

Enterprise Risk Management Committee Charter

Responsible Department Regulatory Risk	Policy Owner Loran Adams	Originally Prepared L. Adams 08/11/2022 Prepared/Revised L. Adams 05/14/2026
Board of Directors Approval Date: 05/27/2026	Primary Approving Entity Approval Date: ERM Committee 05/14/2026	Page 1 of 5

COMPOSITION

The Enterprise Risk Management Committee (the "Committee") of Carter Bankshares, Inc. (individually and together with its subsidiaries, the "Company") was established as of the 22nd day of June, 2022 by the Board of Directors of the Company (the "Board"). Committee members shall be appointed as required but shall initially be comprised of at least four (4) independent members of the Board, the Chief Executive Officer (CEO), the President and Chief Strategy Officer (CSO), the Chief Operating Officer (COO), the Information Security Officer (ISO), and the Director of Regulatory Risk Management. The Board may increase or change the members from time to time thereafter. A majority of the members of the Committee shall constitute a quorum for the actions of the Committee.

PURPOSE OF THE COMMITTEE

The Committee's primary purposes are to:

- oversee management's compliance with all of the Company's regulatory obligations arising under applicable federal and state banking laws;
- oversee the development and implementation of an Enterprise Risk Management Framework, with an enterprise view of risk capacity, risk appetite, risk tolerances, risk targets and risk limits, and which is further supported by the Risk Appetite Framework;
- oversee the implementation of the Enterprise Risk Management Framework, including the implementation of consistent processes for identifying, assessing, managing, monitoring and reporting risk of all types, including the categories of credit risk (working with the Credit Risk Committee of the Board), interest rate risk and liquidity risk (working with the

Investment/IRR Committee of the Board), operational risk, compliance risk, pricing risk, legal risk, reputation risk and strategic risk; and

- Ensure that risk processes are supported by a risk governance structure that includes Board oversight, policies, risk limits, supporting procedures and controls and reflects a model of shared accountability between Management, lines of business, affiliates and support functions.
- Oversee the Company's insurance programs to ensure they are designed and implemented with appropriate coverage levels to help the Company mitigate risk;
- ensure that risk processes, policies, systems and training are in place to mitigate risks having to do with information security in order to mitigate risks to the Company and its customers from fraud and cyber incidents.
- oversee Bank's vendor management practices to assure that risks associated with dependencies are properly monitored, controlled and mitigated;
- provide oversight for all threatened, pending, and active legal actions against the Company and provide routine updates to the Board on the status of such legal matters;
- annually review the Company's strategy, business environment, risk culture, resilience, infrastructure and business continuity plan and report on these and other relevant matters to the Board.

RESPONSIBILITIES OF THE COMMITTEE

The responsibilities of the Committee encompass oversight and engagement recognizing that the Company management is responsible for identifying, measuring, monitoring and managing risks and ensuring systems and processes are in place to accomplish those tasks effectively. The Committee, with respect to the following areas of responsibility, shall:

1. Charter Review
 - review and reassess the adequacy of this charter and its component parts annually and recommend to the Board any proposed changes
2. Compliance Oversight
 - ensure that management is taking appropriate measures to address all existing regulatory requirements, and new requirements that may be enacted hereafter, including those under the Graham Leach Bliley Act, the Patriot Act, the Bank Secrecy Act and similar laws, rules and regulations;

- review proper and timely management response to all issues identified in all external examinations of the Company's regulatory and risk management functions as may be undertaken from time to time as directed by the Committee;
- review proper and timely management response to all issues identified in all internal audits of the Company's regulatory and risk management functions as may be undertaken from time to time as directed by the Committee.

3. Risk Management

- Review and discuss with management appropriate measures to apply consistent methodologies for identifying, assessing, managing, monitoring and reporting risk, strategic risk, reputational risk, credit risk, liquidity risk, interest rate risk, operational risk, compliance risk, pricing risk and legal risk.
- review information relating to compliance with both external regulations and internal policies regarding all risk categories.

4. Strategic Risk

- review management reports relating to strategic risk issues in areas including but not limited to financial and strategic planning, mergers, acquisitions and divestures, along with industry trends as completed and reviewed on an appropriate basis.

5. Reputational Risk

- ensure that management provides oversight to all areas that may have an adverse effect on the Company's reputation.
- ensure that all Directors, Management employees maintain a high standard of ethical conduct.

6. Credit Risk

- work with the Credit Risk Committee of the Board to ensure that the Loan Policy Manual is reviewed and updated on at least an annual basis, periodically recommend additional detailed policies and procedures it deems appropriate to enhance the Company's credit risk.
- require the Credit Risk Committee reviews matters relating to specific portfolios and/or specific industries, particularly those with high risk; large borrower exposure; non performing assets, charge offs and the level and adequacy of the allowance for loan and lease losses; corporate limits and sub-limits on lending,

concentration limits, product limits and underwriting policies; and trends in the economy in general and in the lending industry particularly relating to credit risk.

- require appropriate stress testing is completed on areas of concentration as designated by the Committee based on relevant factors including review of reports from the Credit Risk Committee.

7. Liquidity Risk

- work with the Investment/IRR Committee of the Board, ensure that the Asset Liability Management Policy (ALCO Policy) and the Liquidity Risk Management Policy (LR Policy) are reviewed and updated on at least an annual basis.
- review reports from the Investment/IRR Committee of the Board and the Company's CFO to ensure that the Company's capital position and liquidity position are reviewed and stress tested on a quarterly basis.

8. Interest Rate Risk

- work with the Investment/IRR Committee of the Board to evaluate the Company's market risk resulting from trading activity; market risk limits for each risk type; and trends affecting the various markets and products to which the Company has exposure. The review may include such analysis as value at risk (MVE) calculations, net interest income shocks, historical scenario analysis as well as forward-looking stress tests and limit monitoring.

9. Operational Risk

- require management to develop and implement any additional detailed policies and procedures relating to operational risk;
- require management to complete operational reports relating to operations issues on an appropriate basis, including reports that include, but are not limited to: fraud; development of material products and services including change management; acquisition integration issues; technology risks and technology strategies; business disruption and system failures; and business practices generally.

10. Compliance Risk

- require management reports relating to regulatory compliance risk including but not limited to new regulations and their impact, information safeguarding, anti-money laundering and fair lending the completed and reviewed on an appropriate basis.

11. Pricing Risk

- ensure that pricing strategies implemented by management are sound.
- ensure that the Company does not take undue pricing risk that would substantially impact the price of securities or capital position.

12. Legal Risk

- require management to monitor legal risks of each business line and monitor appropriately, with timely reports and assessments to the Committee.
- require management reports relating to legal risk issues in areas including, but not limited to, material litigation, legal settlements and defense complaints, are completed and reviewed on an appropriate basis

RESOURCES AND AUTHORITY OF THE COMMITTEE

With respect to the responsibilities listed above, the Committee shall:

- meet on a quarterly basis during each calendar year at a minimum;
- report regularly to the Board on its activities;
- maintain minutes of its meetings and records relating to those meetings and the Committee's activities;
- review and reassess the adequacy of this Charter and the Risk Management Framework annually and recommend to the Board any proposed changes to this Charter.