

SOUTHWEST GEORGIA FINANCIAL CORPORATION
AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

May 24, 2000

Amended July 23, 2003

CHARTER

I. PURPOSE

The primary function of the Audit Committee of Southwest Georgia Financial Corporation (the "company") 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 body or the public; the company's systems of internal controls regarding finance, accounting, legal compliance and ethics that management and the Board 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:

- * Serve as an independent and objective party to monitor the company's financial reporting process and internal control system.
- * Review and appraise the audit efforts of the company's external auditors and internal auditing department.
- * Provide an open avenue of communication among the external auditors, senior management, the internal auditing department, and the Board of Directors.

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the independent auditor.

II. COMPOSITION

The Audit Committee shall be comprised of three or more directors as determined by the Board, each of whom shall be independent directors, and free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee. All members of the Committee shall have a working familiarity with basic finance and accounting practices.

A director will not be considered "independent" for purposes of serving as a member of the company's Audit Committee if he or she:

- * has been employed by the company or its affiliates in the current or past three years;
- * has accepted any compensation from the company or its affiliates except for board service, retirement plan benefits, or non-discretionary compensation; however, Audit Committee members are prohibited from receiving compensation for consulting or advisory services;
- * has an immediate family member who is, or has been in the past three years, employed by the company or its affiliates as an executive officer; and
- * is an affiliated person of the company or any of its subsidiaries apart from his or her capacity as a member of the board and any board committee.

The members of the Audit Committee shall be elected by the Board at the annual organizational meeting of the Board. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership.

III. MEETINGS

The Audit Committee shall meet monthly. Special meeting may be called by the Chairman of the Audit Committee or at the request of the external auditors or the director of internal auditing. The Committee may ask members of management or others to attend the meetings and provide pertinent information as necessary.

As part of its job to foster open communication, the Committee should provide sufficient opportunity to meet with management, the director of the internal auditing department, and the external auditors in separate executive sessions to discuss any matters that the Committee or any of these groups believe should be discussed privately.

IV. RESPONSIBILITIES AND DUTIES

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

- * Review and update this Charter periodically but not less than annually.
- * Review the regular internal audit reports to management prepared by the internal auditing department, any significant findings, regular progress reports on the agreed upon internal audit program, and any changes to the scope of the internal audit program.
- * Submit the minutes of all meetings of the Audit Committee to, or review the matters discussed at each committee meeting with, the Board of Directors including any recommendations the Committee may deem appropriate.
- * Review and concur in the appointment, replacement, reassignment, or dismissal of the director of internal auditing.
- * Review the internal audit function of the company including its independence and the authority of its reporting obligations.
- * Review the performance of the external auditors and be directly responsible for the appointment, compensation, oversight, and termination of the external auditors when circumstances warrant.
- * On an annual basis, review and discuss with the external auditors all significant relationships they have with the company to determine their independence.
- * Consider and approve, if appropriate, major changes to the company's auditing and accounting principals and practices as suggested by the external auditors, management, or the internal auditing department.
- * Review the company's annual financial statements, and any interim reports or other financial information submitted to the SEC or any governmental body, or the public, including any certification, report, opinion, or review rendered by the external auditors.
- * Prepare a letter for inclusion in the annual report or proxy statement that describes the Audit Committee's composition and responsibilities and how they were discharged.

V. OTHER MATTERS

To further enhance the Audit Committee's effectiveness and to ensure that the committee is not dependent on management to investigate any matter brought to its attention within the scope of its duties, the Audit Committee shall:

- * Have the authority to engage independent legal, financial or other advisors as it may deem necessary to assist in the performance of its duties.
- * Have access to "appropriate" funding for the payment of compensation to any independent accountant engaged for the purpose of rendering or issuing an audit report or related services and any advisors employed by the Audit Committee.

Since the Audit Committee is dependent to a degree on the information provided to it by management and internal and outside auditors, it is imperative for the committee to cultivate open and effective channels of information. Accordingly, the Audit Committee shall ensure that "whistleblower" procedures are in place for the receipt, retention, and treatment of complaints received by the company regarding accounting, internal accounting controls, or auditing matters, including procedures for the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.