**FEDERAL DEPOSIT INSURANCE CORPORATION**
**WASHINGTON, DC 20429**

# FORM 10-Q

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

For the Quarterly Period Ended: **March 31, 2008**

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)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES __X_ NO ____

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. Check one:

Large accelerated filer___ Accelerated filer___
Non-accelerated filer___ Smaller reporting company__X_
(Do not check if a smaller reporting company)

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.

**11,385,351 shares** of Issuer's Common Stock, par value **$0.05 per share**, issued and outstanding as of April 25, 2008

Page 1 of 43
Exhibit index appears on page 38

## TABLE OF CONTENTS

# PART I - FINANCIAL INFORMATION

## ITEM 1: FINANCIAL STATEMENTS

**First Bank of Delaware**
**Consolidated Balance Sheets**
**as of March 31, 2008 and December 31, 2007**
**(Dollars in thousands, except per share data)**

| ASSETS: | March 31, 2008 (unaudited) | December 31, 2007 |
|---|---|---|
| Cash and due from banks | $ 1,974 | $ 1,715 |
| Interest bearing deposits with banks | 272 | 344 |
| Federal funds sold | 14,523 | 13,933 |
| Total cash and cash equivalents | 16,769 | 15,992 |
| Investment securities available for sale, at fair value | 17,116 | 17,195 |
| Federal Home Loan Bank stock, at cost | 124 | 124 |
| Loans held for sale | 331 | 139 |
| Loans receivable (net of allowance for loan losses of $2,362 and $2,581, respectively) | 73,934 | 76,765 |
| Premises and equipment, net | 3,569 | 3,575 |
| Other real estate owned | - | 18 |
| Accrued interest receivable | 480 | 462 |
| Bank owned life insurance | 1,773 | 1,757 |
| Other assets | 4,089 | 3,334 |
| Total Assets | $ 118,185 | $ 119,361 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY:** | | |
| **Liabilities:** | | |
| Deposits: | | |
| Demand – non-interest-bearing | $ 33,878 | $ 31,072 |
| Demand – interest-bearing | 302 | 319 |
| Money market and savings | 28,582 | 30,093 |
| Time under $100,000 | 6,946 | 10,052 |
| Time $100,000 or more | 6,452 | 9,267 |
| Total Deposits | 76,160 | 80,803 |
| Accrued interest payable | 330 | 374 |
| Due to short term consumer loan servicers and purchasers | - | 84 |
| Accrued Expenses | 2,147 | 2,625 |
| Other liabilities | 3,015 | 1,315 |
| Total Liabilities | 81,652 | 85,201 |
| **Shareholders' Equity**: | | |
| Respective amounts as of March 31, 2008 and December 31, 2007: | | |
| Common stock par value: $0.05; | | |
| Shares authorized: 15,000,000; | | |
| Shares issued: 11,377,101 | 569 | 569 |
| Additional paid in capital | 13,307 | 13,284 |
| Retained earnings | 22,878 | 20,604 |
| Stock held by deferred compensation plan | (384) | (384) |
| Accumulated other comprehensive income | 163 | 87 |
| Total Shareholders' Equity | 36,533 | 34,160 |
| Total Liabilities and Shareholders' Equity | $ 118,185 | $ 119,361 |

*(See notes to consolidated financial statements)*

**First Bank of Delaware**
**Consolidated Statements of Income**
**For the Three Months Ended March 31, 2008 and 2007**
**(Dollars in thousands, except per share data)**
**(unaudited)**

| | Three months ended March 31, | |
|---|---|---|
| | **2008** | **2007** |
| **Interest income:** | | |
| Interest and fees on loans | $2,812 | $1,880 |
| Interest and dividend income on federal funds sold and other interest-earning balances | 133 | 605 |
| Interest and dividends on investment securities | 223 | 149 |
| Total interest income | 3,168 | 2,634 |
| **Interest expense:** | | |
| Demand interest-bearing | 1 | 4 |
| Money market and savings | 227 | 288 |
| Time under $100,000 | 106 | 375 |
| Time $100,000 or more | 103 | 222 |
| Total interest expense | 437 | 889 |
| Net interest income | 2,731 | 1,745 |
| Provision for loan losses | 800 | 134 |
| Net interest income after provision for loan losses | 1,931 | 1,611 |
| **Non-interest income:** | | |
| Loan advisory and servicing fees | 34 | 13 |
| Service fees on deposit accounts | 108 | 107 |
| Net gain on sales of loans | 159 | 142 |
| Consumer loan fee income | 1,805 | 1,483 |
| First Capital Exchange fee income | 7 | 55 |
| Credit and prepaid card products | 2,864 | 1,131 |
| Other income | 188 | 53 |
| | 5,165 | 2,984 |
| **Non-interest expenses:** | | |
| Salaries and benefits | 2,225 | 1,915 |
| Occupancy | 143 | 98 |
| Depreciation | 108 | 48 |
| Legal | 96 | 63 |
| Professional fees | 87 | 49 |
| Data processing | 129 | 68 |
| Delaware franchise tax | 186 | 93 |
| Other expenses | 586 | 478 |
| | 3,560 | 2,812 |
| Income before provision for income taxes | 3,536 | 1,783 |
| Provision for income taxes | 1,262 | 607 |
| Net income | $2,274 | $1,176 |
| Net income per share: | | |
| Basic | $0.20 | $0.10 |
| Diluted | $0.20 | $0.10 |

*(See notes to consolidated financial statements)*

**First Bank of Delaware**
**Consolidated Statements of Cash Flows**
**For the Three Months Ended March 31, 2008 and 2007**
**(Dollars in thousands)**
**(unaudited)**

| | Three months ended March 31, 2008 | Three months ended March 31, 2007 |
|---|---|---|
| Cash flows from operating activities: | | |
| Net income | $ 2,274 | $ 1,176 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Provision for loan losses | 800 | 134 |
| Stock based compensation | 23 | 15 |
| Depreciation and amortization | 108 | 48 |
| Amortization of premiums on investment securities | - | (5) |
| Net gain on sale of loans | (159) | (142) |
| Increase in value of bank owned life insurance | (16) | (16) |
| Increase in accrued interest receivable and other assets | (657) | (12) |
| Decrease in due to short term loan servicers and purchasers | (84) | (1,150) |
| Increase in accrued interest payable and other liabilities | 1,178 | 837 |
| Net cash provided by operating activities | 3,467 | 885 |
| Cash flows from investing activities: | | |
| Purchase of securities: | | |
| Available for sale | - | (322) |
| Proceeds from principal receipts, calls and maturities of securities: | | |
| Available for sale | 195 | 188 |
| FHLB stock redemption | - | 12 |
| Gross loans originated for sale | (13,340) | (12,228) |
| Proceeds from sales of loans | 13,169 | 11,525 |
| Net (increase) decrease in loans | 2,031 | (2,700) |
| Premises and equipment expenditures | (102) | (614) |
| Net cash provided by (used in) investing activities | 1,953 | (4,139) |
| Cash flows from financing activities: | | |
| Net proceeds from exercise of stock options | - | 8 |
| Net increase in demand, money market and savings deposits | 1,278 | 16,503 |
| Net (decrease) increase in time deposits | (5,921) | 269 |
| Net cash (used in) provided by financing activities | (4,643) | 16,780 |
| Increase in cash and cash equivalents | 777 | 13,526 |
| Cash and cash equivalents, beginning of period | 15,992 | 38,755 |
| Cash and cash equivalents, end of period | $ 16,769 | $ 52,281 |
| Supplemental disclosure: | | |
| Interest paid | $ 481 | $ 471 |
| Taxes paid | $ - | $ - |

(See notes to consolidated financial statements)

FIRST BANK OF DELAWARE
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the three months ended March 31, 2008 and 2007
(Dollars in thousands)
(Unaudited)

| | Comprehensive Income | Common Stock | Additional Paid in Capital | Retained Earnings | Stock Held by Deferred Compensation Plan | Accumulated Other Comprehensive Income | Total Shareholders' Equity |
|---|---|---|---|---|---|---|---|
| Balance January 1, 2008 | | $ 569 | $ 13,284 | $ 20,604 | $ (384) | $ 87 | $ 34,160 |
| Stock Based Compensation | | – | 23 | – | – | – | 23 |
| Total other comprehensive income, net of taxes of $40,000 | $ 76 | – | – | – | – | 76 | 76 |
| Net income | 2,274 | – | – | 2,274 | – | – | 2,274 |
| Total comprehensive income | $ 2,350 | – | – | – | – | – | – |
| Balance March 31, 2008 | | $ 569 | $ 13,307 | $ 22,878 | $ (384) | $ 163 | $ 36,533 |

| | Comprehensive Income | Common Stock | Additional Paid in Capital | Retained Earnings | Stock Held by Deferred Compensation Plan | Accumulated Other Comprehensive Income (loss) | Total Shareholders' Equity |
|---|---|---|---|---|---|---|---|
| Balance January 1, 2007 | | $ 568 | $ 13,201 | $ 12,420 | $ (384) | $ 48 | $ 25,853 |
| Options exercised(3,142 shares) | | – | 8 | – | | – | 8 |
| Stock Based Compensation | | – | 15 | – | – | – | 15 |
| Total other comprehensive loss, net of taxes of $4,000 | $ (7) | – | – | – | – | (7) | (7) |
| Net income | 1,176 | – | – | 1,176 | – | – | 1,176 |
| Total comprehensive income | $ 1,169 | – | – | – | – | – | – |
| Balance March 31, 2007 | | $ 568 | $ 13,224 | $ 13,596 | $ (384) | $ 41 | $ 27,045 |

*(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 full service offices in Wilmington, and a loan office in Lewes, 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 the three offices; however a substantial number of subprime consumer loans (120 days and over) are made in various states via the Internet. Subprime credit and prepaid card products are also offered nationally. The majority of loan balances resulting from these national products are sold in the secondary market on a non-recourse basis. FBD has two subsidiaries, BSC Services Corp. and FBD Capital Markets, Inc. (d/b/a "First Capital Exchange"). BSC Services Corp. provides operations, accounting, compliance and human resources staffing to FBD and Republic First Bancorp. FBD offers mezzanine and related financing through its subsidiary, First Capital Exchange. Such financing is generally short-term (less the two years), with higher loan to value ratios than loans made by FBD. Risk and returns are also higher. FBD also provides banking services to money transmitters.

## 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-Q 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 three month period ended March 31, 2008 are not necessarily indicative of the results that may be expected for the year ended December 31, 2008.

***Risks and Uncertainties and Certain Significant Estimates:***

FBD's earnings include significant amounts of consumer loan and credit card product fee income. Also, FBD 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.

One of the companies which markets the Bank's subprime consumer loans and another which markets the Bank's subprime credit cards, generated respective loans and credit card products which resulted in revenues greater than 10% of total revenues. In first quarter 2008, revenue resulting from the company marketing loans amounted to $1.6 million and revenues from the company that markets cards totaled $1.9 million, which represented 18.8% and 22.8% respectively of total revenues of $8.3 million. In first quarter 2007, those companies marketed loans and credit cards which respectively generated $773,000 (13.8%) and $669,000 (11.9%) of total revenues of $5.6 million.

At March 31, 2008, there were approximately $4.3 million of subprime consumer loans outstanding on the balance sheet, which were originated via the internet. These loans generally have principal amounts of $10,000 or less. Legislation eliminating or limiting interest rates upon such loans has from time to time been proposed. Certain loans that FBD originates are classified as "Held For Sale" on the balance sheet.

FBD is an issuing bank for certain credit card programs. FBD originates subprime credit card receivables through various marketers and sells the majority of such receivables into the secondary market on a non-recourse basis. FBD earns a monthly fee for each active account. FBD also offers certain credit cards directly and retains these balances on its books. At March 31, 2008 and December 31, 2007 FBD had approximately $493,000 and $200,000 of credit card related receivables on its books.

FBD offers prepaid cards on a national basis. These cards are sold via the internet. 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. FBD earns revenues on these cards through interchange, monthly fees and float on the card deposits.

Credit card incentives are earned from certain card networks based on several factors. The income treatment related to these incentives will be based on two methods. In certain relationships we do not have the contractual rights to these payments, however, we may negotiate an agreement with another party for a portion of these payments. We will record these payments as income upon receipt of the payment for those relationships. It is expected that this income will be primarily reflected in the fourth quarter of each year. In other instances we have the contractual right to a portion of the incentives. In those instances we will accrue the amount of incentive income due on a rolling quarterly basis, as we can reasonably estimate what those amounts will be.

FBD generates a substantial portion of its income by selling subprime loans to various purchasers. Should purchasers be unable to acquire funding, sales might be curtailed or eliminated with a material reduction in income.

The Bank is currently in discussions with the Federal Deposit Insurance Corporation("FDIC"), our primary federal bank regulator, concerning the resolution of various supervisory issues raised by the FDIC in connection with its supervisory processes. At this time we are unable to determine the form, extent or timing of any corrective action which the FDIC may require, but a corrective action could have a material adverse effect on our business, financial condition and results of operations.

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, other than temporary impairment of investment securities and the realization of deferred tax assets. 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 these estimates 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 could differ materially in the near term. In estimating other than temporary impairment of investment securities, securities are evaluated on at least a quarterly basis, and more frequently when market conditions warrant such an evaluation, to determine whether a decline in their value is other-than-temporary. To determine whether a loss in value is other-than-temporary, management utilizes criteria such as the reasons underlying the decline, the magnitude and duration of the decline and the intent and ability of the Company to retain its investment in the security for a period of time sufficient to allow for an anticipated recovery in the fair value. The term "other-than-temporary" is not intended to indicate that the decline is permanent, but indicates that the prospects for a near-term recovery of value is not necessarily favorable, or that there is a lack of evidence to support a realizable value equal to or greater than the carrying value of investment. Once a decline in value is determined to be other-than-temporary, the value of the security is reduced and a corresponding charge to earnings is recognized. In evaluating our ability to recover deferred tax assets, management considers all available positive and negative evidence, including our past operating results and our forecast of future taxable income. In determining future taxable income, management makes assumptions for the amount of taxable income, the reversal of temporary differences and the implementation of feasible and prudent tax planning strategies. These assumptions require us to make judgments about our future taxable income and are consistent with the plans and estimates we use to manage our business. Any reduction in estimated future taxable income may require us to record a valuation allowance against our deferred tax assets. An increase in the valuation allowance would result in additional income tax expense in the period and could have a significant impact on our future earnings.

FBD's results of operations will be significantly affected by the ability of borrowers to repay their loans and many national consumer borrowers, including short term installment 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:***

At March 31, 2008, 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 have a maximum term of 10 years.

A summary of the activity related to the Company's stock options granted under the Stock Option Plan during the three months ended March 31, 2008 is presented below:

| | For the Three Months Ended March 31, | | | |
|---|---|---|---|---|
| | 2008 | | 2007 | |
| | Shares | Weighted Average Exercise Price | Shares | Weighted Average Exercise Price |
| Outstanding, beginning of year | 1,029,988 | $ 2.49 | 892,071 | $ 2.49 |
| Granted | 59,000 | 2.76 | 167,000 | 3.10 |
| Exercised | - | - | (3,142) | 2.60 |
| Forfeited | 172,504 | 2.63 | - | - |
| Outstanding, end of period | 916,484 | 2.61 | 1,055,929 | 2.60 |
| Options exercisable at period-end | 693,484 | 2.49 | 878,929 | 2.49 |
| Weighted average fair value of options granted during the period | | $ 0.94 | | $ 1.21 |

| | For the Three Months Ended March 31, | |
|---|---|---|
| | 2008 | 2007 |
| Number of options exercised | - | 3,142 |
| Cash received | $ - | $ 8,169 |
| Intrinsic value | - | 2,344 |
| Tax benefit | - | 820 |

The following table summarizes information about options outstanding under the Stock Option Plan as of March 31, 2008.

| | Options outstanding | | | Options exercisable | |
|---|---|---|---|---|---|
| Range of Exercise Prices | Shares | Weighted Average remaining contractual life (years) | Weighted Average exercise price | Shares | Weighted Average Exercise Price |
| $0.78 to $1.00 | 20,350 | 2.7 | $ 0.78 | 20,350 | $ 0.78 |
| $1.01 to $1.50 | 15,950 | 3.7 | 1.20 | 15,950 | 1.20 |
| $1.51 to $1.99 | 23,600 | 3.3 | 1.66 | 23,600 | 1.66 |
| $2.00 to $2.69 | 295,284 | 6.1 | 2.51 | 295,284 | 2.51 |
| $2.70 to $2.92 | 561,300 | 7.8 | 2.82 | 338,300 | 2.71 |
| | 916,484 | | $ 2.61 | 693,484 | $ 2.49 |

During the three months ended March 31, 2008, $23,000 was recognized in compensation expense for the Stock Option Plan, compared to $8,000 in compensation expense for the three months ended March 31, 2007. The fair value of each option granted in 2008 is estimated on the date of the grant using the Black-Scholes option-pricing model with the following weighted average assumptions used for those grants: dividend yield of 0%; expected volatility of 24.98%; risk-free interest rate of 3.01% and an expected life of 7.0 years. At March 31, 2008, there were 223,000 unvested options with a fair value of $253,700 with $178,900 of that amount remaining to be recognized as expense. At that date, the intrinsic value of the 916,484 options outstanding was $113,720, while the intrinsic value of the 693,484 exercisable (vested) options was $113,720. During the first quarter 172,504 options were forfeited with an intrinsic value of $7,921.

**Note 3: Reclassifications**

Certain items in the consolidated financial statements and accompanying notes have been reclassified to conform to the current year's presentation format. There was no effect on net income for the periods presented herein as a result of reclassifications.

**Note 4: Recent Accounting Pronouncements**

In September 2006, the FASB ratified the consensus reached by the Emerging Issues Task Force ("EITF") in Issue 06-4, *Accounting for Deferred Compensation and Postretirement Benefit Aspects of Endorsement Split-Dollar Life Insurance Arrangements*. EITF 06-4 applies to life insurance arrangements that provide an employee with a specified benefit that is not limited to the employee's active service period, including certain bank-owned life insurance ("BOLI") policies. EITF 06-4 requires an employer to recognize a liability and related compensation costs for future benefits that extend to postretirement periods. EITF 06-4 is effective for fiscal years beginning after December 15, 2007, with earlier application permitted. FBD adopted this policy on January 1, 2008 and the impact is not expected to be material.

FASB statement No. 141 (R) "Business Combinations" was issued in December of 2007. This Statement establishes principles and requirements for how the acquirer of a business recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree. The Statement also provides guidance for recognizing and measuring the goodwill acquired in the business combination and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. The guidance will become effective as of the beginning of a company's fiscal year beginning after December 15, 2008. This new pronouncement will impact accounting for business combinations completed beginning January 1, 2009.

Staff Accounting Bulletin No. 110 (SAB 110) amends and replaces Question 6 of Section D.2 of Topic 14, "Share-Based Payment," of the Staff Accounting Bulletin series. Question 6 of Section D.2 of Topic 14 expresses the views of the staff regarding the use of the "simplified" method in developing an estimate of expected term of "plain vanilla" share options and allows usage of the "simplified" method for share option grants prior to December 31, 2007. SAB 110 allows public companies which do not have historically sufficient experience to provide a reasonable estimate to continue use of the “simplified” method for estimating the expected term of “plain vanilla” share option grants after December 31, 2007. SAB 110 is effective January 1, 2008. The amendment was adopted January 1, 2008 and the impact was not material to the Bank’s financial position or results of operation.

Staff Accounting Bulletin No. 109 (SAB 109), "Written Loan Commitments Recorded at Fair Value Through Earnings" expresses the views of the staff regarding written loan commitments that are accounted for at fair value through earnings under generally accepted accounting principles. To make the staff's views consistent with current authoritative accounting guidance, the SAB revises and rescinds portions of SAB No. 105, "Application of Accounting Principles to Loan Commitments." Specifically, the SAB revises the SEC staff's views on incorporating expected net future cash flows related to loan servicing activities in the fair value measurement of a written loan commitment. The SAB retains the staff's views on incorporating expected net future cash flows related to internally-developed intangible assets in the fair value measurement of a written loan commitment. The staff expects registrants to apply the views in Question 1 of SAB 109 on a prospective basis to derivative loan commitments issued or modified in fiscal quarters beginning after December 15, 2007. SAB 109 was adopted on January 1, 2008 and the impact was not material to the Bank’s financial position or results of operation.

In June 2007, the Emerging Issues Task Force (EITF) reached a consensus on Issue No. 06-11, “Accounting for Income Tax Benefits of Dividends on Share-Based Payment Awards” (“EITF 06-11”). EITF 06-11 states that an entity should recognize a realized tax benefit associated with dividends on nonvested equity shares, nonvested equity share units and outstanding equity share options charged to retained earnings as an increase in additional paid in capital. The amount recognized in additional paid in capital should be included in the pool of excess tax benefits available to absorb potential future tax deficiencies on share-based payment awards. EITF 06-11 should be applied prospectively to income tax benefits of dividends on equity-classified share-based payment awards that are declared in fiscal years beginning after December 15, 2007. The Bank adopted EITF 06-11 on January 1, 2008 and the impact was not material to the Bank’s financial position or results of operation.

**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; mezzanine financing ; consumer installment loans; and card products. The community banking segment is primarily comprised of the results of operations and financial condition of commercial loan and deposit operations. The mezzanine financing loans are primarily for real estate projects with higher loan to value ratios and higher interest rates than loans made by the bank and with relatively shorter terms (generally less than two years). Some of these loans are participated. FBD additionally offers national consumer products to the underbanked consumer including consumer installment loans. Consumer installment loans are subprime loans with principal amounts of $10,000 or less and terms of 120 days and greater. These loans typically are made via the internet and by phone in states that are outside of Delaware through a small number of marketers with rates and fees significantly different from other loan products offered. A majority of these loans are sold into the secondary market without recourse. FBD also offers subprime card products, which consist of prepaid and credit cards, on a national basis. A majority of the credit card receivables are sold into the secondary market without recourse.

FBD evaluates the performance of the community banking segment based upon net income, return on equity and return on average assets. Mezzanine financing, consumer installment loans, and card products are evaluated based upon net income. Consumer installment loans and card products are provided to satisfy consumer demands while diversifying the earnings stream.

Segment information at or for the three months ended March 31, 2008 and 2007, is as follows:

**March 31, 2008** As of and for the three months ended
(dollars in thousands)

| | Community Banking | Mezzanine Financing | Card Products | Consumer loans | Total |
|---|---|---|---|---|---|
| Net interest income | $ 1,028 | $ 114 | $ 70 | $ 1,519 | $ 2,731 |
| Provision for loan losses | 65 | - | - | 735 | 800 |
| Non-interest income | 330 | 7 | 2,864 | 1,964 | 5,165 |
| Non-interest expenses, including income taxes | 1,028 | 105 | 1,964 | 1,725 | 4,822 |
| Net income | $ 265 | $ 16 | $ 970 | $ 1,023 | $ 2,274 |
| **Selected Balance Sheet Accounts:** | | | | | |
| Total assets | $ 85,720 | $ 5,016 | $ 23,222 | $ 4,227 | $ 118,185 |
| Total loans, net | 66,338 | 4,272 | 370 | 3,285 | 74,265 |
| Total deposits | 52,301 | - | 21,226 | 2,633 | 76,160 |

**March 31, 2007**
(dollars in thousands)

| | Community Banking | Mezzanine Financing | Card Products | Consumer loans | Total |
|---|---|---|---|---|---|
| Net interest income | $ 950 | $ 127 | $ 195 | $ 473 | $ 1,745 |
| Provision for loan losses | 34 | - | - | 100 | 134 |
| Non-interest income | 174 | 55 | 1,131 | 1,624 | 2,984 |
| Non-interest expenses, including income taxes | 840 | 137 | 1,063 | 1,379 | 3,419 |
| Net income | $ 250 | $ 45 | $ 263 | $ 618 | $ 1,176 |
| **Selected Balance Sheet Accounts: December 31, 2007** | | | | | |
| Total assets | $ 86,746 | $ 5,168 | $ 19,432 | $ 8,015 | $ 119,361 |
| Total loans, net | 68,560 | 4,232 | 200 | 3,912 | 76,904 |
| Total deposits | 59,266 | - | 18,788 | 2,749 | 80,803 |

## 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 March 31, 2008, and 2007, respectively, there were 641,600 and 0 options that were not included in the calculation of EPS because the option exercise price was greater than the average market price for the period.

The following table is a comparison of EPS for the three months ended March 31, 2007, and 2006.

| | Three months ended March 31, 2008 | | 2007 | |
|---|---|---|---|---|
| **Net Income** | $2,274,000 | | $1,176,000 | |
| | **Shares** | **Per Share** | **Shares** | **Per Share** |
| Weighted average shares o/s for the period ended | 11,377,101 | | 11,360,964 | |
| Basic EPS | | $0.20 | | $0.10 |
| Add common stock equivalents representing dilutive stock options | 47,394 | | 285,773 | |
| Effect on basic EPS of dilutive CSE | | $ - | | $ - |
| Equals total weighted average Shares o/s and CSE (diluted) | 11,424,495 | | 11,646,737 | |
| Diluted EPS | | $0.20 | | $0.10 |

## Note 8: Fair Value of Financial Instruments:

SFAS No.157 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FAS No.157 are described below:

Basis of Fair Value Measurement:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability;

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and observable (i.e., supported by little or no market activity).

A financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The Bank's cash instruments are generally classified within level 1 or level 2 of the fair value hierarchy because they are valued using quoted market prices, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency.

The types of instruments valued based on quoted market prices in active markets include all of the Bank's U.S. government and agency securities, which comprise the whole portfolio. Such instruments are generally classified within level 1 of the fair value hierarchy. As required by SFAS No. 157, the Bank does not adjust the quoted price for such instruments.

The types of instruments valued based on quoted prices in markets that are not active, broker or dealer quotations, or alternative pricing sources with reasonable levels of transparency for securities which the Bank owns may include investment-grade bonds and mortgage products. Such instruments are generally classified within level 2 of the fair value hierarchy. The Bank does not have any such securities at present.

Level 3 is for positions that are not traded in active markets or are subject to transfer restrictions, with valuations adjusted to reflect illiquidity and/or non-transferability, based on available market evidence. In the absence of such evidence, management's best estimate is used. Subsequent to inception, management only changes level 3 inputs and assumptions when corroborated by evidence such as transactions in similar instruments, completed or pending third-party transactions in the underlying investment or comparable entities, subsequent rounds of financing, recapitalizations and other transactions across the capital structure, offerings in the equity or debt markets, and changes in financial ratios or cash flows. The Bank does not have any such securities at present.

All of the Bank's securities at March 31, 2008 were level 1 with a fair value of $17.1 million.

## 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, 2007, Quarterly Reports on Form 10-Q, filed by the Company in 2008 and 2007, and any Current Reports on Form 8-K, as well as other filings.

**Recent Developments:**

We are currently in discussions with the Federal Deposit insurance Corporation("FDIC"), our primary federal bank regulator, concerning the resolution of various supervisory issues raised by the FDIC in connection with its supervisory processes. At this time, we are unable to determine the form, extent or timing of any corrective action which the FDIC may require, but a corrective action could have a material adverse effect on our business, financial condition and results of operations.

Consumer Installment Loans

In 2007, FBD ceased offering loans in the stores of its marketers. Subprime consumer loans are now offered through unaffiliated third party marketers and servicers, via the internet, with whom we contract and who own the internet sites where the loans are marketed. These marketers and servicers process applications and also provide customer service. However, we make all credit decisions prior to our making the loan. We contract with these marketers and servicers after we perform our due diligence with respect to them. In addition to installment loans offered via the internet and by phone, FBD similarly offers prepaid cards, credit cards and other loan products to subprime and other borrowers.

We sell the majority of our subprime consumer loans or interests therein to third party investors. These third party buyers are investors or investment groups familiar with the industry. These loans are sold on a non-recourse basis and the investors bear the risk of loss for any defaults on these loans. We retain a portion of the income on these sold loans, which is recorded as non-interest income. We also retain some of the loans we originate. Income on these retained loans is recorded as interest income. Per our internal guidelines, we hold up to 25% of our capital in these loans at any one time. We currently originate loans via the internet and telephone, which are mostly sold to third parties. At March 31, 2008, there were approximately $75.1 million of such loans outstanding of which $4.3 million was retained by the Bank. At March 31, 2008, there were $331,000 of loans accounted for as "held for sale," which a buyer was committed to purchase.

Card Products

*Prepaid Cards*

Through our memberships with MasterCard International and Visa, we have become an issuing bank for prepaid cards. In third quarter 2005, we began offering prepaid cards primarily to the un-banked and under-banked customer on a national basis. Prepaid cards are cards that store information electronically on a magnetic stripe or computer chip and can be used to purchase goods or services. Funds are loaded onto cards which can be used in a manner similar to some debit/ATM cards and in some instances are similar to a MasterCard® or Visa® card. Prepaid cards are a substitute for cash, gift certificates and check payments. Cards can be either personalized with a customer name, non-personalized, reloadable or non-reloadable based on the type of card. All cards will be issued through internet sites, retail storefronts, corporations or directly to the consumer. We have contracted with several card processors to provide front-end software platform functionality, cardholder support and card fulfillment to retail environments. The bank earns revenues on these cards through interchange, monthly fees and float on the card deposits.

*Credit Card Products*

In 2005, we became an issuing bank for certain credit card programs targeted principally to the subprime market. FBD originates subprime credit card receivables and sells the majority of such receivables into the secondary market without recourse. FBD has partnered with unaffiliated third party marketers and servicers who perform customer service, marketing, processing services and collections related to the accounts. The receivables are sold on a non-recourse basis and the purchasers bear the risk of loss for any defaults on the receivables. FBD earns a monthly fee for each active account, as well as a monthly management fee. FBD also offers its own credit card products, which it retains on the balance sheet. At March 31, 2008, FBD had $493,000 of credit card receivables on its books.

## Financial Condition:

*March 31, 2008, Compared to December 31, 2007*

Total assets decreased $1.2 million to $118.2 million at March 31, 2008, versus $119.4 million at December 31, 2007. This decrease reflected a $2.8 million decrease in loans receivable which was offset in part by increases in cash and cash equivalents of $777,000, and in other assets of $755,000, between those respective dates.

*Loans:*

The loan portfolio represents FBD's largest asset, and is its most significant source of interest income. Net loans, excluding loans held for sale, decreased $2.8 million, or 3.7%, to $73.9 million at March 31, 2008, versus $76.7 million at December 31, 2007. The loan portfolio consists of commercial real estate, construction and other commercial loans, mezzanine finance 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 $41.8 million at March 31, 2008 compared to $44.1 million at December 31, 2007. Construction and land development loans amounted to $23.6 million and $21.2 million respectively, at those dates. At March 31, 2008, there were $4.9 million in consumer loans outstanding versus $6.3 million at December 31, 2007. At March 31, 2008 and December 31, 2007 there were $4.3 million in mezzanine loans.

*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 $17.1 million at March 31, 2008, a decrease of $79,000, or 0.5%, from year-end 2007. This decrease resulted primarily from pay downs of mortgage-backed securities. At March 31, 2008, and December 31, 2007, the portfolio had net unrealized gains of $251,000 and $135,000, respectively.

*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 $777,000 to $16.8 million at March 31, 2008 from $16.0 million at December 31, 2007. Federal funds sold increased by $590,000, between those respective dates, to $14.5 million at March 31, 2008.

*Fixed Assets:*

Bank premises and equipment, net of accumulated depreciation was $3.7 million at March 31, 2008 and $3.6 million at December 31, 2007, respectively. The increase reflected data processing related expenditures.

*Bank Owned Life Insurance:*

The income earned on these policies is reflected in non-interest income. Business owned life insurance amounted to $1.8 million at March 31, 2008 and December 31, 2007.

*Deposits:*

Deposits, which include non-interest and interest-bearing demand deposits, money market, savings and time deposits and may include 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. We also obtain deposits from our card product customers.

Total deposits decreased by $4.6 million to $76.2 million at March 31, 2008, from $80.8 million at December 31, 2007. Average transaction accounts in the current quarter increased 8.6% or $5.2 million over the comparable prior year quarter. Time deposits decreased $5.9 million to $13.4 million at March 31, 2008, versus $19.3 million at December 31, 2007 as these higher cost deposits matured and were not renewed.

*Other Liabilities:*

Other liabilities increased by $1.7 million or 129.3% to $3.0 million at March 31, 2008 from $1.3 million at December 31, 2007. The increase is primarily due to an income tax liability accrued in the period, but paid in April 2008.

*Shareholders' Equity:*

Total shareholders' equity increased $2.3 million to $36.5 million at March 31, 2008, versus $34.2 million at December 31, 2007. This increase primarily reflected net income of $2.3 million.

**<u>Three Months Ended March 31, 2008 Compared to March 31, 2007</u>**

**Results of Operations:**

*Overview*

FBD's net income increased to $2.3 million or $0.20 per diluted share for the three months ended March 31, 2008, compared to $1.2 million, or $0.10 per diluted share for the comparable prior year period. The $1.1 million increase in net income reflects a $1.7 million increase in income from credit card and prepaid card products and a $322,000 increase in consumer loan fee income. These increases were partially offset by a $666,000 increase in the loan loss provision and higher operating expenses. These factors were reflected in a return on average assets and average equity of 7.40% and 25.83% respectively, in the first quarter of 2008 compared to 3.39% and 17.76% respectively for the same period in 2007.

*Analysis of Net Interest Income*

Historically, 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.

| | For the three months ended March 31, 2008 | | | For the three months ended March 31, 2007 | | |
|---|---|---|---|---|---|---|
| Interest-earning assets: | | | | | | |
| (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 | $ 16,635 | $ 133 | 3.21% | $ 46,906 | $ 605 | 5.23% |
| Securities | 17,102 | 223 | 5.16% | 10,004 | 149 | 5.95% |
| Loans receivable | 78,585 | 2,812 | 14.35% | 71,742 | 1,880 | 10.63% |
| Total interest-earning assets | 112,322 | 3,168 | 11.31% | 128,652 | 2,634 | 8.30% |
| Other assets | 10,907 | | | 10,169 | | |
| Total assets | $ 123,229 | | | $ 138,821 | | |
| Interest-bearing liabilities: | | | | | | |
| Demand-non interest bearing | $ 35,945 | | | $ 34,353 | | |
| Demand interest-bearing | 474 | $ 1 | 0.85% | 277 | $ - | 0.00% |
| Money market & savings | 29,523 | 227 | 3.08% | 26,109 | 292 | 4.54% |
| Time deposits | 16,994 | 209 | 4.93% | 45,024 | 597 | 5.38% |
| Total deposits | 82,936 | 437 | 2.11% | 105,763 | 889 | 3.41% |
| Total interest-bearing deposits | 46,991 | 437 | 3.73% | 71,410 | 889 | 5.05% |
| Total interest-bearing liabilities | $ 46,991 | $ 437 | 3.73% | $ 71,410 | $ 889 | 5.05% |
| Total deposits | 82,936 | 437 | 2.11% | 105,763 | 889 | 3.41% |
| Non interest-bearing liabilites | 4,976 | | | 6,562 | | |
| Shareholders' equity | 35,317 | | | 26,496 | | |
| Total liabilities and shareholders' equity | $ 123,229 | | | $ 138,821 | | |
| Net interest income | | $ 2,731 | | | $ 1,745 | |
| Net interest spread | | | 7.58% | | | 3.25% |
| Net interest margin | | | 9.75% | | | 5.50% |

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 March 31, 2008 versus March 31, 2007 (dollars in thousands) Due to change in: | | |
|---|---|---|---|
| | Volume | Rate | Total |
| Interest earned on: | | | |
| Federal funds sold | $ (235) | $ (237) | $ (472) |
| Securities | 95 | (21) | 74 |
| Loans | 268 | 664 | 932 |
| Total interest-earning assets | 128 | 406 | 534 |
| Interest expense of deposits | | | |
| Interest-bearing demand deposits | (1) | - | (1) |
| Money market and savings | (30) | 94 | 64 |
| Time deposits | 337 | 52 | 389 |
| Total deposit interest expense | 306 | 146 | 452 |
| Other borrowings | - | - | - |
| Total interest expense | 306 | 146 | 452 |
| Net interest income | $ 434 | $ 552 | $ 986 |

FBD’s net interest margin increased 425 basis points to 9.75% for the three months ended March 31, 2008, versus the prior year comparable period. The majority of the increase resulted from an increase in higher yielding average consumer installment loan balances. Accordingly the average yield on interest-earning assets also increased 301 basis points to 11.31% for the three months ended March 31, 2008, from 8.30% for the prior year comparable period. Without the consumer installment loans, net interest margins would have been approximately 4.33% in first quarter 2008 and 4.02% in first quarter 2007. The resulting 31 basis point increase reflected the impact of lower balances of federal funds sold, higher balances of commercial loans and growth in lower cost transaction accounts. The average rate paid on interest-bearing liabilities decreased 132 basis points to 3.73% for the three months ended March 31, 2008, from 5.05% in the prior year comparable period, as FBD chose not to renew higher priced fixed rate time deposits as it anticipated further declines in interest rates. Yields on total deposits also decreased 129 basis points, to 2.12% in first quarter 2008 from 3.41% in first quarter 2007 primarily as a result of the declining rate environment.

FBD's net interest income increased $986,000, or 56.5%, to $2.7 million for the three months ended March 31, 2008, from $1.7 million for the prior year comparable period. The increase resulted primarily from higher balances and higher rates on consumer loans. A $452,000 decrease in interest expense was approximately offset by a $472,000 decrease in fed funds income, reflecting lower time deposit balances and resulting lower federal funds sold balances

Total interest income increased $534,000, or 20.3%, to $3.2 million for the three months ended March 31, 2008, from $2.6 million for the prior year comparable period. Interest and fees on loans increased $932,000 to $2.8 million for the three months ended March 31, 2008, from $1.9 million for the prior year comparable period. The increase reflected those factors noted in the preceding paragraph. Interest and dividends on investment securities increased $74,000 to $223,000 for the three months ended March 31, 2008, from $149,000 for the prior year comparable period. FBD purchased securities in 2007 which accounted for substantially all of the increase in income from the prior year period. Federal funds sold income decreased $472,000, or 78.0%, to $133,000 in first quarter 2008, compared to $605,000 in first quarter 2007. The decrease reflected lower average federal funds sold balances as FBD reduced balances of higher cost time deposits funding such balances. Lower short-term interest rates decreased the yield to 3.21% from 5.23% between those respective periods. In first quarter 2008, average federal funds sold decreased $30.3 million, to $16.6 million in first quarter 2008, from $46.9 million in first quarter 2007.

Total interest expense decreased $452,000, or 50.8%, to $437,000 for the three months ended March 31, 2008, from $889,000 for the prior year comparable period. That decrease reflected the impact of reduced levels of higher cost time deposits and lower short-term interest rates on the cost of interest-bearing liabilities which decreased 132 basis points to 3.73% in first quarter 2008 from 5.05% in first quarter 2007. Total interest-bearing liabilities decreased $24.4 million, or 34.1%, to $47.0 million in first quarter 2008, from $71.4 million in first quarter 2007.

Interest expense on time deposits (certificates of deposit) decreased $388,000, or 65.0%, to $209,000 for first quarter 2008, from $597,000 for the prior year comparable period. This decrease primarily reflected the maturity and non renewal of higher cost certificates of deposit. Average certificates of deposit outstanding decreased $28.0 million, or 62.2%, to $17.0 million, from $45.0 million in the prior year comparable period. Additionally, the lower interest rate environment led to a decrease in average rate of 40 basis points to 4.92% for the quarter ended March 31, 2007 from 5.32% 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 increased $666,000 to $800,000 for the three months ended March 31, 2008, from $134,000 for the prior year comparable period. Of the increase, approximately $200,000 is expected to be recovered by year-end. The balance primarily reflects charge-offs which are more than offset by related fee income.

**Non-Interest Income**

Total non-interest income increased $2.2 million to $5.2 million for the three months ended March 31, 2008, versus $3.0 million for the prior year comparable period. Card product income, which includes prepaid and credit cards, increased by $1.7 million or 153.2% for the three months ended March 31, 2008 compared to the quarter ended March 31, 2007. Revenue on card products is earned primarily on the number of active accounts, which increased substantially between the periods. The Bank also recorded incentive income related to issuing cards of $975,000, included in first quarter 2008 card product income, compared to deminimus amounts in the prior year period. One company that markets FBD credit cards generated $1.9 million in revenue or 36.8% of non-interest revenue. Fees on installment loans increased by $322,000 to $1.8 million primarily as a result of increases in the volume of such products. One company that markets the Bank's consumer loans generated loans which resulted in revenues of $1.4 million or 27.8% of non-interest revenue.

**Non-Interest Expenses**

Total non-interest expenses increased $748,000 or 26.6% to $3.6 million for the three months ended March 31, 2008, from $2.8 million for the prior year comparable period. Salaries and employee benefits increased $310,000 or 16.2%, to $2.2 million for the three months ended March 31, 2008, from $1.9 million for the prior year comparable period. The majority of the $310,000 increase reflected increases related to staffing for the consumer loan and card products.

Occupancy expense increased $45,000, or 45.9%, to $143,000 for first quarter 2008, versus $98,000 for first quarter 2007. The increase reflected expansion of rental space to accommodate diversification to different products and the move of the operations center.

Depreciation expense increased $60,000, or 125.0% to $108,000 for the three months ended March 31, 2008, versus $48,000 for the prior year comparable period. The $60,000 increase reflected expenditures for the move of the operations center.

Legal fees increased $33,000, or 52.4%, to $96,000 in first quarter 2008, compared to $63,000 in first quarter 2007 primarily due to product diversification.

Data processing expense increased $61,000, or 89.7%, to $129,000 in first quarter 2008 from $68,000 in first quarter 2007. The increase reflected system upgrades, the addition of a customer database, and other expenditures related to product diversification.

Delaware franchise tax increased $93,000, or 100.0%, to $186,000 in first quarter 2008 from $93,000 in first quarter 2007. The increase resulted primarily from increases in taxable income.

Professional fees increased $38,000, or 77.6%, to $87,000 in first quarter 2008, compared to $49,000 in first quarter 2007 primarily due to product diversification.

Other expenses increased $108,000, or 22.6% to $586,000 for the three months ended March 31, 2008, from $478,000 for the prior year comparable period. The increase reflected a $92,000 increase in expense related to card products.

**Provision for Income Taxes**

The provision for income taxes increased $655,000, to $1.3 million for the three months ended March 31, 2008, from $607,000 for the prior year comparable period. This increase was primarily the result of an increase in pre-tax income. The effective tax rate was approximately 35% in 2008 and 34% in 2007 reflecting the impact of a fixed amount of tax free income on a lower taxable base.

**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 $238.9 million at March 31, 2008. 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 $238.7 million and $210.0 million and standby letters of credit of approximately $192,000 and $192,000 at March 31, 2008, and December 31, 2007, respectively. The commitments for 2008 and 2007 respectively include $225.4 million and $197.1 million in credit card commitments for which the resulting balances are sold after funding. Therefore such amounts are not indicative of actual future liquidity requirements. The Bank has the unilateral right to cancel the unused lines, in the unlikely event that that would become necessary or desirable. The bank has written contingency plans that document the steps required to effectuate the termination of credit card lines. The purchasers maintain deposit balances at FBD which provide support for daily card funding. FBD closely monitors the liquidity resources of each purchaser.

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 March 31, 2008, and December 31, 2007:

| | Actual | | For Capital Adequacy Purposes | | To be well capitalized under regulatory capital guidelines | |
|---|---|---|---|---|---|---|
| *(Dollars in thousands)* | **Amount** | **Ratio** | **Amount** | **Ratio** | **Amount** | **Ratio** |
| **At March 31, 2008** | | | | | | |
| Total risk based capital | $37,559 | 39.99% | $7,513 | 8.00% | $9,392 | 10.00% |
| Tier one risk based capital | 36,370 | 38.73 | 3,804 | 4.00 | 5,706 | 6.00 |
| Tier one leverage capital | 36,370 | 29.51 | 6,162 | 5.00 | 6,162 | 5.00 |
| **At December 31, 2007** | | | | | | |
| Total risk based capital | $35,268 | 37.44% | $7,536 | 8.00% | $9,419 | 10.00% |
| Tier one risk based capital | 34,073 | 36.18 | 3,767 | 4.00 | 5,651 | 6.00 |
| Tier one leverage capital | 34,073 | 27.49 | 6,197 | 5.00 | 6,197 | 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 require FBD to maintain certain liquidity ratios and to maintain available funds, or the capability to 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 and due from banks, interest bearing deposits with banks and federal funds sold, totaled $16.8 million at March 31, 2008, compared to $16.0 million at December 31, 2007, 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 March 31, 2008, FBD had aggregate outstanding commitments (including unused lines of credit and letters of credit) of $238.9 million. The commitments include $225.4 million in credit card commitments for which the resulting balances are sold after funding. Therefore such amounts are not indicative of actual future liquidity requirements. The Bank has the unilateral right to cancel the unused lines, in the unlikely event that that would become necessary or desirable. The bank has written contingency plans that document the steps required to effectuate the termination of credit card lines. Also, the purchasers maintain deposit balances at FBD which provide support for daily card funding. FBD closely monitors the liquidity resources of each purchaser. Certificates of deposit scheduled to mature in one year totaled $13.2 million at March 31, 2008. 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 is a member of the Federal Home Loan Bank and has a credit line exceeding $25 million, all of which is available. FBD has also 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 March 31, 2008. 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 Philadelphia and 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 March 31, 2008, 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 $17.1 million as of March 31, 2008. The net unrealized gain on investment securities available for sale as of that date was $251,000.

**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, residential construction, and mezzanine financing loans as well as residential mortgages, home equity loans, short-term consumer 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 $8.4 million at March 31, 2008. Individual customers may have several loans often secured by different collateral. Mezzanine financing is done through our subsidiary, First Capital Exchange, and is offered primarily for real estate projects under two years in term. These loans may have higher loan to value ratios and higher interest rates than those made by the bank. The majority of short term loans and other subprime consumer loans and credit card receivables are sold without recourse, as internal guidelines limit the retention of such loans to 25% of capital. All loans made to finance insurance premiums are also sold without recourse.

Net loans decreased $2.8 million, to $73.9 million at March 31, 2008, from $76.8 million at December 31, 2007, reflecting loan payoffs.

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

| (dollars in thousands) | As of March 31, 2008 | | As of December 31, 2007 | |
|---|---|---|---|---|
| | **Balance** | **% of Total** | **Balance** | **% of Total** |
| Commercial: | | | | |
| Real estate secured | $ 41,790 | 54.8 | $ 44,094 | 55.6 |
| Construction and land development | 23,597 | 30.9 | 21,182 | 26.7 |
| Non real estate secured | 5,101 | 6.7 | 6,772 | 8.5 |
| Unsecured | 950 | 1.2 | 950 | 1.2 |
| | 71,438 | 93.6 | 72,998 | 92.0 |
| Consumer | 4,858 | 6.4 | 6,348 | 8.0 |
| Total loans | 76,296 | 100% | 79,346 | 100% |
| Less: allowance for loan losses | (2,362) | | (2,581) | |
| Net loans | $ 73,934 | | $ 76,765 | |

**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) | **March 31, 2008** | **December 31, 2007** |
|---|---|---|
| Loans accruing, but past due 90 days or more | $ - | $ - |
| Non-accrual loans | 1,045 | 970 |
| Total non-performing loans (1) | 1,045 | 970 |
| Other real estate owned | - | 18 |
| Total non-performing assets (2) | $1,045 | $988 |
| Non-performing loans as a percentage of total loans net of unearned income | 1.36% | 1.22% |
| Non-performing assets as a percentage of total assets | 0.88% | 0.83% |

(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 $1.0 million at March 31, 2008 were increased from $970,000 at December 31, 2007, primarily as a result of the transfer of $82,000 of installment loans to nonaccrual status. There were no loans accruing, but past due 90 days or more at March 31, 2008.

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 March 31, 2008, 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 were classified as impaired totaled $1.0 million at March 31, 2008, and $970,000 at December 31, 2007, and the amount of related valuation allowances was $548,000 and $462,000 respectively. There were no commitments to extend credit to any borrowers with impaired loans as of the end of the periods presented herein.

At March 31, 2008, and December 31, 2007, internally classified accruing substandard loans totaled approximately $0 and $0 respectively; and doubtful loans totaled approximately $0 and $0 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 $159,000 at March 31, 2008 and $469,000 at December 31, 2007; and (ii) 60 to 89 days past due, at March 31, 2008 and December 31, 2007, in the aggregate principal amount of $544,000 and $245,000, respectively.

At March 31, 2008, FBD had no foreign loans.

**Other Real Estate Owned**:

There were no properties held in other real estate owned at March 31, 2008 as the one property held at December 31, 2007 was disposed of during the period, at a loss of $7,000.

At March 31, 2008, 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 three months ended March 31, 2008, and 2007, and the year ended December 31, 2007 is as follows:

| (dollars in thousands) | For the three months ended March 31, 2008 | For the year ended December 31, 2007 | For the three months ended March 31, 2007 |
|---|---|---|---|
| Balance at beginning of period………………….. | $2,581 | $ 1,860 | $ 1,860 |
| Charge-offs: | | | |
| Commercial and construction……………………. | 45 | - | 1 |
| Subprime consumer loans………………………. | 1,012 | 454 | 35 |
| Consumer ……………………………..……. | - | 4 | - |
| Total charge-offs | 1,057 | 458 | 36 |
| Recoveries: | | | |
| Commercial and construction…………………. | 38 | - | 2 |
| Subprime consumer loans……..………………. | - | 35 | - |
| Consumer…………………………….....…… | - | 2 | - |
| Total recoveries……………………….. | 38 | 37 | 2 |
| Net charge-offs …………………….………………. | 1,019 | 421 | 34 |
| Provision for loan losses………………………….. | 800 | 1,142 | 134 |
| Balance at end of period……………………….. | $2,362 | $2,581 | $1,960 |
| Average loans outstanding (1)………………..... | $78,585 | $73,260 | $71,742 |
| As a percent of average loans (1): | | | |
| Net charge-offs (annualized)…………………… | 5.19% | 0.57% | 0.19% |
| Provision for loan losses (annualized)……….… | 4.07% | 1.55% | 0.75% |
| Allowance for loan losses……………….……... | 3.01% | 3.52% | 2.73% |
| Allowance for loan losses to: | | | |
| Total loans, net of unearned income at period end | 3.08% | 3.25% | 2.68% |
| Total non-performing loans at period end...…… | 226.03% | 266.08% | 276.84% |

(1) Includes nonaccruing 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 the 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 March 31, 2008. 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 March 31, 2008, loans made for commercial and construction, and consumer purposes respectively, amounted to $71.4 million and $4.9 million (at that date there were $331,000 of installment loans held for sale and $4.8 million of installment loans).

### 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 a relatively 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 excessive interest rate fluctuations.

## ITEM 3: 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 March 31, 2008 that has materially affected, or is reasonably likely to materially affect, out internal control over financial reporting.

# PART II: OTHER INFORMATION

## 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

None

## ITEM 5: OTHER INFORMATION

None

## 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
Chairman and
Chief Executive Officer

Paul Frenkiel
Executive Vice President and
Chief Financial Officer

Dated: April 30, 2008

Exhibit 31.1

CERTIFICATION

I, Harry D. Madonna, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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: April 30, 2008

________________________________________
Chairman and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Paul Frenkiel, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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: April 30, 2008

________________________________________

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-Q for the quarter ended March 31, 2008, 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: April 30, 2008

By:________________________________________

Harry D. Madonna
Chairman 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-Q for the quarter ended March 31, 2008, 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: April 30, 2008

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