

The Audit Committee Charter

Responsible Department Audit Department	Policy Owner Skipp Crider	Originally Prepared Pre-2017 Prepared/Revised C. Sword 02/19/2025
Board of Directors Approval Date: 05/28/2025	Primary Approving Entity Approval Date: Audit Committee 03/05/2026	Page 1 of 6

I. MISSION STATEMENT

The primary function of Carter Bankshares, Inc.’s (together with its subsidiaries, unless the context requires otherwise, the “Company”) Audit Committee (the “Audit Committee” or the “Committee”) is to assist the Board of Directors in fulfilling its oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to any governmental board or the public; the Company’s system of internal controls regarding finance, accounting, and ethics that management and the Board of Directors have established; and the Company’s auditing, accounting and financial reporting processes generally. Consistent with this function, the Audit Committee should encourage continuous improvement of, and should foster adherence to, the Company’s policies, procedures and practices at all levels. The Audit Committee’s primary duties and responsibilities are to:

1. Serve as an independent and objective party to monitor the Company’s financial reporting process and the internal control system;
2. Review and appraise the audit efforts of the Company’s external auditors and its internal auditing department, including overseeing the audits of the Company’s financial statements by the external auditor; and
3. Provide an open avenue of communication among the external auditors, financial and senior management, the internal auditing department and the Board of Directors.

The Audit Committee will primarily fulfill these responsibilities by carrying out the activities enumerated in Section IV of this charter. Adherence to the core principals of the International Professional Practices Framework (IPPF) is considered mandatory.

II. MEMBERSHIP

The Company’s Audit Committee shall include no less than three members, each of whom shall meet the independence and experience requirements for audit committee members set forth in Rule 10A-3 of the

Securities Exchange Act of 1934, as amended, the rules and regulations of the NASDAQ Stock Market and applicable law and be free from any relationships that, in the opinion of the Board of Directors, would interfere with the exercise of his or her independent judgment as a Committee member. Each member shall be considered financially literate, including being able to read and understand fundamental financial statements, and shall not have participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the past three years. At least one member of the Audit Committee shall qualify as an “audit committee financial expert” as defined in the regulations of the U. S. Securities and Exchange Commission. Committee members may enhance their familiarity with finance and accounting by attending educational programs conducted by the Company or an outside consultant. Audit Committee members shall not simultaneously serve on the audit committees of more than two other public companies.

Committee members shall be elected by the Board of Directors and shall serve for such term or terms as the Board of Directors may determine and until their successors have been duly elected and qualified. The Committee members will elect a chair by majority vote of the full Committee membership.

Audit Committee members will receive formal orientation training on the purpose and mandate of the committee and on the organization’s objectives. A process of continuing education will be established.

III. FREQUENCY OF MEETINGS

The Audit Committee of the Company shall hold regularly scheduled meetings on a quarterly basis. A schedule of the meetings will be established by the Board of Directors on an annual basis. Special meetings may be called as the Audit Committee chairperson deems necessary to conduct the Committee’s business. Participation by teleconference is permitted.

The Audit Committee shall meet at least four times annually, or more frequently as circumstances dictate. The Committee is to meet in separate executive sessions with management and its independent accountants at least once each year and other times when considered appropriate. The Committee is to meet in executive session on a quarterly basis and other times when considered appropriate. The Committee shall provide regular reports with recommendations, as deemed necessary, to the Board of Directors.

IV. RESPONSIBILITIES

To fulfill its responsibilities and duties, the Audit Committee shall:

DOCUMENTS/REPORTS REVIEW

1. Review and assess the adequacy of this charter at least annually and recommend appropriate amendments to the Board of Directors for approval.
2. Review the Company’s annual audited financial statements and any reports or other financial information with financial management and the external auditor, including

footnote disclosures and disclosures made in management's discussion and analysis of financial condition and results of operations, submitted to any governmental agency, or the public, including any certification, report, opinion, or review rendered by the external auditors.

3. Review and discuss with financial management and the external auditor the Company's quarterly financial statements prior to the filing of its Form 10-Q, including the results of the external auditor's reviews of the quarterly financial statements.
4. Periodically discuss with financial management and the external auditor the Company's general approach to earnings press releases, including the use of "pro forma" or "adjusted" non-GAAP information and other key operational measures, as well as financial information and earnings guidance provided to analysts and rating agencies. Such discussion may be done generally (consisting of discussing the types of information to be disclosed and the types of presentations to be made). For the avoidance of doubt, this does not require the Audit Committee to pre-approve specific earnings press releases, financial information or earnings guidance on a quarterly basis.
5. Review the routine reports prepared by the internal auditing department and management's responses when applicable.
6. Review the routine exception tracking report prepared by the internal auditing department for timely action by management on significant findings and validation by the internal auditing department.
7. Review any other management reports prepared by the internal auditing department for management of the audit function and its resources.
8. Review and approve, at least annually, the audit policy and the proposed audit plan. Review and approve any changes to or deletions from the annual audit plan.

EXTERNAL AUDITORS

1. Be directly responsible, in its capacity as a committee of the Board of Directors, for the appointment, compensation, retention and oversight of the work of the external auditor.
2. During the engagement period, obtain and review at least annually a report and an affirmation of independence from the external auditor consistent with the applicable PCAOB requirements regarding the external auditor's communications with the Audit Committee concerning independence, including a formal written statement delineating all relationships between the external auditor and the Company.
3. Pre-approve the engagement of the external auditor or other independent accountant to conduct any non-audit services to be performed during the year.

4. On an annual basis, the Committee should review and discuss with the external auditor all significant relationships the auditors have with the Company to determine the auditor's independence and objectivity and take appropriate action to oversee the independence of the external auditor. Review the performance of the external auditors and approve any proposed discharge of the external auditors when circumstances warrant.
5. Periodically consult with the external auditors out of the presence of management about internal controls and the fullness and accuracy of the Company's financial statements.

FINANCIAL REPORTING PROCESSES

1. In consultation with the external auditor and the internal auditors, review the integrity of the Company's accounting and financial reporting processes, both internal and external.
2. Consider the external auditor's judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.
3. Consider and approve, if appropriate, any major changes to the Company's accounting and auditing principles and practices as suggested by the external auditors, internal auditors, or management.

INTERNAL AUDIT ACTIVITY

To obtain reasonable assurance with respect to work of the internal audit activity, the Audit Committee will provide oversight related to:

Internal Audit Charter and Resources

1. Review and approve the internal audit charter at least annually. The charter should be reviewed to ensure that it accurately reflects the internal audit activity's purpose, authority, and responsibility, consistent with the mandatory guidance of The IIA's International Professional Practices Framework and the scope and nature of assurance and consulting services, as well as changes in the financial, risk management, and governance processes of the organization and reflects development in the professional practice of internal auditing. Consulting services are defined as advisory or related client service activities, the nature and scope of which are agreed with the client, are intended to add value and improve an organization's governance, risk management, and control processes without the internal auditor assuming management responsibility.

Director of Internal Audit ("Director") Performance

2. Advise the Board of Directors regarding the qualifications and recruitment, appointment, and removal of the Director.

3. Provide input to management related to evaluating the performance of the Director. Recommend to management or the governing body the appropriate compensation of the Director.

PROCESS IMPROVEMENT

1. Establish regular and separate methods of reporting to the Audit Committee by senior management, the external auditors and the internal auditors regarding any significant judgments made in management's preparation of the financial statements, and solicit the view of each regarding the appropriateness of such judgment. Following completion of the annual audit, review separately with senior management, the external auditors, and the internal auditor any significant difficulties encountered during the course of the financial statement/internal controls audits, including any restrictions on the scope of work or access to required information.
2. Review any significant disagreements among senior management and the external auditors or the internal auditor in connection with the preparation of the financial statements or the design, existence, or effectiveness of internal controls.
3. Review with senior management, the external auditors and the internal auditor the extent to which changes or improvements in financial or accounting practices, as approved by the Audit Committee, have been implemented. This review should be conducted at an appropriate time before the expected implementation of changes or improvements, as approved by the Committee.

ETHICAL COMPLIANCE

1. Periodically review the Company's Code of Conduct to ensure that senior management has established a system to enforce this Code.
2. Periodically review senior management's monitoring of the Company's compliance with its Code of Conduct and ensure that management has the proper review system in place to ensure that the Company's financial statements, reports and other financial information disseminated to regulatory agencies and the public satisfy legal requirements.
3. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees, customers or suppliers of concerns regarding questionable accounting or auditing matters.

4. The Audit Committee shall investigate any internal or external accounting or auditing irregularities reported to the Company's whistleblower contact including engaging a forensic accountant if circumstances warrant.
5. Review and approve or ratify related party transactions in accordance with the Company's Related Party Transactions Policy. Report approved related party transactions to the Board of Directors.
6. Review activities, organizational structure, and qualifications of the staff of the internal audit department.
7. Review the qualifications and performance of the internal auditor and recommend any appropriate changes to his/her compensation.
8. Review, with the Company's legal counsel, any legal matter that could have a significant impact on the Company's financial statements.

OTHER

1. The Audit Committee chair shall make a full report on its activities at least quarterly to the Board of Directors.
2. The Audit Committee shall maintain complete and faithful minutes of its meetings.
3. The Audit Committee shall review and annually assess its performance and report the results to the Board of Directors.

AUTHORITIES

The Board of Directors of the Company grants the following authorities to its Audit Committee in performance of its duties:

1. The Audit Committee may perform any other activities consistent with the intent of this charter, the Company's bylaws and governing law, as the Committee or the Board of Directors deems necessary or appropriate.
2. The Audit Committee shall have the authority, to the extent it deems necessary or appropriate, to retain independent legal counsel, accounting or other advisers. The Company shall provide for appropriate funding, as determined by the Audit Committee, for payment of: (i) compensation to the external auditor for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company, (ii) compensation to any advisers retained by the Audit Committee, and (iii) ordinary administrative expenses of the Audit Committee for carrying out its duties.

3. The Audit Committee shall approve and authorize the hiring of additional auditors in the event it determines such resources are needed to ensure that the annual audit policy and the audit schedule can be completed as the Committee deems appropriate.
4. The Audit Committee is empowered to demand that external auditors and the internal audit department have full access to all employees, accounts and records of the Company.