



THE INVESTMENT / INTEREST RATE RISK COMMITTEE CHARTER

December 2023

Purpose

The Board of Directors (the “Board”) of Carter Bank and Trust (the “Company”) has appointed the Investment/Interest Rate Risk Committee (the “Investment/IRR Committee”) to provide general oversight relative to the policies, risk management and general strategy established by the Board relating to asset liability management, investments in fixed income and private placement securities, cash management, interest rate risk management and liquidity.

Committee Authority and Responsibilities:

The Investment/IRR Committee shall oversee the investment and interest rate risk policies and strategies for the Bank’s investment portfolio and interest rate risk profile. It will also establish objectives based on liquidity, profitability and safety and soundness standards set by the Board. The Investment/IRR Committee shall: (i) assist the Board in setting the strategic direction for the Bank’s investment portfolio and interest rate risk profile, (ii) assist the Board in fulfilling its oversight responsibilities with respect to the Bank’s investment, IRR and ALM functions, and (iii) fulfill such other responsibilities as assigned to it by the Board.

In conducting its work, the Investment/IRR Committee shall be responsible for:

General Responsibilities:

1. May form and delegate authority to subcommittees when appropriate;
2. Shall review this charter at least annually and recommend any proposed changes to the Board for approval;
3. Shall meet quarterly in the month of calendar quarter-end, on the Tuesday prior to the full Board meeting (the Chairperson may call special meetings of the Committee as necessary and appropriate);
4. Shall conduct an annual evaluation of the performance of the Committee and its members and report to the Board on the results of its review;
5. Shall keep written minutes and other relevant records of each meeting, subject to review and approval by the members of the Committee, which shall be provided to the Board for its review and/or ratification and maintained with the books and records of the Bank;
6. Following each of its meetings, the Chairperson of the Committee shall report activities of the Committee to the Board;
7. Shall coordinate with and inform the Board’s Enterprise Risk Committee on any potential concerns or breach of policies, especially as related to interest rate and liquidity risk;

Meeting Responsibilities:

1. Shall review investment reports including monthly/quarterly highlights, portfolio allocation, rating changes, purchases/sales and OTTI analysis;
2. Shall review liquidity reports including bank weekly liquidity analysis, volatile funds coverage report, liquidity levers/rates/pledging report, liquidity stress testing models, and early warning stress indicators;
3. Shall review quarterly ALM reports, including summary findings, assumptions, back testing and results vs. policy;
4. Shall review loan production reports, including commercial, mortgage and consumer;
5. Shall review deposit mix, cost of funds, and new account openings;
6. Shall review current select monthly/quarterly financial reports and highlights;
7. Shall review the bank's PTI score report as it pertains to the Committee's areas of oversight;
8. Shall review alternative revenue line products and results, and
9. Shall review and approve policies (or policy updates/changes) related to the investment portfolio, liquidity, interest rate risk, and contingency funding plans.

Membership, Appointment and Removal

The Committee shall consist of no fewer than four directors appointed by the Board, at least three of whom shall be independent as determined by the Board's criteria for independence. One of the Committee members shall be designated by the Board to serve as Chairperson of the Committee. The Chairperson of the Committee shall preside at all meetings of the Committee. Decisions will be determined by a quorum of the members which shall be defined as a simple majority. In the case of a tie vote, the Chairperson will have the deciding vote. In the absence of the Chairperson, and provided a quorum is present, the remaining members of the Committee may designate from among the Committee's membership a member to preside at the meeting as an interim Chairperson. Members shall be appointed by the Board and serve until their resignation, retirement or removal by the Board. Management representation at the Committee will include the CEO, President, CFO and certain members from the strategy and finance departments.