

PATRIOT NATIONAL BANCORP INC
Form 10-Q
November 14, 2006

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 September 30, 2006

Commission file number 000-29599

PATRIOT NATIONAL BANCORP, INC.
(Exact name of registrant as specified in its charter)

Connecticut
(State of incorporation)

06-1559137
(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 is a shell company (as defined in Rule 12b-2 of the Exchange Act):

Yes No

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

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer

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

Common stock, \$2.00 par value per share, 4,739,494 shares issued and outstanding as of the close of business October 31, 2006.

Transitional Disclosure Format (check one): Yes No

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

	September 30, 2006	December 31, 2005
ASSETS		
Cash and due from banks	\$ 6,494,390	\$ 7,220,577
Federal funds sold	38,500,000	6,500,000
Short term investments	30,249,645	2,247,028
Cash and cash equivalents	75,244,035	15,967,605
Available for sale securities (at fair value)	68,740,162	78,672,068
Federal Reserve Bank stock	1,022,950	1,022,300
Federal Home Loan Bank stock	2,727,200	1,296,700
Loans receivable (net of allowance for loan losses: 2006 \$5,630,432; 2005 \$4,588,335)	455,001,231	364,243,777
Accrued interest receivable	3,202,246	2,445,417
Premises and equipment	2,670,878	2,474,153
Deferred tax asset, net	2,522,801	2,675,595
Goodwill	930,091	930,091
Other assets	1,763,811	913,456
Total assets	\$ 613,825,405	\$ 470,641,162
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Deposits:		
Noninterest bearing deposits	\$ 50,928,672	\$ 48,797,389
Interest bearing deposits	453,575,146	370,277,899
Total deposits	504,503,818	419,075,288
Federal Home Loan Bank borrowings	34,000,000	9,000,000
Junior subordinated debt owed to unconsolidated trust	8,248,000	8,248,000
Accrued expenses and other liabilities	3,743,998	2,943,259
Total liabilities	550,495,816	439,266,547
Shareholders' equity		
Preferred stock: 1,000,000 shares authorized; no shares issued		
Common stock, \$2 par value: 60,000,000 shares authorized; shares issued and outstanding: 2006 - 4,739,494; 2005 - 3,230,649	9,478,988	6,461,298
Additional paid in capital	49,307,949	21,709,224
Retained earnings	5,397,507	4,308,242
Accumulated other comprehensive income - net unrealized loss on available for sale securities, net of taxes	(854,855)	(1,104,149)
Total shareholders' equity	63,329,589	31,374,615
Total liabilities and shareholders' equity	\$ 613,825,405	\$ 470,641,162

See accompanying notes to consolidated financial statements.

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PATRIOT NATIONAL BANCORP, INC.
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2005	2006	2005
Interest and Dividend Income				
Interest and fees on loans	\$ 8,962,195	\$ 5,536,477	\$ 24,472,546	\$ 15,128,669
Interest and dividends				
on investment securities	743,068	814,647	2,290,737	2,483,631
Interest on federal funds sold	151,591	88,134	286,255	230,460
Total interest and dividend income	9,856,854	6,439,258	27,049,538	17,842,760
Interest Expense				
Interest on deposits	4,152,620	2,514,851	10,834,245	6,543,197
Interest on Federal Home Loan Bank borrowings	491,319	80,024	1,099,124	303,485
Interest on subordinated debt	177,013	136,924	497,680	380,267
Interest on other borrowings	648	1,312	4,798	1,312
Total interest expense	4,821,600	2,733,111	12,435,847	7,228,261
Net interest income	5,035,254	3,706,147	14,613,691	10,614,499
Provision for Loan Losses	116,500	350,000	1,040,000	710,000
Net interest income after provision for loan losses	4,918,754	3,356,147	13,573,691	9,904,499
Noninterest Income				
Mortgage brokerage referral fees	373,299	673,029	1,052,937	1,648,487
Loan processing fees	64,862	125,635	218,712	308,978
Fees and service charges	166,749	143,793	455,159	428,195
Other income	27,653	43,125	117,349	131,818
Total noninterest income	632,563	985,582	1,844,157	2,517,478
Noninterest Expenses				
Salaries and benefits	2,795,341	2,393,739	7,709,120	6,652,635
Occupancy and equipment expense, net	694,925	538,645	2,030,499	1,523,961
Data processing and other outside services	293,358	333,024	1,100,622	817,291
Professional services	125,269	120,170	373,227	383,461
Advertising and promotional expenses	152,906	112,459	448,772	336,206
Loan administration and processing expenses	46,286	47,839	126,759	153,511
Other noninterest expenses	382,594	324,142	1,135,477	1,010,924
Total noninterest expenses	4,490,679	3,870,018	12,924,476	10,877,989

Income before income taxes	1,060,638	471,711	2,493,372	1,543,988
Provision for Income Taxes	390,000	191,000	916,000	625,000
Net income	\$ 670,638	\$ 280,711	\$ 1,577,372	\$ 918,988
Basic income Per Share	\$ 0.20	\$ 0.11	\$ 0.49	\$ 0.37