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ALLIED FIRST BANCORP INC
Form 10QSB
November 14, 2002

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-QSB

☒ [X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2002
OR

☐ [] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 001-16763

Allied First Bancorp, Inc.

(Exact name of small business issuer as specified in its charter)

Maryland

36-4482786

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer identification
or number)

387 Shuman Boulevard, Suite 120 W, Naperville, IL

60563

(Address of principal executive offices)

(Zip Code)

(630) 778-7700

(Registrant's telephone number)

Indicate by check mark whether the registrant (1) has filed all reports required
to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934
during the preceding 12 months (or for such shorter period that the registrant
was required to file such reports), and (2) has been subject to such filing
requirements for the past 90 days.

Yes X No

Transitional Small Business Disclosure Format (check one):

Yes No X

State the number of Shares outstanding of each of the issuer's classes of common
equity, as of the latest date:

As of October 31, 2002, there were 608,350 shares of the Registrant's common
stock issued and outstanding.

Allied First Bancorp, Inc.

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ASSETS:

Cash and cash equivalents.....
Securities available for sale.....
Time deposits with other financial institutions.....
Loans, net of allowance for loan losses of \$656,547 at
September 30, 2002 and \$655,633 at June 30, 2002.....
Federal Home Loan Bank Stock at cost.....
Accrued interest receivable.....
Premises and equipment, net.....
Other assets.....

Total assets.....

LIABILITIES AND SHAREHOLDERS' EQUITY:

Liabilities:

Non-interest-bearing demand deposits.....
Interest-bearing demand deposits.....
Savings, Now and MMDA deposits.....
Other time deposits.....

Total deposits.....
Other liabilities.....

Total liabilities.....

Shareholders' Equity:

Preferred stock, \$.01 par value, 2,000,000 shares authorized,
none issued Common stock, \$.01 par value, 8,000,000 shares
authorized,
608,350 shares issued and outstanding at
September 30, 2002 and June 30, 2002.....
Additional paid-in capital.....
Retained earnings.....
Accumulated other comprehensive income, net of tax.....

Total shareholders' equity.....

Total liabilities and shareholders' equity.....

The accompanying notes are an integral part of these consolidated financial statements

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2002

Interest Income:

Loans receivable.....	\$1,181,724	\$1
Interest earning deposits.....	71,943	
Securities.....	108,125	
	-----	---
Total interest income.....	1,361,792	1

Interest Expense:

Deposits.....	550,477	
Other.....	1,540	
	-----	---
Total interest expense.....	552,017	

Net Interest Income: 809,775

Provision for loan losses..... 60,000

Net interest income after
provision for loan losses..... 749,775

Non-interest income:

Credit and debit card transaction fees.....	137,978	
Account fees.....	31,289	
First mortgage loan fees.....	23,176	
Other.....	8,620	
	-----	---
Total non-interest income.....	201,063	

Non-interest expense:

Salaries and employee benefits.....	286,885	
Office operations and equipment.....	91,400	
Occupancy.....	20,692	
Data processing.....	31,670	
Loan servicing.....	115,066	
Travel and conference.....	12,083	
Professional services.....	94,197	
Marketing and promotion.....	106,005	
Other expenses.....	85,223	
	-----	---
Total non-interest expense.....	843,221	

Income before income taxes: 107,617

Income tax expense (benefit)..... 42,132

Net income: 65,485

Other Comprehensive Income 49,971

Total Comprehensive Income..... \$ 115,456

Earnings per common shares:

Basic.....	\$ 0.11	
Diluted.....	\$ 0.11	

The accompanying notes are an integral part of these consolidated financial

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statements

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PART I: Financial Information, Item 1
Allied First Bancorp, Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three S 2002 ----
Cash flows from operating activities	
Net Income.....	\$ 65,485
Adjustment to reconcile net income to net cash from operating activities	
Depreciation.....	11,241
Amortization of premiums on securities.....	17,141
Provision for loan losses.....	60,000
FHLB of Chicago stock dividend.....	(19,100)
Changes in	
Accrued interest receivable.....	(7,204)
National Credit Union Share Insurance Fund deposit.....	—
Other assets.....	3,486
Other liabilities.....	150,823

Net cash from operating activities	281,872
Cash flows from investing activities	
Purchase of available for sale securities.....	(3,068,153)
Principal collected on mortgage backed securities	750,219
Purchase of Federal Home Loan Bank stock.....	—
Net expenditures of premises and equipment.....	(4,606)
Changes in:	
Loans.....	(193,933)
Time deposits with other financial institutions.....	792,985
Net cash from investing activities.....	(1,723,488)
Cash flows from financing activities	
Net change in	
Deposits.....	\$ 4,130,289
Proceeds from the issuance of subordinated debt.....	—

Net cash from financing activities.....	4,130,289

Increase (decrease) in cash and cash equivalents.....	2,688,673
Cash and cash equivalents at beginning of period.....	7,363,100

Cash and cash equivalents at end of period.....	\$ 10,051,773
	=====

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The accompanying notes are an integral part of these consolidated financial statements

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Allied First Bancorp, Inc. NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(1) Basis of Presentation

The accompanying consolidated condensed financial statements include the accounts of Allied First Bancorp, Inc. and its wholly owned subsidiary, Allied First Bank, sb. All significant inter-company transactions and balances are eliminated in consolidation. Prior to September 1, 2001, the Bank operated as Allied Pilots Association Federal Credit Union. The accompanying unaudited consolidated condensed Financial Statements have been prepared in accordance with accounting principles for interim financial information and with the instructions to Form 10-QSB and Regulation SB. Accordingly, they do not include all the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements.

In the opinion of management, the consolidated condensed financial statements contain all adjustments (consisting only of normal recurring adjustments) necessary to represent fairly the financial condition of the Company as of September 30, 2002 and June 30, 2002 and the results of its operations and cash flows, for the three months ended September 30, 2002 and 2001. Financial statement reclassifications have been made for the prior period to conform to classifications used as of and for the period ended September 30, 2002.

Operating results for the three months ended September 30, 2002 are not necessarily indicative of the results that may be expected for the fiscal year ended June 30, 2003. The 2002 Allied First Bancorp, Inc.'s annual report on form 10-KSB should be read in conjunction with these statements.

(2) Use of Estimates

The preparation of consolidated financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of income and expenses during the reporting period. Actual results could differ from current estimates. Estimates that are more susceptible to change in the near term include the allowance for loan losses and the fair values of financial instruments.

(3) Plan of Stock Conversion

On September 1, 2001, Allied Pilots Association Federal Credit Union converted to Allied First Bank, an Illinois mutual savings bank as the first part in a two-part plan to improve the capital position of the Institution. In conjunction with the first part of the plan, Allied First Bank issued subordinated capital notes, qualifying as Tier 2 capital, in the amount of \$1 million on September 1, 2001. The subordinated capital notes had a term of five

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years, interest rate of 8.5% and were redeemable without any prepayment penalty. The issuance of the notes was sufficient to qualify Allied First Bank as adequately capitalized. In the second part of the Plan, on September 17, 2001, the Board of Directors of Allied First Bank adopted a Plan of Stock Conversion to convert from an Illinois mutual savings bank to an Illinois stock savings bank with the concurrent formation of a holding company. The purpose of the mutual to stock conversion was to increase the capital of Allied First Bank in order to enable it to meet the well-capitalized requirements of an FDIC insured institution and to support the future growth of the institution. The subordinated capital notes were retired upon completion of the stock conversion. On December 27, 2001, Allied First Bancorp, Inc. sold 608,350 shares of common stock at \$10 per share and received proceeds of \$5,278,032 net of conversion expenses of \$805,468. Approximately 98% of the net proceeds were used by Allied First Bancorp, Inc. to acquire all of the capital stock of Allied First Bank.

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(4) Earnings Per Share

The conversion to a stock based institution occurred on December 27, 2001. Earnings per share information is only presented for periods since December 27, 2001. Earnings per share was computed based on 608,350 shares issued and outstanding. There are no dilutive potential common shares.

Part I, Item 2
Allied First Bancorp, Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GENERAL

Allied First Bancorp, Inc.'s results of operations are primarily dependent on Allied First Bank's net interest margin, which is the difference between interest income on interest-earning assets and interest expense on interest-bearing liabilities. Allied First Bank's net income is also affected by the level of its non-interest income and non-interest expenses, such as employee compensation and benefits, occupancy expenses and other expenses.

FORWARD-LOOKING STATEMENTS

When used in this filing and in future filings by Allied First Bancorp, Inc. and Allied First Bank, sb with the U.S. Securities and Exchange Commission, in Allied First Bancorp, Inc. and Allied First Bank press releases or other public or shareholder communications, or in oral statements made with the approval of an authorized executive officer, the words or phrases "would be," "will allow," "intends to," "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project" or similar expressions are intended to identify "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995.

Such statements are subject to risks and uncertainties, including but not limited to changes in economic conditions in our market area, changes in policies by regulatory agencies, fluctuations in interest rates, demand for loans in our market area and competition, all or some of which could cause actual results to differ materially from historical earnings and those presently anticipated or projected.

Allied First Bancorp, Inc. wishes to caution readers not to place undue reliance on any such forward-looking statements, which speak only as of the date

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made, and advises readers that various factors, including regional and national economic conditions, substantial changes in levels of market interest rates, credit and other risks of lending and investment activities and competitive and regulatory factors, could affect our financial performance and could cause Allied First Bancorp, Inc.'s actual results for future periods to differ materially from those anticipated or projected.

These risks and uncertainties should be considered in evaluating forward-looking statements.

COMPARISON OF THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2002 AND 2001

GENERAL

Net income for the three-month period ended September 30, 2002, was \$65,000 compared to net income of \$280,000 for the equivalent period in 2001. As a former credit union, the organization was not subject to federal income taxes or state income taxes for the fiscal year ended June 30, 2001. Effective September 1, 2001, the Company was subject to federal and state income taxes. As a result of the change in tax status and in accordance with Financial Accounting Standards No. 109, Accounting for Income Taxes, the Bank recorded a net deferred tax asset in the amount of \$205,000 on September 1, 2001.

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NET INTEREST INCOME

Net interest income for the three-month period ended September 30, 2002, was \$810,000 compared to \$707,000 for the same period in 2001. This represents a 14.57% increase in net interest income. The net spread for the three months ended September 30, 2002 was 3.15% compared to 2.99% for the same period in 2001. The increase in net interest income and the corresponding increase in net interest spread was due to the institution's interest bearing liabilities repricing faster than the interest earning assets during the declining interest rate environment of 2002.

Total average earning assets increased \$7.2 million for the three-month period September 30, 2002, over the comparative period in 2001. The yield on total average earning assets was 6.35% for the three-month period ended September 30, 2002 and 7.43% for the same period ended September 30, 2001. Total average interest earning investment balances increased \$6.2 million or 47.38% for the three-month period ended September 30, 2002 over the same three-month period in 2001. Allied First Bank has a loan portfolio with a large concentration in short term consumer loans, which reprice quickly. This coupled with the lower interest rate environment accounted for lower yields in earning assets for the current period presented.

INTEREST INCOME

Interest income for the three months ended September 30, 2002 was \$1.4 million compared to \$1.5 million for the same period in 2001. The decrease was primarily due to lower loan yields during the current period. The yield on loans decreased to 7.10% for the three-month period ended September 30, 2002 from 8.24% for the same period in 2001. Interest income for investments was \$180,000 for the three-month period ended September 30, 2002 compared to \$110,000 for the same period ended 2001. The increase in investment income was due to an increase in average investment balances as well as a higher yield due to lengthening the duration of the investment portfolio.

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INTEREST EXPENSE

Interest expense for the three months ended September 30, 2002 was \$552,000 compared to \$755,000 for the same period in 2001. The decrease was primarily due to lower rates paid on interest-bearing liabilities for 2002 which was 3.20% for the current period presented, and represents a 124 basis point decrease over the same period in 2001.

The following tables set forth consolidated information regarding average balances and rates.

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Allied First Bancorp, Inc.
Three Months Ended September 30, 2002
(Dollars In Thousands)

	2002			
	Average Balance	Interest	Average Rate	Average Balance
INTEREST EARNING ASSETS				
Loans	\$ 66,575	\$ 1,182	7.10%	\$ 65,616
Available for sale securities	8,156	108	5.30%	-
Federal Home Loan Bank Stock	1,551	20	5.16%	240
Interest earning balances	9,563	52	2.18%	12,835
Total interest-earning assets	85,845	1,362	6.35%	78,691
NON-INTEREST EARNING ASSETS				
Premises and equipment	67			79
Allowance for loan losses	(661)			(641)
Other non-earning assets	636			1,155
Total assets	85,887			79,284
INTEREST BEARING LIABILITIES				
Interest Checking	1,197	10	3.34%	-
Savings	11,519	31	1.08%	11,874
Money market	36,935	262	2.84%	36,908
Time deposits	18,860	247	5.24%	18,852
Debt	405	2	1.98%	329
	68,916	552	3.20%	67,963
NON-INTEREST BEARING LIABILITIES AND EQUITY				
Checking	6,606			6,550

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Other liabilities	326	378
Equity	10,039	4,393
	-----	-----
Total liabilities and equity	85,887	79,284
	=====	=====

Net Interest/Spread	\$ 810	3.15%
	=====	
Margin		3.77%
		=====

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PROVISION FOR LOAN LOSSES

The provision for loan losses was \$60,000 for both the three-month period ended September 30, 2002 and the three-month period ending in 2001. Net charge-offs of \$59,000 have been recorded for the three-month period ended September 30, 2002, compared to \$24,000 of net charge-offs for the same period in 2001. The allowance for loan losses was \$657,000 or .97% of gross loans as of September 30, 2002, compared to \$627,000 or 0.97% of gross loans at June 30, 2002.

We establish provisions for loan losses, which are charged to operations, at a level management believes is appropriate to absorb probable incurred credit losses in the loan portfolio. In evaluating the level of the allowance for loan losses, management considers historical loss experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral, peer group information, and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revisions as more information becomes available or as future events change.

Approximately 96% of our customer base consists of American Airlines pilots and their family members. Although this customer base had historically relatively stable employment and sources of income, the terrorist attacks on the United States in September 2001 and the current economic environment have adversely affected the airline industry. As a result of these factors, the stability of the employment and income of airline pilots has also been adversely affected. Current and future layoffs could negatively affect the ability of our customers to repay their loans, although the effect on our loan delinquencies and loan losses cannot be identified with reasonable certainty at this time. As a result of these factors, we may have higher loan delinquencies and defaults in future periods. At September 30, 2002, our delinquent loans past due 60 days or more was 0.17% or \$116,000 of our loan portfolio compared to 0.11% or \$75,000 at June 30, 2002. This increase was due to new bankruptcy filings during the period.

NON-INTEREST INCOME

Non-interest income remained relatively stable over the periods presented. Non-interest income for the three-month periods ended September 30,

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2002 and 2001 was \$201,000 and \$196,000, respectively.

NON-INTEREST EXPENSE

Non-interest expense for the three-month period ended September 30, 2002 and 2001 was \$843,000 and \$765,000, respectively. For the three-month period ending September 30, 2002, travel and conference expense was \$12,000, a decrease of 76.00% from the same three-month period ending in 2001. The decrease was primarily due to the fact that a strategic planning conference held in September of 2001 was not held again in 2002. Professional service fees were up 18.99% to \$94,000 for the three-month period ended September 30, 2002 from \$79,000 for the same period in 2001. The increase in professional fees is primarily a result of the additional reporting requirements of a public company. Market and promotion expense was \$106,000 for the three-month period ended September 30, 2002, up \$68,000 from \$38,000 for the same three-month period during 2001. The increase in advertising expense is a result of increased promotional activities in connection with marketing Allied First Bank. Other expenses for the three-month period ended September 30, 2002 and 2001 was \$85,000 and \$73,000, respectively. This increase in other expenses is a result of additional cost for blanket bond coverage as well as typical increases in other expense items.

INCOME TAXES

The provision for income taxes for the three-month period ended September 30, 2002 was \$42,000. For the three-months ended September 30, 2001 a net tax benefit of \$203,000 was recorded. Due to credit unions being not-for-profit organizations, the institution was not subject to federal or state income taxes during 2000 and during the first eight months of 2001. As a result of the change in tax status and in accordance with Financial Accounting Standards No. 109, Accounting for Income Taxes, Allied First Bancorp, Inc. recorded a net deferred tax asset in the amount of \$205,000 on September 1, 2001. The recording of the deferred tax asset was reflected as an income tax benefit on our income statement.

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REGULATORY CAPITAL REQUIREMENTS

Pursuant to federal law, Allied First Bank must meet three separate minimum capital ratio requirements. As of September 30, 2002, Allied First Bank had core capital, Tier I risk-based and total risk-based ratios of 11.55%, 13.76% and 14.68% compared to well-capitalized requirements of 5.00%, 6.00% and 10.00%, respectively.

LIQUIDITY

Liquidity management refers to the ability to generate sufficient cash to fund current loan demand; meet deposit withdrawals and pay operating expenses. Allied First Bancorp, Inc. relies on various funding sources in order to meet these demands. Primary sources of funds include interest-earning balances with other

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financial institutions, money market mutual funds, proceeds from principal and interest payments on loans as well as the ability to borrow against marketable securities. At September 30, 2002, Allied First Bank had \$10.1 million in cash and cash equivalents that could be used for its funding needs. Cash and cash equivalents increased by \$2.7 million compared to the period ending June 30, 2002 and securities available for sale increased by \$2.3 million, time deposits with other institutions decreased \$800,000.

As of September 30, 2002, management is not aware of any current recommendations by regulatory authorities, which, if they were to be implemented, would have or are reasonably likely to have a material adverse effect on the Allied First Bancorp, Inc.'s liquidity, capital resources or operations.

Item 3 Allied First Bancorp, Inc. CONTROLS AND PROCEDURES

Within the 90-day period prior to the filing of this report an evaluation was carried out under the supervision and with the participation of Allied First Bancorp Inc.'s management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of disclosure controls and procedures (as defined in Rule 13a-14(c)/15d-14(c)) under the Securities Exchange Act of 1934). Based on their evaluation, Allied First Bancorp Inc.'s Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures are to the best of their knowledge, effective to ensure that information required to be disclosed by Allied First Bancorp Inc. in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms. Subsequent to the date of their evaluation, there were no significant changes in Allied First Bancorp Inc.'s internal controls or in other factors that could significantly affect these controls, including any corrective actions with regard to significant deficiencies and material weaknesses.

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Part II - Other Information

Item 1 - Legal Proceedings - Not Applicable.

Item 2 - Changes in Securities - Not Applicable.

Item 3 - Defaults upon Senior Securities - Not Applicable.

Item 4 - Submission of Matters to a vote of Security Holders

On October 17, 2002, the shareholders held their annual meeting to consider and act upon the election of Mr. Kenneth L. Bertrand and Mr. William G. McKeown to serve as directors for terms of three years and the ratification of the appointment of Crowe, Chizek & Company LLP as auditors for the company for the fiscal year ending June 30, 2003. Both of the foregoing items were approved by the shareholders at the meeting by the following vote totals based upon 608,350 shares outstanding and entitled to vote at the meeting.

I. Election of Directors- 488,728 shares voted, as follows

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Kenneth L. Bertrand: 485,331 votes for; 3,397 votes WITHHELD.
William G. McKeown: 488,103 votes for; 625 votes WITHHELD.

II. Ratification of the appointment of Crowe, Chizek & Company LLP as auditors for the company for the fiscal year ending June 30, 2003 - 488,728 shares voted, as follows:

FOR: 488,553
AGAINST: 75
ABSTAIN: 100

Item 5 - Other Information - Not Applicable

Item 6 - Exhibits and Reports on Form 8-K

(a) Exhibit 99.1 Chief Executive Officer's Section 906
Certification under the Sarbanes-Oxley Act
of 2002

Exhibit 99.2 Chief Financial Officer's Section 906
Certification Under the Sarbanes-Oxley Act
of 2002

(b) Reports on Form 8-K

None

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SIGNATURES

Pursuant to the requirement of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Allied First Bancorp, Inc.
Registrant

Date: November 14, 2002

/s/ Kenneth L. Bertrand

Kenneth L. Bertrand
President and Chief Executive Officer

Date: November 14, 2002

/s/ Brian K. Weiss

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Brian K. Weiss
Chief Financial Officer

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Certifications

I, Kenneth L. Bertrand, Chief Executive Officer of Allied First Bancorp, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Allied First Bancorp, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in the Report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - (a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - (b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - (c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - (a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

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- (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

- 6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 14, 2002

/s/ Kenneth L. Bertrand

Kenneth L. Bertrand
Chief Executive Officer

I, Brian K. Weiss, Chief Financial Officer of Allied First Bancorp, Inc., certify that:

- 1. I have reviewed this quarterly report on Form 10-QSB of Allied First Bancorp, Inc.;
- 2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
- 3. Based on my knowledge, the financial statements, and other financial information included in the Report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
- 4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - (a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - (b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - (c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

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- (d) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
- (e) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 14, 2002

/s/ Brian K. Weiss

Brian K. Weiss
Chief Financial Officer