FEDERAL DEPOSIT INSURANCE CORPORATION
WASHINGTON, DC 20429

FORM 10-QSB

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended: **June 30, 2006**

FDIC certificate number: **34929**

First Bank of Delaware
(Exact name of business issuer as specified in its charter)

Delaware	**51-0389698**
(State or other jurisdiction of incorporation or organization)	IRS Employer Identification Number

Brandywine Commons II, Rocky Run Parkway, Wilmington, DE 19803
(Address of principal executive offices) (Zip code)

302-529-5984
(Issuer's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act during the past 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 ____

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act):

YES ____ NO __X__

APPLICABLE ONLY TO CORPORATE ISSUERS:

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date.

11,343,715 shares of Issuer's Common Stock, par value **$0.05 per share**, issued and outstanding as of August 11, 2006

Page 1 of 36

Exhibit index appears on page 31

TABLE OF CONTENTS

PART I - FINANCIAL INFORMATION

ITEM 1: FINANCIAL STATEMENTS

First Bank of Delaware
Consolidated Balance Sheets
as of June 30, 2006 and December 31, 2005
(Dollars in thousands, except share data)

ASSETS:		June 30, 2006 (unaudited)		December 31, 2005
Cash and due from banks	$	2,705	$	3,722
Interest bearing deposits with banks		262		52
Federal funds sold		22,910		19,064
Total cash and cash equivalents		25,877		22,838
Investment securities available for sale, at fair value		738		807
Loans receivable (net of allowance for loan losses of $1,700 and $1,684, respectively)		52,541		51,238
Premises and equipment, net		1,187		1,304
Other real estate owned		-		-
Accrued interest receivable		280		270
Bank owned life insurance		1,665		1,638
Other assets		3,011		4,081
Total Assets	$	85,299	$	82,176
LIABILITIES AND SHAREHOLDERS' EQUITY:				
Liabilities:				
Deposits:				
Demand – non-interest-bearing	$	14,332	$	9,502
Demand – interest-bearing		37		46
Money market and savings		19,768		23,310
Time under $100,000		11,287		16,183
Time $100,000 or more		11,326		13,502
Total Deposits		56,750		62,543
Accrued interest payable		281		227
Due to short term consumer loan servicers and purchasers		3,421		4,130
Accrued Expenses		208		715
Other liabilities		323		260
Total Liabilities		60,983		67,875
Shareholders' Equity:				
Respective amounts as of June 30, 2006 and December 31, 2005:				
Common stock par value: $0.05;				
Shares authorized: 15,000,000; and 10,000,000 respectively				
Shares issued & outstanding: 11,343,715 and 7,518,362		567		376
Additional paid in capital		13,195		5,084
Retained earnings		10,715		8,986
Stock held by deferred compensation plan		(149)		(149)
Accumulated other comprehensive income(loss)		(12)		4
Total Shareholders' Equity		24,316		14,301
Total Liabilities and Shareholders' Equity	$	85,299	$	82,176

(See notes to consolidated financial statements)

First Bank of Delaware
Consolidated Statements of Income
For the Three and Six Months Ended June 30, 2006 and 2005
(Dollars in thousands, except per share data)
(unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2006	2005	2006	2005
Interest income:				
Interest and fees on loans	$1,862	$1,674	$3,272	$2,959
Interest and dividend income on federal funds sold and other interest-earning balances	291	100	765	275
Interest and dividends on investment securities	11	15	22	31
Total interest income	2,164	1,789	4,059	3,265
Interest expense:				
Demand - interest bearing	-	-	-	1
Money market and savings	155	138	316	254
Time less than $100,000	136	53	303	81
Time over $100,000	122	47	250	104
	413	238	869	440
Net interest income	1,751	1,551	3,190	2,825
Provision for loan losses	569	812	791	1,168
Net interest income after provision for loan losses	1,182	739	2,399	1,657
Non-interest income:				
Loan advisory and servicing fees	16	12	24	14
Service fees on deposit accounts	47	33	74	65
Short-term loan fee income	624	1,799	1,423	3,649
Tax refund products	179	67	2,142	1,593
Card products	413	-	685	-
Other income	14	12	27	25
	1,293	1,923	4,375	5,346
Non-interest expenses:				
Salaries and employee benefits	1,109	1,133	2,439	1,920
Occupancy	97	71	188	141
Depreciation	78	70	157	133
Legal	35	109	106	258
Data processing and operational expenses	61	77	138	199
Delaware franchise tax	35	43	140	183
Professional fees	51	107	129	172
Other operating expenses	351	248	817	523
	1,817	1,858	4,114	3,529
Income before income taxes	658	804	2,660	3,474
Provision for income taxes	239	269	931	1,204
Net Income	$419	$535	$1,729	$2,270
Earnings per share:				
Basic	$0.05	$0.07	$0.22	$0.31
Diluted	$0.05	$0.07	$0.22	$0.29

(See notes to consolidated financial statements)

First Bank of Delaware

Consolidated Statements of Cash Flows

For the Six Months Ended June 30, 2006 and 2005

(Dollars in thousands)

(unaudited)

	Six months ended June 30, 2006	Six months ended June 30, 2005
Cash flows from operating activities:		
Net income	$ 1,729	$ 2,270
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	791	1,168
Depreciation	157	133
Stock Compensation Expense	1	-
Increase in value of bank owned life insurance	(26)	(25)
Decrease (increase) in accrued interest receivable and other assets	1,067	(72)
Decrease increase in accrued expenses and other liabilities	(1,099)	(4,663)
Net cash provided by(used in) operating activities	2,620	(1,189)
Cash flows from investing activities:		
Proceeds from principal receipts, calls and maturities of securities:		
Available for sale	45	172
Net increase in loans	(2,094)	(4,635)
Premises and equipment expenditures	(40)	(131)
Net cash used in investing activities	(2,089)	(4,594)
Cash flows from financing activities:		
Net proceeds from the exercise of stock options	654	31
Net proceeds from the common stock offering	7,647	-
Net increase in demand, money market and savings deposits	1,279	3,654
Net (decrease) increase in time deposits	(7,072)	6,179
Net cash provided by financing activities	2,508	9,864
Increase in cash and cash equivalents	3,039	4,081
Cash and cash equivalents, beginning of period	22,838	11,304
Cash and cash equivalents, end of period	$ 25,877	$ 15,385
Supplemental disclosure:		
Interest paid	$ 815	$ 380
Taxes paid	$ 1,400	$ 1,750

(See notes to consolidated financial statements)

FIRST BANK OF DELAWARE
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the six months ended June 30, 2006
(Dollars in thousands)
(Unaudited)

	Comprehensive Income/(loss)	Common Stock	Additional Paid in Capital	Retained Earnings	Stock Held by Deferred Compensation Plan	Accumulated Other Comprehensive Income (loss)	Total Shareholder's Equity
Balance January 1, 2006		$ 376	$ 5,084	$ 8,986	$ (149)	$ 4	$ 14,301
Options exercised		21	633	–	–	–	654
Stock compensation		–	1	–	–	–	1
Proceeds from Stock Offering, net of offering cost of $2,900		170	7,477	–	–	–	7,647
Total other comprehensive loss, net of reclassification adjustments and taxes..	$ (16)	–	–	–	–	(16)	(16)
Net income	1,729	–	–	1,729	–	–	1,729
Total comprehensive income............	$ 1,713	–	–	–	–	–	–
Balance June 30, 2006		$ 567	$ 13,195	$ 10,715	$ (149)	$ (12)	$ 24,316

(See notes to consolidated financial statements)

FIRST BANK OF DELAWARE
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the six months ended June 30, 2005
(Dollars in thousands)
(Unaudited)

	Comprehensive Income/(loss)	Common Stock	Additional Paid in Capital	Retained Earnings	Stock Held by Deferred Compensation Plan	Accumulated Other Comprehensive Income (loss)	Total Shareholder's Equity
Balance January 1, 2005		$ 500	$ 4,657	$ 6,217	–	$ 22	$ 11,396
Change in capital structure after spin-off		(138)	138	–	–	–	–
Options exercised		1	30	–	–	–	31
Total other comprehensive loss, net of reclassification adjustments and taxes..	$ (6)	–	–	–	–	(6)	(6)
Net income	2,270	–	–	2,270	–	–	2,270
Total comprehensive income............	$ 2,264	–	–	–	–	–	–
Balance June 30, 2005		$ 363	$ 4,825	$ 8,487	–	$ 16	$ 13,691

(See notes to consolidated financial statements)

FIRST BANK OF DELAWARE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Note 1: Organization

First Bank of Delaware ("FBD" or the "Company")

FBD is a commercial bank chartered pursuant to the laws of the State of Delaware with its principal office located at Brandywine Commons II, Concord Pike, Wilmington, Delaware. As a Delaware chartered bank, it is subject to the regulations and examination of the Delaware State Banking Commissioner. As a state chartered bank which is not a member of the Federal Reserve System, it is also subject to examination and comprehensive regulation by the Federal Deposit Insurance Corporation ("FDIC"). Deposits are insured up to applicable limits by the Bank Insurance Fund of the FDIC. FBD presently conducts its principal business banking activities through two offices in Wilmington, Delaware. FBD offers a variety of credit and depository banking services. Commercial loan services are primarily offered to individuals and businesses in the Delaware area through two offices in New Castle County, Delaware; however a substantial number of short-term consumer loans (120 day installment and payday loans) are made in various states and via the Internet. Credit and debit card products are also offered nationally. The majority of loan balances resulting from these national products are sold. FBD has one subsidiary, BSC Services Corp. That subsidiary provides operations, accounting, compliance and human resources staffing to FBD and Republic First Bank.

Prior to January 31, 2005, FDB was a wholly-owned subsidiary of Republic First Bancorp, Inc. ("Republic"). On January 31, 2005, FBD was spun off from Republic, effective as of January 1, 2005. All FDB assets, liabilities and shareholder's equity were spun off, and new stock was issued to Republic shareholders. Shareholders of Republic received one share of stock in FBD for each share of Republic stock they owned. The newly issued FBD shares trade on the Over-the-Counter (OTC) Bulletin Board, and a total of 7,236,389 shares were issued. Additionally, option holders of Republic were issued one stock option in FBD for each stock option outstanding at the spin off date. A total of 826,707 options were issued at an average exercise price of $1.40 and a weighted average remaining life of 5.86 years, of which 793,293 of the options were exercisable at January 1, 2005. Effective June 30, 2006, a common stock rights offering to current shareholders resulted in the issuance of 3.4 million shares. A total of $7.7 million was generated through the exercise of the rights, and related oversubscription. The number of stock options was increased by 271,955 in proportion to the number of shares issued in the common stock offering. While other terms of these options matched their original terms, the exercise price of $2.45 was set at the stock price at the closing of the offering.

Note 2: Summary of Significant Accounting Policies:

Basis of Presentation:

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-QSB and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the six month period ended June 30, 2006 are not necessarily indicative of the results that may be expected for the year ended December 31, 2006.

Risks and Uncertainties and Certain Significant Estimates:

FBD is dependent primarily upon short-term loan, tax refund, and credit card product fee income. Also, it is dependent upon the level of net interest income, which is the difference between interest earned on its interest-earning assets, such as loans and investments, and the interest paid on its interest-bearing liabilities, such as deposits and borrowings. Accordingly, the result of operations of FBD is subject to risks and uncertainties surrounding their exposure to change in the interest rate environment.

Prepayments on fixed rate loans and mortgage-backed securities vary significantly and may cause significant fluctuations in interest margins.

At June 30, 2006, there were approximately $3.4 million of short-term consumer loans outstanding, which were originated in various states and via the internet. In first quarter 2006, FBD ceased making installment loans in Texas and North Carolina. Participations sold at June 30, 2006 amounted to $10.7 million compared to $17.2 million at December 31, 2005. FBD evaluated these sales and determined that they qualify as sales under FAS 140. These loans generally have principal amounts of $1,500 or less. FBD ceased originating payday loans on June 30, 2006. In third quarter 2005, FBD began offering the installment loans, previously described, and began offering stored value and credit card products. Legislation eliminating, or limiting interest rates upon short-term consumer loans has from time to time been proposed. New guidelines issued by the FDIC regarding payday loans had a material adverse impact on earnings. The guidelines may adversely affect our business and operations. See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Recent Developments."

FBD offers two tax refund products to customers of Liberty Tax Service. Liberty Tax Service is a nationwide tax service provider which prepares and electronically files federal and state income tax returns and FBD offers certain Liberty Tax Service customers accelerated refunds ("Tax Refund Products"). Tax Refund Products consist of electronic refund checks ("ERCs") and refund anticipation loans ("RALs"). FBD has decided not to continue with this program. This decision will adversely affect our business and operations. See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Recent Developments."

FBD is an issuing bank for certain credit card programs. FBD originates credit card receivables and sells the majority of such receivables into the secondary market. FBD earns a monthly fee for each active account. At June 30, 2006 FBD had approximately $151,000 of credit card receivables on its books.

FBD offers prepaid cards primarily to the un-banked and under-banked customer on a national basis. These cards are sold via the internet and through certain retailers. Customers may load their own funds onto the cards via the internet, merchants, or by direct deposit from their employer. Upon loading, customers may access their funds through ATMs or point of sale locations. The bank earns revenues on these cards through interchange, monthly fees, and float on the card deposits.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make significant estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Significant estimates are made by management in determining the allowance for loan losses, carrying values of other real estate owned and income taxes. Consideration is given to a variety of factors in establishing these estimates. In estimating the allowance for loan losses, management considers current economic conditions, diversification of the loan portfolio, delinquency statistics, results of internal loan reviews, borrowers' perceived financial and managerial strengths, the adequacy of underlying collateral, if collateral dependent, or present value of future cash flows and other relevant factors. Since the allowance for loan losses and carrying value of other real estate owned are dependent, to a great extent, on the general economy and other conditions that may be beyond FBD's control, it is at least reasonably possible that the estimates of the allowance for loan losses and the carrying values of other real estate owned could differ materially in the near term.

FBD's results of operations will be significantly affected by the ability of borrowers to repay their loans and many national consumer borrowers, including payday loan customers, are considered to be high credit risks. Further, litigation in connection with such consumer loans, if successful, and if not reimbursed by loan servicers obligated to indemnify FBD, could have an adverse impact on earnings and financial condition.

FBD is subject to federal and state regulations governing virtually all aspects of its activities, including, but not limited to, lines of business, liquidity, investments, the payment of dividends and others. Such regulations and the cost of adherence to such regulations can have a significant impact on earnings and financial conditions. See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Recent Developments."

Stock Based Compensation:

In December 2004, the Financial Accounting Standards Board ("FASB") issued SFAS No, 123R (revised 2004), "Share-Based Payment", which revises SFAS No. 123, "Accounting for Stock-Based Compensation", and supersedes Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees". This statement requires an entity to recognize the cost of employee services received in share-based payment transactions and measure the cost on the grant-date fair value of the award. That cost will be recognized over the period during which an employee is required to provide service in exchange for the award. The provisions of SFAS No. 123R are effective January 1, 2006.

In March 2005, the Securities and Exchange Commission (the "SEC") issued Staff Accounting Bulletin ("SAB") No. 107 which expressed the views of the SEC regarding the interaction between SFAS No. 123R and certain SEC rules and regulations. SAB No. 107 provides guidance related to the valuation of share-based payment arrangements for public companies, including assumptions such as expected volatility and expected term.

In 2005, the Company vested all previously issued unvested options. The impact of SFAS No. 123R on operations in future periods will be the value imputed on future options grants using the methods prescribed in SFAS No. 123R.

At June 30, 2006, the Company maintains a Stock Option Plan (the "Plan") under which the Company grants options to its employees and directors. Under terms of the plan, 1.5 million shares of common stock are reserved for such options. The Plan provides that the exercise price of each option granted equals the market price of the Company's stock on the date of grant. Any options granted vest within one to five years and has a maximum term of 10 years.

A summary of the status of the Company's stock options under the Stock Option Plan as of June 30, 2006 and changes during the six months ended June 30, 2006 and 2005 are presented below:

	For the Six Months Ended June 30,			
	2006		2005	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding, beginning of year	1,052,968	$2.11	826,707	$1.40
Granted	281,955	$2.46	516,000	$2.70
Exercised	(425,358)	$1.53	(19,800)	$1.57
Forfeited	(2,200)	$2.92	(1,100)	$2.67
Outstanding, end of period	907,365	$2.49	1,321,807	$1.96
Options exercisable at period-end	907,365	$2.49	1,321,807	$1.96
Weighted average fair value of options granted during the period		$1.20		$1.09

The following table summarizes information about options outstanding under the Stock Option Plan as of June 30, 2006.

Range of Exercise Prices	Options outstanding			Options exercisable	
	Number outstanding at June 30, 2006	Weighted Average remaining contractual life (years)	Weighted Average exercise price	Shares	Weighted Average Exercise Price
$0.78 to $1.00	29,150	5.0	$ 0.78	29,150	$ 0.78
$1.01 to $1.50	25,850	6.0	1.21	25,850	1.21
$1.51 to $1.99	28,600	5.2	1.67	28,600	1.67
$2.00 to $2.69	374,365	8.0	2.51	374,365	2.51
$2.70 to $2.92	449,400	9.2	2.71	439,400	2.71
	907,365		$ 2.49	897,365	$ 2.49

During the six months ended June 30, 2006, $1,000 was recognized in compensation expense for the Stock Option Plan. Prior to January 1, 2006, the Company accounted for the Stock Option Plan under the recognition and measurement principles of APB No. 25 and related interpretations. Share-based employee compensation costs were not reflected in net income, as all options granted under the plan had an exercise price equal to the market value of the underlying common stock on the date of the grant. In 2005, the Company vested all previously issued unvested options. The Company granted 10,000 options during the six months ended June 30, 2006, and a related compensation expense of $1,000 was recognized on the Stock Option Plan during the six months ended June 30, 2006. Existing options were increased by 271,955 shares in proportion to the common stock rights offering, with an exercise price equal to the market price of $2.45 at the offering close. No compensation expense was recognized related to this increase.

During the year to date ended June 30, 2005, the Company accounted for the plan under the recognition and measurement principles of APB No. 25, Accounting for Stock Issued to Employees. The following table illustrates the effect on net income and earnings per share if the Bank had applied the fair value recognition provisions of SFAS No. 123R.

FBD has a stock-based employee compensation plan. The Company accounts for that plan under the recognition and measurement principles of APB No. 25, *Accounting for Stock Issued to Employees*, and related interpretations. Stock-based employee compensation costs are not reflected in net income, as all options granted under the plan had an exercise price equal to the market vale of the underlying common stock on the date of grant. The following table illustrates the effect on net income and earnings per share if the company had applied the fair value recognition provisions of SFAS No. 123, to stock-based employee compensation (in thousands, except per share amounts).

FBD granted 10,000 options during the six months ended June 30, 2006. The pro forma compensation expense for that period is based upon the volatility of RFB's stock, due to the limited trading history of FBD stock, which did not begin trading until February 1, 2005. The fair value of each option is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions used for these grants: dividend yield of 0%; expected volatility of 22.2%; risk-free interest rate of 4.03% and an expected life of 9.0 years. The fair value of options granted during 2005 was $ 1.09.

Stock Based Compensation

(dollar amounts in thousands)	**Three months ended June 30, 2005**	**Six months ended June 30, 2005**
Net income as reported	$ 535	$ 2,270
Less: Stock based compensation costs determined under fair value method for all awards	(372)	(389)
Net income, pro forma	$ 163	$ 1,881
Earnings per common share-basic: As reported	$ 0.07	$ 0.31
Pro-forma	$ 0.02	$ 0.26
Earnings per common share-diluted: As reported	$ 0.07	$ 0.29
Pro-forma	$ 0.02	$ 0.24

Note 4: Recent Accounting Pronouncements

In November 2005, the FASB issued final FSP No. 123(R)-3, "Transition Election Related to Accounting for the Tax Effects of Share-Based Payment Awards." The FSP provides an alternative method of calculating excess tax benefits (the Additional Paid-in Capital "APIC" pool) from the method defined in FAS 123(R) for share-based payments. A one-time election to adopt the transition method in this FSP is available to those entities adopting 123(R) using either the modified retrospective or modified prospective method. Up to one year from the initial adoption of FAS 123(R) or the effective date of the FSP is provided to make this one-time election. However, until an entity makes its election, it must follow the guidance in FAS 123(R). The Company is currently evaluating the potential impact of calculating the APIC pool with this alternative method and has not yet determined which method we will adopt, or the expected impact on the Company's financial position or results of operations.

In January 2006, the Company adopted FASB Interpretation No. 47, "Accounting for Conditional Asset Retirement Obligations – an interpretation of SFAS No. 143," ("FIN 47"). This Interpretation provides clarification with respect to the timing of liability recognition for legal obligations associated with the retirement of tangible long-lived assets when the timing and/or method of settlement of the obligation are conditional on a future event. The adoption of FIN 47 did not materially impact the Company's financial position or results of operations.

In February 2006, the FASB issued SFAS No. 155, "Accounting for Certain Hybrid Financial Instruments". SFAS No. 155 amends FASB Statement No. 133 and FASB Statement No. 140, and improves the financial reporting of certain hybrid financial instruments by requiring more consistent accounting that eliminates exemptions and provides a means to simplify the accounting for these instruments. Specifically, SFAS No. 155 allows financial instruments that have embedded derivatives to be accounted for as a whole (eliminating the need to bifurcate the derivative from its host) if the holder elects to account for the whole instrument on a fair value basis. SFAS No. 155 is effective for all financial instruments acquired or issued after the beginning of an entity's first fiscal year that begins after September 15, 2006. The Company is required to adopt the provisions of SFAS No. 155, as applicable, beginning in fiscal year 2007. Management does not believe the adoption of SFAS No. 155 will have a material impact on the Company's financial position and results of operations.

In March 2006, the FASB issued SFAS No. 156, "Accounting for Servicing of Financial Assets —An Amendment of FASB Statement No. 140" ("SFAS 156"). SFAS 156 requires that all separately recognized servicing assets and servicing liabilities be initially measured at fair value, if practicable. The statement permits, but does not require, the subsequent measurement of servicing assets and servicing liabilities at fair value. SFAS 156 is effective as of the beginning of an entity's first fiscal year that begins after September 15, 2006, which for the Company will be as of the beginning of fiscal 2007. The Company does not believe that the adoption of SFAS 156 will have a significant effect on its financial statements.

In February 2006, the FASB issued FASB Staff Position No. FAS 123(R)-4, "Classification of Options and Similar Instruments Issued as Employee Compensation That Allow for Cash Settlement upon the Occurrence of a Contingent Event." This position amends SFAS 123R to incorporate that a cash settlement feature that can be exercised only upon the occurrence of a contingent event that is outside the employee's control does not meet certain conditions in SFAS 123R until it becomes probable that the event will occur. The guidance in this FASB Staff Position shall be applied upon initial adoption of Statement 123R. The Company is currently evaluating the impact that the adoption of SFAS 123R will have on its financial statements.

In July 2006, the FASB issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109" (FIN 48), which clarifies the accounting for uncertainty in tax positions. This Interpretation requires that companies recognize in their financial statements the impact of a tax position, if that position is more likely than not of being sustained on audit, based on the technical merits of the position. The provisions of FIN 48 are effective for fiscal years beginning after December 15, 2006 with the cumulative effect of the change in accounting principle recorded as an adjustment to opening retained earnings. The Company is currently evaluating the impact of adopting FIN 48 on our financial statements.

Note 5: Legal Proceedings

FBD is from time to time party (plaintiff or defendant) to lawsuits in the normal course of business. While any litigation involves an element of uncertainty, management, after reviewing pending actions with legal counsel, is of the opinion that the liabilities of FBD, if any, resulting from such actions will not have a material effect on financial condition or results of operations.

Note 6: Segment Reporting

FBD's reportable segments represent strategic businesses that offer different products and services. The segments are managed separately because each segment has unique operating characteristics, management requirements and marketing strategies. FBD has four reportable segments: one community banking segment; tax refund products; credit card products; and short-term consumer loans (payday & installment loans). The community banking segment is primarily comprised of the results of operations and financial condition of commercial loan and deposit operations. FBD additionally offers national consumer products to the underbanked consumer including tax refund products and short-term consumer loans. Tax refund products are comprised of accelerated check refunds and refund anticipation loans offered on a national basis to customers of Liberty Tax Service, an unaffiliated national tax preparation firm. Effective July 2006, the bank has terminated its relationship with Liberty Tax Services and will not offer these products going forward. Short-term consumer loans are loans with principal amounts of $1,500 or less and terms of approximately two weeks for payday loans and approximately four months for installment loans. These loans typically are made in several states through a small number of marketers and involve rates and fees significantly different from other loan products offered. FBD also offers stored value and credit card products.

FBD evaluates the performance of the community banking segment based upon net income, return on equity and return on average assets. Tax refund products, card products, and short term consumer loans are evaluated based upon net income.

Segment information for the three and six months ended June 30, 2006 and 2005, is as follows:

June 30, 2006	As of and for the three months ended				
(dollars in thousands)	First Bank of Delaware	Tax Refund Products	Card Products	Short-term Consumer loans	Total
Net interest income	$ 771	$ 42	$ 65	$ 873	$ 1,751
Provision for loan losses	16	-	-	553	569
Non-interest income	76	179	414	624	1,293
Non-interest expenses	663	196	396	801	2,056
Net income(loss)	$ 168	$ 25	$ 83	$ 143	$ 419

June 30, 2006	As of and for the six months ended				
(dollars in thousands)	First Bank of Delaware	Tax Refund Products	Card Products	Short-term Consumer loans	Total
Net interest income	$ 1,473	$ 226	$ 115	$ 1,376	$ 3,190
Provision for loan losses	49	-	-	742	791
Non-interest income	125	2,142	685	1,423	4,375
Non-interest expenses	1,241	1,320	739	1,745	5,045
Net income	$ 308	$ 1,048	$ 61	$ 312	$ 1,729
Selected Balance Sheet Accounts:					
Total assets	$ 80,950	$ -	$ 1,432	$ 2,917	$ 85,299
Total loans	50,718	-	151	3,372	54,241
Total deposits	51,136	882	3,840	892	56,750

June 30, 2005 As of and for the three months ended

(dollars in thousands)

	Community Banking	Tax Refund Products	Card Products	Short-term Consumer loans	Total
Net interest income	$ 640	$ -	$ -	$ 911	$ 1,551
Provision for loan losses	51	-	-	761	812
Non-interest income	57	$ 67	-	1,799	1,923
Non-interest expenses	542	103	-	1,482	2,127
Net income (loss)	$ 104	$ (36)	$ -	$ 467	$ 535

June 30, 2005 As of and for the six months ended

(dollars in thousands)

	Community Banking	Tax Refund Products	Card Products	Short-term Consumer loans	Total
Net interest income	$ 1,220	$ 137	$ -	$ 1,468	$ 2,825
Provision for loan losses	102	-	-	1,066	1,168
Non-interest income	104	1,593	-	3,649	5,346
Non-interest expenses	1,047	910	-	2,776	4,733
Net income	$ 175	$ 820	$ -	$ 1,275	$ 2,270
Selected Balance Sheet Accounts:					
Total assets	$ 62,849	$ -	$ -	$ 3,222	$ 66,071
Total loans	42,507	-	-	3,058	45,565
Total deposits	47,545	-	-	-	47,545

Note 7: Earnings Per Share:

Earnings per share ("EPS") consists of two separate components: basic EPS and diluted EPS. Basic EPS is computed by dividing net income by the weighted average number of common shares outstanding for each period presented. Diluted EPS is calculated by dividing net income by the weighted average number of common shares outstanding plus dilutive common stock equivalents ("CSEs"). CSEs consist of dilutive stock options granted through FBD's stock option plan. The following table is a reconciliation of the numerator and denominator used in calculating basic and diluted EPS. CSEs which are anti-dilutive are not included in the following calculation. At June 30, 2006, and 2005, respectively, there were no stock options that were not included in the calculation of EPS because the option exercise price is greater than the average market price for the period.

The following table is a comparison of EPS for the three and six months ended June 30, 2006, and 2005.

	Three months ended			
	2006		**2005**	
Net Income	$419,000		$535,000	
	Shares	**Per Share**	**Shares**	**Per Share**
Weighted average shares For period	7,981,032		7,256,189	
Basic EPS		$0.05		$0.07
Add common stock equivalents representing dilutive stock options	60,514		434,852	
Effect on basic EPS of dilutive CSE		-		-
Equals total weighted average shares and CSE (diluted)	8,041,546		7,691,041	
Diluted EPS		$0.05		$0.07

	Six months ended			
	2006		**2005**	
Net Income	$1,729,000		$2,270,000	
	Shares	**Per Share**	**Shares**	**Per Share**
Weighted average shares For period	7,790,993		7,246,160	
Basic EPS		$0.22		$0.31
Add common stock equivalents representing dilutive stock options	71,120		441,650	
Effect on basic EPS of dilutive CSE		-		$(0.02)
Equals total weighted average shares and CSE (diluted)	7,862,113		7,687,810	
Diluted EPS		$0.22		$0.29

Note 8: Comprehensive Income

The following table displays net income and the components of other comprehensive income to arrive at total comprehensive income. The only component of other comprehensive income is that related to the unrealized gains (losses) on available for sale investment securities.

(dollar amounts in thousands)	Three months ended June 30,		Six months ended June 30,	
	2006	**2005**	**2006**	**2005**
Net income	$ 419	$ 535	$ 1,729	$ 2,270
Other comprehensive income (loss), net of tax:				
Unrealized gains (losses) on securities:				
Unrealized holding gains (losses) during the period	(10)	5	(16)	(6)
Comprehensive income	$ 409	$ 540	$ 1,713	$ 2,264

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is management's discussion and analysis of significant changes in FBD's results of operations, financial condition and capital resources presented in the accompanying consolidated financial statements. This discussion should be read in conjunction with the accompanying notes to the consolidated financial statements.

Certain statements in this document may be considered to be "forward-looking statements" as that term is defined in the U.S. Private Securities Litigation Reform Act of 1995, such as statements that include the words "may," "believes," "expect," "estimate," "project," "anticipate," "should," "intend," "probability," "risk," "target," "objective" and similar expressions or variations on such expressions. The forward-looking statements contained herein are subject to certain risks and uncertainties that could cause actual results to differ materially from those projected in the forward-looking statements. For example, risks and uncertainties can arise with changes in: general economic conditions, including their impact on capital expenditures; new service and product offerings by competitors and price pressures; and similar items. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's analysis only as of the date hereof. FBD undertakes no obligation to publicly revise or update these forward-looking statements to reflect events or circumstances that arise after the date hereof. Readers should carefully review the risk factors described in other documents FBD files from time to time with the FDIC, including FBD's Annual Report on Form 10-K for the year ended December 31, 2005, Quarterly Reports on Form 10-Q, filed by the Company in 2006 and 2005, and any Current Reports on Form 8-K, as well as other filings.

Recent Developments:

Payday Lending

We ceased offering payday loans on June 30, 2006, reflecting a change in FDIC guidelines. The cessation of such loans has had a materially adverse effect on earnings.

Shareholders' Equity

A common stock rights offering to distribute to common stock holders as of April 27, 2006, nontransferable rights to subscribe for additional shares of the Bank's common stock, was closed on June 30, 2006. A total of 3,400,000 shares were purchased at a subscription price of $2.25 which provided gross offering proceeds of $7.7 million.

Tax Products

The Company has agreed with Liberty Tax Service ("LTS") to terminate the agreement pursuant to which the Bank offers Bank products, which include refund anticipation loans ("RALs") and electronic refund checks ("ERCs"), in stores owned or franchised by LTS. The decision to cease offering the products was necessitated because several large national banks are offering "Paystub Loans" which are loans made to taxpayers prior to receiving their W-2 from their employer. The Paystub Loan amounts are based on the customer's final paycheck and the customer's prospective earned income tax credit if the customer is participating in that program. The Bank believes that these loans are legally questionable and are too financially risky for the Bank, especially since most Paystub Loan customers receive their refunds through the Earned Income Tax Credit Program, and accordingly has decided that it is not comfortable offering these products.

This change will have a material adverse impact on the Bank's earnings in the first and second quarters of 2007. The tax program is a seasonal business with all of the earnings from the program being recognized in the first two quarters of each year. The Bank continues to transition its loan products to installment loans and other consumer loans which are more traditional loan products and to grow its credit and debit card programs. The Company expects fourth quarter 2006 and third and fourth quarter 2007 earnings to reflect increasing profitability from the new products offered by the Company and from its mezzanine financing subsidiary.

Financial Condition:

June 30, 2006, Compared to December 31, 2005

Total assets increased $3.1 million to $85.3 million at June 30, 2006, versus $82.2 million at December 31, 2004. This increase reflected a $1.3 million increase in net loans which were funded primarily by increases in non-interest bearing demand deposits. Non-interest-bearing demand increased $4.8 million between those respective dates. Because a portion of those increases were temporary, they were invested in overnight federal funds sold.

Loans:

The loan portfolio represents FBD's largest asset, and is its most significant source of interest income. Net loans increased $1.3 million, or 2.5%, to $52.5 million at June 30, 2006, versus $51.2 million at December 31, 2005. The loan portfolio consists of commercial real estate, construction and other commercial loans as well as short term consumer loans. Commercial real estate loans comprise the majority of the loan portfolio. Commercial real estate loans amounted to $35.7 million at June 30, 2006 compared to $34.0 million at December 31, 2005. Construction and land development loans amounted to $12.9 million and $13.6 million respectively, at those dates. At June 30, there were $3.6 million in consumer loans outstanding versus $3.1 million at December 31, 2005.

Investment Securities:

Investment securities available-for-sale are investments, which may be sold in response to changing market and interest rate conditions and for liquidity and other purposes. The investment securities available-for-sale consist primarily of U.S. Government agency issued mortgage backed securities. Available-for-sale securities totaled $738,000 at June 30, 2006, a decrease of $69,000, or 8.6%, from year-end 2005. This decrease resulted primarily from repayments on mortgage-backed securities. At June 30, 2006, and December 31, 2005, the portfolio had net unrealized losses of $12,000 and gains of $4,000, respectively.

Investment securities held-to-maturity are investments for which there is the intent and ability to hold the investment to maturity. These investments are carried at amortized cost. FBD did not have any held-to-maturity securities at those respective dates.

Cash and Cash Equivalents:

Cash and due from banks, interest-bearing deposits and federal funds sold comprise this category, which consists of FBD's most liquid assets. The aggregate amount in these three categories increased by $3.0 million, to $25.8 million at June 30, 2006 from $22.8 million at December 31, 2005. Federal funds sold increased by $3.8 million, between those respective dates, to $22.9 million at June 30, 2006. The increase in federal funds sold reflected the temporary investment of $7.6 million of proceeds from the common stock rights offering.

Fixed Assets:

Bank premises and equipment, net of accumulated depreciation decreased $117,000 or 9.0% to $1.2 million at June 30, 2006 from $1.3 million at December 31, 2005.

Bank Owned Life Insurance:

The income earned on these policies is reflected in non-interest income. Bank owned life insurance amounted to $1.6 million at June 30, 2006 and December 31, 2005.

Deposits:

Deposits, which include non-interest and interest-bearing demand deposits, money market, savings and time deposits including some brokered deposits, represent the major sources of funding. Deposits are generally solicited from the Delaware market area through the offering of a variety of products to attract and retain customers, with a primary focus on multi-product relationships.

Total deposits decreased by $5.8 million to $56.7 million at June 30, 2006, from $62.5 million at December 31, 2005. Average transaction accounts in the current quarter increased 24.7% or $7.8 million more than the comparable prior year quarter. A portion of that increase resulted from temporary inflows of deposits from the U.S. Treasury, related to tax refund products. Higher cost time deposits were accordingly decreased by $7.1 million, or 23.8% to $22.6 million at June 30, 2006, versus $29.7 million at December 31, 2005.

Due to Short-Term Consumer Loan Servicers and Purchasers

Amounts due to short-term consumer loan servicers and purchasers totaled $3.4 million at June 30, 2006, a decrease of $700,000 from $4.1 million at December 31, 2005. The decrease resulted primarily because of the decrease in the volume of short-term consumer loans which were sold to third parties. See "Managements Discussion and Analysis of Financial Condition and Results of Operations - Recent Developments."

Shareholders' Equity:

Total shareholders' equity increased $10.0 million to $24.3 million at June 30, 2006, versus $14.3 million at December 31, 2005. This increase reflected net income of $1.7 million and proceeds of the common stock rights offering of $7.6 million, with the balance of the increase resulting primarily from stock options exercised.

<u>Three Months Ended June 30, 2006 Compared to June 30, 2005</u>

Results of Operations:

Overview

FBD's net income decreased to $419,000 or $0.05 per diluted share for the three months ended June 30, 2006, compared to $535,000, or $0.07 per diluted share for the comparable prior year period primarily reflecting lower payday loan fee income. Non-interest income decreased $630,000 due to a $1.2 million reduction in payday loan fees which was partially offset by income from the new stored value and credit card programs of $413,000 and a $112,000 increase in tax program income. As a result of increased commercial loan balances and the higher short-term rate environment, additional commercial loan interest of approximately $291,000 was realized, while the increase in interest expense between those periods was only $175,000. These factors were reflected in a return on average assets and average equity of 2.01% and 10.01% respectively, in the second quarter of 2005 compared to 3.09% and 16.01% respectively for the same period in 2005.

Analysis of Net Interest Income

Historically, the FBD's earnings have depended significantly upon net interest income, which is the difference between interest earned on interest-earning assets and interest paid on interest-bearing liabilities. Net interest income is impacted by changes in the mix of the volume and rates of interest-earning assets and interest-bearing liabilities.

Interest-earning assets:	For the three months ended June 30, 2006			For the three months ended June 30, 2005		
(Dollars in thousands)	Average Balance	Interest Income/ Expense	Yield/ Rate	Average Balance	Interest Income/ Expense	Yield/ Rate
Federal funds sold and other interest-earning assets	$ 22,914	$ 291	5.09%	$ 14,060	$ 100	2.85%
Securities	766	11	5.74%	1,042	15	5.76%
Loans receivable	51,962	1,862	14.37%	45,840	1,674	14.65%
Total interest-earning assets	75,642	2,164	11.47%	60,942	1,789	11.77%
Other assets	8,323			8,481		
Total assets	$ 83,965			$ 69,423		
Interest-bearing liabilities:						
Demand-non interest bearing	$ 18,352			$ 8,717		
Demand interest-bearing	52	$ -	-	131	$ -	-
Money market & savings	20,800	156	3.01%	22,601	138	2.45%
Time deposits	23,343	257	4.42%	14,076	100	2.85%
Total deposits	62,547	413	2.65%	45,525	238	2.10%
Total interest-bearing deposits	44,195	413	3.75%	36,808	238	2.59%
Other borrowings	-	-	-	-	-	-
Total interest-bearing liabilities	$ 44,195	$ 413	3.75%	$ 36,808	$ 238	2.59%
Total deposits and other borrowings	62,547	413	2.65%	45,525	238	2.10%
Non interest-bearing liabilites	4,587			10,493		
Shareholders' equity	16,831			13,405		
Total liabilities and shareholders' equity	$ 83,965			$ 69,423		
Net interest income		$ 1,751			$ 1,551	
Net interest spread			7.72%			9.18%
Net interest margin			9.28%			10.21%

The rate volume table below presents an analysis of the impact on interest income and expense resulting from changes in average volumes and rates during the period. Changes due to rate and volume variances have been allocated to rate.

Rate/Volume Table

	Three months ended June 30, 2006 versus June 2005 (dollars in thousands) Due to change in:		
	Volume	Rate	Total
Interest earned on:			
Federal funds sold	$ 112	$ 79	$ 191
Securities	(4)	-	(4)
Loans	219	(31)	188
Total interest-earning assets	327	48	375
Interest expense of deposits			
Interest-bearing demand deposits	-	-	-
Money market and savings	13	(31)	(18)
Time deposits	(101)	(56)	(157)
Total deposit interest expense	(88)	(87)	(175)
Total interest expense	(88)	(87)	(175)
Net interest income	$ 239	$ (39)	$ 200

FBD’s net interest margin decreased 93 basis points to 9.28%, or $1.8 million, for the three months ended June 30, 2006, versus the prior year comparable period. The majority of the decrease resulted from a reduction in higher yielding payday loans retained on the balance sheet. While a greater amount of short-term consumer loans were retained in 2006, they carried a lower yield. Without the short-term consumer loans, net interest margins would have been approximately 4.95% in second quarter 2006 and 4.16% in second quarter 2005. The resulting 79 basis point increase reflected the impact of the higher short-term interest environment on the commercial loan portfolio between those respective periods and the increases, some of which were temporary, in non interest bearing demand balances. Variable rate loans in the commercial loan portfolio immediately repriced to those higher market rates, which increased approximately 250 basis points between the quarters. The average yield on interest-earning assets decreased 0.30% to 11.47% for the three months ended June 30, 2006, from 11.77% for the prior year comparable period, reflecting the reduction in payday loans. The average rate paid on interest-bearing liabilities increased 116 basis points to 3.75% for the three months ended June 30, 2006, from 2.59% in the prior year comparable period, as FBD repriced its deposits to the higher rate environment. Yields on total deposits increased 55 basis points, to 2.65% in second quarter 2006 from 2.10% in second quarter 2005.

FBD's net interest income increased $200,000, or 12.9%, to $1.8 million for the three months ended June 30, 2006, from $1.6 million for the prior year comparable period. The increase reflected a $375,000 growth in interest income offset by a $175,000 increase in interest expense.

Total interest income increased $375,000, or 21.0%, to $2.2 million for the three months ended June 30, 2006, from $1.8 million for the prior year comparable period. Interest and fees on loans increased $188,000 to $1.9 million for the three months ended June 30, 2006, from $1.7 million for the prior year comparable period. The increases reflected those factors noted in the preceding paragraphs which discussed net interest margin and net interest income. Interest and dividends on investment securities decreased $4,000 to $11,000 for the three months ended June 30, 2006, from $15,000 for the prior year comparable period. Excess funds were generally invested in overnight federal funds sold. Federal funds sold income increased $191,000, to $291,000 in second quarter 2006, compared to $100,000 in second quarter 2005. The increase reflected higher average short-term interest rates which increased the yield to 5.10% from 2.85% between those respective periods. Average balances between those respective periods also increased, and were invested at those higher average rates. In second quarter 2006, average federal funds sold increased $8.8 million, to $22.9 million in second quarter 2006, from $14.1 million in second quarter 2005.

Total interest expense increased $175,000, or 73.5%, to $413,000 for the three months ended June 30, 2006, from $238,000 for the prior year comparable period. That increase reflected the impact of higher short-term interest rates on the yield of interest-bearing liabilities which increased 116 basis points to 3.75% in second quarter 2006 from 2.59% in second quarter 2005. It also represented the expense associated with increased amounts of interest-bearing liabilities subject to those higher rates. Total interest-bearing liabilities increased $7.4 million, or 20.1%, to $44.2 million in second quarter 2006, from $36.8 million in second quarter 2005.

Interest expense on money market and savings increased $17,000, or 12.3% to $153,000 for second quarter 2006 from $138,000 for the prior year comparable period. The increase reflected an increase in yield to 3.01% from 2.45%, which resulted from the higher rate environment, which more than offset lower average balances.

Interest expense on time deposits (certificates of deposit) increased $158,000, or 158.0%, to $258,000 for second quarter 2006, from $100,000 for the prior year comparable period. This increase reflected the higher interest rate environment as the average rate increased 157 basis points to 4.42%. In addition, average certificates of deposit outstanding increased $9.2 million, or 65.2%, to $23.3 million, for the quarter ended June 30, 2006, from $14.1 million in the prior year comparable period.

Provision for Loan Losses

The provision for loan losses is charged to operations in an amount necessary to bring the total allowance for loan losses to a level that reflects the known and estimated inherent losses in the portfolio. The provision for loan losses decreased $243,000 to $569,000 for the three months ended June 30, 2006, from $812,000 for the prior year comparable period. The decrease reflected a decrease in the provision for loan losses required by FBD’s allowance for loan loss methodology for installment loans as compared to payday loans. The decrease also reflected lower commercial loan growth.

Non-Interest Income

Total non-interest income decreased $630,000, or 32.8%, to $1.3 million for the three months ended June 30, 2006, versus $1.9 million for the prior year comparable period. Short term loan fee income decreased by $1.2 million or 65.3% to $624,000 from $1.8 million due to the transition away from payday loans. Tax refund product income increased by $112,000 or 167.2% to $179,000 from $67,000 for the prior year comparable period. The new card products helped to offset the loss of payday loan fees by adding $413,000 in fee income.

Non-Interest Expenses

Total non-interest expenses decreased $41,000 or 2.2% to $1.8 million for the three months ended June 30, 2006, from $1.9 million for the prior year comparable period. Salaries and employee benefits decreased $24,000 or 2.1%, to $1.1 million for the three months ended June 30, 2006, from approxiamately that amount for the prior year comparable period.

Occupancy expense increased $26,000, or 36.6%, to $97,000 for second quarter 2006, versus $71,000 for second quarter 2005. The increase reflected increased space requirements primarily for staff related to new products.

Depreciation expense increased $8,000, or 11.4% to $78,000 for the three months ended June 30, 2006, versus $70,000 for the prior year comparable period. The increase reflected depreciation on data processing expenditures.

Legal fees decreased $74,000, or 67.9%, to $35,000 in second quarter 2006, compared to $109,000 in second quarter 2005. The decrease reflected legal fees related to new product development which included installment loans, debit and credit cards and other loan products incurred in second quarter 2005.

Data processing expense decreased $16,000, or 20.7%, to $61,000 in second quarter 2006 from $77,000 in second quarter 2005. The decrease reflected the reduced payday loan activity.

Delaware franchise tax decreased $8,000, or 18.6%, to $35,000 in second quarter 2006 from $43,000 in second quarter 2005. The decrease resulted primarily from decreases in taxable income.

Professional fees decreased $56,000, or 52.3% to $51,000 in second quarter 2006, compared to $107,000 in the comparable prior year period. This was due to reduced consulting and employee acquisition fees on new product development declined in second quarter 2006.

Other expenses increased $103,000, or 41.5% to $351,000 for the three months ended June 30, 2006, from $248,000 for the prior year comparable period. The increase reflected a $11,000 increase in advertising for deposits, $21,000 increase in credit reports/appraisals expense, $8,000 in printing and supplies mostly related to the tax program, $11,000 in increased phone expenses for new products, and a $7,000 increase in insurance expense.

Provision for Income Taxes

The provision for income taxes decreased $30,000, or 11.2% to $239,000 for the three months ended June 30, 2006, from $269,000 for the prior year comparable period. This decrease was primarily the result of the decrease in pre-tax income. The effective tax rate increased to 36.3% in second quarter 2006 from 33.5% in second quarter 2005. The second quarter rate increase brought the annual provision rate for 2006 to 35%.

<u>Six Months Ended June 30, 2006 Compared to June 30, 2005</u>

Results of Operations:

Overview

FBD's net income decreased to $1.7 million or $0.22 per diluted share for the six months ended June 30, 2006, compared to $2.3 million, or $0.29 per diluted share for the comparable prior year period reflecting lower payday loan fee income. The decrease reflected a $2.2 million decrease in short term consumer loan related non-interest income, which was partially offset by a $549,000 increase in tax refund product non-interest income and a $685,000 increase in card product income. These factors were reflected in a return on average assets and average equity of 3.51% and 21.37% respectively, in the six months ended 2006 compared to 6.09% and 35.57% respectively for the same period in 2005.

Analysis of Net Interest Income

Historically, the FBD's earnings have depended significantly upon net interest income, which is the difference between interest earned on interest-earning assets and interest paid on interest-bearing liabilities. Net interest income is impacted by changes in the mix of the volume and rates of interest-earning assets and interest-bearing liabilities.

Interest-earning assets:	For the six months ended June 30, 2006			For the six months ended June 30, 2005		
(Dollars in thousands)	Average Balance	Interest Income/ Expense	Yield/ Rate	Average Balance	Interest Income/ Expense	Yield/ Rate
Federal funds sold and other interest-earning assets	$ 32,793	$ 765	4.70%	$ 21,457	$ 275	2.58%
Securities	778	22	5.66%	1,078	31	5.75%
Loans receivable	52,601	3,272	12.54%	44,991	2,959	13.26%
Total interest-earning assets	86,172	4,059	9.50%	67,526	3,265	9.75%
Other assets	13,217			7,628		
Total assets	$ 99,389			$ 75,154		
Interest-bearing liabilities:						
Demand-non interest bearing	$ 27,880			$ 17,307		
Demand interest-bearing	42	$ -	0.00%	254	$ -	0.00%
Money market & savings	21,151	316	3.01%	22,509	255	2.28%
Time deposits	26,027	553	4.28%	13,731	185	2.72%
Total deposits	75,100	869	2.33%	53,801	440	1.65%
Total interest-bearing deposits	47,220	869	3.71%	36,494	440	2.43%
Other borrowings	-	-	-	4	-	-
Total interest-bearing liabilities	$ 47,220	$ 869	3.71%	$ 36,498	$ 440	2.43%
Total deposits and other borrowings	75,100	869	2.33%	53,805	440	1.65%
Non interest-bearing liabilites	8,163			8,479		
Shareholders' equity	16,126			12,870		
Total liabilities and shareholders' equity	$ 99,389			$ 75,154		
Net interest income		$ 3,190			$ 2,825	
Net interest spread			5.79%			7.32%
Net interest margin			7.47%			8.44%

The rate volume table below presents an analysis of the impact on interest income and expense resulting from changes in average volumes and rates during the period. Changes due to rate and volume variances have been allocated to rate.

Rate/Volume Table

	Six months ended June 30, 2006 versus June 2005 (dollars in thousands) Due to change in:		
	Volume	Rate	Total
Interest earned on:			
Federal funds sold	$ 264	$ 226	$ 490
Securities	(8)	(1)	(9)
Loans	473	(160)	313
Total interest-earning assets	729	65	794
Interest expense of deposits			
Interest-bearing demand deposits	-	-	-
Money market and savings	20	(81)	(61)
Time deposits	(261)	(107)	(368)
Total deposit interest expense	(241)	(188)	(429)
Total interest expense	(241)	(188)	(429)
Net interest income	$ 488	$ (123)	$ 365

FBD’s net interest margin decreased 97 basis points to 7.47%, or $3.2 million, for the six months ended June 30, 2006, versus the prior year comparable period. The majority of the decrease resulted from a reduction in high yielding payday loans retained on the balance sheet. While a greater amount of short-term consumer loans were retained in 2006, they carried a lower yield. Without the short-term consumer loans, net interest margins would have been approximately 4.50% for year to date 2006 and 4.01% for year to date 2005. The resulting 49 basis point increase reflected the impact of the higher short-term rate environment between those respective periods. Variable rate commercial loans in the portfolio immediately repriced to those higher market rates, which increased approximately 300 basis points between the periods. The average yield on interest-earning assets decreased 25 basis points to 9.50% for the year to date June 30, 2006, from 9.75% for the prior year comparable period. That increase also reflected those factors. The average rate paid on interest-bearing liabilities increased 128 basis points to 3.71% for the six months ended June 30, 2006, from 2.43% in the prior year comparable period, as FBD repriced its deposits to the higher rate environment. Yields on total deposits increased 68 basis points, to 2.33% in year to date 2006 from 1.65% in year to date 2005, also reflecting the higher rate environment.

FBD's net interest income increased $365,000, or 12.9%, to $3.2 million for the six months ended June 30, 2006, from $2.8 million for the prior year comparable period. The increase also reflected the $513,000 impact of both increased balances of commercial loans, and higher rates thereon, with a $429,000 increase in interest expense.

Total interest income increased $794,000, or 24.3%, to $4.1 million for the six months ended June 30, 2006, from $3.3 million for the prior year comparable period. Interest and fees on loans increased $313,000 to $3.3 million for the six months ended June 30, 2006, from $3.0 million for the prior year comparable period. While interest on commercial loans increased $513,000, interest on short term loans decreased $190,000 reflecting decreases in payday loan volume. Interest and dividends on investment securities decreased $9,000 to $22,000 for the six months ended June 30, 2006, from $31,000 for the prior year comparable period. Federal funds sold income increased $490,000, or 178.2%, to $765,000 in year to date 2006, compared to $275,000 in year to date 2005. The increase reflected higher average short-term interest rates which increased the yield to 4.70% from 2.58% between those respective periods. Average balances between those respective periods also increased, and were invested at those higher average rates. In year to date 2006, average federal funds sold increased $11.3 million, to $32.8 million from $21.5 million in year to date 2005.

Total interest expense increased $429,000, or 97.5%, to $869,000 for the six months ended June 30, 2006, from $440,000 for the prior year comparable period. That increase reflected the impact of higher short-term interest rates on the yield of interest-bearing liabilities which increased 128 basis points to 3.71% in year to date 2006 from 2.43% in year to date 2005. It also represented the expense associated with increased amounts of interest-bearing liabilities subject to those higher rates. Total interest-bearing liabilities increased $10.7 million, or 29.3%, to $47.2 million for year to date 2006, from $36.5 million for year to date 2005.

Interest expense on time deposits (certificates of deposit) increased $368,000, or 198.9%, to $553,000 for year to date 2006, from $185,000 for the prior year comparable period. This increase reflected the higher interest rate environment as the average rate increased 156 basis points to 4.28%. In addition, average certificates of deposit outstanding increased $12.3 million, or 89.9%, to $26.0 million, for the six months ended June 30, 2006, from $13.7 million in the prior year comparable period.

Provision for Loan Losses

The provision for loan losses is charged to operations in an amount necessary to bring the total allowance for loan losses to a level that reflects the known and estimated inherent losses in the portfolio. The provision for loan losses decreased $377,000 to $791,000 for the six months ended June 30, 2006, from $1.2 million for the prior year comparable period. The decrease reflected a decrease in the provision for loan losses required by FBD’s allowance for loan loss methodology for installment loans, as compared to payday loans. The decreases also reflected lower commercial loan growth.

Non-Interest Income

Total non-interest income decreased $1.0 million to $4.4 million for the six months ended June 30, 2006, versus $5.3 million for the prior year comparable period. Of the $1.0 million decrease, $2.2 million resulted from decreased sales of payday loans. Tax refund product income increased by $549,000, primarily as a result of increases in the volume of such products. Card products, introduced in fourth quarter 2005, added $685,000 in income for 2006.

Non-Interest Expenses

Total non-interest expenses increased $585,000 or 16.5% to $4.1 million for the six months ended June 30, 2006, from $3.5 million for the prior year comparable period. Salaries and employee benefits increased $519,000, or 27.0%, to $2.4 million for the six months ended June 30, 2006, from $1.9 million for the prior year comparable period. The balance of the increase primarily reflected increases related to staffing for the new products. Those new products include installment loans, stored value and credit cards and other loan products.

Occupancy expense increased $47,000, or 33.3%, to $188,000 for year to date 2006, versus $141,000 for year to date 2005. The increase reflected increased space requirements primarily for staff related to new products.

Depreciation expense increased $24,000, or 18.0% to $157,000 for year to date 2006, versus $133,000 for the prior year comparable period.

Legal fees decreased $152,000, or 58.9%, to $106,000 in year to date 2006, compared to $258,000 in year to date 2005. The majority of the decrease resulted from 2005 legal fees related to the spin-off of First Bank of Delaware, which was effective January 1, 2005.

Data processing expense decreased $61,000, or 30.7%, to $138,000 in year to date 2006 from $199,000 in year to date 2005. The decrease reflected decreased data processing charges related to reduced payday loan volume.

Delaware franchise tax decreased $43,000, or 23.5%, to $140,000 in year to date 2006 from $183,000 in year to date 2005. The decrease resulted primarily from lower taxable income related to the reduction in payday loan income.

Professional fees decreased $43,000 or 25.0% to $129,000 for year to date 2006 from $172,000 for the prior year comparable period. This was due to reduced consulting and employee acquisition fees on new projects in 2006.

Other expenses increased $294,000, or 56.2% to $817,000 for the six months ended June 30, 2006, from $523,000 for the prior year comparable period. Of that increase, $41,000 reflected additional check and forms printing costs for tax refund loan products disbursed during 2006. Employee education and training increased $39,000 from the prior year comparable period The increase also reflected $37,000 of increases in advertising expenses for deposits, and $23,000 of increases in travel expense related to new product development.

Provision for Income Taxes

The provision for income taxes decreased $273,000, to $931,000 for the six months ended June 30, 2006, from $1.2 million for the prior year comparable period. This decrease was primarily the result of the decrease in pre-tax income. The effective tax rate was approximately 35% in both periods.

Commitments, Contingencies and Concentrations

FBD is party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of their customers. These financial instruments include commitments to extend credit and standby letters of credit totaling $7.1 million at June 30, 2006. These instruments involve to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the financial statements.

Credit risk is defined as the possibility of sustaining a loss due to the failure of the other parties to a financial instrument to perform in accordance with the terms of the contract. The maximum exposure to credit loss under commitments to extend credit and standby letters of credit is represented by the contractual amount of these instruments. FBD uses the same underwriting standards and policies in making credit commitments as it does for on-balance-sheet instruments.

Financial instruments whose contract amounts represent potential credit risk were comprised of commitments to extend credit of approximately $7.0 million and $7.5 million and standby letters of credit of approximately $70,000 and $73,000 at June 30, 2006, and December 31, 2005, respectively.

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and many require the payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. FBD evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained upon extension of credit is based on management's credit evaluation of the customer. Collateral held varies but may include real estate, marketable securities, pledged deposits, equipment and accounts receivable.

Standby letters of credit are conditional commitments that guarantee the performance of a customer to a third party. The credit risk and collateral policy involved in issuing letters of credit is essentially the same as that involved in extending loan commitments. The amount of collateral obtained is based on management's credit evaluation of the customer. Collateral held varies but may include real estate, marketable securities, pledged deposits, equipment and accounts receivable.

Regulatory Matters

The following table presents the FBD's capital regulatory ratios at June 30, 2006, and December 31, 2005:

	Actual		For Capital Adequacy purposes	
	Amount	Ratio	Amount	Ratio
Dollars in thousands				
At June 30, 2006				
Total risk based capital				
First Bank of Delaware	$25,070	42.91 %	$4,674	8.00%
Tier one risk based capital				
First Bank of Delaware	24,328	41.64%	2,337	4.00%
Tier one leveraged capital				
First Bank of Delaware	24,328	28.97%	4,199	5.00%

	Actual		For Capital Adequacy purposes	
	Amount	Ratio	Amount	Ratio
At December 31, 2005				
Total risk based capital				
First Bank of Delaware	$15,021	26.38%	$4,555	8.00%
Tier one risk based capital				
First Bank of Delaware	14,297	25.11%	2,277	4.00%
Tier one leveraged capital				
First Bank of Delaware	14,297	18.69%	3,826	5.00%

Dividend Policy

FBD has not paid any cash dividends on its common stock, but may consider dividend payments in the future.

Liquidity

Financial institutions must maintain liquidity to meet day-to-day requirements of depositors and borrowers, take advantage of market opportunities and provide a cushion against unforeseen needs. Liquidity needs can be met by utilizing cash and federal funds sold, converting assets to cash through computer repurchase or sale various or drawing upon lines of credit cash generated by increasing deposits represents the primarily source of liquidity.

Regulatory authorities requires FBD to maintain certain liquidity ratios to maintain available funds, or can obtain available funds at reasonable rates, in order to satisfy commitments to borrowers and the demands of depositors. In response to these requirements, FBD has formed an Asset/Liability Committee ("ALCO"), comprised of selected members of the FBD board of directors and senior management, which monitor such ratios. The purpose of the Committees is in part, to monitor FBD's liquidity and adherence to the ratios in addition to managing the relative interest rate risk. ALCO meets at least quarterly.

FBD's most liquid assets, consisting of cash due from banks, deposits with banks and federal funds sold, totaled $25.9 million at June 30, 2006, compared to $22.8 million at December 31, 2005, due primarily to an increase in federal funds sold. Loan maturities and repayments, if not reinvested in loans, also are immediately available for liquidity. Funding requirements have historically been satisfied primarily by generating core deposits and certificates of deposit with competitive rates. At June 30, 2006, FBD had aggregate outstanding commitments (including unused lines of credit and letters of credit) of $7.1 million. Certificates of deposit scheduled to mature in one year totaled $18.1 million at June 30, 2006. FBD anticipates that it will have sufficient funds available to meet its current commitments.

Target and actual liquidity levels are determined by comparisons of the estimated repayment and marketability of interest-earning assets and projected future outflows of deposits and other liabilities. FBD has established a line of credit from a correspondent bank to assist in managing the liquidity position. That line of credit totaled $4.0 million and was unused at June 30, 2006. Securities also represent a primary source of liquidity for FBD. Accordingly, investment decisions generally reflect liquidity over other considerations.

FBD's primary short-term funding sources are certificates of deposit and its securities portfolio. The circumstances that are reasonably likely to affect those sources are as follows. FBD has historically been able to generate certificates of deposit by matching Delaware market rates or paying a premium rate of 25 to 50 basis points over those market rates. It is anticipated that this source of liquidity will continue to be available; however, its incremental cost may vary depending on market conditions. The securities portfolio is also available for liquidity. Numerous investment companies would likely provide repurchase agreements up to the amount of the market value of the securities.

The ALCO is responsible for managing liquidity and interest sensitivity. Its primary objective is to maximize net interest income while configuring the interest-sensitive assets and liabilities to manage interest rate risk and provide adequate liquidity.

Investment Securities Portfolio

At June 30, 2006, FBD had identified certain investment securities that are being held for indefinite periods of time, including securities that will be used as part of FBD's asset/liability management strategy and that may be sold in response to changes in interest rates, prepayments and similar factors. These securities are classified as available for sale and are intended to increase the flexibility of FBD's asset/liability management. Available for sale securities consisted primarily of US Government Agency securities. The book and market values of investment securities available for sale were approximately $738,000 as of June 30, 2006. The net unrealized loss on investment securities available for sale as of that date was $12,000.

Loan Portfolio

FBD's loan portfolio consists of secured and unsecured commercial loans including commercial real estate loans, loans secured by one-to-four family residential property, commercial construction and residential construction loans as well as residential mortgages, home equity loans, short-term consumer credit card loans and other consumer loans. Commercial loans are primarily term loans made to small to medium-sized businesses and professionals for working capital, asset acquisition and other purposes. Commercial loans are originated as either fixed or variable rate loans with typical terms of 1 to 5 years. FBD's commercial loans typically range between $250,000 and $1,000,000 but customers may borrow significantly larger amounts up to the secured legal lending limit of approximately $5.3 million at June 30, 2006. Individual customers may have several loans often secured by different collateral.

Net loans increased $1.3 million, to $52.5 million at June 30, 2006, from $51.2 million at December 31, 2005. Commercial real estate secured loans increased $1.7 million between those dates.

The following table sets forth the gross loans by major categories for the periods indicated:

(dollars in thousands)	As of June 30, 2006		As of December 31, 2005	
	Balance	**% of Total**	**Balance**	**% of Total**
Commercial:				
Real estate secured	$ 35,735	65.9 %	$ 34,030	64.3 %
Construction and land development	12,935	23.8	13,590	25.7
Non real estate secured	1,893	3.5	2,180	4.1
Unsecured	89	0.2	63	0.1
	50,652	93.4	49,863	94.2
Consumer	3,589	6.6	3,059	5.8
Total loans	54,241	100.0 %	52,922	100.0 %
Less: allowance for loan losses	(1,700)		(1,684)	
Net loans	$ 52,541		$ 51,238	

Credit Quality

FBD's written lending policies require specified underwriting, loan documentation and credit analysis standards to be met prior to funding, with independent credit department approval for the majority of new loan balances. A committee of the Board of Directors oversees the loan approval process to monitor that proper standards are maintained, while approving the majority of commercial loans.

Loans, including impaired loans, are generally classified as non-accrual if they are past due as to maturity or payment of interest or principal for a period of more than 90 days, unless such loans are well-secured and in the process of collection. Loans that are on a current payment status or past due less than 90 days may also be classified as non-accrual if repayment in full of principal and/or interest is in doubt.

Loans may be returned to accrual status when all principal and interest amounts contractually due are reasonably assured of repayment within an acceptable period of time, and there is a sustained period of repayment performance by the borrower, in accordance with the contractual terms.

While a loan is classified as non-accrual or as an impaired loan and the future collectibility of the recorded loan balance is doubtful, collections of interest and principal are generally applied as a reduction to principal outstanding. When the future collectibility of the recorded loan balance is expected, interest income may be recognized on a cash basis. In the case where a non-accrual loan had been partially charged off, recognition of interest on a cash basis is limited to that which would have been recognized on the recorded loan balance at the contractual interest rate. Cash interest receipts in excess of that amount are recorded as recoveries to the allowance for loan losses until prior charge-offs have been fully recovered.

The following summary shows information concerning loan delinquency and other non-performing assets at the dates indicated.

(dollars in thousands)	June 30, 2006	December 31, 2005
Loans accruing, but past due 90 days or more	$ -	$ -
Non-accrual loans	65	198
Total non-performing loans (1)	65	198
Other real estate owned	-	-
Total non-performing assets (2)	$ 65	$198
Non-performing loans as a percentage of total loans net of unearned income	0.12%	0.39%
Non-performing assets as a percentage of total assets	0.08%	0.24%

(1) Non-performing loans are composed of (i) loans that are on a nonaccrual basis; (ii) accruing loans that are 90 days or more past due and (iii) restructured loans.

(2) Non-performing assets are composed of non-performing loans and other real estate owned (assets acquired in foreclosure).

Non accrual-loans of $65,000 at June 30, 2006 declined from the $198,000 at December 31, 2005, primarily the result of the payoff of one loan. There were no loans accruing, but past due 90 days or more at either date.

Problem loans consist of loans that are included in performing loans, but for which potential credit problems of the borrowers have caused management to have serious doubts as to the ability of such borrowers to continue to comply with present repayment terms. At June 30, 2006, all identified problem loans are included in the preceding table or are classified as substandard or doubtful, with a specific reserve allocation in the allowance for loan losses (see “Allowance For Loan Losses”). Management believes that the appraisals and other estimates of the value of the collateral pledged against the non-accrual loans generally exceed the amount of its outstanding balances.

The recorded investment in loans which are impaired totaled $65,000 at June 30, 2006, and $198,000 at December 31, 2005, and the amount of related valuation allowances was $33,000 and $53,000 respectively of those dates. There were no commitments to extend credit to any borrowers with impaired loans as of the end of the periods presented herein.

At June 30, 2006, and December 31, 2005, internally classified accruing substandard loans totaled approximately $4.3 million and $2.8 million respectively; and doubtful loans totaled approximately $65,000 and $99,000 respectively. There were no loans classified as loss at those dates.

FBD had delinquent loans as follows: (i) 30 to 59 days past due, in the aggregate principal amount of $-0 at June 30, 2006 and $219,000 at December 31, 2005; and (ii) 60 to 89 days past due, at June 30, 2006 and December 31, 2005, in the aggregate principal amount of $-0- and $-0-, respectively.

At June 30, 2006, FBD had no foreign loans.

Other Real Estate Owned:

There was no other real estate owned at June 30, 2006 or December 31, 2005.

At June 30, 2006, FBD had no credit exposure to "highly leveraged transactions" as defined by the Federal Reserve Bank.

Allowance for Loan Losses

An analysis of the allowance for loan losses for the six months ended June 30, 2006, and 2005, and the twelve months ended December 31, 2005 is as follows:

(dollars in thousands)	For the six months ended June 30, 2006	For the twelve months ended December 31, 2005	For the six months ended June 30, 2005
Balance at beginning of period…………………..	$ 1,684	$1,050	$1,050
Charge-offs:			
Commercial and construction…………………….	23	-	-
Short-term loans……………………………….	804	1,619	806
Consumer …………………………...…….	-	18	-
Total charge-offs	827	1,637	806
Recoveries:			
Commercial and construction………………….	19	10	10
Short-term loans……………………………….	33	400	400
Consumer……………………………...……	-	3	-
Total recoveries………………………..	52	413	410
Net charge-offs……………….……………………	775	1,224	396
Provision for loan losses…………………………..	791	1,858	1,168
Balance at end of period………………………..	$1,700	$1,684	$1,822
Average loans outstanding (1)………………...	$52,601	$47,916	$44,991
As a percent of average loans (1):			
Net charge-offs (annualized) …………….…...	2.94%	2.56%	1.76%
Provision for loan losses (annualized)………	3.00%	3.88%	5.19%
Allowance for loan losses…………….…....	3.23%	3.52%	4.05%
Allowance for loan losses to:			
Total loans, net of unearned income at period end	3.13%	3.18%	4.00%
Total non-performing loans at period end...……	2,615.38%	850.50%	1,078.11%

(1) Includes non-accruing loans.

Management makes at least a quarterly determination as to an appropriate provision from earnings to maintain an allowance for loan losses that is management's best estimate of known and inherent losses. The Board of Directors periodically reviews the status of all non-accrual and impaired loans and loans classified by regulators or internal loan review officer, who reviews both the loan portfolio and overall adequacy of the allowance for loan losses. The Board of Directors also considers specific loans, pools of similar loans, historical charge-off activity, economic conditions and other relevant factors in reviewing the adequacy of the loan loss reserve. Any additions deemed necessary to the allowance for loan losses are charged to operating expenses.

FBD has an existing loan review program, which monitors the loan portfolio on an ongoing basis. Loan review is conducted by a loan review officer who reports quarterly, directly to the Board of Directors.

Estimating the appropriate level of the allowance for loan losses at any given date is difficult, particularly in a continually changing economy. In management's opinion, the allowance for loan losses was appropriate at June 30, 2006. However, there can be no assurance that, if asset quality deteriorates in future periods, additions to the allowance for loan losses will not be required.

FBD management is unable to determine in which loan category future charge-offs and recoveries may occur. The entire allowance for loan losses is available to absorb loan losses in any loan category. The majority of the loan portfolio represents loans made for commercial purposes, while significant amounts of residential property may serve as collateral for such loans. FBD attempts to evaluate larger loans individually, on the basis of its loan review process, which scrutinizes loans on a selective basis and other available information. Even if all commercial purpose loans could be reviewed, there is no assurance that information on potential problems would be available. The portfolio of consumer loans is evaluated in groups. At June 30, 2006, loans made for commercial and construction, and consumer purposes, respectively, amounted to $50.6 million and $3.6 million.

Effects of Inflation

The majority of assets and liabilities of a financial institution are monetary in nature. Therefore, a financial institution differs greatly from most commercial and industrial companies that have significant investments in fixed assets or inventories. Management believes that the most significant impact of inflation on financial results is the need and ability to react to changes in interest rates. As discussed previously, management attempts to maintain an essentially balanced position between rate sensitive assets and liabilities over a one year time horizon in order to protect net interest income from being affected by wide interest rate fluctuations.

ITEM 3: QUANTITATIVE AND QUALITATIVE INFORMATION ABOUT MARKET RISK

There has been no material change in the FBD's assessment of its sensitivity to market risk since its presentation in the 2005 Annual Report on Form 10-K filed with the FDIC.

ITEM 4: CONTROLS AND PROCEDURES

(a) Evaluation of disclosure controls and procedures.

Our Chief Executive Officer and Chief Financial Officer, with the assistance of management, evaluated the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act") as of the end of the period covered by this report (the "Evaluation Date"). Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of the Evaluation Date, our disclosure controls and procedures were effective to ensure that information required to be disclosed in our reports under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

(b) Changes in internal controls.

There has not been any change in our internal control over financial reporting during our quarter ended June 30, 2006 that has materially affected, or is reasonably likely to materially affect, out internal control over financial reporting.

PART II: <u>OTHER INFORMATION</u>

ITEM 1: LEGAL PROCEEDINGS

None

ITEM 2: UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None

ITEM 3: DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4: SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The annual meeting of First Bank of Delaware, to take action upon the election of two directors of the Company and an amendment to the articles of association to increase the number of authorized shares from 10,000,000 to 15,000,000 was held on April 18, 2006 at 4:00 pm at 5301 Limestone Road, suite 106 Wilmington, DE 19803. Written notice of said meeting, according to law, was mailed to each shareholder of record entitled to receive notice of said meeting, 30 days prior thereto. As of the record date of said meeting of the shareholders, the number of shares then issued and outstanding was 7,590,258 shares of common stock, of which 7,590,258 were entitled to vote. A total of 6,791,550 shares were voted. No nominee received less than 99.7 % of the voted shares. Therefore, pursuant to such approval, the following directors were elected to the Company:

William W. Batoff
Alonzo J. Primus

The Bank's Articles of Association were amended increasing the authorized shares from 10,000,000 to 15,000,000

ITEM 5: OTHER INFORMATION

A common stock rights offering to distribute to the holders of record of its common stock as of the close of business on April 27, 2006, the record date for the offering, nontransferable rights to subscribe for additional shares of the Bank's common stock was closed on June 30, 2006. 3,400,000 shares were purchased and the subscription price was set at $2.25 which provided gross offering proceeds of $7,650,000.

ITEM 6: EXHIBITS

The following Exhibits are filed as part of this report. (Exhibit numbers correspond to the exhibits required by Item 601 of Regulation S-K)

Exhibit No.

31.1	Certification of the Chief Executive Officer under Section 302 of the Sarbanes-Oxley Act
31.2	Certification of the Chief Financial Officer under Section 302 of the Sarbanes-Oxley Act
32.1	Certification of the Chief Executive Officer under Section 906 of the Sarbanes-Oxley Act
32.2	Certification of the Chief Financial Officer under Section 906 of the Sarbanes-Oxley Act

SIGNATURES

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

First Bank of Delaware

Harry D. Madonna
President and Chief Executive Officer

Paul Frenkiel
Executive Vice President and Chief Financial Officer

Dated: August 11, 2006

Exhibit 31.1

CERTIFICATION

I, Harry D. Madonna, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of First Bank of Delaware (the "company");

2. Based on my knowledge, this 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the company and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) disclosed in this report any change in the company’s internal control over financial reporting that occurred during the company’s most recent fiscal quarter (the company’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the company’s internal control over financial reporting; and

5. The company's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: August 11, 2006 ______________________________

Chairman, President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Paul Frenkiel, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of First Bank of Delaware (the "company");

2. Based on my knowledge, this 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the company and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) disclosed in this report any change in the company’s internal control over financial reporting that occurred during the company’s most recent fiscal quarter (the company’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the company’s internal control over financial reporting; and

5. The company's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: August 11, 2006

____
Executive Vice President and Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-QSB for the quarter ended June 30, 2006, as filed with the Federal Deposit Insurance Corporation by First Bank of Delaware ("FBD") on the date hereof (the "Report"), I, Harry D. Madonna, Chief Executive Officer of FBD, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the FBD.

Date: August 11, 2006

By:____
Harry D. Madonna
Chairman, President and
Chief Executive Officer

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-QSB for the quarter ended June 30, 2006, as filed with the Federal Deposit Insurance Corporation by First Bank of Delaware ("FBD") on the date hereof (the "Report"), I, Paul Frenkiel, Chief Financial Officer of FBD, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of FBD.

Date: August 11, 2006

By:____
Paul Frenkiel,
Executive Vice President and
Chief Financial Officer