

PATRIOT NATIONAL BANCORP INC

Form 10-Q

May 15, 2012

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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

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

For the Quarter Ended March 31, 2012

Commission file number 000-29599

**PATRIOT NATIONAL BANCORP, INC.**

(Exact name of registrant as specified in its charter)

Connecticut  
(State of

06-1559137  
(I.R.S. Employer

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incorporation)

Identification Number)

900 Bedford Street, Stamford, Connecticut 06901

(Address of principal executive offices)

(203) 324-7500

(Registrant's telephone number)

Check whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). 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 in Rule 12b-2 of the Exchange Act:

Large Accelerated Filer

Accelerated Filer

Non-Accelerated Filer

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

State the number of shares outstanding of each of the registrant's classes of common equity, as of the latest practicable date.

Common stock, \$0.01 par value per share, 38,467,073 shares outstanding as of the close of business April 30, 2012.

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	March 31, 2012 (Unaudited)	December 31, 2011
<b>ASSETS</b>		
Cash and due from banks:		
Noninterest bearing deposits and cash	\$ 4,052,483	\$ 4,241,552
Interest bearing deposits	99,211,871	50,474,257
Short-term investments	709,843	709,567
<b>Total cash and cash equivalents</b>	<b>103,974,197</b>	<b>55,425,376</b>
Securities:		
Available for sale securities, at fair value (Note 2)	58,591,854	66,469,972
Other Investments	3,500,000	3,500,000
Federal Reserve Bank stock, at cost	1,692,150	1,707,000
Federal Home Loan Bank stock, at cost	4,343,800	4,508,300
<b>Total securities</b>	<b>68,127,804</b>	<b>76,185,272</b>
Loans receivable (net of allowance for loan losses: 2012: \$8,460,943 2011: \$9,384,672) (Note 3)	466,265,222	501,227,297
Loans held for sale		250,000
Accrued interest and dividends receivable	2,242,791	2,453,179
Premises and equipment, net	4,882,489	4,108,318
Cash surrender value of life insurance	21,127,273	20,984,604
Other real estate owned	1,461,647	2,762,640
Deferred tax asset (Note 6)		
Other assets	3,046,285	2,419,592
<b>Total assets</b>	<b>\$ 671,127,708</b>	<b>\$ 665,816,278</b>
<b>LIABILITIES AND SHAREHOLDERS EQUITY</b>		
<b>Liabilities</b>		
Deposits (Note 4):		
Noninterest bearing deposits	\$ 59,049,656	\$ 65,613,374
Interest bearing deposits	480,540,664	479,296,019
<b>Total deposits</b>	<b>539,590,320</b>	<b>544,909,393</b>
Borrowings:		
Repurchase agreements	7,000,000	7,000,000
Federal Home Loan Bank borrowings	60,000,000	50,000,000
<b>Total borrowings</b>	<b>67,000,000</b>	<b>57,000,000</b>
Junior subordinated debt owed to unconsolidated trust	8,248,000	8,248,000
Accrued expenses and other liabilities	5,052,168	5,109,225
<b>Total liabilities</b>	<b>619,890,488</b>	<b>615,266,618</b>

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Commitments (Note 9)

**Shareholders equity**

Preferred stock, no par value; 1,000,000 shares authorized, no shares issued and outstanding		
Common stock, \$.01 par value, 100,000,000 shares authorized; 2012: 38,478,778 shares issued; 38,467,073 shares outstanding. 2011: 38,374,432 shares issued; 38,362,727 shares outstanding	<b>384,787</b>	383,744
Additional paid-in capital	<b>105,129,021</b>	105,050,433
Accumulated deficit	<b>(54,313,301)</b>	(54,858,831)
Less: Treasury stock, at cost: 2012 and 2011 11,705 shares	<b>(160,025)</b>	(160,025)
Accumulated other comprehensive income	<b>196,738</b>	134,339
<b>Total shareholders equity</b>	<b>51,237,220</b>	50,549,660
<b>Total liabilities and shareholders equity</b>	<b>\$ 671,127,708</b>	\$ 665,816,278

See Accompanying Notes to Consolidated Financial Statements.

**Table of Contents****PATRIOT NATIONAL BANCORP, INC.****CONSOLIDATED STATEMENTS OF OPERATIONS****(Unaudited)**

	Three Months Ended	
	March 31,	
	2012	2011
<b>Interest and Dividend Income</b>		
Interest and fees on loans	\$ 6,665,792	\$ 6,956,561
Interest on investment securities	477,030	274,183
Dividends on investment securities	33,281	69,901
Interest on federal funds sold		4,026
Other interest income	10,478	61,890
<b>Total interest and dividend income</b>	<b>7,186,581</b>	<b>7,366,561</b>
<b>Interest Expense</b>		
Interest on deposits	1,516,844	1,865,349
Interest on Federal Home Loan Bank borrowings	356,837	418,875
Interest on subordinated debt	76,567	70,398
Interest on other borrowings	76,926	76,082
<b>Total interest expense</b>	<b>2,027,174</b>	<b>2,430,704</b>
<b>Net interest income</b>	<b>5,159,407</b>	<b>4,935,857</b>
Provision for Loan Losses	(845,402)	6,981,629
<b>Net interest income (loss) after provision for loan losses</b>	<b>6,004,809</b>	<b>(2,045,772)</b>
<b>Non-interest Income</b>		
Mortgage brokerage referral fees	12,420	13,000
Loan application, inspection & processing fees	14,727	16,799
Fees and service charges	228,668	280,901
Gain on sale of loans	263,646	
Loss on sale of investment securities	(8,042)	
Earnings on cash surrender value of life insurance	142,669	168,260
Other income	95,909	103,890
<b>Total non-interest income</b>	<b>749,997</b>	<b>582,850</b>
<b>Non-interest Expense</b>		
Salaries and benefits	2,890,724	3,214,515
Occupancy and equipment expense	1,123,584	1,354,567
Data processing	346,021	327,804
Advertising and promotional expense	17,729	157,974
Professional and other outside services	615,082	881,707
Loan administration and processing expense	8,280	37,059
Regulatory assessments	410,001	611,268
Insurance expense	169,245	230,774
Other real estate operations	(150,247)	270,507

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Material and communications	131,178	200,138
Restructuring charges	368,477	
Other operating expense	279,202	233,363
<b>Total non-interest expense</b>	<b>6,209,276</b>	<b>7,519,676</b>
<b>Income (loss) before income taxes</b>	<b>545,530</b>	<b>(8,982,598)</b>
Provision for Income Taxes		
<b>Net income (loss)</b>	<b>\$ 545,530</b>	<b>\$ (8,982,598)</b>
<b>Basic and diluted income (loss) per share</b>	<b>\$ 0.01</b>	<b>\$ (0.23)</b>

See Accompanying Notes to Consolidated Financial Statements.

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**PATRIOT NATIONAL BANCORP, INC**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

**(Unaudited)**

	Three Months Ended	
	March 31,	
	2012	2011
Net income (loss)	\$ 545,530	\$ (8,982,598)
Other comprehensive income (loss):		
Unrealized holding gains on securities:		
Unrealized holding gains arising during the period	67,385	3,225
Less reclassification adjustment for losses included in net income	(4,986)	
Total	62,399	3,225
<b>Comprehensive income (loss)</b>	<b>\$ 607,929</b>	<b>\$ (8,979,373)</b>

See Accompanying Notes to Consolidated Financial Statements.



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**PATRIOT NATIONAL BANCORP, INC.**

**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**

**(Unaudited)**

	sep 30,	sep 30,	sep 30,	sep 30,	sep 30,	sep 30,	sep 30,
	Number of	Common	Additional	Accumulated	Treasury	Accumulated	Total
	Shares	Stock	Paid-In	Deficit	Stock	Other	
			Capital			Comprehensive	
						Income	
<b>Three months ended March 31, 2011</b>							
Balance at December 31, 2010	38,362,727	\$ 383,744	\$ 105,050,433	\$ (39,399,345)	\$ (160,025)	\$ 1,297,381	\$ 67,172,188
Comprehensive loss							
Net loss				(8,982,598)			(8,982,598)
Unrealized holding gain on available for sale securities, net of taxes							