

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 September 30, 2008

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, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

(Do not check if a smaller reporting company)

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

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

As of November 13, 2008, there were 3,463,569 shares outstanding of Registrant's Common Stock

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ABIGAIL ADAMS NATIONAL BANCORP, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
September 30, 2008 (unaudited) and December 31, 2007
(Dollars in thousands)

	September 30, 2008	December 31, 2007
Assets		
Cash and due from banks	\$14,059	\$15,567
Federal funds sold	4,884	12,816
Interest-earning deposits in other banks	4,171	20,380
Total cash and cash equivalents	23,114	48,763
Investment securities available for sale, at fair value	65,002	66,392
Investment securities held to maturity (market values of \$3,317 and \$13,269 for 2008 and 2007 respectively)	3,347	13,309
Loans	335,299	307,483
Less: allowance for loan losses	(9,983)	(4,202)
Loans, net	325,316	303,281
Premises and equipment, net	5,131	4,985
Other assets	14,013	9,145
Total assets	\$435,923	\$445,875
 Liabilities and Stockholders' Equity		
Liabilities:		
Deposits		
Noninterest-bearing deposits	\$64,392	\$74,833
Interest-bearing deposits	288,665	312,109
Total deposits	353,057	386,942
Short-term borrowings	34,988	8,494
Long-term debt	18,155	15,120
Other liabilities	3,437	3,880
Total liabilities	409,637	414,436
Commitments and contingencies (Note 2)		
Stockholders' equity:		
Common stock, \$0.01 par value, authorized 5,000,000 shares; issued 3,492,633 shares in 2008 and 3,491,633 shares in 2007; outstanding 3,463,569 shares in 2008 and 3,462,569 shares in 2007	35	35
Additional paid-in capital	25,132	25,127
Retained earnings	3,447	7,196
Treasury stock, 29,064 shares in 2008 and 2007, at cost	(255)	(255)
Accumulated other comprehensive loss	(2,073)	(664)
Total stockholders' equity	26,286	31,439
Total liabilities and stockholders' equity	\$435,923	\$445,875

See Notes to Unaudited Condensed Consolidated Financial Statements

ABIGAIL ADAMS NATIONAL BANCORP, INC. AND SUBSIDIARIES
Unaudited Condensed Consolidated Statements of Income
For the Periods Ended September 30, 2008 and 2007
(In thousands, except per share data)

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Interest Income				
Interest and fees on loans	\$5,531	\$6,206	\$16,587	\$18,991
Interest and dividends on investment securities	941	909	2,844	2,426
Other interest income	50	725	320	1,389
Total interest income	<u>6,522</u>	<u>7,840</u>	<u>19,751</u>	<u>22,806</u>
Interest Expense				
Interest on deposits	2,032	3,516	6,811	9,615
Interest on short-term borrowings	120	13	291	94
Interest on long-term debt	200	217	561	581
Total interest expense	<u>2,352</u>	<u>3,746</u>	<u>7,663</u>	<u>10,290</u>
Net interest income	4,170	4,094	12,088	12,516
Provision for loan losses	6,395	75	7,470	235
Net interest (loss) income after provision for loan losses	<u>(2,225)</u>	<u>4,019</u>	<u>4,618</u>	<u>12,281</u>
Noninterest (Loss) Income				
Service charges on deposit accounts	335	341	1,001	1,047
Other-than-temporary impairment of available for sale securities	(517)	--	(517)	--
Other income	36	88	194	184
Total noninterest (loss) income	<u>(146)</u>	<u>429</u>	<u>678</u>	<u>1,231</u>
Noninterest Expense				
Salaries and employee benefits	1,870	1,654	5,213	4,977
Occupancy and equipment expense	582	555	1,768	1,725
Professional fees	189	167	476	541
Data processing fees	214	239	611	819
Other operating expense	813	761	2,244	2,073
Total noninterest expense	<u>3,668</u>	<u>3,376</u>	<u>10,312</u>	<u>10,135</u>
(Loss) income before income taxes	<u>(6,039)</u>	<u>1,072</u>	<u>(5,016)</u>	<u>3,377</u>
Income tax (benefit) provision	<u>(2,509)</u>	<u>419</u>	<u>(2,133)</u>	<u>1,331</u>
Net (loss) income	<u><u>\$(3,530)</u></u>	<u><u>\$653</u></u>	<u><u>\$(2,883)</u></u>	<u><u>\$2,046</u></u>
(Loss) Earnings per Share:				
Basic and Diluted	\$(1.02)	\$0.19	\$(0.83)	\$0.59

See Notes to Unaudited Condensed Consolidated Financial Statements

ABIGAIL ADAMS NATIONAL BANCORP, INC. AND SUBSIDIARIES
Unaudited Condensed Consolidated Statements of Changes in Stockholders' Equity
Nine Months Ended September 30, 2008 and 2007
(In thousands except per share data)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive (Loss)Gain	Total
Balance at December 31, 2006	\$35	\$25,123	\$5,868	\$(210)	\$(634)	\$30,182
Comprehensive income:						
Net income	--	--	2,046	--	--	2,046
Unrealized gains during the period of \$171 on investment securities available for sale, net of tax expense of \$62.	--	--	--	--	109	109
Total comprehensive income						<u>2,155</u>
Issuance of shares under stock option program	--	4	--	--	--	4
Acquisition and issuance of shares for ESOP	--	--	--	(45)	--	(45)
Dividends declared at \$0.375 per share	--	--	(1,299)	--	--	(1,299)
Balance at September 30, 2007	<u>\$35</u>	<u>\$25,127</u>	<u>\$6,615</u>	<u>\$(255)</u>	<u>\$(525)</u>	<u>\$30,997</u>
Balance at December 31, 2007	\$35	\$25,127	\$7,196	\$(255)	\$(664)	\$31,439
Comprehensive income:						
Net loss	--	--	(2,883)	--	--	(2,883)
Unrealized losses during the period of \$1.9 million on investment securities available for sale, net of tax benefit of \$481.	--	--	--	--	(1,380)	(1,380)
Reclassification adjustment for settlement loss of \$43 during the period on pension plan termination recognized in income, net of tax benefit of \$14.	--	--	--	--	(29)	(29)
Total comprehensive loss						<u>(4,292)</u>
Issuance of shares under stock option program	--	5	--	--	--	5
Dividends declared at \$0.25 per share	--	--	(866)	--	--	(866)
Balance at September 30, 2008	<u>\$35</u>	<u>\$25,132</u>	<u>\$3,447</u>	<u>\$(255)</u>	<u>\$(2,073)</u>	<u>\$26,286</u>

See Notes to Unaudited Condensed Consolidated Financial Statements

ABIGAIL ADAMS NATIONAL BANCORP, INC. AND SUBSIDIARIES
Unaudited Condensed Consolidated Statements of Cash Flows
Nine Months Ended September 30, 2008 and 2007
(In thousands)

	September 30, 2008	September 30, 2007
Cash flows from operating activities:		
Net (loss) income	\$(2,883)	\$2,046
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Provision for loan losses	7,470	235
Depreciation	455	431
Accretion and amortization of deferred loan fees and costs, net	89	83
Accretion of purchase accounting adjustments	(80)	(76)
Accretion and amortization of securities premiums and discounts, net	13	2
Gain on sale of guaranteed portion of SBA loans	(38)	(38)
Other-than-temporary impairment of available for sale securities	517	--
Loss on the sale of foreclosed and other assets	19	29
Increase in other assets	(2,854)	(755)
(Decrease) increase in other liabilities	(443)	963
Net cash provided by operating activities	2,265	2,920
Cash flows from investing activities:		
Proceeds from maturities of investment securities available for sale	39,500	8,000
Proceeds from maturities of investment securities held to maturity	11,500	3,000
Proceeds from repayment of mortgage-backed securities available for sale	1,381	723
Proceeds from repayment of mortgage-backed securities held to maturity	473	339
Proceeds from the sale of foreclosed and other assets	264	282
Purchase of investment securities available for sale	(41,880)	(25,502)
Purchase of investment securities held to maturity	(2,012)	(3,734)
Purchase of FHLB and FRB stock	(7,504)	(1,534)
Redemption of FHLB stock	6,341	892
Net increase in loans	(29,559)	(1,112)
Purchase of collateral and build out cost on foreclosed assets	(600)	--
Purchase of premises and equipment, net	(601)	(563)
Net cash used in investing activities	(22,697)	(19,209)
Cash flows from financing activities:		
Net decrease in transaction and savings deposits	(56,243)	(1,067)
Net increase in time deposits	22,358	19,752
Net increase in short-term borrowings	26,494	1,601
Proceeds from long-term debt	8,115	10,000
Repayment of long-term debt	(5,080)	(790)
Proceeds from issuance of common stock in stock option program	5	4
Purchased treasury stock	--	(45)
Cash dividends paid to common stockholders	(866)	(1,299)
Net cash (used in) provided by financing activities	(5,217)	28,156
Net (decrease) increase in cash and cash equivalents	(25,649)	11,867
Cash and cash equivalents at beginning of period	48,763	27,563
Cash and cash equivalents at end of period	\$23,114	\$39,430
Supplementary disclosures:		
Interest paid on deposits and borrowings	\$8,760	\$9,854
Income taxes paid	\$1,078	\$1,093

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 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, 2007, 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 for 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 2007 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 and nine months ended September 30, 2008 (unaudited) are not necessarily indicative of the results that may be expected for the year ending December 31, 2008. Certain reclassifications may have been made to amounts previously reported for 2007 to conform with the 2008 presentation.

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 in outstanding commitments or contingent liabilities since December 31, 2007.

Note 3 Earnings (loss) per Share

Basic earnings per share (“EPS”) 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 periods plus the dilutive effect of outstanding stock options. The following table provides a reconciliation of the number of shares between the computation of basic EPS and diluted EPS for the three and nine months ended September 30, 2008 and 2007. For the three and nine month periods ended September 30, 2008, the dilutive effects of options are excluded from the computation of the loss per share because the inclusion of these are antidilutive.

	For the three months ended September 30,		For the nine months ended September 30,	
	2008	2007	2008	2007
Weighted average shares	3,463,569	3,462,569	3,463,241	3,462,174
Effect of dilutive stock options	--	3,673	--	3,816
Dilutive potential average common shares	<u>3,463,569</u>	<u>3,466,242</u>	<u>3,463,241</u>	<u>3,465,990</u>

Note 4 Securities

The amortized cost and estimated fair value of investment securities held to maturity and investment securities available for sale at September 30, 2008 and December 31, 2007 are as follows:

(In thousands)	Amortized Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
September 30, 2008:				
Investment Securities – available for sale:				
U.S. government sponsored agencies and corporations	\$47,191	\$189	\$371	\$47,009
Mortgage-backed securities	11,671	29	191	11,509
Municipal securities	953	--	60	893
Corporate debt securities	7,222	--	1,995	5,227
Marketable equity securities	1,003	--	639	364
Total	<u>\$68,040</u>	<u>\$218</u>	<u>\$3,256</u>	<u>\$65,002</u>
Investment Securities – held to maturity:				
U.S. government sponsored agencies and corporations	\$2,009	\$--	\$46	\$1,963
Mortgage-backed securities	1,338	16	--	1,354
Total	<u>\$3,347</u>	<u>\$16</u>	<u>\$46</u>	<u>\$3,317</u>
December 31, 2007:				
Investment Securities – available for sale:				
US government sponsored agencies and corporations	\$52,709	\$308	\$34	\$52,983
Mortgage-backed securities	7,105	50	64	7,091
Corporate debt securities	6,750	29	1,179	5,600
Marketable equity securities	1,005	--	287	718
Total	<u>\$67,569</u>	<u>\$387</u>	<u>\$1,564</u>	<u>\$66,392</u>
Investment Securities – held to maturity:				
U.S. government sponsored agencies and corporations	\$11,498	\$--	\$57	\$11,441
Mortgage-backed securities	1,811	20	3	1,828
Total	<u>\$13,309</u>	<u>\$20</u>	<u>\$60</u>	<u>\$13,269</u>

The Company had no sales of securities in the three and nine month periods ended September 30, 2008 and September 30, 2007.

At September 30, 2008, a portion of our investment securities portfolio had unrealized losses. 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 September 30, 2008 and December 31, 2007, are presented in the following table:

(In thousands)	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
September 30, 2008:						
U.S. government sponsored agencies and corporations	\$22,572	\$417	\$--	\$--	\$22,572	\$417
Mortgage-backed securities	6,881	150	1,498	41	8,379	191
Municipal securities	893	60	--	--	893	60
Corporate debt securities	2,192	492	3,035	1,503	5,227	1,995
Marketable equity securities	--	--	364	639	364	639
Total	<u>\$32,538</u>	<u>\$1,119</u>	<u>\$4,897</u>	<u>\$2,183</u>	<u>\$37,435</u>	<u>\$3,302</u>
December 31, 2007:						
U.S. government sponsored agencies and corporations	\$999	\$1	\$19,407	\$90	\$20,406	\$91
Mortgage-backed securities	--	--	4,046	67	4,046	67
Corporate debt securities	2,981	697	1,580	482	4,561	1,179
Marketable equity securities	718	287	--	--	718	287
Total	<u>\$4,698</u>	<u>\$985</u>	<u>\$25,033</u>	<u>\$639</u>	<u>\$29,731</u>	<u>\$1,624</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. Analysis of the available for sale securities for potential other-than-temporary impairment was considered under the Statement of Financial Accounting Standards (SFAS) No. 115, *Accounting for Certain Investments in Debt and Equity Securities* impairment model and included the following factors: the length of time and extent to which the market value has been less than cost; the financial condition and near-term prospects of the issuer including specific events; the Company's intent and ability to hold the investment to the earlier of maturity or recovery in market value, the credit rating of the security; the implied and historical volatility of the security; whether market decline was affected by macroeconomic conditions or by specific information pertaining to an individual security; and any downgrades by rating agencies. As applicable under SFAS No. 115, the Company considers a decline in fair value to be other-than-temporary if it is probable that the Company will not recover its recorded investment, including as applicable under the Emerging Issues Task Force (EITF) Issue 99-20, *Recognition of Interest Income and Impairment on Purchased Beneficial Interests and Beneficial Interests That Continue to Be Held by a Transferor in Securitized Financial Assets*, when an adverse change in cash flows has occurred.

The available for sale investment classified as marketable equity securities consists of perpetual preferred securities which have been valued below cost for more than 19 months. These securities, carried at fair value of \$364,000 with an unrealized loss of \$639,000, currently have a Moody's rating of A1 and a Standard and Poors rating of BBB+. The securities are not required to be redeemed by the issuer, nor are they redeemable at the option of the investor and are therefore classified as equity securities under SFAS 115. On October 14, 2008, the SEC's Office of the Chief Accountant (OCA), clarified its views on the application of other-than-temporary impairment guidance in FAS 115, *Accounting for Certain Investments in Debt and Equity Securities*, to certain perpetual preferred securities. The OCA concluded that it would not object to a registrant applying an other-than-temporary impairment model to investments in perpetual preferred securities that possess significant debt-like characteristics that is similar to the impairment model applied to debt securities, provided there has been no evidence of deterioration in credit of the issuer. We noted no decline in the cash flows from holding the investment and the downgrade in the rating of the securities since purchase was not below investment grade. An entity is permitted to apply the OCA's views in its financial statements included in filings subsequent to the date of the letter. At September 30, 2008, based on the OCA guidance, we recorded no other-than-temporary impairment on the marketable equity securities since there was no evidence of credit deterioration in the perpetual preferred securities and we have the intent and ability to hold the perpetual preferred securities until their expected recovery in fair value.

At September 30, 2008, the Company had six corporate debt securities which had been valued below cost for greater than 12 months. Of these, two corporate debt securities which had been downgraded in 2005 to below investment grade and had been valued below cost for 56 months, were being carried at fair value totaling \$537,000 with an aggregate unrealized loss of \$517,000. Based on the SFAS No. 115 impairment model, management determined that it is probable that the Company will be unable to collect all amounts due according to the contractual terms of the debt securities and that an other-than-temporary impairment had occurred even though the issuers were not in default and were paying interest at 7.0% and 7.125% as scheduled and the Company has the intent and ability to hold the investments until their maturity in 2013. The two debt securities were written down to fair value and the \$517,000 unrealized loss was recorded as other-than-temporary impairment in noninterest income at September 30, 2008. The other four corporate debt securities, carried at fair value of \$2.5 million with an unrealized loss of \$1.5 million, currently have Moody ratings in the range of A1 to Aa2 and Standard and Poors ratings ranging from A to AA-. Interest payments ranging from 5.625% to 5.900% continue to be received as scheduled. Based on the analysis performed by applying the SFAS No. 115 impairment model and where applicable, EITF Issue 99-20, the Company does not consider it probable that it will not recover its recorded investments. Further, the Company has not experienced any adverse change in cash flows from holding the investments and has the intent and ability to hold the investment to the earlier of maturity or recovery in fair value and, therefore did not record any other-than-temporary impairment charge at September 30, 2008 or at December 31, 2007 on these four corporate debt securities.

The remaining unrealized losses that existed as of September 30, 2008 and December 31, 2007, are a result of market changes in interest rates since the securities' purchase. This factor, coupled with the fact the Company has both the intent and the ability to hold these securities for a period of time sufficient to allow for recovery in fair value substantiates that the remaining unrealized losses in the held to maturity and available for sale portfolios are temporary.

Note 5 Comprehensive Income (Loss)

Comprehensive income (loss) consists of net income (loss) and other comprehensive income (loss). Other comprehensive income (loss) includes unrealized gains and losses on securities available for sale and unrealized gains and losses on pension plan assets and benefit obligations. There were two reclassification adjustments realized in income for losses from components of other comprehensive loss in the quarter ended September 30, 2008 and none in the quarter ended September 30, 2007. In the third quarter of 2008, the Company recorded an other-than-temporary impairment charge on two corporate debt securities in the amount of \$517,000 with a deferred tax benefit of \$210,000. In the third quarter of 2008, the Company recognized a settlement loss in the amount of \$43,000 with a deferred tax benefit of \$14,000 on the termination of the CBT pension plan.

The components of comprehensive income are as follows:

(In thousands)	For the three months ended September 30,		For the nine months ended September 30,	
	2008	2007	2008	2007
Net (loss) income	\$ (3,530)	\$ 653	\$ (2,883)	\$ 2,046
Unrealized (losses) gains on securities	(1,523)	537	(2,378)	171
Reclassification adjustment for other-than-temporary impairment realized in noninterest income	517	--	517	--
Reclassification adjustment for pension plan termination loss realized in income	(43)	--	(43)	--
Income tax benefit (expense)	155	(209)	495	(62)
Total comprehensive (loss) income	<u>\$ (4,424)</u>	<u>\$ 981</u>	<u>\$ (4,292)</u>	<u>\$ 2,155</u>

Note 6 Segments

Management regularly reviews the performance of the Company's operations on a reporting basis by legal entity. The Company has two operating segments comprised of its subsidiaries, ANB and CB&T, for which there is discrete financial information available. Both segments are engaged in providing financial services in their respective market areas and are similar in each of the following: the nature of their products, services, and processes; type or class of customer for their products and services; methods used to distribute their products or provide their services; and the nature of the banking regulatory environment. The parent company is deemed to represent an overhead function rather than an operating segment and its financial information is presented as the "Other" category in the schedules below.

(Dollars in thousands)	Segment Results and Reconciliation				
	The Adams National Bank	Consolidated Bank & Trust	Other ⁽¹⁾	Intercompany Eliminations	Consolidated Totals
For three months ended September 30, 2008:					
Interest income	\$5,153	\$1,369	\$--	\$--	\$6,522
Interest expense	1,948	315	89	--	2,352
Net interest income (expense)	3,205	1,054	(89)	--	4,170
Provision for loan losses	5,630	15	750	--	6,395
Noninterest (loss) income	(223)	102	(2,912)	2,887	(146)
Noninterest expense	2,447	1,044	202	(25)	3,668
Net (loss) income	(2,977)	66	(3,531)	2,912	(3,530)
Assets	340,945	91,983	34,456	(31,461)	435,923
Annualized (loss) return on average assets	(3.42)%	0.29%	NM ⁽²⁾	--	(3.16)%
Annualized (loss) return on average equity	(44.95)%	3.02%	NM ⁽²⁾	--	(46.63)%

(Dollars in thousands)	Segment Results and Reconciliation				
	The Adams National Bank	Consolidated Bank & Trust	Other ⁽¹⁾	Intercompany Eliminations	Consolidated Totals

**For three months ended
September 30, 2007:**

Interest income	\$6,345	\$1,495	\$--	\$--	\$7,840
Interest expense	3,175	471	100	--	3,746
Net interest income (expense)	3,170	1,024	(100)	--	4,094
Provision for loan losses	75	--	--	--	75
Noninterest income	348	106	789	(814)	429
Noninterest expense	2,229	1,043	129	(25)	3,376
Net income	729	60	653	(789)	653
Assets	342,321	94,123	35,920	(35,588)	436,776
Annualized return on average assets	0.77%	0.25%	NM ⁽²⁾	--	0.55%
Annualized return on average equity	10.71%	2.88%	NM ⁽²⁾	--	8.39%

(1) Amounts represent parent company before intercompany eliminations.

(2) Not considered a meaningful performance ratio for parent company.

Segment Results and Reconciliation

(Dollars in thousands)	The Adams National Bank	Consolidated Bank & Trust	Other ⁽¹⁾	Intercompany Eliminations	Consolidated Totals
For nine months ended September 30, 2008:					
Interest income	\$15,702	\$4,049	\$--	\$--	\$19,751
Interest expense	6,384	1,051	228	--	7,663
Net interest income (expense)	9,318	2,998	(228)	--	12,088
Provision for loan losses	6,679	41	750	--	7,470
Noninterest income (loss)	457	296	(2,006)	1,931	678
Noninterest expense	6,888	3,001	498	(75)	10,312
Net (loss) income	(2,177)	171	(2,883)	2,006	(2,883)
Assets	340,945	91,983	34,456	(31,461)	435,923
Annualized (loss) return on average assets	(0.83)%	0.26%	NM ⁽²⁾	--	(0.87)%
Annualized (loss) return on average equity	(10.68)%	2.56%	NM ⁽²⁾	--	(12.28)%

**For nine months ended
September 30, 2007:**

Interest income	\$18,531	\$4,275	\$--	\$--	\$22,806
Interest expense	8,744	1,239	307	--	10,290
Net interest income	9,787	3,036	(307)	--	12,516
Provision for loan losses	225	10	--	--	235
Noninterest income	993	313	2,487	(2,562)	1,231
Noninterest expense	6,643	3,132	435	(75)	10,135
Net income	2,342	145	2,046	(2,487)	2,046
Assets	342,321	94,123	35,920	(35,588)	436,776
Annualized return on average assets	0.89%	0.22%	NM ⁽²⁾	--	0.62%
Annualized return on average equity	11.54%	2.38%	NM ⁽²⁾	--	8.92%

(1) Amounts represent parent company before intercompany eliminations.

(2) Not considered a meaningful performance ratio for parent company.

Description of significant amounts included in the "Intercompany Eliminations" column in the segment report schedules are as follows:

<u>(In thousands)</u>	<u>Three months ended September 30,</u>		<u>Nine months ended September 30,</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Noninterest income - elimination of parent company's undistributed losses (earnings) from subsidiaries	\$2,912	\$(789)	\$2,006	\$(2,487)
Net income – elimination of parent company's losses (earnings) from subsidiaries	\$2,912	\$(789)	\$2,006	\$(2,487)
Assets - elimination of parent company's investment in subsidiaries	\$(31,387)	\$(35,233)	\$(31,387)	\$(35,233)

Note 7 Fair Value Disclosures

Effective January 1, 2008, the Company adopted the Statement of Financial Accounting Standard No. 157, *Fair Value Measurements* ("SFAS No. 157") issued by the Financial Accounting Standards Board ("FASB"). SFAS No. 157 provides a framework for measuring fair value under generally accepted accounting principles, outlines a fair value hierarchy based on inputs used to measure fair value and enhances disclosure requirements for fair value measurements. The statement applies to all financial instruments that are being measured and reported on a fair value basis. In accordance with FASB Staff Position No. 157-2, *Effective Date of FASB Statement No. 157*, the Company will delay application of SFAS 157 for non-financial assets and non-financial liabilities, until January 1, 2009.

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

Basis of Fair Value Measurement

- Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity).

The table below presents the Company's balances of financial instruments measured at fair value on a recurring basis by level within the hierarchy at September 30, 2008.

<u>(In thousands)</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	<u>Total</u>
Investment securities available for sale	\$--	\$65,002	\$--	\$65,002

The Company outsources the recordkeeping for investment securities held by ANB to FTN Financial and for those held by CB&T to Suntrust Robinson Humphrey. For 42 of the 57 securities categorized in Level 2 in the table above, FTN used the Interactive Data Corporation ("IDC") as a pricing source. IDC's evaluations are based on market data. IDC utilizes evaluated pricing models that vary based by asset class and include available trade, bid, and other market information. Generally, methodology includes broker quotes, proprietary models, vast descriptive terms and conditions databases, as well as extensive quality control programs. FTN also used, as a valuation source, the FTN proprietary valuation Matrices model for the one municipal security included in Level 2. The FTN Matrices model is used for valuing municipals. The model includes a separate curve structure for the Bank-Qualified versus general market municipals. The grouping of municipals are further broken down according to

insurer, credit support, state of issuance, and rating to incorporate additional spreads and municipal curves. Suntrust uses the R Reuters DataScope for Fixed Income as the pricing source for the remaining 14 securities included in Level 2 in the table above. If the inputs used to provide the evaluation are “unobservable” and/or there is very little, if any, market activity for the security or similar securities, the securities are categorized in Level 3.

The table below presents the Company’s balances of financial instruments measured at fair value on a nonrecurring basis by level within the hierarchy at September 30, 2008.

(In thousands)	Balance at September 30, 2008	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Impaired loans	\$9,212	\$--	\$9,212	\$--

Impaired loans are collateral dependent loans in nonaccrual status that have been written down to their fair value, less costs to sell, through the establishment of specific reserves or by recording charge-offs when the carrying value exceeds the fair value. Valuation techniques consistent with the market approach, income approach, and/or cost approach were used to measure fair value and primarily included observable inputs for the individual nonaccrual loans being evaluated such as recent sales of similar assets or observable market data for operational or carrying costs.

Note 8 Written Agreement

On October 1, 2008, the Company’s wholly owned subsidiary, The Adams National Bank (the “Bank”), entered into a written agreement with its primary regulator, The Office of the Comptroller of the Currency (the “OCC”). The Written Agreement was filed with the SEC as an exhibit to a Current Report on Form 8-K, dated October 2, 2008. Under the terms of the written agreement, the Bank has agreed to take certain actions relating to the Bank’s lending operations and capital compliance. Specifically, the OCC is requiring the Bank to take the following actions:

- a) conduct a review of senior management to ensure that these individuals can perform the duties required under the Bank’s policies and procedures and the requirements of the written agreement, and where necessary, the Bank must provide a written program to address the training of the Bank’s senior officers;
- b) achieve certain regulatory capital levels, which are greater than the regulatory requirements to be “well capitalized” under bank regulatory requirements. In particular, the Bank must achieve a: 12% total risk-based capital to total risk-weighted assets ratio; 11% Tier 1 capital to risk-weighted assets ratio; and 9% Tier 1 capital to adjusted total assets ratio;
- c) develop and implement a three-year capital program;
- d) make additions to the allowances for loan and lease losses and adopt and implement written policies and procedures for establishing and maintaining the allowance in a manner consistent with the written agreement;
- e) adopt and implement an asset diversification program consistent with OCC guidelines and to perform an analysis of the Bank’s concentrations of credit;
- f) take all necessary actions to protect the Bank’s interest in criticized assets, adopt and implement a program to eliminate regulatory criticism of these assets, engage in an ongoing review of the Bank’s criticized assets and develop and implement procedures for the effective monitoring of the loan portfolio;
- g) hire an independent appraiser to provide a written or updated appraisal of certain assets;
- h) develop and implement a program to improve the management of the loan portfolio and to provide the Board with monthly written reports on credit quality;

- i) employ a loan review consultant acceptable to the OCC to perform a quarterly quality review of the Bank's assets;
- j) revise the Bank's lending policy in accordance with OCC requirements; and
- k) maintain acceptable liquidity levels.

The written agreement includes time frames to implement the foregoing and on-going compliance requirements for the Bank, including requirements to report to the OCC. The written agreement also requires the Bank to establish a committee of the Board of Directors which will be responsible for overseeing compliance with the written agreement.

The Bank has taken steps to comply with the requirements of the written agreement and expects that it will address all areas of concern, except as discussed in Note 9.

Note 9 Regulatory Capital

The following table presents the Company's and the Banks' capital position relative to their various minimum statutory and regulatory capital requirements at September 30, 2008.

(Dollars in thousands)	Actual		Minimum Capital Requirements		Minimum To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
September 30, 2008:						
Total capital to risk weighted assets:						
AANB Consolidated	\$33,046	8.92%	\$29,632	8.00%	(1)	
ANB	28,451	9.50%	23,946	8.00%	29,933	10.00%
CB&T	9,711	13.51%	5,750	8.00%	7,188	10.00%
Tier 1 capital to risk weighted assets:						
AANB Consolidated	28,359	7.66%	14,816	4.00%	(1)	
ANB	24,653	8.24%	11,973	4.00%	17,960	6.00%
CB&T	8,807	12.25%	2,875	4.00%	4,313	6.00%
Tier I capital to average assets:						
AANB Consolidated	28,359	6.39%	17,753	4.00%	(1)	
ANB	24,653	7.03%	14,021	4.00%	17,526	5.00%
CB&T	8,807	9.76%	3,609	4.00%	4,512	5.00%

As discussed in Note 8, the Written Agreement dated October 1, 2008 between the Adams National Bank (ANB) and the Comptroller of the Currency (OCC), specifies that ANB must achieve by October 31, 2008 and thereafter maintain the following capital levels: total risk based capital equal to 12% of risk-weighted assets; tier 1 capital at least equal to 11% of risk-weighted assets; and tier 1 capital at least equal to 9% of adjusted total assets. The Written Agreement specifies that the Board will develop, implement, and thereafter ensure ANB's adherence to a three year capital program. The program is to include: specific plans for the maintenance of adequate capital that may in no event be less than the requirements noted above; projections for growth and capital requirements based upon a detailed analysis of ANB's assets, liabilities, earnings, fixed assets, and off-balance sheet activities; projections of the sources and timing of additional capital to meet ANB's current and future needs; the primary source(s) from which ANB will strengthen its capital structure to meet ANB's needs; contingency plans that identify alternative methods should the primary source(s) not be available; and a dividend policy that permits the declaration of a dividend only when ANB is in compliance with its approved capital program and will remain in compliance with its approved capital program following the payment of any dividend; when ANB is in compliance 12 U.S.C.

sections 56 and 60 and with the prior written determination of no supervisory objection by the Assistant Deputy Comptroller.

As discussed in Note 10, the amount infused on November 7, 2008 of \$3.2 million did not reach the required levels and will therefore only allow the institution to be designated as “adequately capitalized” under the Written Agreement. Under the framework, ANB’s current capital levels do not allow it to accept brokered deposits without prior approval from regulators. The impact of this restriction on our operations as well as deteriorating credit markets may have an adverse impact on the financial condition and operations including maintaining acceptable liquidity levels.

Note 10 Subsequent Event

On November 6, 2008, the parent company, Abigail Adams National Bancorp received a \$3.4 million loan of which \$3.2 million was passed to its subsidiary ANB as a capital infusion in accordance with item b of the Written Agreement, discussed in Note 8, which requires ANB to achieve certain regulatory capital levels, which are greater than the regulatory requirements to be “well capitalized” under bank regulatory requirements. The capital infusion was undertaken by a demand note between Marshall T. Reynolds, a director and shareholder of the Company, and Abigail Adams National Bancorp. The loan bears interest at the Prime Rate with interest payable quarterly.

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, 2007.

Results of Operations

Overview

The Company recorded a net loss of \$3.5 million for the three months ended September 30, 2008 compared to net income of \$653,000 in the third quarter of 2007. The decrease was primarily due to a charge of \$6.4 million to the provision for loan losses in the third quarter of 2008 as compared to \$75,000 in the third quarter of 2007. The increase in the provision is intended to address increased loan charge-offs during the three month period and the overall deterioration in the national and local economy. For a detailed discussion of our asset quality, see the "Asset Quality" section of the Management's Discussion and Analysis. Net interest income increased \$76,000 or 1.9% which was more than offset by a \$575,000 decrease in noninterest income and a \$292,000 increase in noninterest expense. The 134.0% decrease in noninterest income was primarily due to a \$517,000 other-than-temporary impairment charge taken in the third quarter resulting from a write-down of two corporate debt securities to fair value.

The Company recorded a net loss of \$2.9 million for the first nine months of 2008 compared to net income of \$2.0 million during the same period in 2007. The net loss reflects a \$7.5 million provision for loan losses during the first nine months of 2008 compared to \$235,000 for the same period last year. In addition, net interest income decreased \$428,000 or 3.4%, noninterest income decreased \$553,000 or 44.9% reflecting the other-than-temporary impairment charge and noninterest expense increased \$177,000 or 1.7%. Book value per share decreased to \$7.59 at September 30, 2008 from \$8.95 at September 30, 2007. The key components of net income are discussed in the following paragraphs.

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 September 30, 2008 increased 1.9% to \$4.2 million from \$4.1 million for the third quarter of 2007. The increase in net interest income was attributable, for the most part, to a 142 basis point decline in the cost of liabilities, partially offset by a 79 basis point decline in the yield on average earning assets. The average yield on loans decreased to 6.48% from 7.77% during the third quarter of 2008 compared to the same period last year reflecting a decline in the third quarter average Prime Rate from 8.18% to 5.00%, a key index to which a substantial portion of our loan rates are tied. Average loans increased 7.1% to \$339.4 million compared to \$316.9 million for the third quarter of 2007. Average total investments decreased 36.8% to \$83.6 million compared to \$132.3 million in the prior year period. The yield on average total investments decreased to 4.72%, compared to 4.90% in the third quarter of 2007, reflecting the \$50.8 million decrease in federal funds and other short term investment average balances and a decrease in shorter and medium term interest rates in the third quarter of 2008 compared to the same period in 2007.

Average interest bearing liabilities decreased \$15.5 million or 4.3% in the third quarter of 2008 compared to the same period last year, reflecting a \$37.5 million decrease in deposits, partially offset by a \$22.0 million increase in borrowings. During the third quarter of 2008, the cost of interest-bearing funds decreased to 2.73% from 4.15% in the third quarter of 2007. The decrease in the cost of interest-bearing liabilities reflects deposits and FHLB borrowings bearing lower interest rates as shorter and medium term interest rates in the third quarter of 2008 were significantly lower than during the same quarter in 2007.

The net interest margin, which is net interest income as a percentage of average interest-earning assets, was 3.92% for the third quarter of 2008, an increase of 30 basis points from 3.62% for the third quarter of 2007. The net interest rate spread, which is the difference between the average interest rate earned on interest-earning assets and interest paid on interest-bearing liabilities, was 3.40% for the third quarter of 2008, reflecting an increase of 63 basis points from the 2.77% reported in the third quarter of 2007. The improvement in the net interest margin and spread reflects the decline in the cost of liabilities in a lower short-term interest rate environment.

The following table presents the average balances, net interest income and interest yields/rates for the third quarters of 2008 and 2007.

Distribution of Assets, Liabilities and Stockholders' Equity Yields and Rates
For the Three Months Ended September 30, 2008 and 2007
(Dollars in thousands)

	2008			2007		
	Average Balances	Interest Income/ Expense	Average Rates	Average Balances	Interest Income/ Expense	Average Rates
Assets						
Loans ⁽¹⁾	\$339,436	\$5,531	6.48%	\$316,933	\$6,206	7.77%
Investment securities	77,645	941	4.82%	75,635	909	4.77%
Federal funds sold	1,596	6	1.50%	27,480	354	5.11%
Interest-earning bank balances	4,330	44	4.04%	29,197	371	5.04%
Total interest-earning assets	423,007	6,522	6.13%	449,245	7,840	6.92%
Allowance for loan losses	(3,878)			(4,629)		
Cash and due from banks	11,864			16,114		
Other assets	12,821			11,135		
Total assets	\$443,814			\$471,865		
Liabilities and Stockholders' Equity						
Savings, NOW and money market accounts	\$117,149	345	1.17%	\$170,089	1,366	3.19%
Certificates of deposit	184,852	1,687	3.63%	169,447	2,150	5.03%
Short term borrowings	22,940	120	2.08%	3,033	13	1.70%
Long-term debt	17,790	200	4.47%	15,682	217	5.49%
Total interest-bearing liabilities	342,731	2,352	2.73%	358,251	3,746	4.15%
Noninterest-bearing deposits	67,277			78,015		
Other liabilities	3,688			4,738		
Stockholders' equity	30,118			30,861		
Total liabilities and stockholders' equity	\$443,814			\$471,865		
Net interest income		\$4,170			\$4,094	
Net interest spread			3.40%			2.77%
Net interest margin			3.92%			3.62%

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

The net interest income for the first nine months of 2008 totaled \$12.1 million, a decrease of \$428,000 or 3.4%, as compared to \$12.5 million for the same period in 2007. The decrease in the year to date net interest income was primarily the result of a 94 basis point decrease in the yield on average interest earning assets to 6.29% for nine months ended September 30, 2008 from 7.23% for the period ending September 30, 2007, partially offset by an 111 basis point decrease in the cost of interest bearing liabilities. The average yield on loans decreased 129 basis points to 6.75% during the first nine months of 2008 compared to the same time last year reflecting a decline in the year to date average Prime Rate from 8.23% to 5.43%, a key index to which a substantial portion of our loan rates are tied. Average total investments decreased to \$91.1 million from \$106.0 million in the prior year reflecting a \$24.0 million

decrease in federal funds and other short term investments, partially offset by a \$9.0 million increase in investment securities.

Average interest bearing liabilities increased \$5.6 million or 1.7% during the first nine months of 2008 compared to the same period last year, reflecting a \$9.3 million decrease in average interest bearing deposits and a \$14.9 million increase in total average borrowings. During the first nine months of 2008, the cost of interest-bearing funds decreased 111 basis points to 3.03% from 4.14% in the first nine months of 2007. The decrease in the cost of interest-bearing liabilities reflects deposits and borrowings bearing lower interest rates as shorter and medium term interest rates during the first nine months of 2008 were significantly lower than during the same period in 2007.

The net interest margin was 3.85% and the net interest spread was 3.26% for the first nine months of 2008, reflecting a decrease of 12 basis points in net interest margin and an increase of 17 basis points in net interest spread compared to the same period in 2007. The decline in the net interest margin reflects the decrease in the average loan yield in a declining rate environment and the loss of income from the increase in nonaccrual loan balances. The improvement in the net interest spread reflects the decrease in the cost of liabilities in a declining rate environment.

The following table presents the average balances, net interest income and interest yields/rates for the first nine months of 2008 and 2007.

**Distribution of Assets, Liabilities and Stockholders' Equity Yields and Rates
For the Nine Months Ended September 30, 2008 and 2007
(Dollars in thousands)**

	2008			2007		
	Average Balances	Interest Income/ Expense	Average Rates	Average Balances	Interest Income/ Expense	Average Rates
Assets						
Loans ⁽¹⁾	\$328,240	\$16,587	6.75%	\$315,930	\$18,991	8.04%
Investment securities	78,877	2,844	4.82%	69,846	2,426	4.64%
Federal funds sold	4,333	93	2.87%	18,976	733	5.16%
Interest-earning bank balances	7,872	227	3.85%	17,204	656	5.10%
Total interest-earning assets	419,322	19,751	6.29%	421,956	22,806	7.23%
Allowance for loan losses	(4,152)			(4,534)		
Cash and due from banks	12,556			14,028		
Other assets	12,794			10,910		
Total assets	\$440,520			\$442,360		
Liabilities and Stockholders' Equity						
Savings, NOW and money market accounts	\$128,997	1,425	1.48%	\$147,037	3,375	3.07%
Certificates of deposit	175,555	5,386	4.10%	166,836	6,240	5.00%
Short term borrowings	16,922	291	2.30%	4,846	94	2.59%
Long-term debt	16,343	561	4.59%	13,479	581	5.76%
Total interest-bearing liabilities	337,817	7,663	3.03%	332,198	10,290	4.14%
Noninterest-bearing deposits	67,373			74,912		
Other liabilities	3,969			4,583		
Stockholders' equity	31,361			30,667		
Total liabilities and stockholders' equity	\$440,520			\$442,360		
Net interest income		\$12,088			\$12,516	
Net interest spread			3.26%			3.09%
Net interest margin			3.85%			3.97%

⁽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 of service charges on deposits and other fee-based services, as well as gains on the sales of investment securities and loans. Noninterest income decreased 134.0% in the third quarter of 2008 consisting of a \$6,000 decrease in service charges, a \$517,000 other-than-temporary impairment charge in available for sale securities and a \$52,000 decrease in other income. The decrease in other income reflects a \$19,000 loss on the sale of foreclosed assets in the third quarter of 2008 and the nonrecurring \$38,000 gains in the third quarter of 2007 from the sale of the guaranteed portion of SBA loans. There were no sales of investment securities in the third quarter of 2008 or 2007.

Total noninterest income for the nine months ended September 30, 2008 decreased \$553,000 or 44.9% compared to the same period in 2007, reflecting a \$46,000 decrease in service charges and a \$517,000 other-than-temporary impairment charge partially offset by a \$10,000 increase in other income. Gains from the sale of the guaranteed portion of SBA loans were \$38,000 in 2008 and 2007. There were no sales of investment securities in the first nine months of 2008 and 2007.

Noninterest Expense

Noninterest expense in the third quarter of 2008 increased \$292,000 or 8.6% compared to the same quarter last year. The most significant increase was in salary and employee benefits which increased \$216,000 or 13.1%, reflecting the addition of an executive position and pension termination costs.

Total noninterest expense for the nine months ended September 30, 2008 increased \$177,000 or 1.7% to \$10.3 million from \$10.1 million for the same period in 2007. During the first nine months of 2008, professional fees decreased \$65,000, primarily reflecting a \$53,000 reduction in legal fees and a \$22,000 decrease in consulting fees partially offset by a \$10,000 increase in audit and consulting fees. Data processing expense decreased \$208,000 predominately due to nonrecurring 2007 system deconversion costs at CB&T. These decreases were offset by a \$236,000 increase in salaries and employee benefits reflecting addition of staff and pension termination costs, a \$43,000 increase in net occupancy costs, and a \$171,000 net increase in other operating expenses. The most significant increases in other operating expenses, during the first nine months of 2008 compared to first nine months of 2007, included a \$133,000 increase in FDIC insurance assessments and a \$103,000 increase in loan related expenses. The most significant decrease in other operating expense was a \$192,000 decrease in advertising and business development expense. The Company's efficiency ratio was 80.8% at September 30, 2008 compared to 73.7% at September 30, 2007 reflecting \$428,000 decrease in net interest income and a \$553,000 decrease in noninterest income. During 2009, we expect to experience a significant increase in noninterest expense as a result of higher FDIC deposit insurance assessments. See our discussion of the FDIC insurance premiums in Part II under Item 1A- Risk Factors.

Income Tax Expense

The Company recorded an income tax benefit in the third quarter of 2008 in the amount of \$2.5 million based on a pretax net loss of \$6.0 million for the three months ended September 30, 2008. In the third quarter of 2007, income tax expense of \$419,000 was based on pretax net income of \$1.1 million. The effective tax rates for the third quarters of 2008 and 2007 were 41.5% and 39.1%, respectively, reflecting the impact of tax exempt income on the Company's pretax loss in the third quarter of 2008 compared to the impact of tax exempt income on pretax income in the same quarter of 2007.

For the first nine months ended September 30, 2008, the Company recorded an income tax benefit in the amount of \$2.1 million based on a pretax net loss of \$5.0 million, compared to income tax expense of \$1.3 million on pretax net income of \$3.4 million in the same period in 2007. The effective tax rate for the third quarters of 2008 and 2007 were 42.5% and 39.4%, respectively.

Financial Condition

Overview

Total assets were \$435.9 million at September 30, 2008, compared to \$445.9 million at December 31, 2007, a decrease of \$10.0 million or 2.2%. The decrease in total assets was attributable to a \$25.6 million decrease in cash and cash equivalents, a \$11.4 million decrease in investment securities, a \$5.8 million increase in the allowance for loan losses partially offset by \$27.8 million increase in gross loans and a \$4.9 million increase in other assets. Total liabilities decreased \$4.8 million from year end primarily due to an \$33.9 million decrease in deposits partially offset by a net increase of \$29.5 million in borrowings. Total stockholders' equity decreased \$5.2 million or 16.4% from year end. The book value per share of common stock issued and outstanding at September 30, 2008 was \$7.59, compared to \$9.08 at December 31, 2007.

Short-term investments

Short-term investments, used to manage liquidity, decreased 72.7% from December 2007 due to a \$7.9 million decrease in federal funds and a \$16.2 million decrease in interest-earning deposits in other banks.

Investment securities

Investment securities available for sale are carried at estimated fair value and totaled \$65.0 million at September 30, 2008, decreasing \$1.4 million or 2.1% since year end. Investment securities classified as held to maturity were \$3.3 million at September 30, 2008, decreasing \$10.0 million or 74.9% from the balance at December 31, 2007. The decrease reflected normal maturities of such investments. For further discussion of investment securities, see Note 4 in the Notes to Unaudited Condensed Consolidated Financial Statements.

Loans

Total loans outstanding at September 30, 2008 increased \$27.8 million or 9.0% from December 31, 2007 due to growth in commercial and real estate loans.

Other assets

Other assets increased \$4.9 million from December 31, 2007. FHLB stock increased by \$1.2 million necessitated by the increase in FHLB borrowings. Accrued deferred tax assets increased \$493,000 reflecting the increased unrealized losses on available for sale securities. Other real estate owned increased \$362,000 reflecting build out costs incurred on foreclosed property. Deferred income tax benefits related to the pre tax net loss increased \$2.4 million and the parent company income tax benefit increased \$399,000.

Deposits

Deposits are the Company's primary source of funds. Total deposits decreased \$33.9 million from December 31, 2007, a significant portion of which occurred in September 2008, following the Office of the Comptroller of the Currency designating the Bank as in "troubled condition". Noninterest-bearing deposits decreased \$10.4 million or 14.0%. Interest-bearing deposits decreased \$23.4 million or 7.5% from December 31, 2007 reflecting a \$23.4 million decrease in NOW accounts, a \$21.8 million decrease in money market accounts and a \$581,000 decrease in savings accounts partially offset by a \$22.4 million increase in certificate of deposits.

Short-term borrowings

Short-term borrowings, consisting of \$10.5 million in customer repurchase agreements and \$25.5 million in FHLB borrowings, increased by \$26.5 million from December 31, 2007.

Long-term debt

Long-term debt increased \$3.0 million from December 31, 2007, reflecting the use of a line of credit by the Company. Payments on advances totaled \$312,000.

Stockholders' Equity

Stockholders' equity at September 30, 2008 was \$26.3 million, a decrease of \$5.2 million or 16.4% from December 31, 2007. The decrease reflected a net loss of \$2.9 million for the period ended September 30, 2008, a \$1.4 million increase in accumulated other comprehensive loss from unrealized losses on investment securities, and payment of \$866,000 in dividends on the Company's common stock.

Asset Quality

Adequacy of the Allowance for Loan Losses

The Company continuously monitors the quality of its loan portfolio and maintains an allowance for loan and lease losses ("ALLL") sufficient to absorb probable losses inherent in its total loan portfolio. The ALLL 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. 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 Company's ALLL framework has three basic components: a formula-based component for pools of homogeneous loans; a specific allowance for loans reviewed for individual impairment; and a pool specific allowance based upon other inherent risk factors and imprecision associated with the modeling and estimation process. The first component, the general allocation to homogenous loans, is determined by applying allowance factors to pools of loans that have similar characteristics in terms of business and product type. The general factors are determined by using an analysis of historical charge-off experience by loan pools. The second component of the ALLL analysis involves the estimation of allowances specific to impaired loans. The third component of the ALLL addresses inherent losses that are not otherwise captured in the other components and is applied to homogenous pools of loans. The qualitative factors are subjective and depend on management's judgment. These factors consider changes in nonperforming and past-due loans, concentrations of loans to specific borrowers and industries, and general and regional economic conditions, as well as other factors existing at the determination date.

The ALLL is established through provisions for loan losses as a charge to earnings based upon management's ongoing evaluation. Loans deemed uncollectible are charged against the ALLL and any subsequent recoveries are credited to the ALLL. The provision for loan losses increased during the first nine months of 2008 to \$7.5 million, compared to \$235,000 for the same period in 2007. The increase in the provision expense was primarily due to the increase in the allocated reserves for probable incurred losses associated with real estate and construction loans, as a result of recent appraisals received on the underlying properties. The "as is" appraisal values were impacted by the softening of the local economy and the allowance for loan losses was adjusted accordingly. The component of the ALLL related to homogenous pools of loans for real estate and construction loans was also adjusted reflecting the local economy. The balance of the ALLL was \$10.0 million or 2.98% of total loans at September 30, 2008, compared to \$4.2 million or 1.37% of total loans at December 31, 2007. Net loan charge-offs were \$1.9 million in the first nine months of 2008 and was predominantly due to the charge-off of one construction loan sold at foreclosure, the sale of which was completed in July, 2008. The current level of the ALLL is intended to address known and inherent losses that are both probable and estimable at September 30, 2008.

The following table presents an analysis of the ALLL for the three and nine months ended September 30, 2008 and 2007.

(Dollars in thousands)	For the three months ended September 30,		For the nine months ended September 30,	
	2008	2007	2008	2007
Balance at beginning of period	\$3,603	\$4,569	\$4,202	\$4,432
Loans charged off:				
Commercial	32	--	94	85
Real estate – commercial	--	--	--	--
Real estate – residential	--	--	--	--
Construction and development	94	--	1,785	--
Installment – individuals	1	9	10	10
Total charge-offs	<u>127</u>	<u>9</u>	<u>1,889</u>	<u>95</u>
Recoveries:				
Commercial	15	57	43	90
Real estate – commercial	94	--	94	--
Real estate – residential	--	2	46	11
Construction and development	--	--	--	--
Installment – individuals	3	12	17	33
Total recoveries	<u>112</u>	<u>71</u>	<u>200</u>	<u>134</u>
Net charge-offs (recoveries)	<u>15</u>	<u>(62)</u>	<u>1,689</u>	<u>(39)</u>
Provision for loan losses	6,395	75	7,470	235
Balance at end of period	<u>\$9,983</u>	<u>\$4,706</u>	<u>\$9,983</u>	<u>\$4,706</u>
Ratio of net charges-offs (recoveries) to average loans	0.01%	(0.02)%	0.51%	(0.01)%

Nonperforming Assets

Nonperforming assets include nonaccrual loans, restructured loans, past-due loans greater than 90 days and other real estate owned. Past due loans 90 days or more delinquent and still accruing interest are well secured and in the process of collection. There were \$27,000 in this category at September 30, 2008 and \$2.1 million at December 31, 2007 that were still accruing interest. Nonaccrual loans at September 30, 2008 totaled \$16.9 million, with balances of \$1.0 million guaranteed by the Small Business Association (SBA), compared to \$8.8 million, with \$1.2 million guaranteed by the SBA at December 31, 2007. The largest component of the nonaccrual loans included eight construction loans totaling \$14.1 million. Other real estate owned at September 30, 2008 totaled \$1.8 million compared to \$1.4 million at December 31, 2007.

The following table presents nonperforming assets by category at September 30, 2008 and December 31, 2007.

	September 30, 2008	December 31, 2007
	(Dollars in thousands)	
Nonaccrual loans:		
Commercial	\$2,498	\$1,379
Real estate	14,398	7,384
Installment to individuals	21	--
Total nonaccrual loans	<u>16,917</u>	<u>8,763</u>
Past-due loans	27	2,123
Other real estate owned	1,772	1,410
Total nonperforming assets	<u>\$18,716</u>	<u>\$12,296</u>
Nonperforming assets exclusive of SBA guarantee	\$17,694	\$11,080
Ratio of nonperforming assets to gross loans	5.58%	3.98%
Ratio of nonperforming assets to total assets	4.29%	2.76%
Allowance for loan losses to nonperforming assets	53.30%	34.17%

Loans totaling \$30.6 million and \$7.2 million at September 30, 2008 and December 31, 2007, respectively, were classified as monitored credits subject to management's attention and are not reported in the preceding table. The increase in classified loans was predominately due to construction and commercial real estate loans that may be impacted by the softening economy. The classification of the monitored credits is reviewed on a quarterly basis or more frequently. The balances of the monitored credits guaranteed by the SBA totaled \$659,000 at September 30, 2008 and \$1.0 million at December 31, 2007, respectively. The increase in monitored credits was principally due to recent appraisals obtained that showed a decrease in market values of the real estate secured properties.

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 decreased for the period ended September 30, 2008 to a balance of \$23.1 million, from a balance of \$48.8 million at December 31, 2007. Liquid assets represented 5.3% of total assets at September 30, 2008, as compared to 10.9% of total assets at December 31, 2007.

The Company has additional sources of liquidity available through unpledged investment securities totaling \$22.3 million, and unsecured lines of credit available from correspondent banks, which can provide up to \$5.0 million, as well as a credit facility of \$35.6 million through its membership in the FHLB of Atlanta.

Following the public announcement of the Written Agreement with the OCC, ANB has become restricted in its ability to renew or access deposits through brokers. Moreover, a number of our depositors have sought to reduce their deposits at Adams National Bank. The impact of the Written Agreement on our operations as well as deteriorating credit markets may have an adverse impact on the financial condition and operations including maintaining acceptable liquidity levels.

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 low. There has been no material change in market risk as previously disclosed in the Company’s 2007 Annual Report to Stockholders.

Item 4T - 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

If Economic Conditions Deteriorate in our Primary Market, Our Results of Operations and Financial Condition could be Adversely Impacted as Borrowers' Ability to Repay Loans Declines and the Value of the Collateral Securing Loans Decreases.

Our financial results may be adversely affected by changes in prevailing economic conditions, including decreases in real estate values, changes in interest rates which may cause a decrease in interest rate spreads, adverse employment conditions, the monetary and fiscal policies of the federal government and other significant external events. Decreases in real estate values could potentially adversely affect the value of property used as collateral for our mortgage loans. In the event that we are required to foreclose on a property securing a mortgage loan, there can be no assurance that we will recover funds in an amount equal to any remaining loan balance as a result of prevailing general economic conditions, real estate values and other factors associated with the ownership of real property. As a result, the market value of the real estate underlying the loans may not, at any given time, be sufficient to satisfy the outstanding principal amount of the loans. Consequently, we would sustain loan losses and potentially incur a higher provision for loan loss expense. Adverse changes in the economy may also have a negative effect of the ability of borrowers to make timely repayments of their loans, which could have an adverse impact on earnings.

Our Securities Portfolio may be Negatively Impacted by Fluctuations in Market Value.

Our securities portfolio may be impacted by fluctuations in market value, potentially reducing accumulated other comprehensive income and/or earnings. Fluctuations in market value may be caused by decreases in interest rates, lower market prices for securities and lower investor demand. Our securities portfolio is evaluated for other-than-temporary impairment on at least a quarterly basis. If this evaluation shows an impairment to cash flow connected with one or more securities, a potential loss to earnings may occur.

We have entered into a written agreement with the OCC which may result in adverse results to our operations

On October 1, 2008, the Company's wholly owned subsidiary, The Adams National Bank (the "Bank"), entered into a written agreement with its primary regulator, The Office of the Comptroller of the Currency (the "OCC"). Under the terms of the written agreement, the Bank has agreed to take certain actions relating to the Bank's lending operations and capital compliance. Specifically, the OCC is requiring the Bank to take the following actions:

- a) conduct a review of senior management to ensure that these individuals can perform the duties required under the Bank's policies and procedures and the requirements of the written agreement, and where necessary, the Bank must provide a written program to address the training of the Bank's senior officers;
- b) achieve certain regulatory capital levels, which are greater than the regulatory requirements to be "well capitalized" under bank regulatory requirements. In particular, the Bank must achieve a: 12% total risk-based capital to total risk-weighted assets ratio; 11% Tier 1 capital to risk-weighted assets ratio; and 9% Tier 1 capital to adjusted total assets ratio;
- c) develop and implement a three-year capital program;
- d) make additions to the allowances for loan and lease losses and adopt and implement written policies and procedures for establishing and maintaining the allowance in a manner consistent with the written agreement;
- e) adopt and implement an asset diversification program consistent with OCC guidelines and to perform an analysis of the Bank's concentrations of credit;

- f) take all necessary actions to protect the Bank's interest in criticized assets, adopt and implement a program to eliminate regulatory criticism of these assets, engage in an ongoing review of the Bank's criticized assets and develop and implement procedures for the effective monitoring of the loan portfolio;
- g) hire an independent appraiser to provide a written or updated appraisal of certain assets;
- h) develop and implement a program to improve the management of the loan portfolio and to provide the Board with monthly written reports on credit quality;
- i) employ a loan review consultant acceptable to the OCC to perform a quarterly quality review of the Bank's assets;
- j) revise the Bank's lending policy in accordance with OCC requirements; and
- k) maintain acceptable liquidity levels.

The written agreement includes time frames to implement the foregoing and on-going compliance requirements for the Bank, including requirements to report to the OCC. The written agreement also requires the Bank to establish a committee of the Board of Directors which will be responsible for overseeing compliance with the written agreement.

The Bank has taken steps to comply with the requirements of the written agreement and expects that it will address all areas of concern.

Following the public announcement of the written agreement, we have become restricted in our ability to renew or access deposits through brokers. Moreover, a number of our depositors have sought to reduce their deposits at Adams National Bank. The impact of the written Agreement on our operations as well as deteriorating credit markets may have an adverse impact on the financial condition and operations including maintaining acceptable liquidity levels.

Our noninterest expense will increase as a result of increases in FDIC insurance premiums

The Federal Deposit Insurance Corporation ("FDIC") imposes an assessment against institutions for deposit insurance. This assessment is based on the risk category of the institution and currently ranges from 5 to 43 basis points of the institution's deposits. Federal law requires that the designated reserve ratio for the deposit insurance fund be established by the FDIC at 1.15% to 1.50% of estimated insured deposits. If this reserve ratio drops below 1.15% or the FDIC expects that it will do so within six months, the FDIC must, within 90 days, establish and implement a plan to restore the designated reserve ratio to 1.15% of estimated insured deposits within five years (absent extraordinary circumstances).

Recent bank failures coupled with deteriorating economic conditions have significantly reduced the deposit insurance fund's reserve ratio. As of June 30, 2008, the designated reserve ratio was 1.01% of estimated insured deposits at March 31, 2008. As a result of this reduced reserve ratio, on October 16, 2008, the FDIC published a proposed rule that would restore the reserve ratios to its required level. The proposed rule would raise the current deposit insurance assessment rates uniformly for all institutions by 7 basis points (to a range from 12 to 50 basis points) for the first quarter of 2009. The proposed rule would also alter the way the FDIC calculates federal deposit insurance assessment rates beginning in the second quarter of 2009 and thereafter.

Under the proposed rule, the FDIC would first establish an institution's initial base assessment rate. This initial base assessment rate would range, depending on the risk category of the institution, from 10 to 45 basis points. The FDIC would then adjust the initial base assessment (higher or lower) to obtain the total base assessment rate. The adjustments to the initial base assessment rate would be based upon an institution's levels of unsecured debt, secured liabilities, and brokered deposits. The total base assessment rate would range from 8 to 77.5 basis points of the institution's deposits. There can be no assurance that the proposed rule will be implemented by the FDIC or implemented in its proposed form.

In addition, the Emergency Economic Stabilization Act of 2008 (EESA) temporarily increased the limit on FDIC insurance coverage for deposits to \$250,000 through December 31, 2009, and the FDIC took action to provide coverage for newly-issued senior unsecured debt and non-interest bearing transaction accounts in excess of the \$250,000 limit, for which institutions will be assessed additional premiums.

These actions will significantly increase our non-interest expense in 2009 and in future years as long as the increased premiums are in place.

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

By letter dated August 1, 2008, the Company's wholly owned subsidiary, The Adams National Bank (the "Bank") was advised by the Office of the Comptroller of the Currency that it is deemed to be in "troubled condition" (as defined in Section 914 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989). As a result, the Bank must obtain prior regulator approval before adding or replacing a director or employing any senior executive officers or changing the responsibilities of a current employee to those of a senior executive officer. On October 1, 2008, the Bank entered into a written agreement with its primary regulator, The Office of the Comptroller of the Currency (the "OCC"). Under the terms of the written agreement, the Bank has agreed to take certain actions relating to the Bank's lending operations and capital compliance. For details, see our disclosure in Note 8 to the Unaudited Condensed Consolidated Financial Statements.

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: November 19, 2008

/s/ Robert W. Walker
Robert W. Walker
Chairman of the Board,
President and Director
(Principal Executive Officer)

Exhibit 31.1
Certification of Chief Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Robert W. Walker, 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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 known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) 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
 - d) disclosed in this report any changes in the registrant's internal control over financial reporting 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: November 19, 2008

/s/ Robert W. Walker
Robert W. Walker
President and Chief Executive Officer

Exhibit 31.2
Certification of Chief Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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 known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) 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
 - d) disclosed in this report any changes in the registrant's internal control over financial reporting 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: November 19, 2008

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

Certification of Chief Executive Officer and Chief Financial Officer

Robert W. Walker, 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 their capacity as an officer of the Company that they have reviewed the quarterly report on Form 10-Q for the quarter ended September 30, 2008 and that to the best of their 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: November 19, 2008

/s/ Robert W. Walker
Robert W. Walker
Chief Executive Officer

Date: November 19, 2008

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