

SECURITIES AND EXCHANGE COMMISSION

FORM 10QSB

Optional form for quarterly and transition reports of small business issuers under section 13 or 15(d)

Filing Date: **1996-11-14** | Period of Report: **1996-09-30**
SEC Accession No. **0000356809-96-000018**

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FILER

ABIGAIL ADAMS NATIONAL BANCORP INC

CIK: **356809** | IRS No.: **521508198** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **10QSB** | Act: **34** | File No.: **000-10971** | Film No.: **96665663**
SIC: **6022** State commercial banks

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB

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

For the quarterly period ended September 30, 1996

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

For the transition period from _____ to _____

Commission file number 0-10971

ABIGAIL ADAMS NATIONAL BANCORP, INC.

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

Delaware

52-1508198

(State or other jurisdiction of
Incorporation or organization)

(I.R.S. Employer ID No.)

1627 K Street, N.W. Washington, D.C. 20006

(Address of principal executive offices)

202-466-4090

Issuer's telephone number including area code

N / A

Former name, address, and fiscal year, if changes since last report

Indicate by check whether the issuer (1) has filed all reports required to
be filed by Section 13 or 15(d) of the Exchange Act of 1934 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
--- ---

State the number of shares outstanding of each of the issuer's classes of
common equity as of November 9, 1996: 1,650,032 shares of Common Stock, Par
Value \$0.01/share.

Transitional Small Business Disclosure Format (check one): Yes No X
--- ---

PART I.

Item 1 - Financial Statements

<TABLE>
<CAPTION>

ABIGAIL ADAMS NATIONAL BANCORP, INC. AND SUBSIDIARY
Consolidated Balance Sheets
September 30, 1996 and 1995 and December 31, 1995

	Sept 30 1996 ----	Sept 30 1995 ----	December 31 1995 ----
Assets	(unaudited)	(unaudited)	
<S>	<C>	<C>	<C>
Cash and due from banks	\$6,570,628	\$4,004,500	\$4,953,200
Short-term investments:			
Federal funds sold and securities purchased under agreements to resell	24,800,000	425,000	9,475,000
Interest bearing deposits in other banks	1,476,715	391,715	486,715
Total short-term investments	26,276,715	816,715	9,961,715
Securities available for sale	3,496,562	4,497,999	5,508,406
Investments securities (market value of \$9,874,241, \$9,794,674 and \$8,309,265 at September 30, 1996, September 30, 1995 and December 31, 1995, respectively)	9,854,361	9,707,042	8,192,647
Loans	63,342,910	59,652,497	63,592,395
Less: Allowance for loan losses	(1,278,531)	(1,271,591)	(1,273,965)
Bank premises and equipment	62,064,379	58,380,906	62,318,430
Other real estate owned	763,268	281,327	277,517
Other assets	104,800	--	--
Total assets	1,452,993	1,197,765	1,152,761
Total assets	\$110,583,706	\$78,886,254	\$92,364,676
Liabilities			
Demand deposits	\$28,205,478	\$20,441,476	\$23,443,937
NOW accounts	8,702,104	7,887,076	7,343,282
Money market deposit accounts	25,709,472	14,805,708	21,391,814

Savings deposits	1,249,828	1,201,320	1,317,226
CD's \$100,000 and over	12,902,087	10,428,744	13,590,946
CD's under \$100,000	18,108,949	15,201,064	15,975,990
Total deposits	94,877,918	69,965,388	83,063,195
Federal funds purchased and securities sold under agreements to repurchase	2,074,705	1,761,208	1,785,402
Long-term debt -- capital note		204,875	186,250
Other liabilities	725,711	539,553	710,963
Total liabilities	97,678,334	72,471,024	85,745,810
Stockholders' Equity			

Common stock, par value, \$.01 per share, authorized 5,000,000 shares; issued 1,654,712; outstanding 1,650,032	16,547	8,592	8,592
Surplus	12,158,394	6,147,421	6,147,421
Retained earnings	1,007,284	339,171	531,830
	13,182,225	6,495,184	6,687,843
Less: Treasury Stock, 4,680 shares at cost	(28,710)	(28,710)	(28,710)
ESOP Stock, 25,000 shares at cost	(218,750)	--	--
Unrealized loss on securities, net of taxes	(29,393)	(51,244)	(40,267)
Total stockholders' equity	12,905,372	6,415,230	6,618,866
Total liabilities and stockholders' equity	\$110,583,706	\$78,886,254	\$92,364,676
	=====	=====	=====

</TABLE>

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<TABLE>
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ABIGAIL ADAMS NATIONAL BANCORP, INC. AND SUBSIDIARY
Consolidated Statements of Operations
For the Period Ended September 30, 1996 and 1995
(Unaudited)

	For three months Ended Sept 30,		For six months Ended Sept 30,	
	1996	1995	1996	1995
	----	----	----	----
Interest income:				
<S>	<C>	<C>	<C>	<C>
Interest and fees on loans	\$1,514,188	\$1,518,689	\$4,493,833	\$4,416,395
Interest and dividends on investment securities:				
U.S. Treasury	15,237	17,217	34,385	53,344
Obligations of U.S. government agencies	107,722	131,098	285,153	327,292
Mortgage-backed securities	6,507	8,886	21,774	30,186
Other	7,628	6,940	21,605	25,423
Total interest and dividends on investment securities	137,094	164,141	362,917	436,245
Interest on securities available for sale:				
U.S. Treasury	7,270	46,345	48,098	138,540
Obligations of U.S. government agencies	36,060	5,005	121,299	83,575
Total interest on securities available for sale	43,330	51,350	169,397	222,115
Interest on federal funds sold	227,991	23,865	442,272	88,940
Interest on deposits with other banks	15,302	5,718	31,148	16,530
Total interest income	1,937,905	1,763,763	5,499,567	5,180,225
Interest expense				
<S>				
Interest on deposits:				
NOW	50,422	61,446	142,040	204,644
Money market deposit accounts	273,618	196,247	744,404	603,246
Savings deposits	8,479	7,630	25,657	22,578
CD's \$100,000 and over	110,945	160,935	398,486	537,997
CD's under \$100,000	267,523	235,214	734,288	618,285
	710,987	661,472	2,044,875	1,986,750
Interest on Federal funds purchased and securities sold under agreements to repurchase	28,173	21,570	79,583	64,400
Interest on other borrowings	0	0	0	6,559
Interest on subordinated note	0	3,353	4,219	10,896

Total interest expense	739,160	686,395	2,128,677	2,068,605
Net interest income	1,198,745	1,077,368	3,370,890	3,111,620
Provision for loan losses	(50,000)	0	(50,000)	0
Net interest income after provision for loan losses	1,248,745	1,077,368	3,420,890	3,111,620

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ABIGAIL ADAMS NATIONAL BANCORP, INC. AND SUBSIDIARY
Consolidated Statements of Operations
For the Period Ended September 30, 1996 and 1995
(Unaudited)

	For three months Ended Sept 30,		For six months Ended Sept 30,	
	1996	1995	1996	1995
Other income:				
<S>	<C>	<C>	<C>	<C>
Service charges on deposit accounts	189,706	192,907	537,739	562,759
Other fees and commissions	82,553	31,730	141,988	80,161
Total other income	272,259	224,637	679,727	642,920
Other expense:				
Salaries and employee benefits	461,150	409,537	1,345,597	1,238,551
Net occupancy expense	196,613	182,010	551,938	558,575
Professional fees	71,972	124,028	87,199	302,488
Data processing fees	85,233	70,737	258,566	205,250
Other operating expense	235,764	180,330	615,978	589,239
Total other expense	1,050,732	966,642	2,859,278	2,894,103
Income before taxes	470,272	335,363	1,241,339	860,437
Income tax expense	172,873	93,620	458,460	236,620
Net income	\$297,399	\$241,743	\$782,879	\$623,817
Earnings per share:				
Net income per share	\$0.20	\$0.28	\$0.73	\$0.73
Average shares outstanding used to compute EPS	1,502,192	854,532	1,077,659	854,532

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ABIGAIL ADAMS NATIONAL BANCORP, INC. AND SUBSIDIARY
Consolidated Statements of Changes in Stockholders' Equity
For the Nine Months Ended September 30, 1996 and 1995
(Unaudited)

	Common Stock -----	Additional Paid-in Capital -----	Retained Earnings (Deficit) -----	Treasury/ ESOP Stock -----	Unrealized Loss on Securities -----	Total -----
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balance, January 1, 1995	\$2,864,040	\$3,291,973	(\$284,646)	(\$28,710)	(\$80,387)	\$5,762,270
Change in par value of common stock	(2,861,176)	2,861,176	---	---	---	--
Shares issued in three-for-one stock split in the form of a stock dividend	5,728	(5,728)	---	---	---	--
Net income	---	---	623,817	---	---	623,817
Unrealized gain on securities, net of taxes	---	---	---	---	29,143	29,143

Balance, September 30, 1995	\$8,592	\$6,147,421	\$339,171	(\$28,710)	(\$51,244)	\$6,415,230
	=====					
Balance, January 1, 1996	\$8,592	\$6,147,421	\$531,830	(\$28,710)	(\$40,267)	\$6,618,866
Issuance of 795,500 shares of Common Stock	7,955	6,010,973	---	---	---	6,018,928
Loan to ESOP to finance purchase of 25,000 shares of Common Stock	---	---	---	(218,750)	---	(218,750)
Net income	---	---	782,879	---	---	782,879
Dividends declared	---	---	(307,425)	---	---	(307,425)
Unrealized gain on securities, net of taxes	---	---	---	---	10,874	10,874

Balance, September 30, 1996	\$16,547	\$12,158,394	\$1,007,284	(\$247,460)	(\$29,393)	\$12,905,372
	=====					

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ABIGAIL ADAMS NATIONAL BANCORP, INC. AND SUBSIDIARY
Consolidated Statement of Cash Flows
For the Nine Months Ended September 30, 1996 and 1995
(Unaudited)

	1996 ----	1995 ----
Operating Activities		

<S>	<C>	<C>
Net income	\$782,879	\$623,817
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	(50,000)	--
Depreciation and amortization on bank premises & equipment	102,108	117,156
Accretion of loan discounts	26,466	(53,784)
Amortization and accretion of discounts and premiums on investment securities	2,258	18,225
Gain on sale of other real estate	(16,789)	--
Increase in other assets	(370,744)	(94,709)
Benefit for deferred income taxes	70,514	118,524
Decrease in other liabilities	(86,623)	(86,083)

Net cash provided by operating activities	460,069	643,146
Investing Activities		

Proceeds from repayment and maturity of investment securities	4,300,000	300,000
Proceeds from repayment of mortgage-backed securities	87,037	103,710
Proceeds from repayment and maturity of securities available for sale	6,500,000	7,588,400
Proceeds from repayment and maturity of time deposits	--	99,000
Purchase of investment securities	(6,020,712)	(1,003,825)
Purchase of securities available for sale	(4,500,000)	(6,072,462)
Increase in short-term investments	(990,000)	--
Principal collected on loans	8,581,976	10,533,176
Loans originated	(9,988,427)	(10,738,535)
Net increase in short-term loans	(12,463)	(67,160)
Net decrease in lines of credit	1,696,498	1,407,552
Purchase of bank premises and equipment	(587,859)	(29,263)
Purchase of other real estate	(317,381)	--
Proceeds from disposition of other real estate	229,370	--

Net cash provided (used) by investing activities	(1,021,961)	2,120,593
Financing Activities		

Net increase (decrease) in transaction and savings deposits	10,370,623	(4,799,417)
Proceeds from issuance of time deposits	16,010,647	33,259,593
Payments for maturing time deposits	(14,566,547)	(33,788,290)
Net increase in Federal funds purchased and repurchase agreements	289,302	1,400,500
Payments on long-term debt	(186,250)	(55,875)
Proceeds from issuance of common stock (net)	6,018,928	--
Loan to KSOP	(218,750)	--
Payment of dividends	(213,633)	--

Net cash provided (used) by financing activities	17,504,320	(3,983,489)

Increase (decrease) in cash and cash equivalents	16,942,428	(1,219,750)
Cash and cash equivalents at beginning of period	14,428,200	5,649,250

Cash and cash equivalents at end of period	\$31,370,628	\$4,429,500
	=====	
Supplementary disclosures:		
Interest paid on deposits and borrowings	\$2,104,774	\$2,065,399
	=====	
Income taxes paid	\$458,500	\$175,593
	=====	

</TABLE>

Abigail Adams National Bancorp, Inc.
Notes to Consolidated Financial Statements
September 30, 1996 and 1995

1. General

The unaudited information at and for the nine months ended September 30, 1996 and 1995 furnished herein reflects all adjustments which are, in the opinion of management, necessary to a fair statement of the results for the interim periods presented. All adjustments are of a normal and recurring nature. All financial information presented gives retroactive effect to (i) an increase in the number of shares of authorized Common Stock from 800,000 to 5,000,000 and a reduction of par value to \$0.01 per share as of July 8, 1996, and (ii) the issuance by the Company on July 9, 1996 of a three-for-one stock split in the form of a stock dividend of two shares of Common Stock for each share of Common Stock issued and outstanding.

2. Contingent Liabilities

In the normal course of business, there are various outstanding commitments and contingent liabilities such as commitments to extend credit and standby letters of credit that are not reflected in the accompanying consolidated financial statements. No material losses are anticipated as a result of these transactions on either a completed or uncompleted basis.

Under the terms of an employment agreement with the President and Chief Executive Officer of the Company and the Bank, the Company is obligated to make payments to her under certain conditions, totaling approximately \$499,000, in the event her employment is terminated.

Under the terms of severance agreements with seven key management officials of the Bank, the Bank is obligated to make payments totaling \$539,000 under certain conditions in the event of a change in control of the Company or the Bank.

The Company maintains directors' and officers' liability insurance in the amount of \$2,000,000, subject to certain exclusions. In addition, according to the by-laws, the Company is obligated to indemnify any director or officer for losses incurred to the full extent authorized or permitted by Delaware general corporation law.

3. Shareholder Rights Plan

On April 12, 1994, the Board of Directors of the Company adopted a Rights Agreement ("Rights Agreement"), which was amended April 20, 1995. Pursuant to the Rights Agreement, the Board of Directors of the Company declared a dividend of one share purchase right for each share of the Company's common stock outstanding on April 25, 1994 ("Right"). Among other things, each Right entitles the holder to purchase one share of the Company's common stock at an exercise price of \$20.11.

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Subject to certain exceptions, the Rights will be exercisable if a person or group of persons acquires 25% or more of the Company's common stock ("Acquiring Person"), or announces a tender offer, the consummation of which would result in ownership by a person or group of persons of 25% or more of the common stock, or if the Board determines that a person or group of persons holding 15% or more of the Company's common stock is an Adverse Person, as defined in the Rights Agreement.

Upon the occurrence of one of the triggering events, all holders of Rights, except the Acquiring Person or Adverse Person, would be entitled to purchase the Company's common stock at 50% of the market price. If the Company is acquired in a merger or business combination, each holder of a Right would be entitled to purchase common stock of the Acquiring Person at a similar discount.

The Board of Directors may redeem the Rights for \$0.01 per share or amend the Plan at any time before a person becomes an Acquiring Person. The Rights expire on December 31, 2003.

4. Employee Benefits

The Company has adopted a Nonqualified Stock Option Plan for certain officers and key employees and has reserved 90,000 shares of common stock for

options to be granted under the plan. No options have been granted to date.

On January 23, 1996, the Company adopted a nonqualified Directors Stock Option Plan (the "Directors Plan") and a qualified Employee Incentive Stock Option Plan covering key employees (the "Employee Plan"), which were approved by the shareholders on October 15, 1996. Shares subject to options under these plans may be authorized but unissued shares or treasury shares. Options under the Directors Plan are granted at a price not less than 85% of the fair market value of the Company's common stock on the date of grant. The options vest beginning in 1996 at an annual rate of 20% at the end of each year and become fully vested in the event of a Change in Control, as defined in the Directors Plan, or in the event that the Director leaves the Board. Options under the Employee Plan are granted at a price of 100% of the fair market value of the Company's common stock on the date of grant and are immediately exercisable. Options under both plans expire not later than ten years after the date of grant. Options for a total of 16,416 shares of common stock available for grant under the above Plans were granted at a price of \$6.74 for directors and \$7.93 for employees. No options have been exercised under these plans.

On March 29, 1996, the Company granted the President and Chief Executive Officer a nonqualified stock option to purchase 75,000 shares at a price equal to 85% of the fair market value of the Company's common stock on the date of grant (\$6.74). The option vests beginning in 1996 at an annual rate of 20% at the end of each year and becomes fully vested in the event of a Change in Control as defined in the Agreement, or in the event that she leaves the Company or the Bank.

Compensation expense is recognized on the Directors Plan and the options granted to the President and Chief Executive Officer in an amount equal to the difference between the quoted market price of the stock at the date of grant and the amount the employee/director is required to pay,

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ratably over the five year vesting periods.

On April 16, 1996, the Company and the Bank adopted an employee stock ownership plan ("ESOP") with 401(k) provisions, replacing the Bank's former 401(k) Plan. Participants may elect to contribute to the ESOP a portion of their salary, which may not be less than 1% nor more than 15%, of their annual salary (up to \$9,500 for 1996). In addition, the Bank may make a discretionary matching contribution equal to one-half of the percentage amount of the salary reduction elected by each participant (up to a maximum of 3%), which percentage will be determined each year by the Bank, and an additional discretionary contribution determined each year by the Bank. Employee contributions and the employer's matching contributions immediately vest. Employer's discretionary contributions are vested as follows: 0% for less than three years of service; 20% for three years of service; 40% for four years of service; 60% for five years of service; 80% for six years of service; and 100% for seven or more years of service.

5. Net Income Per Share

Net income per common share is calculated by dividing net income by the weighted average number of common shares and common share equivalents outstanding during the period, 1,077,659 and 854,532 for the nine months ended September 30, 1996 and 1995, respectively, and 1,502,192 and 854,532 for the three months ended September 30, 1996 and 1995, respectively. Common share equivalents include stock options.

6. Change in Accounting Principles

(a) Accounting for the Impairment of Long-Lived Assets

In March 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of" (SFAS No. 121). SFAS No. 121 requires that assets to be held and used be evaluated for impairment whenever events or circumstances indicate that the carrying value may not be recoverable. SFAS No. 121 also requires that assets to be disposed of be reported at the lower of cost or fair value less selling costs. SFAS No. 121 is effective for the Company as of January 1, 1996. Implementation of SFAS No. 121 does not have a material impact on the results of operations or financial position at or for the nine months ended September 30, 1996.

(b) Accounting for Mortgage Servicing Rights

In May 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 122, "Accounting for Mortgage Servicing Rights" (SFAS No. 122). SFAS No. 122 provides accounting for mortgage servicers that sell or securitize loans and retain servicing rights. SFAS No. 122 is effective as of January 1, 1996. The Company does not sell or securitize mortgage loans and retain servicing rights and therefore the implementation of SFAS No. 122 will not have a material impact.

Accounting Standards No. 123, "Accounting for Stock Based Compensation" (SFAS No. 123). SFAS No. 123 allows companies either to continue to account for stock-based employee compensation plans under existing accounting standards or to adopt a fair-value-based method of accounting as defined in the new standard. The Company follows the existing accounting standards for these plans, but will provide annual pro-forma disclosure of net income and earnings per share as if the expense provisions of SFAS No. 123 had been adopted.

PART I. FINANCIAL INFORMATION (Continued)

Item 2. Management's Discussion and Analysis of Financial Condition and Results
of Operations

Overview

Total assets of Abigail Adams National Bancorp, Inc. and subsidiary (the "Company") were \$110,584,000 at September 30, 1996 as compared to \$92,365,000 at December 31, 1995. Total assets at September 30, 1996 increased by \$18,219,000 from December 31, 1995 predominantly due to increases in short-term investments of \$16,315,000. Total deposits increased by \$11,815,000 during the same period to \$94,878,000 at September 30, 1996 due primarily to an increased level of Treasury Tax and Loan deposits as well as normal fluctuations in commercial money market accounts.

The Company reported net income for the first nine months of 1996 of \$783,000, or \$0.73 per share, for an annualized return on average assets of 1.15% and an annualized return on average equity of 12.41%. This compares with return on assets of 1.01% and return on equity of 13.74% for the first nine months of 1995. Net income for the first nine months of 1996 reflects a 25% increase over the \$624,000 net income (or \$0.73 per share) recorded for the first nine months of 1995. Increases in net interest income and other income, reductions in operating expenses and a negative loan loss provision, partially offset by increases in the Company's effective tax rate, accounted for the growth in net income.

Analysis of Net Interest Income

Net interest income, the most significant component of the Company's earnings, increased by \$259,000, or 8%, to \$3,371,000 for the first nine months of 1996 as compared to \$3,112,000 for the comparable 1995 period. Average earning assets for the first nine months of 1996 of \$91,325,000 increased by \$8,839,000, or 11%, over the comparable 1995 period. Increased net interest income resulting from increased earning assets and a six basis point decrease in the cost of funds coupled with a 21% increase in demand deposit accounts for the first nine months of 1996 as compared to 1995 more than offset the effects of a

decline in the average loan to deposit ratio of 77% for the first nine months of 1996 from 82% for the comparable prior year period. These factors combined to produce a net interest spread of 3.96% and a net interest margin of 5.32% for the first half of 1996, reflecting decrease of 20 basis points and 5 basis points, respectively, from the prior year.

Other Income

Total other income increased by approximately \$37,000, or 6%, to \$680,000 for the first nine months of 1996. Decreases in service charges on deposits were partially offset by the \$12,000 increase in income recognized on ATM transactions, primarily from the implementation in early September 1996 of the \$1.00 surcharge on noncustomer ATM transactions. Rental income received from other real estate coupled with gains recognized on the sale of other real estate and one loan, more than offset the decrease in service charges on deposits.

Other Expense

Salaries and benefits of \$1,346,000 for the first nine months of 1996 increased by \$107,000, or 9%, over the first nine months of 1995, due primarily to an increase in the number of employees attributable to the new branch, normal merit increases, increases in employee benefits and training and recruitment expenses. Net occupancy expense of \$552,000 for the first nine months of 1996 reflects a decrease of \$7,000, or 1%, from one year earlier despite the additional rental expense beginning in the first quarter of 1996 on a new branch and the additional depreciation expense of a local area network installed in the later part of the second quarter of 1996. Depreciation on the local area network hardware and software, coupled with the October 21, 1996 opening of the new branch, referred to above, is expected to continue to impact the Company's occupancy expense in the future. Professional fees of \$87,000 for the first nine months of 1996 declined by \$215,000 from one year earlier due primarily to lower legal fees associated with loan workouts and other corporate matters, as well as prior legal expenses which the Small Business Administration ("SBA") has agreed to reimburse the Company for the workout of two troubled SBA guaranteed loans. Data processing expense of \$259,000 for the first nine months of 1996 increased by \$54,000, or 26%, over the prior year as a result of increased activity levels and item charges as well as the introduction of new electronic services. Other operating expense of \$616,000 for the first nine months of 1996 reflects a decrease of \$27,000, or 5%, over the prior year due primarily to decreased FDIC deposit insurance premiums, partially offset by increases in administrative and overhead expenses.

Income Tax Expense

Income tax expense of \$458,000 for the first nine months of 1996 reflects an increase of \$221,000 over the \$237,000 tax expense recorded one year earlier due to an increase in the Company's effective tax rate to 37% from 28% one year earlier. During 1995, the Company reduced its deferred tax valuation allowance to zero which reduced the effective tax rate.

Analysis of Loans

The loan portfolio at September 30, 1996 of \$63,343,000 decreased by \$249,000, or less than 1%, as compared to the December 31, 1995 balance of \$63,592,000 primarily due to fluctuations in the outstanding balance of commercial loans issued under lines of credit. Loans outstanding on commercial lines of credit were approximately 40% of the total committed line amount at September 30, 1996 as compared to 52% at December 31, 1995. New loans, exclusive of short-term loans and lines of credit, of \$9,988,000 were originated in the first nine months of 1996, however, loan principal payments of \$8,582,000 offset a portion of this increase. The loan to deposit ratio at September 30, 1996 was 67% as compared to 77% at December 31, 1995. On average, the loan to deposit ratio for the first nine months of 1996 was 77%.

Loan concentrations at September 30, 1996 and December 31, 1995 are summarized as follows:

<TABLE>
<CAPTION>

Loan Concentrations
At September 30, 1996 and December 31, 1995

	September 30, 1996	December 31, 1995
<S>	<C>	<C>
Service industry	40%	38%

Real estate development/finance	31	32
Wholesale/retail	21	21
Other	8	9
	---	---
Total	100%	100%
	===	===

</TABLE>

Analysis of Investments

Securities available for sale totaling \$6,500,000 matured during the first nine months of 1996 as compared to purchases of \$4,500,000 during the same period. These securities transactions coupled with scheduled amortization and accretion for the first nine months accounted for the \$2,012,000 decrease in the available for sale portfolio to \$3,497,000 at September 30, 1996 as compared to \$5,508,000 at December 31, 1995. Long-term investment purchases of \$6,021,000 partially offset by maturities totaling \$4,300,000 and normal pay downs on mortgage-backed and other amortizing securities, account for the \$1,662,000 increase in long-term investments to \$9,854,000 at September 30, 1996 as compared to \$8,193,000 at December 31, 1995.

Short-term investments increased by \$16,315,000 to \$26,277,000 at September 30, 1996 due to the temporary investment of proceeds from the Company's stock offering completed in the third quarter as well as normal fluctuations in the Company's liquidity.

Noninterest-Earning Assets

Cash and due from banks of \$6,571,000 at September 30, 1996 increased by \$1,618,000 from the December 31, 1995 balance of \$4,953,000. This increase is due primarily to the receipt of funds in the Company's account at the Federal Reserve Bank subsequent to the deadline for investing those funds with other financial institutions as well as a correspondent bank's failure to execute a security transaction on the required day, thus leaving excess cash in the Company's account at the Federal Reserve Bank. The Company was compensated by the correspondent bank for the interest lost on the excess funds left at the Federal Reserve Bank.

Deposits

Total deposits of \$94,878,000 at September 30, 1996 increased by \$11,815,000, or 14%, from the December 31, 1995 balance of \$83,063,000. Demand deposits of \$28,205,000 at September 30, 1996 reflect a \$4,761,000, or 20%, increase from the \$23,444,000 balance at December 31, 1995 due principally to a \$4,800,000 Treasury Tax and Loan deposit received on September 30, 1996. Normal fluctuations in the deposits of nonprofit accounts make up the majority of the \$1,359,000 increase in NOW accounts to \$8,702,000 at September 30, 1996 as compared to \$7,343,000 at December 31, 1995. Money market accounts of \$25,709,000 at September 30, 1996 increased by \$4,317,000 from the \$21,392,000 balance reported at December 31, 1995 due primarily to normal fluctuations in the balances of commercial customers. Certificates of deposit at September 30, 1996 of \$31,011,000 increased by \$1,444,000 from the \$29,567,000 balance at December 31, 1995, with certificates of deposit \$100,000 and over decreasing by \$689,000 and certificates of deposit under \$100,000 increasing by \$2,133,000. The increase in certificates of deposit under \$100,000 is primarily due to the issuance of brokered deposits during the second quarter of 1996.

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Average noninterest-bearing demand deposits for the first nine months of 1996 of \$21,839,000 increased by \$3,819,000, or 21%, from the comparable 1995 period, while average interest-bearing deposits increased by \$2,046,000 during the same period to \$57,996,000. Average NOW accounts for the first nine months of 1996 of \$7,858,000 decreased by \$3,217,000 due in large part to the withdrawal of deposits of one large national organization as part of the organization's deposit consolidation program. Average money market deposits for the first nine months of 1996 of \$21,960,000 increased by \$5,814,000 over the prior year's average balance. Average certificates of deposit \$100,000 and over decreased by \$3,393,000 to \$9,967,000 for the first nine months of 1996 as compared to the first nine months of 1995 due principally to the withdrawal of District of Columbia collateralized deposits. Average certificates of deposit under \$100,000 for the first nine months of 1996 of \$16,928,000 increased by \$2,685,000 over the comparable period of the prior year primarily due to the issuance of brokered certificates of deposit during 1995 and 1996 as well as increases in deposits attributable to affiliated companies of the Company's Board of Directors. Average noninterest-bearing deposits to average total deposits during the first nine months of 1996 represent 27% as compared to 24% one year earlier.

Asset Quality

Loan Portfolio and Adequacy of Allowance for Loan Losses

As a result of improvement in the quality of the loan portfolio over the last few years as well as relatively low levels of net charge-offs, the Company

has taken no provision for loan losses since the third quarter of 1994. Despite this, the unallocated portion of the Company's Allowance for Loan Losses has continued to grow since that time. During the third quarter of 1996, the Company received a recovery of approximately \$87,000 on a previously charged off loan, further increasing the level of the unallocated allowance. During the third quarter of 1996, the Company evaluated the level of the Allowance for Loan Losses, specifically the unallocated portion, to determine the level which would be prudent given the Company's nonperforming asset and charge-off trends while at the same time allowing for loan portfolio growth through the end of 1996 and allowing for an appropriate level of cushion for any future problems which may be unidentified at this time. Pending the fourth quarter 1996 outcome of recent actions taken on a few loans, the final resolution of which would have a significant impact on the level of the specifically allocated Allowance for Loan Losses, only a portion of the total excess Allowance for Loan Losses was reversed during the third quarter. Any remaining excess following the final resolutions referred to above is expected to be reversed during the fourth quarter of 1996. Throughout this process, the Company continues to recognize the risk characteristics of the loan portfolio, including specific reserves for problem credits and general reserves for the overall loan portfolio, and deems the allowance for loan losses of \$1,279,000 at September 30, 1996 to be adequate. The allowance for loan losses as a percentage of outstanding loans at September 30, 1996 was 2.02%, up from the 2.00% reported at December 31, 1995. Both the total dollar amount of the allowance for loan losses, as well as the portion of the allowance for loan losses which is not allocated to any particular component of the loan portfolio at September 30, 1996 have increased from the December 31, 1995. The unallocated portion of the allowance for loan losses has increased by 47% to \$373,000 from the December 31, 1995 level of \$253,000, despite the reversal of \$50,000 of loan loss provision, referred to above, during the third quarter of 1996.

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<TABLE>
<CAPTION>

Allocation of Allowance for Loan Losses
At September 30, 1996 and December 31, 1995
(In thousands)

	September 30, 1996		December 31, 1995	
	Reserve Amount	% of loans to total loans	Reserve Amount	% of loans to total loans
<S>	<C>	<C>	<C>	<C>
Commercial	\$ 600	63.32%	\$ 658	68.08%
Real estate - mortgage	261	30.04	291	22.12
Real estate - construction	7	1.95	27	4.09
Installment	38	4.69	45	5.71
Unallocated	373	--	253	--
	---	---	---	---
Total	\$1,279	100.00%	\$1,274	100.00%
	=====	=====	=====	=====

</TABLE>

Transactions in the allowance for loan losses for the nine months ended September 30, 1996 and 1995 are summarized as follows:

<TABLE>
<CAPTION>

Transactions in the Allowance for Loans Losses for the
Nine Months Ended September 30, 1996 and 1995
(In thousands)

	1996 ----	1995 ----
<S>	<C>	<C>
Balance at January 1	\$ 1,274	\$ 1,290
Provision for loan losses	(50)	--
Recoveries:		
Commercial	130	45
Real estate - mortgage	1	9
Installment	21	24
	--	--
Total recoveries	152	78
Loans charged off:		
Commercial	(72)	(72)
Installment	(25)	(24)

Total charge-offs	---	---
	(97)	(96)
Net recoveries (charge-offs)	55	(18)
Balance at June 30	\$ 1,279	\$ 1,272
	=====	=====
Ratio of net recoveries (charge-offs) to average loans (1)	0.12%	(0.04)%
	=====	=====

<FN>
(1) Ratio of net charge-offs to average loans is computed on an annualized basis for the nine months ended September 30, 1996 and 1995.

</FN>
</TABLE>

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Nonperforming Assets

Nonaccrual loans at September 30, 1996 of \$1,109,000 are down by \$452,000 from the \$1,561,000 reported at December 31, 1995. During the second quarter of 1996, the Company foreclosed on two properties which were previously reported as nonaccrual loans resulting in an investment in other real estate of \$317,000. One of these two properties was subsequently sold during the third quarter leaving a remaining balance in other real estate of \$105,000. The second property was sold in October 1996. Nonaccrual loans at September 30, 1996 include \$740,000 in loans guaranteed by the U.S. Small Business Administration ("SBA") for a total of \$625,000. Banking regulations require that the full balance of these loans be placed on nonaccrual status, despite the SBA guarantee on approximately 80% of the total. Restructured loans at September 30, 1996 of \$1,231,000 remain virtually unchanged from the \$1,245,000 reported at December 31, 1995. Loans past due 90 days or more increased to \$42,000 at September 30, 1996 from \$6,000 at December 31, 1995 due principally to one small commercial loan which was awaiting renewal.

<TABLE>
<CAPTION>

Analysis of Nonperforming Assets
At September 30, 1996 and December 31, 1995
(In thousands)

	September 30, 1996	December 31, 1995
	----	----
	<C>	<C>
<S>		
Nonaccrual loans:		
Commercial	\$1,004	\$1,244
Real estate - mortgage	105	317
	---	---
Total nonaccrual loans (1)	1,109	1,561
	-----	-----
Past due loans:		
Installment - individuals	42	6
	--	-
Total past due loans	42	6
	--	-
Restructured loans:		
Commercial	1,231	1,245
	-----	-----
Total restructured loans	1,231	1,245
	-----	-----
Other real estate	105	--
	---	---
Total nonperforming assets	\$2,487	\$2,812
	=====	=====
Total nonperforming assets exclusive of SBA guaranteed balances	\$1,862	\$2,070
	=====	=====
Ratio of nonperforming assets to gross loans plus foreclosed properties (2)	3.92%	4.42%
Ratio of nonperforming assets to total assets (2)	2.25%	3.04%
Percentage of allowance for loan losses to nonperforming assets (2)	51.42%	45.30%

<FN>
(1) Nonaccrual loans include \$740,000 and \$875,000 in loans guaranteed by the SBA at September 30, 1996 and December 31, 1995, respectively. The outstanding balance of these loans are insured for 84.5, or \$625,000 and 84.9%, or \$743,000, respectively.
(2) Ratios include SBA guaranteed loan balances.
</FN>
</TABLE>

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Potential Problem Loans

At September 30, 1996 and December 31, 1995, respectively, loans totaling \$784,000 and \$618,000 were classified as potential problem loans which are not reported in the table entitled "Analysis of Nonperforming Assets." The loans are subject to management attention as a result of financial difficulties of the borrowers and their classification is reviewed on a quarterly basis. Of the potential problem loans at September 30, 1996, 91% of the balance represents two loans which are partially to fully secured, with the remaining 9%, or \$73,000, guaranteed by the SBA for a total of \$66,000. This compares with potential problem loans at December 31, 1995, of \$618,000, 98% of which are partially to fully secured, with the remaining 2%, or \$15,000, guaranteed by the SBA for a total of \$13,000. The \$166,000 increase in potential problem loans from December 31, 1995 to September 30, 1996 is primarily attributable the addition in 1996 of two potential problem loans offset by the sale of one loan reported as a potential problem at December 31, 1995.

Impaired Loans

At September 30, 1996 and December 31, 1995, respectively, loans totaling \$2,759,000 and \$2,790,000 were classified as impaired loans, all of which are reported above as nonaccrual, restructured or potential problem loans.

Interest Sensitivity

Through the Bank's Asset/Liability Investment Committee, sensitivity of net interest income to fluctuations in interest rates is considered through analysis of the interest sensitivity positions of major asset and liability categories. As a result of inherent limitations in this type of analysis, the Company does not necessarily attempt to maintain a matched position for each time frame. To augment this analysis, the Company also prepares an analysis of the effect on net interest income of 1%, 2% and 3% interest rate movements in either direction. Based on the Company's interest sensitivity position and the analyses performed on the effect of interest rate movements, at September 30, 1996 a rising interest rate environment will generally tend to increase net interest income while a declining interest rate environment will generally tend to decrease net interest income.

Liquidity and Capital Resources

Liquidity

Principal sources of liquidity are cash and unpledged assets that can be readily converted into cash, including investment securities maturing within one year, the available for sale security portfolio and short-term loans. In addition to \$32,847,000 in cash and short-term investments at September 30, 1996, the Company has a securities portfolio which can be pledged to raise additional deposits and borrowings, if necessary. At September 30, 1996, the Company had \$407,000 in unpledged securities which were available for such use. As a percentage of total assets, the amount of these cash equivalent assets at September 30, 1996 and December 31, 1995 was 30% and 21%, respectively. Funds received from the Company's public offering which have not yet been put to the longer term use of corporate expansion as well as normal fluctuations in the deposit levels of some of the Company's large corporate customers resulted in corresponding fluctuations in the Company's liquidity position (short-term investments). The Bank's liquidity needs are mitigated by the sizeable

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base of relatively stable funds which includes demand deposits, NOW and money market accounts, savings deposits and nonbrokered certificates of deposit under \$100,000 (excluding financial institutions and custodial funds raised under deposit acquisition programs) representing 80% of average total deposits for the nine months ended September 30, 1996 and 76% of average total deposits for the year ended December 31, 1995. In addition, the Bank has unsecured lines of credit from correspondent financial institutions which can provide up to an additional \$1,000,000 in liquidity as well as access to other collateralized

borrowing programs. Through its membership in the Federal Home Loan Bank of Atlanta (the "FHLB"), which serves as a reserve or central bank for member institutions within its region, the Bank is eligible to borrow up to approximately \$1,857,000 in funds from the FHLB collateralized by loans secured by first liens on one to four family, multifamily and commercial mortgages as well as investment securities. The Bank is eligible to increase the maximum amount to be borrowed by \$7,143,000 with the purchase of up to \$1,696,000 in additional stock in the FHLB. The Company has adequate resources to meet its liquidity needs.

Net proceeds of \$6,019,000, received from the Company's stock offering completed during the third quarter of 1996 coupled with increases in deposit levels comprise the majority of the Company's net cash inflows from financing activities for the first nine months of 1996. Loan originations, net of repayments, and increases in short-term investments during the first nine months of 1996 constitute the majority of the Company's cash outflows from investing activities.

Stockholders' Equity

On July 8, 1996, the Company increased the number of shares of authorized Common Stock from 800,000 to 5,000,000 and reduced the par value to \$0.01 per share. On July 9, 1996, the Company issued a three-for-one stock split in the form of a stock dividend of two shares of Common Stock for each share of Common Stock issued and outstanding. On July 12, 1996, the Company's Common Stock was approved for listing on the Nasdaq National Market. On July 17, the Company completed a stock offering issuing 670,000 shares at a price of \$8.75 per share, resulting in proceeds to the Company of \$6,081,000, before underwriting discounts, commissions and expenses. Of these proceeds, \$219,000 was used to fund a loan to The Adams National Bank Employee Stock Ownership Plan with 401(k) Provisions ("ESOP") to purchase stock in that public offering. On August 13, 1996, the underwriters of the stock offering exercised their option to purchase an additional 100,500 shares resulting in additional proceeds to the Company of \$879,000, before underwriting discounts and commissions and expenses. Underwriting discounts and commissions and expenses on the stock offering totaled \$942,000, bringing the total net proceeds from the offering before the ESOP loan to \$6,019,000. Stockholders' equity at September 30, 1996 of \$12,905,000 is nearly double the balance at December 31, 1995 of \$6,619,000 principally as a result of the \$6,019,000 net proceeds raised in the Company's public offering. The Company's \$783,000 net income for the nine months ended September 30, 1996 and an \$11,000 decrease in unrealized loss on securities, net of taxes, partially offset by dividends declared in the first nine months of 1996 of \$307,000 also contributed to this increase. Average stockholders' equity as a percentage of average total assets for the first nine months of 1996 was 9.23% as compared to 7.36% for the comparable prior year period.

Under the risk based capital guidelines issued by the Federal Reserve Board and the Comptroller of the Currency, total capital consists of core capital (Tier 1) and supplementary capital (Tier 2). For the Company and the Bank, Tier 1 capital consists of stockholders' equity, excluding

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unrealized gains and losses on securities, and Tier 2 capital consists of long-term debt and a portion of the allowance for loan losses. Assets include items both on and off the balance sheet, with each item being assigned a "risk-weight" for the determination of the ratio of capital to risk-adjusted assets. These guidelines require a minimum of 8% total capital to risk-adjusted assets, with at least 4% being in Tier 1 capital. At September 30, 1996, the Company's total risk-based capital ratio and Tier 1 capital ratio of 18.43% and 17.18%, respectively, met the regulatory definition of "well-capitalized." Under regulatory guidelines, an institution is generally considered "well-capitalized" if it has a total risk-based capital ratio of 10% or greater, a Tier 1 capital ratio of 6% or greater and a leverage ratio of 5% or greater (discussed below). The September 30, 1996 ratios are based on total capital of \$13,876,000, Tier 1 capital of \$12,935,000 and risk adjusted assets of \$75,295,000. At September 30, 1996, the Bank's total risk-based capital ratio and Tier 1 capital ratio of 10.55% and 9.30%, respectively, also met the definition of "well-capitalized." The September 30, 1996 ratios for the Bank are based on total capital of \$7,833,000, Tier 1 capital of \$6,905,000 and risk-adjusted assets of \$74,222,000.

The Federal Reserve Board and the Comptroller of the Currency have also adopted a minimum leverage ratio of Tier 1 capital to total assets which is intended to supplement the risk-based capital guidelines. The minimum Tier 1 leverage ratio is 3% for the most highly rated institutions which meet certain standards. For other banks and bank holding companies, the guidelines provide that the Tier 1 leverage ratio should be at least 1% to 2% higher. At September 30, 1996, the Company's and the Bank's Tier 1 leverage ratios based on annual average assets of \$91,325,000 and \$91,180,000 were 14.16% and 7.57%, respectively, meeting the regulatory definition of "well-capitalized."

PART II.

Item 6 - Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit No.	Description of Exhibit
-----	-----
13	Abigail Adams National Bancorp, Inc. Financial Summary for September 30, 1996
27	Financial Data Schedule

(b) On September 4, 1996, the Company filed a report on Form 8-K (earliest event reported August 27, 1996) reporting a change in the Company's in Certifying Accountants.

SIGNATURES

In accordance with the requirements of the Exchange Act, the Registrant caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ABIGAIL ADAMS NATIONAL BANCORP, INC.

Registrant

Date: November 12, 1996

/s/ Barbara Davis Blum

Barbara Davis Blum
Chairwoman of the Board,
President and Director
(Principal Executive Officer)

Date: November 12, 1996

/s/ Kimberly J. Levine

Kimberly J. Levine
Senior Vice President & Treasurer
(Principal Financial and
Accounting Officer)

[The following quarterly financial report was printed in a 11 x 8 1/2 landscape presentation. While five (5) pages are presented here, the actual report produced was a one page 3-fold format.]

TO OUR SHAREHOLDERS

October 28, 1996

Dear Shareholder:

We are pleased to inform you that the Board of Directors has increased your quarterly dividend for the quarter ending September 30, 1996 to \$0.10 per share. Enclosed is your dividend check for the third quarter.

Abigail Adams National Bancorp, Inc. reported net income of \$783,000, or \$0.73 per share, for the first nine months of 1996, for an annualized return on average assets of 1.15%. This reflects a 25% increase in net income over the same period of 1995. Total assets have also increased over the prior year, growing over 40% to \$111,000,000. As always, we continue to maintain our well-capitalized status (the top capital rating).

In addition to our internal growth, we remain committed in our efforts to expand. On October 21, 1996, we opened our new full service branch at 1604 17th Street, Dupont Circle East, in the District of Columbia. We are also currently negotiating locations for new branches, and several stand-alone ATM's.

We take great satisfaction in these accomplishments as well as in our eighteen years of outstanding service to

our customers. Over the years, we have faithfully served the needs of our non-profit, small business and commercial real estate customers, offering a high level of personalized service without the bureaucracy of a large bank environment. We appreciate our customers' business and value each as important. If you are not already banking at the Adams National Bank, please support the growth of your stock by doing so. We believe you will find it a rewarding experience.

Sincerely,

/s/ Barbara Davis Blum

Barbara Davis Blum
Chairwoman, President & CEO

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BOARD OF DIRECTORS

Barbara Davis Blum
Chairwoman, President and
Chief Executive Officer
The Adams National Bank

Shireen L. Dodson
Assistant Director
Center for African American
History and Culture
Smithsonian Institution

Susan Hager
Chairwoman and Chief Executive Officer
Hager Sharp, Inc.

Jeanne D. Hubbard
Executive Vice President
First Sentry Bank

Clarence L. James, Jr., Esquire
Executive Director
Executive Leadership Council

Steve Protulis
Executive Director
National Council of Senior Citizens

Marshall T. Reynolds
Chairman & President
Champion Industries, Inc.

Robert L. Shell, Jr.
Chief Executive Officer
Guyan International

Dana B. Stebbins, Esquire
Partner
Wilkes, Artis, Hedrick & Lane

Susan J. Williams
President
Bracy Williams & Company

FDIC Equal Housing [union logo here]
Lender

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ABIGAIL ADAMS
NATIONAL BANCORP, INC.

September 30, 1996

[Mural Artwork appears here]

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Third Quarter Report

[Page: Left folded front cover.]

<TABLE>

<CAPTION>

Balance Sheet

Abigail Adams National Bancorp, Inc.

(\$ IN THOUSANDS)
(UNAUDITED)

	September 30,	
	1996	1995
	----	----
<S>	<C>	<C>
Assets:		
Cash and due from banks	\$ 6,571	\$ 4,004
Short-term investments	26,277	817
Securities (market value of \$13,371 and \$14,293 in 1996 and 1995, respectively)	13,351	14,205
Loans	63,343	59,652
Less: Allowance for loan losses	(1,279)	(1,271)
	-----	-----
Loans, net	62,064	58,381
Other real estate	105	--
Other assets	2,216	1,479
	-----	-----
Total assets	\$ 110,584	\$ 78,886
	=====	=====
Liabilities and Stockholders' Equity:		
Deposits	\$ 94,878	\$ 69,965
Short-term borrowings	2,075	1,761
Long-term debt	--	205
Other liabilities	726	540
	---	---
Total liabilities	97,679	72,471
Stockholders' equity	12,905	6,415
	-----	-----
Total liabilities and stockholders' equity	\$ 110,584	\$ 78,886
	=====	=====

</TABLE>

<TABLE>

<CAPTION>

Selected Data Abigail Adams National Bancorp, Inc.

September 30, 1996 and 1995
(UNAUDITED)

	1996	1995
	----	----
<S>	<C>	<C>
Allowance for loan losses as a		

percentage of loans	2.02%	2.13%
Average equity to average assets	9.23%	7.36%
Return on average assets	1.15%	1.01%
Net interest margin	5.32%	5.37%

</TABLE>

[Page: Inside left page.]

<TABLE>

<CAPTION>

Statement of Income

Abigail Adams National Bancorp, Inc.

(\$ IN THOUSANDS, EXCEPT PER SHARE DATA)

(UNAUDITED)

	Three months ended:		Nine months ended:	
	September 30,		September 30,	
	1996	1995	1996	1995
	----	----	----	----
<S>	<C>	<C>	<C>	<C>
Interest income:				
Interest and fees on loans	\$ 1,514	\$ 1,519	\$ 4,494	\$ 4,416
Interest on securities	180	215	532	658
Interest on short-term investments	244	30	474	106
	---	--	---	---
Total interest income	1,938	1,764	5,500	5,180
Interest expense:				
Interest on deposits	711	662	2,045	1,986
Interest on short-term borrowings	28	22	80	71
Interest on long-term debt	--	3	4	11
	--	--	--	--
Total interest expense	739	687	2,129	2,068
	---	---	-----	-----
Net interest income	1,199	1,077	3,371	3,112
Provision for loan losses	(50)	--	(50)	--
	---		---	
Net interest income after provision for loan losses	1,249	1,077	3,421	3,112
Other income:				
Service charges on deposits	189	193	537	563
Other income	83	32	142	80
	--	--	---	--
Total other income	272	225	679	643

Other expense:				
Salaries and employee benefits	461	410	1,346	1,239
Net occupancy expense	197	182	552	559
Professional fees	72	124	87	302
Data processing expense	85	71	258	205
Other operating expense	236	180	616	589
	---	---	---	---
Total other expense	1,051	967	2,859	2,894
	-----	---	-----	-----
Income before taxes	470	335	1,241	861
Income tax expense	172	93	458	237
	---	--	---	---
Net income	\$ 298	\$ 242	\$ 783	\$ 624
	=====	=====	=====	=====
Net income per share	\$ 0.20	\$ 0.28	\$ 0.73	\$ 0.73
	=====	=====	=====	=====
Weighted average number of shares used to compute EPS	1,502,192	854,532	1,077,659	854,532

</TABLE>

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WARNING: THE EDGAR SYSTEM ENCOUNTERED ERROR(S) WHILE PROCESSING THIS SCHEDULE.

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9

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(Replace this text with the legend)

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