

PATRIOT NATIONAL BANCORP INC
Form 10-Q
May 12, 2015
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, 2015

Commission file number 000-29599

PATRIOT NATIONAL BANCORP, INC.

(Exact name of registrant as specified in its charter)

Connecticut 06-1559137
(State of incorporation) (I.R.S. Employer 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, 3,953,949 shares outstanding as of the close of business April 30, 2015.

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PART I- FINANCIAL INFORMATION**Item 1: Consolidated Financial Statements****PATRIOT NATIONAL BANCORP, INC. AND SUBSIDIARY****CONSOLIDATED BALANCE SHEETS (Unaudited)**

	March 31, 2015	December 31, 2014
	<i>(in thousands, except shares and per share amounts)</i>	
ASSETS		
Cash and due from banks:		
Noninterest bearing deposits and cash	\$2,080	\$2,095
Interest bearing deposits	63,878	71,163
Total cash and cash equivalents	65,958	73,258
Securities:		
Available for sale securities, at fair value (Note 2)	32,738	33,682
Other Investments	4,450	4,450
Federal Reserve Bank stock, at cost	2,020	2,058
Federal Home Loan Bank stock, at cost	6,628	6,628
Total securities	45,836	46,818
Loans receivable (net of allowance for loan losses: 2015: \$5,193 2014: \$4,924) (Note 3)	494,166	471,984
Accrued interest and dividends receivable	1,974	1,918
Premises and equipment, net	23,056	22,357
Deferred tax asset (Note 6)	14,621	14,926
Other assets	1,495	1,363
Total assets	\$647,106	\$632,624
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Deposits (Note 4):		
Noninterest bearing deposits	\$70,331	\$63,398
Interest bearing deposits	386,776	379,635
Total deposits	457,107	443,033
Federal Home Loan Bank borrowings	120,000	120,000
Junior subordinated debt owed to unconsolidated trust	8,248	8,248
Accrued expenses and other liabilities	2,450	2,608
Total liabilities	587,805	573,889

Commitments and Contingencies (Note 9)

Shareholders' equity (1) (Note 7)

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; 2015: 3,955,119 shares issued; 3,953,949 shares outstanding. 2014 : 3,952,179 shares issued; 3,951,009 shares outstanding	396	395
Additional paid-in capital (Note 5)	105,865	105,752
Accumulated deficit	(46,686)	(46,975)
Less: Treasury stock, at cost: 2015 and 2014, 1,170 shares	(160)	(160)
Accumulated other comprehensive loss (Note 8)	(114)	(277)
Total shareholders' equity	59,301	58,735
Total liabilities and shareholders' equity	\$647,106	\$632,624

See Accompanying Notes to Consolidated Financial Statements.

(1) All common stock data has been restated for a 1-for-10 reverse stock split which took effect on March 4, 2015.

PATRIOT NATIONAL BANCORP, INC. AND SUBSIDIARY**CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)**

	Three Months Ended March 31, 2015 2014 <i>(in thousands, except per share amounts)</i>	
Interest and Dividend Income		
Interest and fees on loans	\$5,546	\$4,691
Interest on investment securities	116	135
Dividends on investment securities	57	41
Other interest income	29	12
Total interest and dividend income	5,748	4,879
Interest Expense		
Interest on deposits	529	637
Interest on Federal Home Loan Bank borrowings	71	33
Interest on subordinated debt	71	200
Total interest expense	671	870
Net interest income	5,077	4,009
Provision for Loan Losses	250	-
Net interest income after provision for loan losses	4,827	4,009
Non-Interest Income		
Loan application, inspection & processing fees	50	66
Fees and service charges	174	219
Earnings on cash surrender value of life insurance	-	121
Other income	170	187
Total non-interest income	394	593
Non-Interest Expense		
Salaries and benefits	2,344	1,971
Occupancy and equipment expense	955	922
Data processing expense	250	250
Advertising and promotional expenses	50	51
Professional and other outside services	569	471
Loan administration and processing expenses	22	17
Regulatory assessments	154	230
Insurance expense	81	97

Other real estate operations	-	16
Material and communications	81	93
Other operating expenses	225	165
Total non-interest expense	4,731	4,283
Income before income taxes	490	319
Provision for income taxes	201	-
Net income	\$289	\$319
Basic and diluted income per share (1)	\$0.07	\$0.08

See Accompanying Notes to Consolidated Financial Statements.

(1) All common stock data has been restated for a 1-for-10 reverse stock split which took effect on March 4, 2015.

PATRIOT NATIONAL BANCORP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

	Three Months Ended March 31, 2015 2014 <i>(in thousands)</i>	
Net income	\$289	\$319
Other comprehensive income:		
Unrealized holding gains on available for sale securities arising during the period, net of taxes	163	393
Total comprehensive income	\$452	\$712

See Accompanying Notes to Consolidated Financial Statements.

PATRIOT NATIONAL BANCORP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (Unaudited)

*(in thousands,
except shares)*

	Common Stock	Additional Paid-In Capital	Accumulated Deficit	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total
Three months ended March 31, 2015						
Balance at December 31, 2014	\$ 395	\$ 105,752	\$ (46,975)	\$ (160)	\$ (277)	\$ 58,735
Net income	-	-	289	-	-	289
Other comprehensive income	-	-	-	-	163	163
Share-based compensation expense	-	114	-	-	-	114
Issuance of restricted stock	1	(1)	-	-	-	-
Balance, March 31, 2015	\$ 396	\$ 105,865	\$ (46,686)	\$ (160)	\$ (114)	\$ 59,301
Three months ended March 31, 2014						
Balance at December 31, 2013	\$ 388	\$ 105,484	\$ (62,684)	\$ (160)	\$ (1,187)	\$ 41,841
Net Income	-	-	319	-	-	319
Other comprehensive income	-	-	-	-	393	393

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Share-based compensation expense	-	59	-	-	-	59
Issuance of restricted stock	3	(3)	-	-	-	-
Balance, March 31, 2014	\$ 391	\$ 105,540	\$ (62,365)	\$ (160)	\$ (794)	\$ 42,612

See Accompanying Notes to Consolidated Financial Statements.

PATRIOT NATIONAL BANCORP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

	Three Months Ended March 31, 2015 2014 <i>(in thousands)</i>	
Cash Flows from Operating Activities:		
Net income	\$289	\$319
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of investment premiums	58	66
Amortization and accretion of purchase loan premiums and discounts, net	127	18
Provision for loan losses	250	-
Earnings on cash surrender value of life insurance	-	(121)
Depreciation and amortization	246	293
Share-based compensation	114	59
Deferred income taxes	201	-
Changes in assets and liabilities:		
Decrease (increase) in net deferred loan costs	139	(13)
Increase in accrued interest and dividends receivable	(56)	(12)
Increase in other assets	(132)	(58)
Decrease in accrued expenses and other liabilities	(158)	(296)
Net cash provided by operating activities	1,078	255
Cash Flows from Investing Activities:		
Principal repayments on available for sale securities	1,153	1,213
Redemptions of Federal Reserve Bank stock	38	-
(Increase) decrease in loans	(22,698)	3,020
Purchase of other real estate owned	-	(264)
Purchase of bank premises and equipment, net	(945)	(98)
Net cash (used in) provided by investing activities	(22,452)	3,871
Cash Flows from Financing Activities:		
Net increase (decrease) in deposits	14,074	(2,235)
Increase in FHLB borrowings	-	23,000
Net cash provided by financing activities	14,074	20,765
Net (decrease) increase in cash and cash equivalents	(7,300)	24,891
Cash and Cash Equivalents:		
Beginning	73,258	34,866

Ending

\$65,958 \$59,757

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PATRIOT NATIONAL BANCORP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS, Continued (Unaudited)

	Three Months Ended March 31, 2015	2014
Supplemental Disclosures of Cash Flow Information		
Interest paid	\$586	\$669
Income taxes paid	\$3	