
FEDERAL DEPOSIT INSURANCE CORPORATION
Washington, D.C. 20429

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of report (Date of earliest event reported) March 13, 2019

CARTER BANK & TRUST

(Exact name of registrant as specified in its charter)

Virginia (State or other jurisdiction of incorporation)	N/A (Commission File Number)	20-5539935 (IRS Employer Identification No.)
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1300 KINGS MOUNTAIN ROAD MARTINSVILLE, VIRGINIA (Address of principal executive offices)	24112 (Zip Code)
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Registrant's telephone number, including area code **(276)656-1776**

NOT APPLICABLE

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 4.01 - Changes in Registrant's Certifying Accountant.

The Audit Committee (the "Audit Committee") of the Board of Directors of Carter Bank & Trust (the "Bank") conducted a competitive process to determine the Bank's independent registered public accounting firm for the fiscal year ending December 31, 2019. The Audit Committee invited several independent registered public accounting firms to participate in this process, including Yount, Hyde & Barbour P. C. ("YHB"), which audited the Bank's financial statements for the fiscal years ended December 31, 2018 and December 31, 2017.

(a) Dismissal of Independent Registered Public Accounting Firm

On March 13, 2019, the Audit Committee approved the dismissal of YHB as the Bank's independent registered public accounting firm, effective upon the filing of the Bank's Annual Report on Form 10-K for the year ended December 31, 2018, which was filed with the Federal Deposit Insurance Corporation (the "FDIC") on March 14, 2019.

The audit reports of YHB on the Bank's consolidated financial statements for the fiscal years ended December 31, 2018 and 2017 did not contain an adverse opinion or a disclaimer of opinion, and were not qualified or modified as to uncertainty, audit scope or accounting principles.

During the fiscal years ended December 31, 2018 and 2017 and the subsequent interim period through March 14, 2019, there have been no "disagreements" (within the meaning of Item 304(a)(1)(iv) of Regulation S-K and the related instructions) between the Bank and YHB on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which disagreements if not resolved to the satisfaction of YHB would have caused YHB to make reference thereto in its reports on the consolidated financial statements for such years. Except as provided below, during the fiscal years ended December 31, 2018 and 2017 and through March 14, 2019, there have been no "reportable events" (as defined in Item 304(a)(1)(v) of Regulation S-K). On March 16, 2017, YHB issued its audit report (the "YHB Report") regarding the Bank's internal control over financial reporting which stated that, as of December 31, 2016, the Bank had not maintained effective internal control over financial reporting. The YHB

Report identified a material weakness in the Bank’s internal control over financial reporting based on control deficiencies in the Bank’s process of estimating the allowance for loan losses. This material weakness did not affect YHB’s unqualified audit report dated March 16, 2017 regarding the Bank’s financial statements for the year ended December 31, 2016. As disclosed in Item 9A of the Bank’s Annual Report on Form 10-K was fully remediated as of December 31, 2017. The Bank has authorized YHB to respond fully to any inquiries of Crowe LLP (“Crowe”) regarding the material weakness that was fully remediated as of December 31, 2017.

The Bank provided YHB with a copy of the disclosure it is making herein in response to Item 304(a) of Regulation S-K prior to filing this report, and requested that YHB furnish the Bank with a copy of its letter addressed to the FDIC, pursuant to Item 304(a)(3) of Regulation S-K, stating whether or not YHB agrees with the statements related to YHB made by the Bank in this report. A copy of YHB’s letter to the FDIC dated March 19, 2019 is attached as Exhibit 16.1 to this report.

(b) Engagement of Independent Registered Public Accounting Firm

On March 13, 2019, the Audit Committee approved the appointment of Crowe LLP (“Crowe”) as the Bank's new independent registered public accounting firm to perform independent audit services for the fiscal year ending December 31, 2019, subject to completion of Crowe's standard client acceptance procedures and execution of an engagement letter. During the fiscal years ended December 31, 2018 and 2017 and through March 14, 2019, neither the Bank, nor anyone acting on its behalf, consulted Crowe regarding either (i) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered with respect to the consolidated financial statements of the Bank, and no written report or oral advice was provided to the Bank by Crowe that was an important factor considered by the Bank in reaching a decision as to any accounting, auditing or financial reporting issue; or (ii) any matter that was the subject of a "disagreement" (within the meaning of Item 304(a)(1)(iv) of Regulation S-K and the related instructions) or a “reportable event” (as defined in Item 304(a)(1)(v) of Regulation S-K).

Item 9.01 – Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
16.1	Letter from Yount, Hyde & Barbour, P.C. dated March 19, 2019.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Carter Bank & Trust

Date: March 19, 2019

By: /s/ Wendy S. Bell
Wendy S. Bell
Executive Vice President &
Chief Financial Officer

Exhibit 16.1

Letter from Yount, Hyde & Barbour, P.C. dated March 19, 2019.

Exhibit 16.1

March 19, 2019

Federal Deposit Insurance Corporation
Washington, D.C. 20429

Federal Deposit Insurance Corporation:

We have read Carter Bank and Trust's statements included under item 4.01 of its Form 8-K filed on March 19, 2019 and we agree with such statements concerning our firm.

Yount, Hyde & Barbour, P.C.

Yount, Hyde & Barbour, P.C.