

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2006

Or

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

For the transition period from _____ to _____

Commission File Number: 0-10971

ABIGAIL ADAMS NATIONAL BANCORP, INC.

(Exact name of registrant as specified in its charter)

Delaware

52-1508198

(State or other jurisdiction of incorporation or organization)

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

1130 Connecticut Ave., NW, Washington, DC

20036

(Address of principal executive offices)

(Zip Code)

202.772.3600

(Registrant'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 NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or non-accelerated filer.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

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

As of May 12, 2006, there were issued and outstanding 3,462,129 shares of Registrant's Common Stock.

TABLE OF CONTENTS

<u>PART I - FINANCIAL INFORMATION</u>	<u>PAGE</u>
Item 1- Condensed Consolidated Financial Statements (unaudited)	
Condensed Consolidated Balance Sheets	1
Condensed Consolidated Statements of Income	2
Condensed Consolidated Statements of Changes in Stockholders' Equity	3
Condensed Consolidated Statements of Cash Flows	4
Notes to Unaudited Condensed Consolidated Financial Statements	5
Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations	8
Item 3 - Quantitative and Qualitative Disclosures about Market Risk	14
Item 4 - Controls and Procedures	14
 <u>PART II - OTHER INFORMATION</u>	
Item 1 - Legal Proceedings	15
Item 1A- Risk Factors	15
Item 2 - Unregistered Sales of Equity Securities and Use of Proceeds	15
Item 3 - Defaults Upon Senior Securities	15
Item 4 - Submission of Matters to Vote of Security Holders	15
Item 5 - Other Information	15
Item 6 - Exhibits	15
Signatures	15
Exhibit 31.1	16
Exhibit 31.2	17
Exhibit 32	18

ABIGAIL ADAMS NATIONAL BANCORP, INC. AND SUBSIDIARIES
Consolidated Balance Sheets
March 31, 2006 (unaudited) and December 31, 2005
(Dollars in thousands)

	March 31, 2006	December 31, 2005
Assets		
Cash and due from banks	\$12,783	\$12,216
Federal funds sold	11,005	5,892
Interest-earning deposits in other banks	408	441
Total cash and cash equivalents	24,196	18,549
Investment securities available for sale, at fair value	52,202	52,628
Investment securities held to maturity, at amortized cost (market values of \$16,940 and \$17,043 for 2006 and 2005, respectively)	17,438	17,488
Loans	251,672	248,287
Less: allowance for loan losses	(4,529)	(4,345)
Loans, net	247,143	243,942
Premises and equipment, net	4,826	4,744
Other assets	7,131	5,679
Total assets	\$352,936	\$343,030
 Liabilities and Stockholders' Equity		
Liabilities:		
Deposits		
Noninterest-bearing deposits	\$75,233	\$78,809
Interest-bearing deposits	208,110	213,223
Total deposits	283,343	292,032
Short-term borrowings	27,168	8,256
Long-term debt	10,983	11,213
Other liabilities	3,315	3,476
Total liabilities	324,809	314,977
Commitments and contingencies (Note 2)		
Stockholders' equity:		
Common stock, \$0.01 par value, authorized 5,000,000 shares; issued 3,480,213 shares in 2006 and 2005; outstanding 3,462,129 shares in 2006 and 2005	35	35
Additional paid-in capital	24,865	24,865
Retained earnings	4,123	3,903
Less: Treasury stock, 18,084 shares in 2006 and 2005, at cost	(98)	(98)
Accumulated other comprehensive loss	(798)	(652)
Total stockholders' equity	28,127	28,053
Total liabilities and stockholders' equity	\$352,936	\$343,030

See Notes to Unaudited Condensed Consolidated Financial Statements

ABIGAIL ADAMS NATIONAL BANCORP, INC. AND SUBSIDIARIES
Consolidated Statements of Income
For the Three Months Ended March 31, 2006 and 2005
(In thousands except per share data)
(Unaudited)

	<u>2006</u>	<u>2005</u>
Interest Income		
Interest and fees on loans	\$4,821	\$3,134
Interest and dividends on investment securities, taxable	726	545
Other interest income	120	68
Total interest income	<u>5,667</u>	<u>3,747</u>
Interest Expense		
Interest on deposits	1,533	560
Interest on short-term borrowings	108	4
Interest on long-term debt	157	55
Total interest expense	<u>1,798</u>	<u>619</u>
Net interest income	3,869	3,128
Provision for loan losses	50	65
Net interest income after provision for loan losses	<u>3,819</u>	<u>3,063</u>
Noninterest income		
Service charges on deposit accounts	348	314
Other income	135	114
Total noninterest income	<u>483</u>	<u>428</u>
Noninterest expense		
Salaries and employee benefits	1,724	1,055
Occupancy and equipment expense	530	334
Professional fees	160	90
Data processing fees	219	115
Other operating expense	589	370
Total noninterest expense	<u>3,222</u>	<u>1,964</u>
Income before provision for income taxes	1,080	1,527
Provision for income taxes	427	605
Net Income	<u>\$653</u>	<u>\$922</u>
 Earnings per share:		
Basic	\$0.19	\$0.28
Diluted	\$0.19	\$0.28
 Average common shares outstanding:		
Basic	3,462	3,323
Diluted	3,469	3,331
 Dividends per share:	\$0.125	\$0.125

See Notes to Unaudited Condensed Consolidated Financial Statements

ABIGAIL ADAMS NATIONAL BANCORP, INC. AND SUBSIDIARIES
Consolidated Statements of Changes in Stockholders' Equity
Three Months Ended March 31, 2005 and 2006
(Dollars in thousands except per share data)
(Unaudited)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	Total
Balance at December 31, 2004	\$33	\$22,628	\$2,279	(\$98)	(\$82)	\$24,760
Comprehensive income:						
Net income	--	--	922	--	--	922
Unrealized losses during period of (\$598) on investment securities available for sale, net of tax benefit of (\$242)	--	--	--	--	(356)	(356)
Total comprehensive income	--	--	--	--	--	566
Fractional shares 10% stock dividend	--	(3)	--	--	--	(3)
Dividends declared (\$0.125 per share)	--	--	(415)	--	--	(415)
Balance at March 31, 2005	<u>\$33</u>	<u>\$22,625</u>	<u>\$2,786</u>	<u>(\$98)</u>	<u>(\$438)</u>	<u>\$24,908</u>
Balance at December 31, 2005	\$35	\$24,865	\$3,903	(\$98)	(\$652)	\$28,053
Comprehensive income:						
Net income	--	--	653	--	--	653
Unrealized losses during the period of (\$238) on investment securities available for sale, net of tax benefit of (\$92)	--	--	--	--	(146)	(146)
Total comprehensive income	--	--	--	--	--	507
Dividends declared (\$0.125 per share)	--	--	(433)	--	--	(433)
Balance at March 31, 2006	<u>\$35</u>	<u>\$24,865</u>	<u>\$4,123</u>	<u>(\$98)</u>	<u>(\$798)</u>	<u>\$28,127</u>

See Notes to Unaudited Condensed Consolidated Financial Statements

ABIGAIL ADAMS NATIONAL BANCORP, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the Three Months Ended March 31, 2006 and 2005
(Dollars in thousands)
(Unaudited)

	2006	2005
Cash flows from operating activities:		
Net income	\$653	\$922
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	50	65
Depreciation and amortization	135	74
Accretion of loan discounts and fees	(115)	(70)
Gain on sale of guaranteed portion of SBA loans	(28)	(33)
Net premium amortization on investment securities	1	18
Increase in other assets	(592)	(474)
(Decrease) increase in other liabilities	(161)	380
Net cash (used in) provided by operating activities	(57)	882
Cash flows from investing activities:		
Proceeds from maturities of investment securities available for sale	2,000	--
Proceeds from repayment of mortgage-backed securities held to maturity	--	114
Proceeds from repayment of mortgage-backed securities available for sale	258	274
Purchase of investment securities available for sale	(2,000)	--
Purchase of FHLB stock	(771)	(39)
Net (increase) decrease in loans	(3,105)	6,213
Purchase of premises and equipment, net	(206)	(166)
Net cash (used in) provided by investing activities	(3,824)	6,396
Cash flows from financing activities:		
Net decrease in transaction and savings deposits	(14,032)	(6,844)
Net increase in time deposits	5,311	2,033
Net increase (decrease) in short-term borrowings	18,912	(461)
Repayment of long-term debt	(230)	(227)
Payment of 10% stock dividend on fractional shares	--	(3)
Cash dividends paid to common stockholders	(433)	(415)
Net cash provided by (used in) financing activities	9,528	(5,917)
Net increase in cash and cash equivalents	5,647	1,361
Cash and cash equivalents at beginning of period	18,549	17,903
Cash and cash equivalents at end of period	\$24,196	\$19,264
Supplementary disclosures:		
Interest paid on deposits and borrowings	\$1,451	\$523
Income taxes paid	\$785	\$850

See Notes to Unaudited Condensed Consolidated Financial Statements

ABIGAIL ADAMS NATIONAL BANCORP, INC. AND SUBSIDIARIES
Notes to Unaudited Condensed Consolidated Financial Statements

Note 1 Basis of presentation

Abigail Adams National Bancorp, Inc. (the “Company”) is the parent company of The Adams National Bank (“ANB”) and Consolidated Bank and Trust (“CB&T”). As used herein, the term Company includes ANB and CB&T, unless the context otherwise requires.

The Company prepares its condensed consolidated financial statements on the accrual basis and in conformity with accounting principles generally accepted in the United States for interim financial information, the instructions for Form 10-Q, and regulation S-X. The accompanying financial statements are unaudited except for the balance sheet at December 31, 2005, which was derived from the audited consolidated financial statements as of that date. The unaudited information furnished herein reflects all adjustments (consisting of normal recurring accruals) which are, in the opinion of management, necessary to a fair statement of the results for the interim periods presented. These statements should be read in conjunction with the consolidated financial statements and accompanying notes included with the Company’s 2005 Annual Report to Stockholders, since they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America. Operating results for the three months ended March 31, 2006 (unaudited) are not necessarily indicative of the results that may be expected for the year ending December 31, 2006. Certain reclassifications may have been made to amounts previously reported for 2005 to conform with the 2006 presentation.

On July 29, 2005, the Company completed the acquisition of 100% of the outstanding stock of CB&T and began to include the results of operations for CB&T from July 30, 2005. The merger was accounted for under the purchase method of accounting. See Note 3 of the Notes to the Consolidated Financial Statements in the Company’s annual report on Form 10-K for the year ended December 31, 2005 for a complete discussion of the shares issued, purchase price and its allocation to CB&T’s assets and liabilities, and pro forma information.

Note 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. There were no material changes since December 31, 2005.

Note 3 Earnings per share

Basic earnings per share computations are based upon the weighted average number of shares outstanding during the periods. Diluted earnings per share computations are determined using the treasury stock method and based upon the weighted average number of shares outstanding during the period plus the dilutive effect of outstanding stock options and stock performance awards. The following table provides a reconciliation of the number of shares between the computation of basic EPS and diluted EPS for the quarters ended March 31, 2006 and 2005.

	For the three months ended March 31,	
	2006	2005
Weighted average shares	3,462,129	3,322,820
Effect of dilutive stock options	6,575	8,553
Dilutive potential average common shares	3,468,704	3,331,373

Note 4 Stock-based compensation plans

At March 31, 2006, the Company had two stock-based compensation plans. The Statement of Financial Accounting Standards No. 123(R) “Share-Based Payments”, (SFAS 123(R)), requires that compensation cost relating to share-based payment transactions, including grants of employee stock options, be recognized in the Company’s financial statements beginning in the first quarter of March 31, 2006. Effective January 1, 2006, the Company adopted the fair value recognition provisions of SFAS 123(R) using the modified-prospective-transition method. In 2005 and previous reporting periods, the Company accounted for grants under its stock option plans based on the recognition and measurement principles of APB Opinion No. 25, “Accounting for Stock Issued to Employees” and related interpretations, as permitted by SFAS 123, “Accounting for Stock-Based Compensation”. All stock based

compensation awards granted prior to the effective date of SFAS 123(R) were fully vested and there were no new awards granted by the Company during the periods presented. Accordingly, in the first quarters of 2006 and 2005, the Company had no stock based compensation to be recorded under SFAS No.123(R) or APB Opinion No. 25.

Note 5 Securities

The amortized cost and estimated fair value of investment securities held to maturity and investment securities available for sale at March 31, 2006 and December 31, 2005 are as follows:

<i>(Dollars in thousands)</i>	Amortized Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
March 31, 2006:				
Investment Securities – available for sale:				
U.S. government sponsored agencies and corporations	\$39,562	\$73	\$778	\$38,857
U.S. treasuries	--	--	--	--
Mortgage-backed securities	5,079	--	252	4,827
Corporate securities	1,077	--	257	820
Marketable equity securities	7,715	44	61	7,698
Total	<u>\$53,433</u>	<u>\$117</u>	<u>\$1,348</u>	<u>\$52,202</u>
Investment Securities – held to maturity:				
U.S. government sponsored agencies and corporations	\$16,482	\$--	\$474	\$16,008
Mortgage-backed securities	956	--	24	932
Total	<u>\$17,438</u>	<u>\$--</u>	<u>\$498</u>	<u>\$16,940</u>
December 31, 2005:				
Investment Securities – available for sale:				
U.S. government sponsored agencies and corporations	\$38,542	\$41	\$598	\$37,985
U.S. treasuries	990	8	--	998
Mortgage-backed securities	5,292	--	183	5,109
Corporate securities	1,079	--	322	757
Marketable equity securities	7,718	61	--	7,779
Total	<u>\$53,621</u>	<u>\$110</u>	<u>\$1,103</u>	<u>\$52,628</u>
Investment Securities – held to maturity:				
U.S. government sponsored agencies and corporations	\$16,479	\$--	\$424	\$16,055
Mortgage-backed securities	1,009	--	21	988
Total	<u>\$17,488</u>	<u>\$--</u>	<u>\$445</u>	<u>\$17,043</u>

The Company had no gains or losses on sales of securities in the periods ending March 31, 2006 or March 31, 2005. The fair value of investment securities with unrealized losses by length of time that the individual securities have been in a continuous loss position at March 31, 2006 and December 31, 2005, are presented in the following table:

<i>(Dollars in thousands)</i>	Continuous unrealized losses existing for less than 12 months		Continuous unrealized losses existing 12 months or more		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
March 31, 2006:						
U.S. government sponsored agencies and corporations	\$13,812	\$120	\$32,349	\$1,132	\$46,161	\$1,252
U.S. treasuries	--	--	--	--	--	--
Mortgage-backed securities	--	--	5,737	276	5,737	276
Corporate securities	--	--	820	257	820	257
Marketable equity securities	1,939	61	--	--	1,939	61
Total	<u>\$15,751</u>	<u>\$181</u>	<u>\$38,906</u>	<u>\$1,665</u>	<u>\$54,657</u>	<u>\$1,846</u>
December 31, 2005:						
U.S. government sponsored agencies and corporations	\$24,561	\$328	\$20,801	\$694	\$45,362	\$1,022
U.S. treasuries	--	--	--	--	--	--
Mortgage-backed securities	1,258	22	4,805	182	6,063	204
Corporate securities	--	--	757	322	757	322
Marketable equity securities	--	--	--	--	--	--
Total	<u>\$25,819</u>	<u>\$350</u>	<u>\$26,363</u>	<u>\$1,198</u>	<u>\$52,182</u>	<u>\$1,548</u>

Management evaluates securities for other-than-temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Bank to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

At March 31, 2006, there were numerous investment securities with unrealized losses. In analyzing an issuer's financial condition, management considers whether the securities are issued by the Federal government or its agencies, whether downgrades by bond rating agencies have occurred, and industry analysts' reports.

The Company holds two corporate bonds carried at fair value totaling \$820,000 with an aggregate unrealized loss of \$257,000 at March 31, 2006. These two bonds have had unrealized losses existing for greater than 12 months and were downgraded in 2005 to below investment grade. Interest payments continue to be received as scheduled and the Company has the intent and ability to hold the bonds until their maturity. Based on an evaluation of the creditworthiness of the issuers, the Company believes the issuers will not default and that it will recoup the entire principal at maturity; therefore, management did not record any other-than-temporary impairment charge at March 31, 2006.

The other unrealized losses that existed as of March 31, 2006 and December 31, 2005, are a result of market changes in interest rates since the securities' purchase. This factor, coupled with the fact the Bank has both the intent and the ability to hold these securities for a period of time sufficient to allow for any anticipated recovery in fair value substantiates that the unrealized losses in the held to maturity and available-for-sale portfolios are temporary.

Note 6 Defined Benefit Pension Plan

CB&T maintains a noncontributory defined benefit pension plan. Pension benefits vest after five years of service and were based on years of service and average final salary. During 1997, CB&T froze the accrual of future service benefits, however, benefits continued to accrue for future compensation adjustments. In 2003, the compensation levels were frozen at current rates for benefit calculation purposes.

The components of net periodic benefit cost for the three months ended March 31, 2006 and 2005 were as follows:

	Pension Benefits Net Periodic Benefit Cost For the 3 months ended March 31,	
	2006	2005
	(Dollars in thousands)	
Service cost	\$--	\$--
Interest cost	66	65
Expected return on plan assets	(70)	(70)
Amortization of prior service cost	--	--
Amortization of net (gain) loss	--	15
Net periodic benefit cost	<u>\$ (4)</u>	<u>\$ 10</u>

CB&T anticipates making its 2005 fiscal year contribution in May of 2006. CB&T estimates this contribution to be approximately \$700,000. The pension plan has a fiscal year ending August 31.

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

Abigail Adams National Bancorp, Inc. (the "Company") is the parent of The Adams National Bank ("ANB"), a national bank with six full-service branches located in the greater metropolitan Washington, D.C. area and, Consolidated Bank and Trust (CB&T), a Virginia chartered commercial bank, with two branches in Richmond and one in Hampton, Virginia. The Company reports its financial results on a consolidated basis with ANB and CB&T.

The following analysis of financial condition and results of operations should be read in conjunction with the Company's Consolidated Financial Statements and Notes thereto for the year ended December 31, 2005.

Results of Operations

Overview

The Company recorded net income of \$653,000 for the first three months of 2006, as compared to \$922,000 for the first quarter of 2005. The 29.2% decrease in net income compared to the same quarter last year was predominantly due to a \$1.3 million increase in noninterest expense. Book value per share was \$8.12 at March 31, 2006, as compared to \$7.50 at March 31, 2005. The return on average assets was 0.76% and the return on average equity was 9.37% for the first quarter of 2006, compared to a return on average assets of 1.51% and a return on average equity of 14.94% for the same period last year. Basic and diluted earnings per share were \$0.19 for the first quarter of 2006 and \$0.28 for the first quarter of 2005.

Analysis of Net Interest Income

Net interest income, which is the sum of interest and certain fees generated by earning assets minus interest paid on deposits and other funding sources, is the principal source of the Company's earnings. Net interest income for the quarter ended March 31, 2006 increased 23.7% to \$3.9 million from \$3.1 million in the first quarter of 2005. The growth in net interest income was attributable to the growth in average earning assets, particularly loans. Average loans increased 43.4% or \$75.4 million to \$249.1 million from \$173.7 million at March 31, 2005. Of the \$75.4 million increase in average loans, \$40.6 million is attributable to loans from the CB&T subsidiary, which was acquired on July 30, 2005. The increase in the prime rate contributed to the increase in the average yields on loans to 7.85% in the first quarter of 2006 from 7.32% in first quarter of 2005. In the first quarter of 2006, the average balance on investments increased 32.8% to \$82.5 million from \$62.1 million in the same period of 2005. The increase in average investments is predominately due to the addition of CB&T. The 2006 first quarter yield on average earning assets was 6.93%, an increase of 49 basis points from the 2005 first quarter yield of 6.44%.

Funding for earning assets comes from deposits, long and short-term borrowings, and stockholders' equity. The percentage of average earning assets funded by average interest-bearing liabilities increased to 73.5% during the first quarter of 2006, compared to 68.0% for the same period in 2005. Average interest bearing liabilities increased 52.0% over the first quarter of 2005. The cost of interest-bearing funds for the quarter ended March 31, 2006, increased 142 basis points to 2.99%. The increase in the cost of interest-bearing liabilities reflects deposits and short-term borrowings bearing higher interest rates in a rising interest rate environment. The increase in the cost of long-term borrowing is due to the addition of a \$5 million term note at prime rate used to fund the capital infusion for CB&T at acquisition on July 29, 2005.

The net interest margin, which is net interest income as a percentage of average interest-earning assets, was 4.73% for the first quarter of 2006, a decrease of 65 basis point from 5.38% for the first quarter of 2005. The net interest spread, which is the difference between the average interest rate earned on interest-earning assets and interest paid on interest-bearing liabilities, was 3.94% for 2006, reflecting a decrease of 93 basis points from the 4.87% reported in the first quarter of 2005. The decline in the net interest margin and spread reflects the competitive deposit pricing in the Company's local markets; the increased competition for loan originations; and the effect of a flat yield curve on the repricing assets and deposits.

The following table presents the average balances, net interest income and interest yields/rates for the first three months of 2006 and 2005.

Distribution of Assets, Liabilities and Stockholders' Equity Yields and Rates
For the Three Months Ended March 31, 2006 and 2005
(Dollars in thousands)

	2006			2005		
	Average Balances	Interest Income/ Expense	Average Rates	Average Balances	Interest Income/ Expense	Average Rates
Assets						
Loans (1)	\$249,065	\$4,821	7.85%	\$173,747	\$3,134	7.32%
Investment securities	71,429	726	4.12%	50,602	545	4.37%
Federal funds sold	8,336	91	4.43%	2,997	17	2.30%
Interest-earning bank balances	2,723	29	4.32%	8,532	51	2.42%
Total earning assets	331,553	\$5,667	6.93%	235,878	\$3,747	6.44%
Allowance for loan losses	(4,410)			(2,616)		
Cash and due from banks	12,981			8,815		
Other assets	8,950			4,741		
Total assets	\$349,074			\$246,818		
Liabilities and Stockholders' Equity						
Savings, NOW and money market accounts	\$141,932	\$824	2.35%	\$ 96,645	\$ 273	1.15%
Certificates of deposit	80,001	709	3.59%	54,088	287	2.15%
Short term borrowings	10,702	108	4.09%	2,624	4	0.62%
Long-term debt	11,106	157	5.73%	7,021	55	3.18%
Total interest-bearing liabilities	243,741	1,798	2.99%	160,378	619	1.57%
Noninterest-bearing deposits	73,543			59,879		
Other liabilities	3,522			1,526		
Stockholders' equity	28,268			25,035		
Total liabilities and stockholders' equity	\$349,074			\$246,818		
Net interest income		\$3,869			\$3,128	
Net interest spread			3.94%			4.87%
Net interest margin			4.73%			5.38%

(1) The loan averages are stated net of unearned income and include loans on which the accrual of interest has been discontinued.

Noninterest Income

Total noninterest income consists primarily of service charges on deposits and other fee-based services, as well as gains on the sales of investment securities and loans. Noninterest income totaled \$483,000, an increase of 12.9% or \$55,000 from the first quarter of 2005. Service charges on deposit accounts totaled \$348,000, an increase of 10.8% from the prior year total of \$314,000. The increase in service charges was due to \$96,000 from the addition of CB&T offset by a \$62,000 decrease at ANB. Other income, consisting of other fee-based services and the gain on the sale of loans, increased by \$21,000 in the first quarter of 2006 to \$135,000, compared to the same period in 2005. Gain from sales of the guaranteed portion of SBA loans were \$28,000 at March 31, 2006 and \$33,000 at March 31, 2005. There were no gains on the sale of investment securities in the first quarter of 2006 or 2005.

Noninterest Expense

Noninterest expense in the first quarter of 2006 totaled \$3.2 million, an increase of 64.1%, as compared to the first quarter of 2005. Salaries and benefits expense increased 63.4% or \$669,000 to \$1.7 million in the first quarter of 2006 in comparison to the same period in 2005. The addition of the CB&T staff accounted for \$457,000 of the increase in salaries and benefits. Salary expense increased at ANB by \$212,000 due to additions in lending staff driven by increased lending activity since the first quarter of 2005. The \$370,000 increase in occupancy, professional, and data processing expense, and the \$219,000 increase in other operating expense reflect the addition of the new subsidiary, CB&T.

Income Tax Expense

Income tax expense totaled \$427,000 for the quarter ended March 31, 2006, a decrease of 29.4% from the income tax expense reported for the first quarter of 2005. The decrease in income tax expense in 2006 was a result of the 29.3% decrease in the Company's pretax income, as compared to the first quarter of 2005. The effective tax rate for 2006 was 39.5%, compared to 39.6% for the first quarter of 2005.

Financial Condition

Overview

Total assets were \$352.9 million at March 31, 2006, compared to \$343.0 million at December 31, 2005, an increase of \$9.9 million or 2.9%. Total liabilities increased 3.1% or \$9.8 million to \$324.8 million from December 31, 2005.

Loans

Total loans outstanding at March 31, 2006 increased 1.4% or \$3.4 million from December 31, 2005 to a balance of \$251.7 million. The increase in our loans reflects construction and commercial real estate loan originations.

Investment Securities

Investment securities available-for-sale are carried at estimated fair value and totaled \$52.2 million at March 31, 2006, a decrease of \$426,000 or 0.8% from the balance at December 31, 2005. Investment securities classified as held-to-maturity were \$17.4 million at March 31, 2006, a decrease of \$50,000 or 0.3% from December 31, 2005.

Short-term Investments

Short-term investments, consisting of federal funds and interest earning deposits in banks, increased a total of \$5.1 million or 80.2% in the first quarter of 2006, as compared to December 31, 2005, primarily to fund the outflow of deposits.

Other Assets

Total other assets increased 25.6% or \$1.5 million at March 31, 2006 compared to December 31, 2005. The most significant increase was \$770,800 in purchases of FHLB stock reflecting the increase in FHLB borrowings. Deferred tax assets increased \$201,800 due to the mark to market valuations on investment securities. Prepaid expenses increased \$176,500 as a result of annual renewals of various contracts.

Deposits

Deposits are the Company's primary source of funds. Total deposits decreased 3.0% to \$283.3 million at March 31, 2006, a decrease of \$8.7 million from December 31, 2005, due to fluctuations in the balances of some of the Company's large commercial, governmental, and not-for-profit customers. Noninterest-bearing deposits totaled \$75.2 million, a decrease of \$3.6 million or 4.6% from the previous year-end. Interest-bearing deposits were \$208.1

million, a decrease of \$5.1 million or 2.4% compared to the balance of \$213.2 million at December 31, 2005. The largest decrease was in money market accounts, down by 13.1% or \$9.1 million from the previous year-end.

Short-term Borrowings

Short-term borrowings, consisting of repurchase agreements, federal funds, and short-term FHLB borrowings, increased \$18.9 million to \$27.2 million at March 31, 2006 which was used to fund asset growth while offsetting the decrease in deposits.

Long-term Debt

Long-term debt consisted of \$6.0 million in term loans from the FHLB and \$5.0 million in a term note. The decrease of \$230,000 from December 31, 2005 consisted of scheduled payments on the FHLB loans.

Stockholders' Equity

Stockholders' equity at March 31, 2006 was \$28.1 million, an increase of 0.3% from December 31, 2005. The increase was primarily due to first quarter earnings of \$653,000, less the dividends paid on the Company's common stock totaling \$433,000, and the increase in the unrealized loss on available-for-sale investment securities of \$146,000.

Asset Quality

Adequacy of the Allowance for Loan Losses

Management believes the allowance for loan losses accounting policy is critical to the portrayal and understanding of our financial condition and results of operations. As such, selection and application of this "critical accounting policy" involves judgments, estimates, and uncertainties that are susceptible to change. In the event that different assumptions or conditions were to prevail, and depending upon the severity of such changes, the possibility of materially different financial condition or results of operations is a reasonable likelihood.

The Company manages the risk characteristics of its entire loan portfolio in an effort to maintain an adequate allowance for loans losses and identify problem loans so that the risks in the portfolio can be identified on a timely basis. Management performs a periodic analysis of risk factors that includes the primary sources of repayment on individual loans, liquidity and financial condition of borrowers and guarantors, and the adequacy of collateral. Loans subject to individual reviews are analyzed and segregated by risk according to the Company's internal risk rating scale. Management also considers the character of the loan portfolio, changes in nonperforming and past-due loans, historical loss experience, concentrations of loans to specific borrowers and industries, and general and regional economic conditions, as well as other factors existing at the determination date. This review takes into account the judgment of the individual loan officers, the credit risk manager, senior management and the Board of Directors. The Company also has an independent loan review performed by an outside consultant periodically throughout the year. Although credit policies are designed to minimize risk, management recognizes that loan losses will occur and that the amount of these losses will fluctuate depending on the risk characteristics of the loan portfolio.

The allowance for loan losses is established through provisions for loan losses as a charge to earnings based upon management's ongoing evaluation. The provision for loan losses decreased in the first quarter of 2006 to a total of \$50,000, compared to \$65,000 for the same period in 2005. The balance of the allowance for loan losses was \$4.5 million or 1.80% of total loans at March 31, 2006, compared to \$4.3 million or 1.75% of loans at December 31, 2005. Net loan recoveries were \$134,000 in the first quarter of 2006. The increase in the allowance for loan losses is intended to address known and inherent losses that are both probable and estimable at March 31, 2006. While historical losses have been modest in prior years, the current economic conditions of the market area and the concentration of loans in the higher risk classifications (e.g. commercial and industrial, and commercial real estate mortgages) warrant maintenance of the allowance for loan losses at its current level. Management believes that the allowance for loan losses at March 31, 2006 is adequate given past experience and the underlying assessment of the Company's loan portfolio.

The following table presents an analysis of the allowance for loan losses at March 31, 2006 and December 31, 2005.

	2006	2005
	(Dollars in thousands)	
Balance at beginning of period	\$4,345	\$2,558
Allowance of acquired bank	--	1,430
Loans charged off:		
Commercial	44	338
Real estate – commercial	--	47
Real estate – residential	--	--
Construction and development	--	--
Installment – individuals	2	14
Total charge-offs	<u>46</u>	<u>399</u>
Recoveries:		
Commercial	167	415
Real estate – commercial	--	15
Real estate – residential	5	--
Construction and development	--	--
Installment – individuals	8	16
Total recoveries	<u>180</u>	<u>446</u>
Net recoveries	<u>(134)</u>	<u>(47)</u>
Provision for loan losses	50	310
Balance at end of period	<u>\$4,529</u>	<u>\$4,345</u>
Ratio of net recoveries to average loans	(0.05%)	(0.02%)

Nonperforming Assets

Nonperforming assets include nonaccrual loans, restructured loans, past-due loans and other real estate owned. Past due loans are loans that are 90 days or more delinquent and still accruing interest. There were no past-due loans at March 31, 2006 or December 31, 2005 that were still accruing interest. Total nonperforming loans at March 31, 2006 were \$725,000 with balances of \$386,000 guaranteed by the SBA, and represented 0.21% of total assets. In comparison, nonperforming loans at December 31, 2005 were 0.17% of total assets and totaled \$580,000 with balances of \$263,000 guaranteed by the SBA. The largest component of nonperforming loans is a commercial loan with a balance of \$322,000 at March 31, 2006.

The following table presents nonperforming assets by category at March 31, 2006 and December 31, 2005.

	2006	2005
	(Dollars in thousands)	
Nonaccrual loans:		
Commercial	\$539	\$432
Real estate	11	11
Installment – individuals	38	--
Total nonaccrual loans	<u>588</u>	<u>443</u>
Past-due loans	--	--
Other real estate owned	137	137
Total nonperforming assets	<u>\$725</u>	<u>\$580</u>
Nonperforming assets exclusive of SBA guarantee	\$339	\$263
Ratio of nonperforming assets to gross loans	0.29%	0.23%
Ratio of nonperforming assets to total assets	0.21%	0.17%
Allowance for loan losses to nonperforming assets	625%	759%

Assets totaling \$7.1 million and \$4.5 million at March 31, 2006 and December 31, 2005, respectively, were classified as monitored credits subject to management's attention and are not reported in the preceding table. The classification of monitored credits is reviewed on a quarterly basis. The balances of the monitored credits guaranteed by the SBA totaled \$1.5 million and \$1.4 million as of March 31, 2006 and December 31, 2005, respectively.

Liquidity and Capital Resources

Liquidity

Liquidity is a product of the Company's operating, investing, and financing activities and is represented by cash and cash equivalents. Principal sources of funds are from deposits, short and long term debt, principal and interest payments on outstanding loans, maturity of investment securities, and funds provided from operations. Overall, net cash and cash equivalents increased for the quarter ended March 31, 2006 by \$5.6 million, to a balance of \$24.2 million, as compared to the balance of \$18.6 million at December 31, 2005. Liquid assets increased to 6.9% of total assets at March 31, 2006, as compared to 5.4% of total assets at December 31, 2005.

The Company has additional sources of liquidity available through unpledged investment securities available-for-sale totaling \$18.8 million, and unsecured lines of credit available from correspondent banks, which can provide up to \$8.2 million, as well as a credit facility through its membership in the FHLB.

Capital Resources

Capital levels are monitored by management on a quarterly basis in relation to financial forecasts for the year and regulatory requirements. The Company and the Banks continue to be capitalized well in excess of required levels. The following table presents the Company's and the Banks' capital position relative to their various minimum statutory and regulatory capital requirements at March 31, 2006. The Company and the Banks are considered "well-capitalized" under regulatory guidelines.

<i>(Dollars in thousands)</i>	Actual		Minimum Capital Requirements		Minimum To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
March 31, 2006:						
Total capital to risk weighted assets:						
Consolidated	\$32,624	11.06%	\$23,608	8.00%	(1)	
ANB	29,225	11.76%	19,883	8.00%	24,853	10.00%
CB&T	8,143	17.65%	3,692	8.00%	4,615	10.00%
Tier I capital to risk weighted assets:						
Consolidated	28,925	9.8%	11,804	4.00%	(1)	
ANB	25,868	10.41%	9,941	4.00%	14,912	6.00%
CB&T	7,557	16.37%	1,846	4.00%	2,769	6.00%
Tier I capital to average assets:						
Consolidated	28,925	8.29%	13,958	4.00%	(1)	
ANB	25,868	9.45%	10,948	4.00%	13,685	5.00%
CB&T	7,557	10.07%	3,002	4.00%	3,752	5.00%

(1) The Company is not subject to this requirement

Forward Looking Statements

When used in this Form 10-Q, the words or phrases “will likely result,” “are expected to”, “will continue”, “is anticipated,” “estimate,” “project” or similar expressions are intended to identify “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to certain risks and uncertainties, including, among other things, changes in economic conditions in the Company’s market area, changes in policies by regulatory agencies, fluctuations in interest rates, demand for loans in the Company’s market areas and competition, that could cause actual results to differ materially from historical earnings and those presently anticipated or projected. The Company wishes to caution readers not to place undue reliance on any such forward-looking statements, which speak only as of the date made. The Company wishes to advise readers that the factors listed above could affect the Company’s financial performance and could cause the Company’s actual results for future periods to differ materially from any opinions or statements expressed with respect to future periods in any current statements.

The Company does not undertake and specifically declines any obligation to publicly release the results of any revisions, which may be made to any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events.

Item 3 – Quantitative and Qualitative Disclosures About Market Risk

The Company is exposed to various market risks in the normal course of conducting its’ business. Market risk is the potential loss arising from adverse changes in interest rates, prices, and liquidity. The Company has established the Asset/Liability Committee (ALCO) to monitor and manage those risks. ALCO meets periodically and is responsible for approving asset/liability policies, formulating and implementing strategies to improve balance sheet and income statement positioning, and monitoring the interest rate sensitivity. The Company manages its interest rate risk sensitivity through the use of a simulation model that projects the impact of rate shocks, rate cycles, and rate forecast estimates on the net interest income and economic value of equity (the net present value of expected cash flows from assets and liabilities). These simulations provide a test for embedded interest rate risk and takes into consideration factors such as maturities, reinvestment rates, prepayment speeds, repricing limits, decay rates and other factors. The results are compared to risk tolerance limits set by ALCO policy. Based on the Company’s most recent interest rate sensitivity analysis, the impact to the net interest income and economic value of equity are well within the tolerance limits for both a rising or declining interest rate environment and sensitivity to market risk is moderate.

Item 4 - Controls and Procedures

As of the end of the period covered by this report, the Company conducted an evaluation, under the supervision and with the participation of the principal executive officer and principal financial officer, of the Company’s disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the “Exchange Act”). Based on this evaluation, the principal executive officer and principal financial officer concluded that the Company’s disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms. There was no change in the Company’s internal control over financial reporting during the Company’s most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II.

Item 1 - Legal Proceedings
None

Item 1A – Risk Factors
There have been no material changes from risk factors as previously disclosed in response to Item 1A. to Part 1 of the Form 10-K filed by the registrant for fiscal year ending December 31, 2005.

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 Vote of Security Holders
None

Item 5 - Other Information
None

Item 6 - Exhibits

(a) Exhibits

Exhibit 31.1	Certification of the Chief Executive Officer
Exhibit 31.2	Certification of the Chief Financial Officer
Exhibit 32	Certification of Chief Executive Officer and Chief Financial Officer

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: May 12, 2006

/s/ Jeanne D. Hubbard
Jeanne D. Hubbard
Chairwoman of the Board,
President and Director
(Principal Executive Officer)

Exhibit 31.1

I, Jeanne D. Hubbard, President and Chief Executive Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Abigail Adams National Bancorp;
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 registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer 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 registrant and we have:
 - a) designed such disclosure controls and procedures, or caused such disclosures and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made know to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) evaluated the effectiveness of the registrant'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 changes in the registrant's internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant'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 registrant'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 registrant's internal control over financial reporting.

Date: May 12, 2006

/s/ Jeanne D. Hubbard
Jeanne D. Hubbard
President and Chief Executive Officer

Exhibit 31.2

I, Karen E. Troutman, Sr. Vice President and Chief Financial Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Abigail Adams National Bancorp;
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 registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer 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 registrant and we have:
 - a) designed such disclosure controls and procedures, or caused such disclosures and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made know to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) evaluated the effectiveness of the registrant'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 changes in the registrant's internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant'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 registrant'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 registrant's internal control over financial reporting.

Date: May 12, 2006

/s/ Karen E. Troutman
Karen E. Troutman
Sr. Vice President and Chief Financial Officer

Exhibit 32

Certification of Chief Executive Officer and Chief Financial Officer

Jeanne D. Hubbard, President and Chief Executive Officer, and Karen E. Troutman, Senior Vice President and Chief Financial Officer of Abigail Adams National Bancorp, Inc. (the "Company") each certify in her capacity as an officer of the Company that she has reviewed the quarterly report on Form 10-Q for the quarter ended March 31, 2006 and that to the best of her knowledge:

- (1) the report fully complies with the requirements of Section 13(a) 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 results of operations of the Company.

The purpose of this statement is solely to comply with Title 18, Chapter 63, Section 1350 of the United States Code, as amended by Section 906 of the Sarbanes-Oxley Act of 2002.

Date: May 12, 2006

/s/ Jeanne D. Hubbard
Jeanne D. Hubbard
Chief Executive Officer

Date: May 12, 2006

/s/ Karen E. Troutman
Karen E. Troutman
Chief Financial Officer