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News Release

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For Immediate Release

Southwest Georgia Financial Corporation Reports Positive Earnings for Fourth Quarter and 2009

- **Total deposits up \$20.9 million, or 9.7%, year-over-year**
- **Total assets increased by \$23.7 million, or 8.9% in 2009**
- **Reduced provisions for loan losses in both the 2009 fourth quarter and year**
- **Total risk based capital ratio remains well above regulatory requirements at 16.14%**
- **Full-service banking center in Valdosta, Georgia is expected to be open in the second quarter of 2010**

MOULTRIE, GEORGIA, January 27, 2010 -- Southwest Georgia Financial Corporation (NYSE Amex: SGB), a full service community bank holding company, today reported net income of \$706 thousand, or \$0.28 per diluted share, for the fourth quarter of 2009, up from a net loss of \$116 thousand, or \$0.04 per diluted share, for the fourth quarter of 2008. The growth in net income was driven by higher net interest income, lower provision for loan losses, stronger noninterest income, and reduced expenses. Fourth quarter 2008 results were negatively impacted by an \$825 thousand provision for loan losses necessitated by a \$785 thousand partial charge-off of a large commercial real estate loan.

Return on average equity for the fourth quarter of 2009 was 11.11%, measurably improved over a negative 2.02% for the same period in 2008. Similarly, return on average assets improved for the 2009 fourth quarter to 0.98% compared with a return of negative 0.17% for the fourth quarter of 2008.

For the year ended December 31, 2009, net income was \$1.81 million, or \$0.71 per diluted share, compared with a net loss of \$1.28 million, or \$0.50 per diluted share, for the same period in 2008. Positively impacting the 2009 year-to-date results were lower salary and employee benefits of \$792 thousand, due to staff reductions, and higher net interest income resulting primarily from lower interest paid on interest bearing liabilities. Net income in 2008 was impacted by a \$4.11 million non-cash loss related to the impairment of equity securities, a \$979 thousand loss at the Company's mortgage banking services subsidiary, and, as previously noted, the 2008 fourth quarter charge-off and related loan loss provision.

DeWitt Drew, President and CEO of Southwest Georgia Financial commented, "Despite the continued sluggish economic environment, our solid deposit and loan growth, as well as prudent expense management, helped us grow the bank and post positive earnings each quarter this year. However, we remain cautious as we expect the near-term to bring continued challenges with respect to credit costs and operating expenses."

Mr. Drew continued, "Our new full-service banking center in Valdosta is scheduled to open for business in the second quarter of 2010. By moving into the Valdosta market we are broadening the opportunities for growth while bringing to this market the same community-minded, customer-centric banking philosophy that provides responsive, flexible service to the communities we currently serve."

Balance Sheet Trends and Asset Quality

At December 31, 2009, total assets increased \$23.7 million, or 8.9%, to \$291.0 million from \$267.3 million at the end of last year's fourth quarter. This increase was primarily due to 7.5% growth in loans as well as higher cash and interest-bearing balances. Total loans increased \$11.1 million to \$160.2 million compared with \$149.1 million at December 31, 2008.

The loan loss reserve coverage over total loans declined nominally to 1.58%, while nonperforming assets to total assets grew to 1.84%, a 74 basis point increase over last year. The level of nonperforming assets at the end of 2009 was due primarily to one large foreclosed commercial property. Foreclosed assets increased to \$3.8 million from \$0.2 million at the end of 2008. That property has been under construction and the costs of improvements are now fully funded.

Total deposits of \$235.4 million were up \$20.9 million, or 9.7%, compared with the previous year-end, due in large part to increases in money market and time deposit accounts.

Shareholders' equity was \$25.5 million as of December 31, 2009, up from \$23.3 million at December 31, 2008. On a per share basis, book value at year end was \$10.02, up from \$9.15 at the end of 2008. Southwest Georgia Financial Corporation's total risk-based capital ratio was 16.14% at December 31, 2009, significantly exceeding the regulatory guidelines for a well capitalized financial institution (see accompanying table). The increase in shareholders' equity and book value per share were primarily due to the net income retained in the current year. The Company has approximately 2.55 million shares of common stock outstanding.

Quarterly Revenue Expands Across Most Categories; Expenses Lower

Net interest income for the fourth quarter of 2009 improved to \$2.61 million compared with \$2.49 million for the same period in 2008, as lower costs of deposits and borrowings more than offset the decline in interest income. Net interest income for the fourth quarter of 2009 was \$2.46 million compared with \$1.66 million for the same period last year. A \$150 thousand provision for loan losses was made during the fourth quarter of 2009 compared with \$825 thousand provision for in the fourth quarter of 2008. For the quarter, total interest income was \$3.48 million and total interest expense was \$867 thousand, compared with \$3.64 million and \$1.66 million, respectively, from the same period a year ago. The Company's net interest margin remained strong at 4.22% for the fourth quarter of 2009, but down slightly from the same period last year.

Noninterest income, which was nearly 29.0% of the Company's total revenue for the quarter, increased to \$1.41 million when compared with \$1.12 million for the fourth quarter of 2008. Revenue from service charges on deposit accounts increased 10.4% to \$445 thousand for the current quarter when compared with the same period a year ago, and insurance services revenue increased 14.6% to \$274 thousand over the same period. A gain on the sale of securities of \$221 thousand was recognized in the fourth quarter of 2009 from selling mortgage-backed securities. Trust services revenue was flat with the prior year period, while retail brokerage services revenue increased slightly compared with the same period a year ago.

Mr. Drew stated, "The sale of mortgage backed securities will have a dampening effect on net interest margin in the short-term, however, we believe it prudent to shorten the duration of earning assets in light of the prospect of higher rates in the future."

Total noninterest expense for the fourth quarter of 2009 declined 5.7% to \$2.83 million from \$3.00 million for fourth quarter of the prior year. In the fourth quarter of 2009, salaries and employee benefits decreased \$165 thousand or 9.9%, to \$1.50 million, due to staff reductions. Fourth quarter 2009 equipment expense decreased \$34 thousand or 16.6%, to \$171 thousand. Other operating expenses increased \$35 thousand when compared with the prior year mainly due to a \$75 thousand increase in FDIC insurance assessment.

2009 Review

Return on average equity increased to 7.48% for 2009 compared with negative 5.04% for the same period last year. Return on average assets increased to 0.65% compared with negative 0.46% for the same period in 2008.

Net interest income after provision for loan losses for 2009 increased \$614 thousand to \$9.39 million compared with \$8.78 million for the same period in 2008. Reduced interest paid on deposits and borrowings and a lower loan loss provision more than offset the \$1.47 million decline in total interest income, when compared with the same period in 2008. The Company recognized a \$536 thousand provision for loan losses in 2009, compared with a provision for loan losses of \$825 thousand in 2008. Net interest margin improved 10 basis points to 4.14% for 2009, when compared with the same period a year ago.

For 2009, noninterest income was \$5.12 million, up from \$1.48 million in the same period of 2008. Excluding last year's loss on the impairment of equity securities of \$4.11 million, 2009 year-to-date noninterest income was down \$456 thousand when compared with the same period last year. The majority of the decline was a result of a drop in mortgage banking services revenue of \$694 thousand, or 34.3%, when compared with same period last year. Other contributing factors included income from insurance services which decreased \$33 thousand, and revenue from trust services and retail brokerage services which decreased \$56 thousand and \$75 thousand, respectively. These decreases were partially offset by an increase in service charges on deposit accounts of \$158 thousand and the \$255 thousand gain on the sale of securities in 2009.

Noninterest expense decreased \$1.0 million to \$12.20 million in 2009 compared with the same period last year, primarily due to a mortgage banking services loss of \$1.0 million that was recognized in 2008. Salary and employee benefits declined \$792 thousand in 2009 due to staff reductions. Offsetting this decrease were other operating expenses which were higher due to increased legal and FDIC insurance fees of \$675 thousand and \$416 thousand, respectively.

Dividends

In March of 2009, the Company suspended its regular cash dividend, which resulted in lower dividend payments of \$0.07 per share in 2009, compared with \$0.56 per share in 2008. The decision enabled the Company to have financial flexibility by retaining equity necessary to support efforts to capture greater market share, grow its loan portfolio, and expand outside of its historic footprint.

Outlook

Mr. Drew concluded, "While 2010 is going to be a challenging year, we have a strong capital position and believe we are strategically positioned to take advantage of quality loan and deposit opportunities as the economy improves. Nonperforming assets have increased, but are centered in two relationships and appear to be manageable. While our primary focus is reduction in those assets, we continue to look at opportunities to expand outside our current footprint and the opening of a full service banking center in Valdosta gives us access to a larger, more dynamic, and growing market."

About Southwest Georgia Financial Corporation

Southwest Georgia Financial Corporation is a state-chartered bank holding company with approximately \$291 million in assets headquartered in Moultrie, Georgia. Its primary subsidiary, Southwest Georgia Bank, offers comprehensive financial services to consumer, business, and governmental customers. The current banking facilities include the main office located in Colquitt County, and branch offices located in Baker County, Thomas County, and Worth County, and a loan production office located in Lowndes County. In addition to conventional banking services, the bank provides investment planning and management, trust management, mortgage banking, and commercial and individual insurance products. Insurance products and advice are provided by Southwest Georgia Insurance Services which is located in Colquitt County. Mortgage banking for primarily commercial properties is provided by Empire Financial Services, Inc., a mortgage banking services firm.

More information on Southwest Georgia Financial Corp. and Southwest Georgia Bank can be found at its website:
www.sgfc.com.

SAFE HARBOR STATEMENT

This news release contains certain brief forward-looking statements concerning the Company's outlook. The Company cautions that any forward-looking statements are summary in nature involve risks and uncertainties and are subject to change based on various important factors, many of which may be beyond the Company's control. Accordingly, the Company's future performance and financial results may differ materially from those expressed or implied in any such forward-looking statements. The following factors, among others, could affect the Company's actual results and could cause actual results in the future to differ materially from those expressed or implied in any forward-looking statements included in this release: the ability of the bank to manage the interest rate environment, the success of reducing operating costs, overall economic conditions, customer preferences, the impact of competition, the ability to execute its strategy for growth. Additional information regarding these risks and other factors that could cause the Company's actual results to differ materially from our expectations is contained in the Company's filings with the Securities and Exchange Commission. Except as otherwise required by federal securities laws, Southwest Georgia Financial undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Financial tables follow.

SOUTHWEST GEORGIA FINANCIAL CORPORATION

CONSOLIDATED STATEMENT OF CONDITION

(Dollars in thousands except per share data)

	(Unaudited) December 30, 2009	(Audited) December 31, 2008	(Audited) December 31, 2007
ASSETS			
Cash and due from banks	\$ 10,050	\$ 7,470	\$ 8,736
Interest-bearing deposits in banks	13,247	30	9,998
Investment securities available for sale	62,008	83,212	31,188
Investment securities held to maturity	24,195	12,108	88,226
Federal Home Loan Bank stock, at cost	1,650	1,618	1,653
Loans, less unearned income and discount	160,230	149,070	119,008
Allowance for loan losses	(2,533)	(2,376)	(2,399)
Net loans	157,697	146,694	116,609
Premises and equipment	7,777	5,783	6,291
Foreclosed assets, net	3,832	211	90
Intangible assets	848	1,056	1,283
Other assets	9,704	9,115	7,579
Total assets	<u>\$ 291,008</u>	<u>\$ 267,297</u>	<u>\$ 271,653</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits:			
NOW accounts	\$ 25,075	\$ 25,283	\$ 23,086
Money market	45,694	35,701	42,031
Savings	21,365	21,213	20,561
Certificates of deposit \$100,000 and over	30,190	28,755	29,589
Other time accounts	72,085	64,216	66,153
Total interest-bearing deposits	194,409	175,168	181,420
Noninterest-bearing deposits	41,022	39,373	35,373
Total deposits	235,431	214,541	216,793
Federal funds purchased	0	430	0
Other borrowings	5,000	15,000	10,114
Long-term debt	21,000	10,000	15,000
Accounts payable and accrued liabilities	4,047	4,010	3,228
Total liabilities	265,478	243,981	245,135
Shareholders' equity:			
Common stock - par value \$1; 5,000,000 shares authorized; 4,293,835 shares issued (*)	4,294	4,294	4,294
Additional paid-in capital	31,701	31,701	31,701
Retained earnings	16,325	14,512	17,039
Accumulated other comprehensive income	(676)	(1,077)	(466)
Total	51,644	49,430	52,568
Treasury stock - at cost (**)	(26,114)	(26,114)	(26,050)
Total shareholders' equity	25,530	23,316	26,518
Total liabilities and shareholders' equity	<u>\$ 291,008</u>	<u>\$ 267,297</u>	<u>\$ 271,653</u>
* Common stock - shares outstanding	2,547,837	2,547,837	2,549,637
** Treasury stock - shares	1,745,998	1,745,998	1,744,198

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SOUTHWEST GEORGIA FINANCIAL CORPORATION

CONSOLIDATED INCOME STATEMENT (unaudited*)

(Dollars in thousands except per share data)

	For the Three Months Ended December 31,		For the Twelve Months Ended December 31,	
	2009*	2008*	2009*	2008
Interest income:				
Interest and fees on loans	\$ 2,502	\$ 2,414	\$ 9,524	\$ 9,504
Interest and dividend on securities available for sale	852	1,108	3,610	4,188
Interest on securities held to maturity	109	118	425	935
Dividends on Federal Home Loan Bank stock	2	2	5	63
Interest on federal funds sold	0	0	0	90
Interest on deposits in banks	11	0	33	290
Total interest income	3,476	3,642	13,597	15,070
Interest expense:				
Interest on deposits	656	905	2,885	4,425
Interest on federal funds purchased	0	6	1	23
Interest on other borrowings	36	165	169	769
Interest on long-term debt	175	79	617	253
Total interest expense	867	1,155	3,672	5,470
Net interest income	2,609	2,487	9,925	9,600
Provision for loan losses	150	825	536	825
Net interest income after provision for losses on loans	2,459	1,662	9,389	8,775
Noninterest income:				
Service charges on deposit accounts	445	403	1,766	1,608
Income from trust services	55	56	213	269
Income from retail brokerage services	78	69	266	341
Income from insurance services	274	239	1,069	1,102
Income from mortgage banking services	289	306	1,327	2,021
Net gain on the sale or abandonment of assets	0	0	0	13
Net gain on the sale of securities	221	0	255	0
Net (loss) on the impairment of equity securities	0	0	0	(4,105)
Other income	44	44	228	226
Total noninterest income (loss)	1,406	1,117	5,124	1,475
Noninterest expense:				
Salary and employee benefits	1,495	1,660	6,360	7,152
Occupancy expense	209	208	846	863
Equipment expense	171	205	667	694
Data processing expense	166	171	686	643
Amortization of intangible assets	52	52	208	227
Losses related to mortgage banking services	0	3	0	979
Other operating expense	735	700	3,425	2,631
Total noninterest expense	2,828	2,999	12,192	13,189
Income (loss) before income tax expense	1,037	(220)	2,321	(2,939)
Provision for income taxes	331	(104)	508	(1,660)
Net income (loss)	\$ 706	\$ (116)	\$ 1,813	\$ (1,279)
Net income (loss) per share, basic	\$ 0.28	\$ (0.04)	\$ 0.71	\$ (0.50)
Net income (loss) per share, diluted	\$ 0.28	\$ (0.04)	\$ 0.71	\$ (0.50)
Dividends paid per share	\$ -	\$ 0.14	\$ 0.07	\$ 0.56
Basic weighted average shares outstanding	2,547,837	2,547,837	2,547,837	2,547,926
Diluted weighted average shares outstanding	2,547,837	2,553,653	2,547,837	2,552,486

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SOUTHWEST GEORGIA FINANCIAL CORPORATION

Financial Highlights

(Dollars in thousands except per share data)

<i>At December 31</i>	2009		2008	
Assets	\$ 291,008		\$ 267,297	
Loans, less unearned income & discount	160,230		149,070	
Deposits	235,431		214,541	
Shareholders' equity	25,530		23,316	
Book value per share	10.02		9.15	
Loan loss reserve/loans	1.58%		1.59%	
Nonperforming assets/total assets	1.84%		1.10%	

	<u>Three Months Ended December 31,</u>		<u>Twelve Months Ended December 31,</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Net income (loss)	\$ 706	\$ (116)	\$ 1,813	\$ (1,279)
Earnings (loss) per share, basic	0.28	(0.04)	0.71	(0.50)
Earnings (loss) per share, diluted	0.28	(0.04)	0.71	(0.50)
Dividends paid per share	-	0.14	0.07	0.56
Return on assets	0.98%	(0.17)%	0.65%	(0.46)%
Return on equity	11.11%	(2.02)%	7.48%	(5.04)%
Net interest margin (tax equivalent)	4.22%	4.26%	4.14%	4.04%
Net charge offs (recoveries)/ average loans	0.11%	2.28%	0.25%	0.63%

<i>Quarterly Averages</i>	<i>4th Qtr 2009</i>	<i>3rd Qtr 2009</i>	<i>2nd Qtr 2009</i>	<i>1st Qtr 2009</i>	<i>4th Qtr 2008</i>
Assets	\$ 287,348	\$ 278,502	\$ 274,125	\$ 272,771	\$ 266,865
Loans, less unearned income & discount	159,180	154,422	150,043	148,824	145,900
Deposits	230,903	225,634	226,345	223,387	214,420
Equity	25,402	24,237	23,752	23,504	23,017
Return on assets	0.98%	0.67%	0.38%	0.56%	(0.17)%
Return on equity	11.11%	7.71%	4.37%	6.48%	(2.02)%
Net income (loss)	\$ 706	\$ 467	\$ 259	\$ 381	\$ (116)
Net income (loss) per share, basic	\$ 0.28	\$ 0.18	\$ 0.10	\$ 0.15	\$ (0.04)
Net income (loss) per share, diluted	\$ 0.28	\$ 0.18	\$ 0.10	\$ 0.15	\$ (0.04)
Dividends paid per share	\$ -	\$ -	\$ -	\$ 0.07	\$ 0.14

SOUTHWEST GEORGIA FINANCIAL CORPORATION

Risk Based Capital Ratios

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Risk Based Capital Ratios	Southwest Georgia Financial Corporation	Regulatory Guidelines	
	December 31, 2009	For Well Capitalized	Minimum Guidelines
Tier 1 capital	14.90%	6.00%	4.00%
Total risk based capital	16.14%	10.00%	8.00%
Tier 1 leverage ratio	8.83%	5.00%	3.00%

Risk Based Capital Ratios	Southwest Georgia Bank	Regulatory Guidelines	
	December 31, 2009	For Well Capitalized	Minimum Guidelines
Tier 1 capital	14.12%	6.00%	4.00%
Total risk based capital	15.38%	10.00%	8.00%
Tier 1 leverage ratio	8.36%	5.00%	3.00%