

Northeastern District
1114 Avenue of the Americas - Suite 3900
New York, New York 10036

PUBLIC DISCLOSURE

January 4, 1999

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Adams National Bank
Charter Number 16720
1627 K Street, N.W.
Washington, D.C. 20006**

**Office of the Comptroller of the Currency
1025 Connecticut Avenue, N.W. - Suite 708
Washington, D.C. 20036**

NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of **Adams National Bank** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of January 4, 1999. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

INSTITUTION'S CRA RATING: This institution is rated “**SATISFACTORY.**”

The primary factors supporting the bank's overall rating include:

- o The loan-to-deposit ratio averaged 74% for the period under review, versus the peer average of 72%.
- o The bank's assessment area contains 92% of commercial loan originations and 90% of all loan originations.
- o A good record of lending to small businesses and to individuals of different incomes.
- o A reasonable geographic distribution of loans throughout the bank's assessment area.

The following table indicates the performance level of **Adams National Bank** with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	ADAMS NATIONAL BANK PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan to Deposit Ratio		X	
Lending in Assessment Area	X		
Lending to Borrowers of Different Incomes and to Businesses of Different Sizes		X	
Geographic Distribution of Loans		X	
Response to Complaints	No complaints	were received since	the prior examination.

DESCRIPTION OF INSTITUTION

Adams National Bank (ANB) is a qualified minority bank headquartered in the heart of the business district in Washington, D.C. The bank is a wholly owned subsidiary of the Abigail Adams National Bancorp, Inc. As of September 30, 1998, total assets were \$133 million, gross loans were \$85 million, and total deposits were \$115 million. ANB is well positioned to help meet the credit needs of their assessment area. As a percentage of gross loans, 75% were principally commercial real estate loans, 22% were commercial loans, 2% were consumer loans, and 1% other loans. The bank offers a full range of loan and deposit services, with the exception of home mortgage loans. The bank does not offer residential mortgages due to its size, business focus and location, and strong competition for these mortgage loans by other financial and non-financial institutions.

ANB serves the community from its main office and four full service branches in the District of Columbia. Each branch offers extended hours and proprietary ATM's available 24 hours a day. Three branches are open on Saturday. These include the Union Station and Chinatown branches, which serve low- and moderate-income areas, and the Dupont Circle branch which serves moderate income areas. ANB opened the Dupont Circle and the Chinatown offices since the prior examination, and no offices were closed. There is strong competition from large regional banks, other community banks, thrifts and credit unions which have many offices in the area. ANB has no impediments, legal or otherwise, which would hinder their efforts in helping to meet the credit needs in the bank's assessment area.

DESCRIPTION OF ASSESSMENT AREA

ANB has defined one contiguous assessment area. The bank's assessment area is located within MSA 8840 and consists of the District of Columbia, the counties of Montgomery and Prince Georges in Maryland, the counties of Fairfax and Arlington in Virginia, and the cities of Alexandria, Falls Church, and Fairfax in Virginia. ANB's assessment area complies with CRA and does not arbitrarily exclude low- or moderate-income census tracts. Based on 1990 Census information, the area population is approximately 3.2 million with a median family income of \$52,807. The demographics and characteristics of the bank's assessment area reflects:

Census Tract Characteristics

Tract Type	Number of Tracts	Percentage
Low	58	7%
Moderate	172	21%
Middle	308	38%
Upper	228	28%
NA	49	6%
TOTAL	815	100%

Family Income Tract Characteristics

Level of Income	Percentage
Low Income	17%
Moderate Income	17%
Middle Income	24%
Upper Income	42%
TOTAL	100%

The area economy is considered stable, growing modestly, and area unemployment is low. The major employer is the Federal Government and related Agencies. The primary employers by sector are the services and retail trade industries, the finance, insurance and real estate sector, and the construction industry. Management and the Board continue to identify the primary credit need within the bank's assessment area as commercial and commercial real estate lending, especially to small businesses which is the bank's primary focus. Based on community contacts, there also continues to be a need for residential mortgage lending to persons of different incomes.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan to Deposit Ratio

ANB's loan to deposit ratio is reasonable indicating a good commitment in helping meet the credit needs in the bank's assessment area. We reviewed the eight quarters since the last CRA examination consisting of the quarter ending 12/31/96 through 9/30/98 inclusive. Our results reflect ANB's loan to deposit ratio averaged 74% during this period. ANB's ratio is slightly ahead of similarly situated financial institutions which averaged 72% during the same time period.

Lending in Assessment Area

A substantial majority of loans are in the bank's assessment area. We tested and relied on management's analysis of loans originated since the last CRA examination. In ANB's assessment area the bank originated a total of 360 loans for \$74 million dollars, principally commercial loans. We estimate 90% of the number of loans and 89% of the dollars of loans are in ANB's assessment area. The breakdown of these loans by loan type reflects:

Loans Originated by Loan Type in ANB's Assessment Area

Loan Type	# of Loans	% of Loans	\$ Millions	% of Dollars
Commercial	273	92%	\$ 70.2	90%
Consumer	87	84%	\$ 3.9	72%

Lending to Businesses of Different Sizes and to Borrowers of Different Incomes

ANB's distribution of borrowers by income reflects reasonable penetration among businesses of different sizes and individuals of different income levels. We tested and relied on management's analysis of loans originated since the last CRA examination. ANB's record of lending to businesses of different sizes in the bank's assessment area reflects 53% of the loans and 55% of the dollars were to small businesses. A summary of these loans is noted below:

Business Loans Originated by Annual Revenue in ANB's Assessment Area

Annual Revenue	# of Loans	% of Loans	\$ Millions	% of Dollars
\$1MM or less	189	53%	\$ 38.5	55%
Over \$1MM	171	47%	\$ 31.7	45%
TOTAL	360	100%	\$ 70.2	100%

Additionally, ANB's small business loans currently outstanding by loan size as of 6/30/98 reflects:

Small Business Loans by Loan Size

Loan Size	# of Loans	\$ Millions
\$ 100M or Less	136	\$ 4.6
> \$ 100M through \$ 250M	58	\$ 10.0
> \$ 250M through \$ 1MM	68	\$ 35.6
TOTAL	262	\$ 50.2

Of total consumer loans originated in ANB's assessment area, and based on the updated median family income of \$72,300, our analysis reflects a reasonable penetration to individuals of different incomes. A breakdown of these loans follows below:

Consumer Loans by Income Level in ANB's Assessment Area

Income Level	# of Loans	% of Loans	\$ Thousands	% of Dollars
Low	16	19%	\$ 444	12%
Moderate	16	19%	\$ 166	4%
Middle	11	13%	\$ 775	20%
Upper	42	49%	\$ 2,478	64%

Geographic Distribution of Loans

ANB's geographic distribution of loans reflects a reasonable dispersion throughout the bank's assessment area. We tested and relied on management's analysis of loans originated since the last examination. We note that 49 census tracts have no income designation. In comparison with the census tract characteristics, the geographic breakdown of ANB's loan originations reflects:

Total Loan Originations in ANB's Assessment Area

Income Level	# of Loans	% of Loans	\$ Thousands	% of Dollars
Low	33	10%	\$ 10,469	16%
Moderate	100	31%	\$ 18,437	27%
Middle	93	28%	\$ 19,242	28%
Upper	102	31%	\$ 19,704	29%
TOTAL	328	100%	\$ 67,852	100%

Commercial Loans in ANB's Assessment Area

Income Level	# of Loans	% of Loans	\$ Thousands	% of Dollars
Low	26	10%	\$ 10,392	16%
Moderate	74	29%	\$ 17,548	27%
Middle	78	31%	\$ 18,930	30%
Upper	75	30%	\$ 17,100	27%
TOTAL	253	100%	\$ 63,970	100%

Consumer Loans in ANB's Assessment Area

Income Level	# of Loans	% of Loans	\$ Thousands	% of Dollars
Low	7	9%	\$ 77	2%
Moderate	26	35%	\$ 889	23%
Middle	15	20%	\$ 312	8%
Upper	27	36%	\$ 2,604	67%
TOTAL	75	100%	\$ 3,882	100%

Response to Complaints

ANB received no complaints regarding their CRA performance since the last examination.

Compliance with Antidiscrimination Laws

No violations of the substantive provisions of the antidiscrimination laws and regulations were identified during the concurrent Fair Lending examination.