

On December 19, 2018, the Board of Directors of Carter Bank & Trust amended the Code of Conduct that applies to the Bank’s directors, offices and employees. These amendments (1) impose an annual acknowledgment of the Code; (2) ensure compliance with Nasdaq listing rules (including adding a section on “Accurate and Timely Periodic Reports”); (3) clarify the Bank’s conflict of interest policy and provide additional guidance for all personnel; (4) set a new requirement in the Bank’s Amended and Restated Bylaws that the majority of directors be “independent directors”; (5) add a “Corporate Opportunities and Fair Dealing” section to clarify the Bank’s policy relating to gifts, fees and loans; (6) clarify confidentiality obligations of all personnel while ensuring personnel are aware of whistleblower and other federal protections for certain disclosures; (7) supplement the “Reporting of Violations of the Code of Conduct” section to ensure it is clear that individuals subject to the Code may report possible violations of federal law or regulation or other matters protected under whistleblower provisions to government officials or agencies without prior authorization from the Bank; (8) add language about whistleblower immunity specifically in connection with disclosure of the Bank’s trade secrets; and (9) address the Bank’s process for approving and disclosing waivers of and amendments to the Code.

CARTER BANK & TRUST AND SUBSIDIARIES CODE OF CONDUCT		
RESPONSIBLE DEPARTMENT: Nominating, Governance and Compensation Committee	PREPARED/REVISED BY: Jane Ann Davis	DATE PREPARED/REVISED: December 12, 2018
GOVERNANCE COMMITTEE APPROVAL: <i>December 13, 2018</i> BOARD APPROVAL DATE: December 19, 2018		Page 1 of 9

The honesty, integrity and sound judgment of our directors, officers and employees is essential to the reputation and success of Carter Bank & Trust (“CB&T”). Our Code of Conduct (the “Code”) requires high standards of conduct to provide current and potential customers, stockholders, fellow employees, suppliers and anyone else with whom CB&T has contact with complete confidence in CB&T and our employees.

All directors, officers and employees will receive a copy of our Code of Conduct and will be required to sign an annual acknowledgement that appears at the end of this Code that they have read and will adhere to it. Newly appointed directors and newly hired officers and employees will receive a copy of the Code of Conduct upon appointment or hiring. All signed acknowledgements will be retained by the Personnel Department.

CB&T’s Board of Directors is responsible for setting the standards of business conduct contained in this Code and updating these standards as it deems appropriate to reflect changes in the legal and regulatory framework applicable to CB&T, the business practices within CB&T’s industry, CB&T’s own business practices, and the prevailing ethical standards of the communities in which CB&T operates. CB&T’s Board of Directors will review the Code annually. As described in the Audit and Compliance Committee Charter, the Board of Directors has delegated to the Audit and Compliance Committee the responsibility of reviewing senior management’s monitoring of CB&T’s compliance with the Code and ensuring that management has the proper review system in place to ensure that CB&T’s financial statements, reports and other financial information disseminated to regulatory agencies and the public satisfy legal requirements.

This Code of Conduct governs the actions and working relationships of directors, officers and employees of CB&T with current and potential customers, stockholders, fellow employees, suppliers and anyone else with whom CB&T has contact. The trust required in these relationships is essential to the success of CB&T.

Conflicts of Interest

A “conflict of interest” occurs when a director, officer or employee’s private interest interferes, appears to interfere or could interfere in any way with the interests of CB&T. A director, officer or employee must not represent CB&T in any transaction where he or she has a material connection or a financial interest. Specifically, a material connection includes the involvement of a family member (as defined below). Directors, officers and employees are expected to avoid all situations that might lead to a real, apparent or potential conflict between their self-interests and their duties and responsibilities as directors, officers or employees of CB&T.

Officers and employees should not be involved in any activity which creates or gives the appearance of a conflict of interest between their personal interests and CB&T’s interests. Conflicts of interest may include situations in which an officer or employee:

- is a consultant to, or a director, officer or employee of, or otherwise operates an outside business:
 - that markets products or services in competition with CB&T’s current or potential products and services;
 - that supplies products or services to CB&T; or
 - that purchases products or services from CB&T; or
- has any financial interest, including stock ownership, in any such outside business that might create or give the appearance of a conflict of interest; or
- seeks or accepts any personal loan or services from any such outside business, except from financial institutions or service providers offering similar loans or services to third parties under similar terms in the ordinary course of their respective businesses;
- is a consultant to, or a director, officer or employee of, or otherwise operates an outside business if the demands of the outside business would interfere with the officer’s or employee’s responsibilities with CB&T;
- accepts any personal loan or guarantee of obligations from CB&T, except to the extent such arrangements are legally permissible;
- conducts business on behalf of CB&T with family members, which include spouses, children, parents, siblings and persons sharing the same home whether or not legal relatives; or
- uses CB&T’s property, information or position for personal gain.

The appearance of a conflict of interest may exist if a family member of an officer or employee of CB&T is a consultant to, or a director, officer or employee of, or has a significant financial interest in, a competitor, supplier or customer of CB&T, or otherwise does business with CB&T.

Acceptance of outside employment by officers and employees must be approved by the officer in charge of personnel. Requests for approval of outside employment must be made in writing. Approval for such employment will normally be granted unless it is not consistent with the best interests of CB&T or will interfere with the officer or employee's job responsibilities.

A majority of the directors of CB&T shall be "independent directors" as described by the applicable requirements of the NASDAQ Listing Rules. Under these rules, an "independent director" means a person other than an executive officer or employee of CB&T or any other individual having a relationship which, in the opinion of CB&T's Board of Directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. The following persons shall not be considered independent:

- a director who is, or at any time during the past three years was, employed by CB&T;
- a director who accepted or has a family member who accepted any compensation from CB&T in excess of \$120,000 during any period of twelve consecutive months within the three years preceding the determination of independence, other than the following:
 - compensation for Board or Board committee service;
 - compensation paid to a family member who is a non-executive employee of CB&T; or
 - benefits under a tax-qualified retirement plan, or non-discretionary compensation;
- a director who is a family member of an individual who is, or at any time during the past three years was, employed by CB&T as an executive officer;
- a director who is, or has a family member who is, a partner in, or a controlling stockholder or an executive officer of, any organization to which CB&T made, or from which CB&T received, payments for property or services in the current or any of the past three fiscal years (other than payments arising solely from investments in CB&T securities or payments under non-discretionary charitable contribution matching programs) that exceed 5% of the recipient's consolidated gross revenues for that year, or \$200,000, whichever is more;
- a director who is, or has a family member who is, employed as an executive officer of another entity where at any time during the past three years any of CB&T's executive officers served on the compensation committee of such other entity; or
- a director who is, or has a family member who is, a current partner of CB&T's outside auditor, or was a partner or employee of CB&T's outside auditor who worked on CB&T's audit at any time during any of the past three years.

Under these rules and for purposes of this Code, "family member" means a person's spouse, parents, children and siblings, whether by blood, marriage or adoption, or anyone residing in such person's home.

Directors, officers and employees shall notify CB&T's Chief Executive Officer or Chief Financial Officer of the existence of any actual, apparent or potential conflicts of interest. Conflicts of interest may not always be clear-cut. Therefore, questions should be directed to CB&T's Chief Executive Officer or Chief Financial Officer.

Confidential Information; Protection and Proper Use of CB&T's Assets

The confidentiality provisions in this section are subject to the protected rights of directors, officers and employees set forth below under "Reporting of Violations of the Code of Conduct."

Directors, officers and employees shall maintain the confidentiality of all CB&T information entrusted to them by CB&T or its suppliers, customers or business partners, except when disclosure is authorized by CB&T or legally required. Directors, officers and employees are not to share confidential CB&T information with anyone outside of CB&T, including family members and friends, or with other employees who do not need the information to carry out their duties. Directors, officers and employees will be required to sign a confidentiality agreement (Exhibit A) upon their initial appointment to the Board of Directors or employment at CB&T. Directors, officers and employees remain under an obligation to keep all CB&T information confidential even if their appointment or employment with CB&T ends.

Confidential information includes all nonpublic information that might be of use to competitors, or unfavorable to us or our customers if disclosed. Confidential information includes, but is not limited to, the following: (1) information marked "Confidential," "Private," "For Internal Use Only," or similar legends, (2) technical, financial or economic information relating to past, current and future products, services or research, (3) business or marketing plans or projections, (4) earnings and other internal financial data, (5) personnel information, (6) vendor and customer lists and (7) other non-public information that, if disclosed, might be of use to CB&T's competitors, harmful to CB&T or its vendors, customers or other business partners, or constitute a violation of securities laws. CB&T directors, officers and employees, are entrusted with confidential information that must be safeguarded at all times.

Directors, officers and employees are personally responsible for protecting those CB&T assets that are entrusted to them and for helping to protect CB&T's assets in general. Directors, officers and employees shall use CB&T's assets for CB&T's legitimate business purposes only.

Customer and Employee Privacy and Account Access

Customer and employee privacy is a key part of banking and employees are only to access our customer and employee accounts for legitimate business reasons (i.e. to assist the customer or cash a check). It is prohibited for employees to access any customer or employee accounts out of curiosity or personal gain. Employee inquiry activity will be monitored and disciplinary action up to and including termination will be taken for any unauthorized inquiries on customer or employee accounts.

Corporate Opportunities and Fair Dealing

Directors, officer and employees owe a duty to CB&T to advance its legitimate interests whenever possible. Directors, officers and employees are prohibited from personally benefiting from opportunities that are discovered through the use of CB&T property, contacts, information or position or acting on behalf of CB&T in any transaction in which they or their family members has a significant direct or financial interest. To the extent directors or executive officers want to pursue a permissible corporate opportunity, they must also comply with the relevant section of CB&T's Related Party Transactions Policy.

CB&T is committed to promoting the values of honesty, integrity and fairness in the conduct of its business and sustaining a work environment that fosters mutual respect, openness and individual integrity. Directors, officers and employees are expected to deal honestly and fairly with CB&T's customers, suppliers, competitors and other third parties. To this end, directors, officers and employees shall not:

- make false or misleading statements to customers, suppliers or other third parties;

- make false or misleading statements about competitors;
- solicit or accept from any person that does business with CB&T, or offer or extend to any such person,
 - cash of any amount; or
 - gifts, gratuities, meals or entertainment that could influence or reasonably give the appearance of influencing CB&T's business relationship with that person or go beyond common courtesies usually associated with accepted business practice;
- solicit or accept any fee, commission or other compensation for referring customers to third-party vendors; or
- otherwise take unfair advantage of CB&T's customers or suppliers, or other third parties, through manipulation, concealment, abuse of privileged information or any other unfair-dealing practice.

The Comprehensive Crime Control Act of 1984 makes it a felony for a bank director, officer or employee to accept anything of value in exchange for favorable treatment in any type of bank transaction. The Act expands upon banking transactions to include any day-to-day banking functions as well as loans to customers or potential customers. As described above, no director, officer or employee shall solicit or accept anything of value from anyone in return for any business, service or information from CB&T.

However, there are certain situations in which it may be permissible to accept a personal benefit from someone with whom you transact business such as:

- Accepting a gift in recognition of a commonly recognized event or occasion (such as a promotion, new job, wedding, retirement or holiday). An award in recognition of service and accomplishment may also be accepted without violating these guidelines.
- Accepting something of value if the benefit is available to the general public under the same conditions on which it is available to you.
- Accepting meals, refreshments, travel arrangements, accommodations and entertainment of reasonable value in the course of a meeting or other occasion to conduct business or foster business relations if the expense would be reimbursed by CB&T as a business expense if the other party did not pay for it.

Insider Trading

It is both unethical and illegal to buy, sell, trade or otherwise participate in transactions involving CB&T's common stock while in possession of material information concerning CB&T that has not been released to the general public, but which when released may have an impact on the market price of CB&T's common stock. It is also unethical and illegal to buy, sell, trade or otherwise participate in transactions involving the common stock or other security of any other company while in possession of similar non-public material information concerning such company. Directors, officers and employees must comply with CB&T's Policy Statement on Insider Trading.

Extensions of Credit

CB&T may extend credit to any director, principal stockholder or executive officer only on substantially the same terms as those prevailing for comparable transactions with other persons or that may be available to CB&T employees generally as permitted by and in accordance with Regulation O of the Board of Governors of the Federal Reserve System.

Personal Finances

All directors, officers and employees are expected to demonstrate the ability to properly manage their personal finances, particularly the prudent use of credit. No director, officer or employee should knowingly overdraw his/her personal checking account. CB&T recognizes that its customers must have faith and confidence in the honesty and character of its directors, officers and employees.

Proper Handling of Bank Transactions

To avoid non-compliance or any appearance of non-compliance with the Code of Conduct, banking transactions for employees and their family members must be handled properly.

- Tellers may not cash checks, receive deposits or handle any other type of banking transactions on their own accounts or for a family member.
- All employees' personal banking transactions must be processed through a teller's window and be properly validated. The corporate offices do not have a teller window. Employees processing personal transactions at these offices must have the transactions approved and initialed by an officer.
- Employees may not approve or make loans to themselves or family members.
- Employees may not approve overdrafts for themselves or family members.
- Employees may not rent a safe deposit box to either themselves or family members. In addition, access to a box must be controlled by another staff member.

For the purpose of this Code, "family members" is defined above.

Criminal Charges Against Employees

It is essential for CB&T as an institution providing financial services to maintain public trust and confidence; and in order to maintain such trust and confidence, the Board of Directors of CB&T has determined that CB&T and all of CB&T 's employees must abide by the letter and spirit of all applicable governmental laws, statutes, regulations, rules or other similar provisions. It shall be the policy of CB&T that in the event that any employee of CB&T has been indicted or charged in any federal, state or local court with the commission of a felony or any other crime involving moral turpitude, whether or not such felony or crime arises in connection with work performed for CB&T, such employee shall no later than the next business day thereafter provide written notice thereof to the President and Chairman of the Board of CB&T, and in the event the President and Chairman of the Board becomes aware that any employee of CB&T has been indicted or charged in any federal, state or local court with the commission of a felony or other crime involving moral turpitude, whether or not such felony or crime arises in connection with work performed for CB&T, such employee shall immediately be placed on a leave of absence without salary or other benefits and such leave of absence shall continue until final resolution of the charge(s). In the event of the conviction of the employee, the employment of such employee shall be immediately terminated. In the event of the acquittal of such employee, such employee may be reinstated in his or her previous position if it is still available and if CB&T in its sole discretion determines that it would be appropriate to do so.

Disciplinary Action for Alcohol and Illegal Drug Use

The unauthorized use or possession of alcohol or the unlawful buying, selling, distribution, use or possession of illegal or restricted drugs on CB&T premises or during work time is strictly prohibited. Any employee reporting to work or becoming unfit for work because of the influence of alcohol or non-prescription drugs may be subject to disciplinary action up to and including immediate termination.

No Harassment

CB&T is committed to providing a work environment that is free from any type of harassment. Harassment, either intentional or unintentional, has no place in the work environment and will not be tolerated. The term “harassment” includes, but is not limited to, offensive language, jokes, or other verbal, graphic or physical conduct relating to an employee’s race, sex, religion, color, national origin, age, disability, veteran status, or other factor protected by law.

Sexual Harassment

Sexual harassment includes but is not limited to the following:

- Physical assaults or physical conduct that is sexual in nature
- Unwelcome sexual advances or comments, or requests for sex or sexual activities, regardless of whether they are accompanied by promises or threats regarding an individual’s employment or advancement in employment
- Sexual displays or publications such as calendars, cartoons, or graffiti
- Verbal or physical conduct of a sexual nature which interferes with an individual’s work performance by creating an intimidating, hostile or offensive work environment
- Retaliation for complaints of harassment

Examples of sexual harassment include sexual innuendo(s), sexually oriented teasing or joking, foul or obscene language or gestures, sexually suggestive printed or visual material including e-mails, and physical contact such as patting, pinching or brushing against another’s body.

Harassment Based on Age, Disability, Race, Sex, Religion, Color, National Origin, or Veteran Status

Sexual harassment is not the only form of harassment prohibited by this Code. Harassment based on age, disability, race, sex, religion, color, national origin, or veteran status is also forbidden. Such harassment includes any verbal or written conduct relating to age, disability, race, sex, religion, color, national origin, or veteran status.

Examples of such harassment include joking, teasing, displaying or using objects, pictures, or language including e-mails which are offensive due to a person’s age, disability, race, sex, religion, color, national origin, or veteran status.

Retaliation

Retaliation for notifying CB&T about harassment is strictly prohibited. Anyone attempting to retaliate or to interfere with the investigation of a complaint of harassment will be disciplined, up to and including termination. Employees are encouraged to report harassment without fear of retaliation. See “Reporting of Violations of the Code of Conduct” below.

Reporting Harassment

CB&T encourages an employee who feels that he/she is being harassed to tell the harasser that his/her comment(s) or conduct is inappropriate. If the problem cannot be resolved by those involved, or if the employee being harassed is not comfortable addressing the issue with the other person, the employee should notify in writing either the officer in charge of personnel, any Executive Officer or the Chairman of the Board of Directors. The employee should not wait until the problem becomes severe, and should not assume that management is already aware of the situation.

In conducting its investigation of reported harassment cases, CB&T will disclose the nature and parties involved only on a limited, need-to-know basis. All written reports of harassment will be confidentially, promptly, thoroughly, and impartially investigated by the officer in charge of personnel, the Executive Officer or the Chairman of the Board of Directors. Depending upon the results of the investigation, appropriate disciplinary action up to and including termination of employment will be taken.

If, while working at CB&T, an employee feels that he/she is being harassed by a customer, salesperson, repairman or anyone else from outside the organization he/she should report the incident in writing to his/her immediate supervisor.

Compliance with Laws, Rulings & Regulations

CB&T will comply with all governmental laws, rules and regulations that are applicable to CB&T's activities. This Code of Conduct is based on CB&T's policy that all directors, officers and employees comply with and obey the law. While the law prescribes a minimum standard of conduct, this Code of Conduct requires conduct that often exceeds the legal standard.

Accurate and Timely Periodic Reports

CB&T is committed to providing investors with full, fair, accurate, timely and understandable disclosure in the periodic reports and documents that it is required to file with, or submits to, the Securities and Exchange Commission, banking regulators, and other regulatory agencies and authorities, as well as in other public communications made by CB&T. To this end, CB&T shall:

- comply with accounting principles generally accepted in the United States of America ("GAAP") and comply with all regulatory and accounting guidelines for presenting supplementary non-GAAP financial information at all times;
- maintain a system of internal accounting controls that will provide reasonable assurances to management that all transactions are properly recorded;
- maintain books and records that accurately and fairly reflect CB&T's transactions;
- prohibit the establishment of any undisclosed or unrecorded funds or assets;
- maintain a system of disclosure controls that will provide reasonable assurances to management that material information about CB&T is made known to management, particularly during the periods in which CB&T's periodic reports are being prepared; and
- present information in a clear and orderly manner and avoid the use of legal and financial jargon in CB&T's periodic reports.

Reporting of Violations of the Code of Conduct

CB&T will promptly and consistently enforce this Code. In addition to the importance of maintaining customer confidence, there are specific laws that outline the actions CB&T must take regarding any known or suspected crime involving the affairs of CB&T. Fraud is an element of business that significantly affects

the reputation and success of CB&T. Therefore, CB&T requires its directors, officers and employees to report and discuss any known or suspected criminal activity involving its employees. If, during the course of employment, an officer or employee becomes aware of any suspicious activity or behavior including concerns regarding questionable accounting or auditing matters, he/she must report violations of laws, rules, regulations of this Code of Conduct to the Chairman of the Board of Directors or Audit and Compliance Committee in accordance with the requirements of CB&T's Financial Complaint and Whistleblower Protection Policy. Reporting the activity will not subject the employee to discipline, absent a knowingly false report. Known or suspected violations of this Code of Conduct will be investigated and may result in disciplinary action up to and including immediate termination of employment. CB&T will not allow any retaliation against a director, officer or employee who acts in good faith in participating or assisting in an investigation or reporting any such violation, whether reported to CB&T or to a proper government official or agency. Anyone who attempts to retaliate against a director, officer or employee in violation of this Code will be subject to disciplinary action up to and including immediate termination of employment.

In accordance with the updated Whistleblower policy, all reporting, whether or not anonymous, is initiated through the new avenues outlined in the stated policy. This policy is located on the World of Carter. These reports are anonymous and go directly to the Chairman of the Audit Committee, Chairman of the Board or Legal Counsel.

CB&T, however, encourages directors, officers and employees to provide their names so the reports can be investigated thoroughly.

Nothing in this Code prohibits employees from reporting possible violations of federal law or regulation to any government official or agency, or reporting on other matters that are protected under the whistleblower provisions of federal law or regulation. Employees do not need prior authorization from CB&T to make a report to a government official or agency and are not required to notify CB&T upon making any such report.

Directors, officers or employees shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law, or that is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. An individual who files a lawsuit for retaliation by CB&T for reporting a suspected violation of law may disclose the trade secret to his or her attorney and use the trade secret information in the court proceeding if the individual files any document containing the trade secret under seal and does not disclose the trade secret, except pursuant to court order.

Waivers and Amendments

The provisions of this Code may be waived for directors or executive officers only by CB&T's Board of Directors. The provisions of this Code may be waived for employees who are not directors or executive officers by CB&T's Chief Executive Officer. Any waiver of this Code granted to a director or executive officer will be publicly disclosed along with the reasons for the waiver to the extent required by the Securities and Exchange Commission or national exchange on which CB&T's securities are listed for trading. Any amendment to or waiver of this Code for CB&T's Chief Executive Officer, Chief Financial Officer, principal accounting officer or controller, or persons performing similar functions will be publicly disclosed to the extent required by the Securities and Exchange Commission.

This Code will be reviewed at least annually by the Nominating, Governance and Compensation Committee, which will recommend appropriate amendments to CB&T's Board of Directors for approval.

**Carter Bank & Trust
Pledge of Confidentiality**

As a Carter Bank & Trust (“CB&T”) employee or director, it is necessary that I keep in confidence any information I obtain in handling the business of others. Practically every transaction that comes through CB&T has some aspect that requires strict secrecy.

For this reason, I pledge:

I, the undersigned, having an office or position with CB&T, pledge to observe the strictest secrecy on the subject of all accounts of all individuals or businesses dealing with CB&T. Confidential CB&T information relating to the bank, its customers and suppliers acquired in the course of duty is to be used solely for bank purposes and under no circumstance revealed to unauthorized persons. In no case shall such information be transmitted to persons outside of CB&T or even to other employees who do not need to know such information in performing their duties as employees. However, I understand that this Pledge of Confidentiality is subject to the protected rights of directors, officers and employees as set forth in the section “Reporting of Violations of the Code of Conduct” in CB&T’s Code of Conduct. Confidential information includes, but is not limited to, the following:

- personal information about customers, employees, stockholders, directors, or anyone else doing business with Carter Bank & Trust
- shares held by stockholders
- banking transactions
- approval or denial of credit

I pledge not to reveal any confidential CB&T information not only during the duration of my employment or service as a member of the Board of Directors, but also afterwards if my employment or membership on the Board of Directors ends for any reason.

Signature

Date

By signing above, I acknowledge I have read and will adhere to Carter Bank & Trust’s Code of Conduct.