

AUDIT COMMITTEE CHARTER

Purpose of Committee

The Board of Directors (Board) of Southwest Georgia Farm Credit (Association) or (Company) has created a committee of directors to be known as the Audit Committee (Committee) for the purpose of assisting the Board in fulfilling its fiduciary and oversight responsibilities for the financial reporting process, the systems of internal control, the audit process, and the Association's process for monitoring compliance with laws, regulations, policies, the standards of conduct, and public responsibilities. To this end, the Committee will:

1. Oversee and appraise the quality of the audit effort of the Association's internal audit function and those of its independent accountants;
2. Provide an open avenue of communication among the independent accountants, the Board of Directors, financial and senior management, internal audit function, collateral review function and the Farm Credit System Audit Committee as well as confirm their respective authority and responsibilities;
3. Serve as an independent and objective party to review the financial information presented by management to stockholders, regulators, and the general public; and
4. Determine the adequacy of the Association's administrative, operating, and internal accounting controls and evaluate adherence thereto.

The Board of Directors, through the adoption of this Charter, delegates to the Committee those authorities necessary to accomplish the responsibilities of the Committee as set out in this Charter.

The Committee shall have the sole authority to appoint or replace the internal audit function and the outside auditor. The Committee shall be responsible for the compensation and oversight of the work of the internal audit function and the independent outside accountants (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The internal audit function, collateral review function and independent accountants shall report directly to the Audit Committee.

The Committee shall have the power to conduct or authorize investigations into matters within the Committee's scope of responsibilities. The Committee shall have unrestricted access to members of management and relevant information. The Committee may retain independent counsel, accountants or others to assist it in conducting any investigation. The Association shall provide for appropriate funding, as determined by the Committee, for payment of compensation to the outside auditor for the audit report and to any advisors employed by the Committee.

The Committee will make regular reports to the Board. The Committee will review and reassess the adequacy of this charter annually and recommend any proposed changes to the Board for approval.

The Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate, including the authority to grant pre-approvals of audit and permitted non-audit services, provided that decisions of such subcommittee to grant pre-approval shall be presented to the full Audit Committee at the next scheduled meeting.

Committee Membership

The Committee will consist of at least three members of the Board. Each member shall be appointed annually by the Chairman of the Board. The Board's "financial expert" must serve as a member of the Audit Committee. Members of the Audit Committee shall appoint, annually, an Audit Committee Chairman and Vice Chairman. The Committee Chairman will be an outside director. Each member shall be free of any relationship that, in the opinion of the Board, would interfere with his or her individual exercise of independent judgment. In addition:

1. No member of the Committee shall accept any consulting, advisory or other compensatory fee from the company other than in connection with serving on the Committee or as a member of the Board.

All Committee members will remain on the committee until the previous year's annual report has been approved and submitted to the Farm Credit Administration in March each year regardless of when the board of directors completes their annual organizational meeting. All new members appointed during the board's organizational meeting will begin attending meeting in April each year.

2. All members of the Committee shall have a practical knowledge of finance and accounting and be able to read and understand fundamental financial statements or be able to do so within a reasonable period of time after appointment to the Committee. At least one member of the Committee shall meet the definition of "financial expert".

Committee Duties and Responsibilities

The Committee is responsible for the following activities. These responsibilities will be discharged through the assistance of the internal audit function, external auditors and appropriate Association management.

Financial Statements

Review with management and the external auditors the results of the audit, including any difficulties encountered. Prior to the release of the annual audited financial statements, the Committee will receive a report from the external auditors that includes:

1. All critical accounting policies and practices used by the institution.
2. All material alternative accounting treatments of financial information within Generally Accepted Accounting Principles (GAAP) that have been discussed with management, including the ramifications of the use of such alternative treatments and disclosures and treatment preferred by the external auditors.
3. Other material written communications between the external auditors and management, such as any management letter, schedule of unadjusted differences, reports on observations and recommendations on internal controls, a listing of adjustments and reclassifications not recorded, and the independent auditor's independence letter.

Review significant accounting and reporting changes and issues, including complex or unusual transactions and highly judgmental areas; and recent professional and regulatory pronouncements, and understand their impact on the financial statements.

Review the quarterly and annual financial statements before release, and consider whether they are complete, consistent with information known to Committee members, and reflect appropriate accounting principles. Statements will be provided prior to release to each Committee member. Committee members will have a specified and reasonable period of time to raise questions or call for a meeting prior to certification by the Chairman and release of these reports.

Review other sections of the annual report and/or related regulatory filings before release and consider the accuracy and completeness of the information.

Prior to issuance, review quarterly and annual press releases of financial results as well as any interim press releases that include financial information.

Review disclosure made by Association's Chief Executive Officer and other Association Officers about any significant deficiencies in the design or operation of internal controls or material

weaknesses therein and any fraud involving management or other employees who have a significant role in the Association's internal controls.

Review disclosures made by management and the external auditors concerning:

The effect of off-balance sheet arrangements that either have, or are reasonable likely to have, a current or future effect on financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to stockholders.

Earnings press releases and other reports or written or electronic material disclosing "pro-forma" or "adjusted" non-GAAP information.

Review with management and the external auditors all matters required to be communicated to the Committee under generally accepted auditing standards.

If deemed appropriate after review and discussion, recommend to the Board that the financial statements be included in the Association's annual report.

Understand how management develops interim financial information, and the nature and extent of internal and external auditor involvement.

Review monthly financial reports with management and consider whether they are complete and consistent with the information known to Committee members.

Annually prepare a report, which should be included in the association's annual report, which attests the Committee has reviewed and discussed the audited financial statements with management and the outside independent accountants.

Internal Control

Consider the effectiveness of the Association's internal control environment related to annual and interim financial reporting, including information technology security and control.

Understand the scope of internal and external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.

Evaluate the adequacy of internal control systems by reviewing written reports from the internal and external auditors and regulators along with management's response and actions to correct any noted deficiencies.

Identify and direct any special projects or investigations deemed necessary.

Internal Audit

Review and approve the annual risk assessment and the annual and three-year audit plans developed and recommended by the internal audit function.

Review the significant reports to management prepared by the internal audit function and management's responses. Review proposed actions taken by management to address weaknesses identified and report significant concerns to the Board. The Committee will discuss with the outside auditor and management internal audit function responsibilities, budget, and staffing and any recommended changes in the planned scope of internal audit.

Ensure there are no unjustified restrictions or limitations on the internal audit function.

Ensure that internal auditors utilize adequate scopes of work and have full access to all information needed.

Ensure that the internal audit function has full responsibility for contracting with external parties to perform any contract audits according to audit plan or special request.

Prior approve the appointment, replacement, dismissal, performance evaluation, and compensation of the audit function. The internal audit function will report directly to the Audit Committee and/or Board.

Review all reports and findings resulting from the internal audit function's independent evaluation of the systems of internal control and continuing operations.

Review the effectiveness of the internal audit function, including compliance with *The Institute of Internal Auditors' Standards for the Professional Practice of Internal Auditing*.

On a regular basis, meet separately with the internal audit function to discuss any matters that the Committee or internal audit believes should be discussed in an executive session.

Review major financial and operational risk exposures and the guidelines and policies which management has put in place to govern the process of monitoring, controlling, and reporting such exposures. The Committee will review proposed actions taken by management to address weaknesses identified through internal audit and asset review reports, external audits, and regulatory examinations, and report significant concerns to the Board.

Establish procedures for (a) the receipt, retention and treatment of complaints received by the company regarding accounting, internal accounting controls or auditing matters; and (b) the confidential, anonymous submission by employees of the company of concerns regarding questionable accounting or auditing matters.

Obtain and review reports from management that the company is in conformity with the Association's standards of conduct and ethics.

Review management's annual report on their respective internal control over financial reporting and the applicable independent audit functions assessment of management's assessment of internal control over financial reporting.

External Audit

Ensure that an audit is conducted in compliance with statutory requirements.

Review the external auditors' proposed audit scope and approach, including coordination of audit effort with internal audit.

Review and pre-approve any audit or permitted non-audit services performed by the external auditors.

Review the performance of the external auditors, and exercise final approval of the compensation, appointment or discharge of the auditors.

Review and confirm the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the Association, including non-audit services, and discussing the relationships with the auditors, including matters specifically required in the Statement of Auditing Standards No. 61.

Ensure there are no unjustified restrictions or limitations on the external audit.

Review with management and the external auditors the results of the audit, including any difficulties encountered, including any significant recommendations in the management letter provided by the external auditors and management's response to the letter.

Ensure that the internal audit function is involved in the development of the scope of all external audits.

On a regular basis, meet separately with the external auditors to discuss any matters that the Committee or auditors believe should be discussed privately.

Compliance

Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance.

Review the findings of any examinations by regulatory agencies, and any auditor observations.

Review the process for communicating the standards of conduct to Association personnel, and for monitoring compliance therewith.

Obtain regular updates from management and company legal counsel regarding compliance matters.

Reporting Responsibilities

The Committee Chairman will report on the activities of the Committee to the full Board.

Minutes of the Committee will be provided to the full Board.

The Committee will facilitate an open avenue of communication between internal auditors, the external auditors, and the Board.

Other Responsibilities

The Audit Committee will respond to any concerns identified by the AgFirst Farm Credit Bank and/or Farm Credit System (System) Audit Committee and will conduct any audit committee activities that are necessary for the AgFirst Farm Credit Bank and/or System Audit Committee to fulfill its chartered responsibilities.

Evaluate the adequacy and effectiveness of the financial, credit, administrative, operating, and accounting policies through active communication with appropriate management, internal auditors, and the independent accountants.

Require periodic reports from appropriate management, the independent accountants, and internal audit function on any significant proposed regulatory, accounting, or reporting issue and the potential impact on the organization.

Review annually the Association's Code of Ethics statements for all employees and directors.

Review quarterly accounting and financial reports.

Hire competent tax accountants as recommended by management.

Perform other activities related to this charter as requested by the Board.

Identify and direct any special projects or investigations deemed necessary. The Committee shall have unrestricted access to members of management and relevant information. The Committee may retain independent counsel, internal or external accountants or others to assist in conducting any investigation. The Association shall provide for appropriate funding, as determined by the Committee.

Review and assess the adequacy of the Committee charter annually, requesting Board approval for proposed changes.

Confirm annually that all responsibilities outlined in this charter have been carried out.

Committee Meetings

The Committee will meet at least four times a year, with authority to convene additional meetings, as circumstances require. Meetings can be called by the Chairman of the Board, the Chairman of the Committee, the Chief Executive Officer, or the representatives of the internal audit function. The Committee will invite members of management, auditors or others to attend meetings and provide pertinent information, as necessary. It may hold private meetings with auditors, representatives of the internal audit function, and management in executive sessions. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes will be prepared and held on record no less than three (3) years.

Approved by the Board of Directors: December 18, 2019