ALLIED FIRST BANCORP INC
Form 10QSB
February 14, 2003

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 December 31, 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 February 10, 2003, there were 608,350 shares of the Registrant's common stock issued and outstanding.

Allied First Bancorp, Inc.

INDEX

PART I: FINANCIAL INFORMATION, Item 1.
Allied First Bancorp, Inc.
CONSOLIDATED BALANCE SHEETS

(Unaudited)

	At December 31, 2002
Cash and cash equivalents...	$ 2,733,556
Time deposits with other financial institutions..................	3,534,633
Securities available for sale....................................	6,012,404
Loans, net of allowance for loan losses of $677,503 at December 31, 2002 and $655,633 at June 30, 2002..................	79,622,487

Federal Home Loan Bank Stock at cost	1,571,000
Accrued interest receivable	340,944
Premises and equipment-net	60,642
Other assets	407,904
Total assets	$ 94,283,570

Non-interest bearing demand deposits	$ 8,274,860
Interest-bearing demand deposits	13,234,652
Savings, Now and MM DA deposits	43,206,496
Other time deposits	17,900,545
Total deposits	82,616,553
Loan advances	1,000,000
Other liabilities	388,617
Total liabilities	$ 84,005,170

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 December 31, 2002 and June 30, 2002	6,084
Additional paid-in capital	5,271,948
Retained earnings	4,939,645
Accumulated other comprehensive income	60,723
Total shareholders' equity	$ 10,278,400
Total liabilities and shareholders equity	$ 94,283,570

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

3

PART I: FINANCIAL INFORMATION, Item 1
Allied First Bancorp, Inc.
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended December 31,	
	2002	2001

Interest income:			
Loans receivable	$ 1,209,889	$ 1,286,325	$ 2
Interest earning deposits	73,462	88,509	
Securities	110,227	17,844	
Total interest income	1,393,578	1,392,678	2
Interest expense:			
Deposits	554,803	610,271	1
Other	3,850	20,672	
Total interest expense	558,653	630,943	1
Net interest income:	834,925	761,735	1
Provision for loan losses	101,000	60,000	
Net interest income after Provision for loan losses	733,925	701,735	1
Non-Interest Income:			
Credit and debit card transaction	131,981	132,579	
Account fees	33,825	26,150	
Gain on sale of securities	4,132	-	
First mortgage loan fees	22,339	23,238	
Other	8,245	13,941	
Total non-interest income	200,522	195,908	
Non-Interest expense:			
Salaries and employee benefits	292,247	276,092	
Office operations and equipment	96,351	99,538	
Occupancy expense	20,693	19,369	
Data processing	32,010	31,484	
Loan servicing	98,462	109,530	
Travel and conference	18,829	13,654	
Professional services	76,678	65,028	
Marketing and promotion	52,444	34,805	
Other expenses	84,165	73,530	
Total non-interest expense	771,879	723,030	1
Income before income taxes:	162,568	174,613	
Income tax expense (benefit)	63,516	67,876	
Net Income:	$ 99,052	$ 106,737	$
Other comprehensive income (loss)	(9,034)	(14,696)	
Total comprehensive income	$ 90,018	$ 92,041	$
Earning per shares:			
Basic	$0.16	N/A	
Diluted	$0.16	N/A	

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

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

	Six Months Ended December 31, 2002
Cash flows from operating activities	
Net income	$ 164,537
Adjustment to reconcile net income to net cash from Operating activities	6,012,404
Depreciation	22,918
Amortization of premiums on securities	69,631
Net gain on sale of securities	4,132)
Provision for loan losses	161,000
FHLB stock dividend	(38,600)
Net Changes in	
Accrued interest receivable	(71,331)
Other assets	(78,954)
Other liabilities	(103,311)
Net cash from operating activities	121,758
Cash flows from investing activities	
Purchase of available for sale securities	(6,068,154)
Sale of available for sale securities	4,172,635
Principal collected on mortgage backed securities	2,241,518
Purchase of Federal Home Loan Bank stock	-
Net expenditures of premises and equipment	(15,628)
Purchase of loans from other institutions	(8,806,546)
Net changes in:	
Loans to customers	(4,065,086)
Time deposits with other financial institutions	892,770
National Credit Union Share Insurance Fund deposit	-
Net cash from investing activities	(11,648,491)
Cash flows from financing activities	
Net change in	
Deposits	5,897,189
Net proceeds from sale of common stock	-
Borrowings	1,000,000
Proceeds from the issuance of subordinated debt	-
Retirement of subordinated debt	-
Net cash from financing activities	6,897,189
Increase (decrease) in cash and cash equivalents	(4,629,544)

Cash and cash equivalents at beginning of period.................	7,363,100
Cash and cash equivalents at end of period.......................	$ 2,733,556

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

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 December 31, 2002 and June 30, 2002 and the results of its operations, for the three and six months ended December 31, 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 December 31, 2002.

Operating results for the three and six months ended December 31, 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 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.

(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 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 and you should not rely on these statements.

COMPARISON OF THREE-MONTH AND SIX-MONTH PERIODS
ENDED DECEMBER 31, 2002 AND 2001

GENERAL

Net income for the three-month and six-month periods ended December 31, 2002 was $99,000 and $165,000, respectively, compared to net income of $107,000 and $387,000 for the equivalent periods in 2001. As a former credit union, the organization was not subject to federal incomes taxes or state income taxes. 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, Allied First Bank recorded a net deferred tax asset in the amount of $205,000 on September 1, 2001 as an income tax benefit.

NET INTEREST INCOME

The net interest income for the three-month period ended December 31, 2002, was $835,000 compared to $762,000 for the same period in 2001. This is a 9.58% increase over the same period in 2001. Although net interest income grew as a result of asset growth the net interest margin dropped to 3.63% from 3.71% for the same period in 2001. The reason for the lower net yield in 2002 was that the yield on earnings assets decreasing from 6.78% to 6.05%. The net interest income for the six-month period ended December 31, 2002, was $1,645,000 compared to $1,469,000 for the same period in 2001, an increase of 11.98% and resulted in a net interest margin of 3.70% compared to 3.58% in 2001. The six-month period ending December 31, 2002 had a rising interest rate margin due to a 96 basis point drop in interest bearing liabilities from the prior six-month period.

Total average investment securities increased $9,883,000 and $7,875,000, for the three-month and six-month periods over one-year ago. Total average loans increased $6,508,000 and $3,829,000, for the three-month and six-month periods over one-year ago. The yields on total average earning assets were 6.05% and 6.78% for the three-month periods ended December 31, 2002, and 2001 and 6.19% and 6.96% for the six-month periods, ended December 31, 2002 and 2001, respectively.

Total average interest bearing liabilities increased $7,149,000 and $3,457,000, for the three-month and six-month periods ended December 31, 2002, over the comparative periods in 2001. Interest bearing liabilities increased due to the introduction of an interest bearing checking account that had a promotion rate of up to 3.5% annual percentage rate.

INTEREST INCOME

Interest income for the three months and six months ended December 31, 2002 was $1,394,000 and $2,755,000 compared to $1,393,000 and $2,854,000 for the same period in 2001. The decrease in the six-month period was primarily due to a decline in yields on earning assets during 2002. In the three-month period the increase in average earning assets offset the lower yields earned during that period resulting in the same interest income for both periods.

INTEREST EXPENSE

Interest expense for the three months and six months ended December 31, 2002 was $559,000 and $1,110,000 compared to $631,000 and $1,385,000 for the same period in 2001. The decrease was primarily due to lower rates paid on interest-bearing liabilities during 2002, which was 2.99% for the three-month period ending December 31, 2002, and 3.10% for the six months ending December 31, 2002. This represents a 74 and a 96 basis point decrease in the rates paid over the same periods in the prior year.

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

Allied First Bancorp, Inc.
(Dollars In Thousands)

	Three Months ending December 31 2002			Three Mont
INTEREST EARNINGS ASSETS	Average Balance	Interest	Average Rate	Average Balance
Loans	$ 71,402	$ 1,210	6.78%	$ 64,894
Available for sale securities	9,007	110	4.89%	1,413
Federal Home Loan Bank stock	1,571	24	6.11%	1.076
Interest earning balances	10,117	50	1.98%	14,831
Total interest-earning assets	92,097	1,394	6.05%	82,214
NON-INTEREST EARNING ASSETS				
Premises and equipment	66			88
Allowance for loan losses	(626)			(684
Other non-earning assets	619			970

Total assets	$ 92,156			$ 82,588
INTEREST-BEARING LIABILITIES				
Interest checking	$ 11,517	$ 99	3.44%	$ -
Savings	11,394	27	0.95%	13,120
Money market	32,481	196	2.41%	35,853
Time deposits	18,495	233	5.04%	17,761
Loan advance	937	4	1.71%	-
Subordinated debt	-	-	0.00%	941
	74,824	559	2.99%	67,675
NON-INTEREST BEARING LIABILITIES AND EQUITY				
Checking	6,588			8,247
Other liabilities	517			325
Equity	10,227			6,311
Total liabilities and equity	$ 92,156			$ 82,558
Net interest/spread		$ 835	3.06%	
Net interest margin			3.63%	

(1) Total Loans less deferred net loan fees

9

Allied First Bancorp, Inc.
(Dollars In Thousands)

	Six Months ending December 31 2002			Six Month
INTEREST EARNINGS ASSETS	Average Balance	Interest	Average Rate	Average Balance
Loans	$ 68,989	$ 2,392	6.93%	$ 65,160
Available for sale securities	8,582	218	5.08%	707
Federal Home Loan Bank stock	1,561	43	5.51%	659
Interest earning balances	9,840	102	2.07%	15,512
Total interest-earning assets	88,972	2.755	6.19%	82,038
NON-INTEREST EARNING ASSETS				

Premises and equipment	66			82
Allowance for loan losses	(643)			(668
Other non-earning assets	627			802
Total assets	$ 89,022			$ 82,254
INTEREST-BEARING LIABILITIES				
Interest checking	$ 6,357	$ 110	3.46%	$ -
Savings	11,456	58	1.01%	12,777
Money market	34,707	458	2.64%	36,531
Time deposits	18,677	479	5.13%	18,302
Loan advance	505	5	1.98%	-
Subordinated debt	-	-	0.00%	635
	71,702	1,110	3.10%	68,245
NON-INTEREST BEARING LIABILITIES AND EQUITY				
Checking	6,598			8,382
Other liabilities	540			459
Equity	10,192			5,168
Total liabilities and equity	$ 89,022			$ 82,254
Net interest/spread		$ 1,645	3.09%	
Net interest margin			3.70%	

(1) Total Loans less deferred net loan fees.

PROVISION FOR LOAN LOSSES

The provision for loan losses was $101,000 and $161,000, respectively, for the three-month and six-month periods ended December 31, 2002 and $60,000 and $120,000 for the same periods in 2001. Changes in the provision for loan losses are attributed to management's analysis of the adequacy of the allowance for loan losses to address probable losses. Net charge-offs of $80,000 have been recorded for the three-month period ended December 31, 2002, compared to $31,000 of net charge-offs for the same period in 2001. Net charge-offs of $139,000 have been recorded for the six-month period ended December 31, 2002, compared to $54,000 of net charge-offs for the same period in 2001. The allowance for loan losses was $678,000 or 85% of net loans as of December 31, 2002, compared to $656,000 or .98% of net loans at June 30, 2002. The percentage of allowance for loan losses to net loans has decreased due to the loan portfolio shifting to a greater percentage of real estate secured loans and a smaller percentage of unsecured loans in the portfolio. At December 31, 2002 Allied First Bancorp held $37.3 million in real estate secured loans an increase of $13.7 million or 58.05%, from $23.6 million in real estate secured 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 December 31, 2002, our delinquent loans past due 60 days or more was 0.25% or $203,000 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 all periods presented. Non-interest income for the three-months periods ended December 31, 2002 and 2001 was $201,000 and $196,000, respectively and for the six-month periods were $402,000 and $391,000.

NON-INTEREST EXPENSE

Non-interest expense for the three-month period ended December 31, 2002, was $772,000, an increase of $49,000, or 6.78%, compared to the same period in 2001. Salary and employee benefits was $292,000 for the three-month period ended December 31, 2002 an increase of $16,000 or 5.8%, from $276,000 for the same period in 2001. The increase in salaries and employee benefits is due to normal merit raises as well as rising health care premiums. Marketing and promotion was $52,000 for the three-month period ended December 31, 2002 an increase of $17,000 or 48.57%, from $35,000 for the same period in 2001. The increase in marketing and promotion expense is a result of increased promotional activities in connection with marketing Allied First Bank into new target markets. These increases in non-interest expenses were partially offset by a decrease of $12,000, or 10.91% decrease in loan servicing expenses, which totaled $98,000 for the three-month period, ended December 31, 2002. The decrease in loan servicing expense was primarily due to the elimination of the Visa Platinum Home Equity product, which was phased out in December 2001.

Non-interest expense was $1,615,000 for the six-month period ended December 31, 2002, an increase of $127,000 or 8.53% from $1,488,000 for the same six-month period in 2001. Salary and employee benefits was $579,000 for the six-month period ended December 31, 2002 an increase of $36,000 or 6.63%, from $543,000 for the same period in 2001. Professional service fees were $171,000 for the six-month period ended December 31, 2002, and $144,000 for the same period in 2001. The increase in professional fees is primarily a result of the additional reporting requirements of a public company including annual reporting. Marketing and promotion was $158,000 for the six-month period ended December 31, 2002 an increase of $85,000 or 116.44%, from $73,000 for the same period in 2001. The reason for the increase in marketing and promotions in the six-month period ending December 31, 2002 is that marketing efforts increased to promote Allied First Bank in new markets, which were not available to the Bank until the charter and name change that took place on September 1, 2001. Other expenses for the six-month period ended December 31, 2002 and 2001 was $84,000 and $74,000. 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 was $65,000 and $68,000, respectively, for the three-month periods ending December 31, 2002 and 2001. For the six-month period ending December 31, 2002 the provision for income tax was $106,000. For the six-months ended December 31, 2001 a net tax benefit of $135,000 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 two months of fiscal year 2002. 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.

REGULATORY CAPITAL REQUIREMENTS

Pursuant to federal law, Allied First Bank must meet three separate minimum capital ratio requirements. As of December 31, 2002, Allied First Bank had core capital, Tier I risk-based and total risk-based ratios of 10.79%, 12.88% and 13.76% compared to well-capitalized requirements of 5.00%, 6.00% and 10.00%.

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 financial institutions, money market mutual funds, proceeds from principal and interest payments on loans as well as the ability to borrow against first mortgages, and marketable securities. At December 31, 2002, Allied First Bank had $2.7 million in cash and cash equivalents that could be used for its funding needs. Cash and cash equivalents decreased by $4.7 million compared to the period ending June 30, 2002 and securities available for sale decreased by $400,000, time deposits with other institutions decreased $900,000.

As of December 31, 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 Offer 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 the 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.

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- Not Applicable

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

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: February 14, 2003 /s/ Kenneth L. Bertrand

Kenneth L. Bertrand
President and Chief Executive Officer

Date: February 14, 2003 /s/Brian K. Weiss

Brian K. Weiss
Chief Financial Officer

Certification

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):

(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

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: February 14, 2003

/s/ Kenneth L. Bertrand

Kenneth L. Bertrand
Chief Executive Officer

16

Certification

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,

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):

(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

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: February 14, 2003

/s/ Brian K. Weiss

Brian K. Weiss
Chief Financial Officer