which prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach, as specified by FASB ASC 820, are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1. Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

Level 2. Inputs other than quoted prices included in Level 1 that are observable for the assets or liability either directly or indirectly.

Level 3. Inputs are unobservable for the assets or liability.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, the liquidity of markets, and other characteristics particular to the security. To the extent the valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining the fair value is greatest for instruments categorized in level 3.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

For further discussion of fair value, see “Note 6 Fair Value”

3 Net Capital Requirements

The Company, as a registered broker-dealer in securities is subject to the SEC Uniform Net Capital Rule (Rule 15c3-1). The Company has elected to operate under that portion of the Rule which requires the Company maintain “net capital” equal to the greater of \$250,000 or 6 2/3% of aggregate indebtedness, as those terms are defined in the Rule. At December 31, 2023, the Company had net capital of \$473,307, which was \$223,307 in excess of its required minimum net capital of \$250,000. The Company had an AI/NC ratio of 0.1407 to 1.

Advances to affiliates, contributions, distributions and other withdrawals are subject to certain notification and other requirements of Rule 15c3-1 and other regulatory rules. The Company is exempt from the provisions of Rule 15c3-3 under the Securities Exchange Act of 1934. The Company relies on its SEC Rule 15c3-3(k)(2)(i) exemption.

SpareBank 1 Capital Markets, Inc.

Notes to Financial Statements

December 31, 2023

4 Leases

The Company conducts its operations from facilities that are provided by the Officer on a month to month basis.

Rent expense for the year ended December 31, 2023 was \$0

5 Concentrations and Economic Dependency

The Company's revenues consist of service fees as discussed in Note 2 above. Pursuant to the terms of the Amended and Restated Research Services and Agency Agreement it will remain in effect until terminated by either party with thirty days prior written notice..

The Company maintains its cash at a financial institution in amounts that at times may exceed federally insured limits of \$250,000. The Company has not experienced any losses in such accounts through December 31, 2023 and believes it is not subject to any significant credit risk.

6 Fair Value

Cash, accounts receivable, accounts payable and accrued expenses are reflected in the financial statements at carrying value which approximates fair value because of the short-term maturity of these instruments.

7 Commitments and Contingencies

Pursuant to Securities and Exchange Commission Rule 15c3-1(e)(2) the Company may not authorize distributions to its member if such distributions cause the Company's net capital to fall below 120% of the Company's minimum net capital requirement. As of December 31, 2023 the Company was not in violation of this requirement.

The Company had no lease or equipment rental commitments (other than as disclosed in Note 4 above), no underwriting commitments, no contingent liabilities, and had not been named as a defendant in any lawsuit at December 31, 2023 or during the year then ended.

8 Anti-Money Laundering Policies and Procedures

The Company is required to implement policies and procedures relating to anti-money laundering, compliance, suspicious activities, and currency transaction reporting and due diligence on customers who open accounts with the Company. At December 31, 2023 the Company had implemented such policies and procedures.

10 Subsequent Events

The Company has evaluated subsequent events occurring after the statement of financial condition date through the date of February 9, 2024 which is the date the financial statements were available to be issued. Based on this evaluation, the Company has determined that no subsequent events have occurred which require disclosure in or adjustment to the financial statements.

Supplementary Information

Pursuant to Rule 17a-5 of the

Securities Exchange Act of 1934

As of December 31, 2023

SpareBank 1 Capital Markets, Inc.
NET CAPITAL COMPUTATION IN ACCORDANCE WITH RULE 15c 3-1
December 31, 2023

Schedule I

NET CAPITAL

| | | |
|--|-----------|----------------|
| Assets | \$ | 502,831 |
| Less: Liabilities | | <u>(666)</u> |
| Total Stockholder Equity Qualified for Net Capital | | 502,165 |
| Deductions and/or Charges | | |
| Accounts receivable - related party | | 25,000 |
| Prepaid expense | | 3,858 |
| Net Capital | <u>\$</u> | <u>473,307</u> |
| Computation of Alternate Net capital Requirement: | | |
| 2% of combined aggregate debt item as shown in the formula | | |
| for reserve requirements pursuant to Rule 15c3-3 | | |
| | <u>\$</u> | <u>-</u> |
| Minimum dollar net capital requirement - the greater of 6-2/3% | | |
| of aggregate indebtedness of \$44 or \$250,000 | | |
| | \$ | 250,000 |
| Excess Net Capital | | 223,307 |
| NET CAPITAL | | <u>473,307</u> |
| AI/NC Ratio | | 0.1407% |
| Non A.I. Liabilities | | 0.00 |

Reconciliation with Company's Computation (included in Part II of Form X-17A-5 as of December 31, 2023)

| | | |
|--|-----------|----------------|
| Net Capital, as reported in Company's Part II unaudited Focus Report | \$ | 473,306 |
| Net Capital, per above | | <u>473,307</u> |
| Difference | <u>\$</u> | <u>(1)</u> |

There are no material differences between the net capital reflected in the above computation and the net capital reflected in the Company's FOCUS Report as of December 31, 2023.

SpareBank 1 Capital Markets, Inc.

**Computation for Determination of Reserve Requirements and Information
Relating to Possession or Control Requirements Under Rule 15c3-3 of the
Securities and Exchange Act of 1934
December 31, 2023**

SCHEDULE II

The Company claims exemption from the requirements of Rule 15c-3-3 under Section (k)(2)(i) for A and B. Therefore the following reports are not presented.

- A) Computation for Determination of Reserve Requirements
- B) Information Relating to Possession or Control Requirements

MICHAEL T. REMUS
Certified Public Accountant

P.O. Box 2555
Hamilton Square, NJ 08690

Tel: 609-540-1751
Fax: 609-570-5526

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To: The Stockholder and Board of Directors of
SpareBank 1 Capital Markets, Inc.

I have reviewed management's statements, included in the accompanying Exemption Report, in which (1) SpareBank 1 Capital Markets, Inc. identified the following provisions of 17 C.F.R. §15c3-3(k) under which SpareBank 1 Capital Markets, Inc. claimed an exemption from 17 C.F.R. §240.15c3-3: under—k(2)(i), (the "exemption provisions") and (2) SpareBank 1 Capital Markets, Inc. stated that SpareBank 1 Capital Markets, Inc. met the identified exemption provisions throughout the most recent fiscal year without exception. SpareBank 1 Capital Markets, Inc. management is responsible for compliance with the exemption provisions and its statements.

My review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included inquiries and other required procedures to obtain evidence about SpareBank 1 Capital Markets, Inc. compliance with the exemption provisions. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. Accordingly, I do not express such an opinion.

Based on my review, I am not aware of any material modifications that should be made to management's statements referred to above for them to be fairly stated, in all material respects, based on the provisions set forth in paragraph (k)(2)(i) of Rule 15c3-3 under the Securities Exchange Act of 1934.

Michael T. Remus

Michael T. Remus, CPA
Hamilton Square, New Jersey
February 9, 2024

SpareBank 1 Capital Markets, Inc.

Exemption Statement pursuant to SEC Rule 17a-5 For the Year Ended December 31, 2023

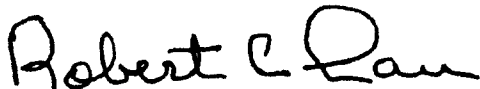
SpareBank 1 Capital Markets, Inc. (the "Company") is a registered broker-dealer subject to Rule 17a-5 promulgated by the Securities and Exchange Commission (the "SEC"). To the best of its knowledge and belief; the Company states the following:

SpareBank 1 Capital Markets, Inc. (the "Company") is a registered broker-dealer subject to Rule 17a-5 promulgated by the Securities and Exchange Commission (17 C.F.R. 5240.17a-5, "Reports to be made by certain brokers and dealers"). This Exemption Statement was prepared as required by 17 C.F.R. 5240.17a-5(d)(1) and (4). To the best of its knowledge and belief, the Company states the following:

- (1) The Company claimed an exemption from 17 C.F.R. 5240.15c3-3 under the following provisions of 17 C.F.R. 5240.15c3-3(k)(2)(i).
- (2) The Company met the identified exemption provisions in 17 C.F.R. §240.15c3-3(k)(2)(i) throughout the most recent fiscal period without exception.

SpareBank 1 Capital Markets, Inc.

I, Robert C. Lau, swear (or affirm) that, to my best knowledge and belief, this Exemption Statement is true and correct.



By: Robert C. Lau

Robert C. Lau

President

MICHAEL T. REMUS
Certified Public Accountant

P.O. Box 2555
Hamilton Square, NJ 08690

Tel: 609-540-1751
Fax: 609-570-5526

February 29, 2024

Robert Lau, President/CCO/FINOP
SpareBank 1 Capital Markets, Inc.

In connection with my audit of the financial statements and supplemental information of SpareBank 1 capital Markets, Inc. (the Company) for the year ended December 31, 2023, I will issue my report thereon dated February 9, 2024. Professional standards require that I provide you with the following information related to my audit.

The standard defines those charged with governance as the persons “with responsibility for overseeing the strategic direction of the entity and its obligations related to the accountability of the entity. In accordance with PCAOB Rule 3501 audit committee” “means the person(s) who oversee(s) the accounting and financial reporting processes of the entity and audits of the financial statements of the entity.”

Significant and Critical Accounting Policies and Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, I will advise management about the appropriateness of accounting policies and their application. The Company’s significant accounting policies are disclosed in the notes to the financial statements as required by generally accepted accounting principles pursuant to Rule 17a-5 under the Securities and Exchange Act of 1934. No new accounting policies were adopted and the application of existing accounting policies was not changed during Year. I noted no transactions entered into by the Company during the year for which accounting policies are controversial or for which there is a lack of authoritative guidance or consensus or diversity in practice.

There were no proposed audit adjustments to the Company’s General Ledger.

Critical accounting policies and practices are those that are both most important to the portrayal of the Company’s financial condition and results and require management’s most difficult, subjective, or complex judgments, often as a result of the need to make estimates about the effects of matters that are inherently uncertain. The critical accounting policies used by the Company in its 2023 financial statements are described in Note 2 to the financial statements and relate to the policies the Company uses to account for revenue recognition which is always considered significant.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure(s) affecting the financial statements was (were):

None noted. The financial statement disclosures are neutral, consistent, and clear.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Critical accounting estimates are estimates for which (1) the nature of the estimate is material due to the levels of subjectivity and judgment necessary to account for highly uncertain matters or the susceptibility of such matters to change and (2) the impact of the estimate on financial condition or

operating performance is material. The Company's critical accounting estimate(s) affecting the financial statements was (were):

None noted

Significant Unusual Transactions

For purposes of this letter, professional standards define *significant unusual transactions* as transactions that are outside the normal course of business for the Company or that otherwise appear to be unusual due to their timing, size or nature. I noted no significant unusual transactions during my audit.

I noted no transactions entered into by the Company during the year for which there is a lack of authoritative guidance or consensus. All significant transactions (if any) have been recognized in the financial statements in the proper period.

Related-party Relationships and Transactions

As part of my audit, I evaluated the Company's identification of, accounting for, and disclosure of the Company's relationships and transactions with related parties as required by professional standards. I noted no related parties or related-party relationships or transactions that were previously undisclosed to me, significant related-party transactions that have not been approved in accordance with the Company's policies or procedures or for which exceptions to the Company's policies or procedures were granted; or significant related-party transactions that appeared to lack a business purpose.

Quality of the Company's Financial Reporting

Management is responsible not only for the appropriateness of the accounting policies and practices, but also for the quality of such policies and practices. My responsibility under professional standards is to evaluate the qualitative aspects of the company's accounting practices, including potential bias in management's judgments about the amounts and disclosures in the financial statements, and to communicate the results of my evaluation and my conclusions to you.

- a. There were no misstatements brought to management's attention during the audit.
- b. There were no additional adjusting entries proposed by management.
- c. There was no bias in the selection and application of accounting principles.
- d. There was no bias in accounting estimates and there were no critical accounting estimates that were not fully disclosed.
- e. The financial statement disclosures are neutral, consistent, and clear.
- f. There were no significant or unusual transactions noted during the audit.
- g. The presentation of the financial statements and the related disclosures are in conformity with GAAP.

Uncorrected and Corrected Misstatements

Professional standards require us to accumulate misstatements identified during the audit, other than those that are clearly trivial, and to communicate accumulated misstatements to management. There were no misstatements communicated to management during the audit.

There were no proposed audit adjustments to the Company's General Ledger.

Note: Uncorrected misstatements or the matters underlying them (if any) could potentially cause future period financial statements to be materially misstated, even though, in my judgment, such uncorrected misstatements are immaterial to the financial statements under audit.

Auditor's Report

In connection with the audit of the financial statements, I have provided you a draft of my auditor's report and accompanying financial statements and have discussed it with you.

Exceptions to Exemption Provisions

In connection with my review of the Company's Exemptions Schedule II, I did not identify any exceptions to the exemption provisions that would cause the Company's assertions not to be fairly stated, in all material respects.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to my satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. I am pleased to report that no disagreements with management arose during the course of my audit.

Difficulties Encountered in Performing the Audit

I encountered no significant difficulties in dealing with management in performing and completing my audit.

Management Representation

I have requested certain representations from management that are included in the management representation letter dated February 9, 2024. This date represents the date that the Company's financial statements, including disclosures were prepared and that management has taken responsibility for them.

A copy of that letter is attached

Management Consultations with Other Independent Accountant

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Company's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with me to determine that the consultant has all the relevant facts.

To my knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issue

I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Company's auditor. However, these discussions occurred in the normal course of my professional relationship and my responses were not a condition to my retention.

However, I should bring the following items to your attention:

Bank Statements – CitiBank

Operating Account. Copies of all cancelled checks and or wire transfers orders should be kept in a permanent file for a period of not less than three years, the first two years in an accessible place as required pursuant to the General Rules & regulations promulgated under the Securities & Exchange Act of 1934 -

Rule 17a-4 (Records to be preserved by Certain Exchange Members, Brokers and Dealers). All Bank Statements (all accounts) should be downloaded and kept in pdf format in a permanent file.

Supplemental Information

Based on the regulatory requirements of SEC Rule 17a-5, the Company presents information that accompanies the financial statements. I subjected that supplemental information to audit procedures in accordance with *AS 2701, Auditing Supplemental Information Accompanying Audited Financial Statements* (link) . Based on my audit procedures performed, the supplemental information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Closing

This information is intended solely for the use of the members of SpareBank 1 Capital Markets, Inc. and those charged with governance of the Company and is not intended to be and should not be used by anyone other than these specified parties.

If you feel that there are others within the Company who meet the criteria specified above and to whom this letter should be communicated to, please advise in writing the individual(s) name and position and I will forward a copy of this letter to them.

Sincerely,

Michael T. Remus

Michael T. Remus, CPA