

CODE OF ETHICS
Carter Bank & Trust
Mortgage Company of Virginia, Inc.
Bank Services of Virginia, Inc.
Bank Services Insurance, Inc.
(hereinafter referred to as Bank)

The honesty, integrity and sound judgment of our directors, officers and employees is essential to the reputation and success of the Bank. Our Code of Ethics requires high standards of conduct to provide current and potential customers, shareholders, fellow employees, suppliers and anyone else with whom the Bank has contact with complete confidence in the Bank and our employees.

All Directors, officers and employees will receive a copy of our Code to review and retain. They will be required to sign an acknowledgement of receipt of the Code. Newly appointed directors and newly hired officers and employees will receive a copy of the code upon appointment or employment and written receipt of acknowledgement will be retained by the Personnel Department. Directors will review and approve any changes to the policy.

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

Conflicts of Interest

A “conflict of interest” occurs when a director, officer or employee’s private interest interferes or appears to interfere in any way with the interest of the Bank. A director, officer or employee must not represent the Bank 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. Directors, officers and employees are expected to avoid all situations that might lead to a real or apparent conflict between their self-interests and their duties and responsibilities as directors, officers or employees of the Bank.

Acceptance of outside employment by officers and employees must be approved by the Senior Vice President 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 interest of the Bank or will interfere with the officer or employee’s job responsibilities.

Confidential Information

Nonpublic information regarding the Bank, its directors, officers, employees, customers, and suppliers is confidential. Bank directors, officers and employees, are entrusted with confidential information that must be safeguarded at all times. Directors, officers and employees are not to share confidential information with anyone outside of the Bank, including family and friends, or

with other employees who do not need the information to carry out their duties. Officers and employees will be required to sign a confidentiality agreement (exhibit A) upon their initial employment at the Bank. Officers and employees remain under an obligation to keep all information confidential even if their employment with the Bank ends.

Gifts, Fees, and Loans

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. No director, officer or employee shall solicit or accept anything of value from anyone in return for any business, service or information from the Bank. Directors, officers and employees are prohibited from personally benefiting from opportunities that are discovered through the use of Bank property, contacts, information or position or acting on behalf of the Bank in any transaction in which they or their immediate family has a significant direct or financial interest.

There are certain situations in which you may accept a personal benefit from someone with whom you transact business such as:

- (i). 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.
- (ii). Accepting something of value if the benefit is available to the general public under the same conditions on which it is available to you.
- (iii). 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 the Bank 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 the Bank's common stock while in possession of material information concerning the Bank that has not been released to the general public, but which when released may have an impact on the market price of the Bank'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.

Extensions of Credit

The Bank may extend credit to any director, principal shareholder or executive officer of the Bank only on substantially the same terms as those prevailing for comparable transactions with other persons or that may be available to bank 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. The Bank recognizes that its customers must have faith and confidence in the honesty and character of its directors, officers and employees.

Compliance with Laws, Rulings & Regulations

This Code of Ethics is based on the Bank's policy that all directors, officers and employees comply with the law. While the law prescribes a minimum standard of conduct, this Code of Ethics requires conduct that often exceeds the legal standard.

Reporting of Violations of the Code of Ethic Policy

In addition to the importance of maintaining customer confidence, there are specific laws that outline the actions the Bank must take regarding any known or suspected crime involving the affairs of the Bank. Fraud is an element of business that significantly affects the reputation and success of the Bank. Therefore, the Bank requires its directors, officers and employees to report and discuss any known or suspected criminal activity involving the Bank's 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 or this Code of Ethics to the Audit Committee in accordance with the requirements of the Bank'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 Ethics will be investigated and may result in disciplinary action up to and including immediate termination of employment.