

Carter Bank & Trust Hosts Annual Meeting and Reports Strategic Initiatives Gain Traction

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~Shareholders approve three items of business for consideration~

MARTINSVILLE, Va.--(BUSINESS WIRE)-- Carter Bank & Trust (OTCQX:CARE) (the "Bank") reported to shareholders today that first quarter 2018 net income increased by more than 40 percent as compared to the same period of 2017. As reported previously in its Form 8-K dated June 27, 2018, the Bank's Chief Executive Officer Litz H. Van Dyke reaffirmed the Bank's strategic initiatives are gaining traction.

This press release features multimedia. View the full release here:

<https://www.businesswire.com/news/home/20180627006396/en/>

Carter Bank & Trust CEO Litz H. Van Dyke (Photo: Business Wire)

Highlights of this gained traction were shared by Van Dyke at the bank's Annual Meeting of Shareholders

held on June 27:

- Significant advancement to resolve the BSA Consent Order with enhanced internal controls and training and updated policies and procedures, along with staying on task to implement an automated teller platform and an automated transaction monitoring system.
- Significantly enhanced credit quality with an orderly and timely disposition of other real estate owned, a reduction of adversely classified loans, a more diverse loan portfolio and an improved credit risk management infrastructure.
- Updated technology infrastructure by staying on schedule with the (1) launch of the Bank's Customer Contact Center in the third quarter of 2018, (2) convert to a new core banking platform by the fourth quarter of 2018

and (3) launch of digital channels in the first quarter of 2019.

- Made substantial gains to improve net interest margin with improved cost of funds, yield on earning assets and low cost funding with more demand deposit accounts. The launch of digital channels will accelerate consumer and business transaction accounts.
- Diversified revenue streams with the successful launch of a new mortgage and commercial lending division, along with the implementation of a new fee schedule and merger of the Bank's independent insurance agency with Virginia Bankers Insurance, which has positioned the bank for leveraged referral opportunities.
- Continuing to leverage the Bank's franchise strengths with a strong core deposit base, loyal customers, dedicated employees and strong capital position.

"Our signature product, Lifetime Free Checking, is up 6.3 percent at March 31, 2018, as compared to the same period of 2017, and this is prior to our launch of online banking. This reflects our loyal customer base," said Van Dyke.

"While the market seems pleased with our progress, our work continues in earnest to improve our financial performance," he added.

The Bank also announced that three items of business for shareholder consideration were approved. These items were to elect 13 directors, ratify the appointment of an independent registered accounting firm and approve the Bank's 2018 Omnibus Equity Incentive Plan.

About Carter Bank & Trust: Headquartered in Martinsville, Va., Carter Bank & Trust is a state-chartered community bank in Virginia with 107 branches and more than 1,000 employees in Virginia and North Carolina.

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