

PATRIOT NATIONAL BANCORP INC
Form 10QSB
May 13, 2004

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB

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

For the Quarter Ended March 31, 2004

Commission file number 000-29599

PATRIOT NATIONAL BANCORP, INC.
(Exact name of small business issuer 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
(Issuer's telephone number)

Check whether the issuer (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

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

Common stock, \$2.00 par value per share, 2,428,607 shares issued and outstanding as of the close of business April 30, 2004.

Transitional Small Business Disclosure Format (check one): Yes No

Table of Contents

	<u>Page</u>
<u>Part I</u> FINANCIAL INFORMATION	
Item 1. Consolidated Financial Statements	3
Item 2. Management's Discussion and Analysis or Plan of Operation	12
Item 3. Controls and Procedures	20
<u>Part II</u> OTHER INFORMATION	
Item 2. Changes in Securities	21
Item 6. Exhibits and Reports on Form 8-K	21

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

	March 31, 2004	December 31, 2003
	(Unaudited)	
ASSETS		
Cash and due from banks	\$ 1,808,648	\$ 4,023,732
Federal funds sold	15,000,000	15,000,000
Short term investments	12,519,233	10,430,939
Cash and cash equivalents	29,327,881	29,454,671
Available for sale securities (at fair value)	88,525,047	90,562,083
Federal Reserve Bank stock	692,600	691,150
Federal Home Loan Bank stock	1,077,300	1,077,300
Loans receivable (net of allowance for loan losses: 2004 \$3,094,675; 2003 \$2,934,675)		221,173,608
		214,420,528
Accrued interest receivable		1,607,312
		1,470,622
Premises and equipment, net		1,481,102
		1,421,098
Deferred tax asset, net		1,317,084
		1,524,125
Goodwill		930,091
		930,091
Other assets		

970,120

917,381

Total assets

\$ **347,102,145**

\$ **342,469,049**

LIABILITIES AND SHAREHOLDERS' EQUITY**Liabilities**

Deposits:

Noninterest bearing deposits	\$ 33,218,691	\$ 30,477,295
Interest bearing deposits	261,247,672	259,514,887

Total deposits	294,466,363	289,992,182
-----------------------	--------------------	--------------------

Securities sold under agreements to repur	5,700,000	5,700,000
---	-----------	-----------

Federal Home Loan Bank borrowings	17,000,000	17,000,000
-----------------------------------	------------	------------

Subordinated debt	8,248,000	8,248,000
-------------------	-----------	-----------

Other borrowings	290,505	353,385
------------------	---------	---------

Accrued expenses and other liabilities	2,086,059	2,395,569
--	-----------	-----------

Total liabilities	327,790,927	323,689,136
--------------------------	--------------------	--------------------

Shareholders' equity

Common stock, \$2 par value: 5,333,333 shares authorized; shares issued and outstanding: 2004 - 2,420,274; 2003 - 2,408,607	4,840,548	4,817,214
---	-----------	-----------

Additional paid-in capital	11,565,705	11,519,037
----------------------------	------------	------------

Retained earnings	2,876,039	2,752,541
-------------------	-----------	-----------

Accumulated other comprehensive income □ net unrealized gain (loss) on available for sale securities, net of tax	28,926	(308,879)
--	--------	-----------

Total shareholders' equity	19,311,218	18,779,913
-----------------------------------	-------------------	-------------------

Total liabilities and shareholders' equity	\$ 347,102,145	\$ 342,469,049
---	-----------------------	-----------------------

See accompanying notes to consolidated financial statements.

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

	Three Months Ended March 31,	
	2004	2003
Interest and Dividend Income		
Interest and fees on loans	\$ 3,526,755	\$ 2,898,001
Interest and dividends on investment securities	765,220	524,215
Interest on federal funds sold	15,656	11,000
Total interest and dividend income	4,307,631	3,433,216
Interest Expense		
Interest on deposits	1,425,690	1,061,893
Interest on Federal Home Loan Bank borrowings	102,324	47,950
Interest on subordinated debt	88,248	4,901
Interest on other borrowings	23,835	41,557
Total interest expense	1,640,097	1,156,301
Net interest income	2,667,534	2,276,915
Provision for Loan Losses	160,000	165,000
Net interest income after provision for loan losses	2,507,534	2,111,915
Non-Interest Income		
Mortgage brokerage referral fees	495,619	932,783
Loan processing fees	119,409	178,346
Fees and service charges	100,931	70,427
Gain on sale of investment securities	-	125,165
Other income	35,544	35,870
Total non-interest income	751,503	1,342,591
Non-Interest Expenses		
Salaries and benefits	1,797,613	1,887,589
Occupancy and equipment expense, net	381,417	270,424
Data processing and other outside services	196,160	192,236
Professional services	100,419	89,667
Advertising and promotional expenses	112,411	69,322
Loan administration and processing expenses	65,660	104,542
Other non-interest expenses	270,251	242,216
Total non-interest expenses	2,923,931	2,855,996

Edgar Filing: PATRIOT NATIONAL BANCORP INC - Form 10QSB

Income before income taxes	335,106	598,510
Provision for Income Taxes	139,000	233,000
Net income	\$ 196,106	\$ 365,510
Basic income per share	\$ 0.08	\$ 0.15
Diluted income per share	\$ 0.08	\$ 0.15
Dividends per share	\$ 0.030	\$ 0.025

See accompanying notes to consolidated financial statements.

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

	Three Months Ended March 31,	
	2004	2003
Net income:	\$ 196,106	\$ 365,510
Unrealized holding gains (losses) on securities: Unrealized holding gains (losses) arising during the period, net of taxes	337,805	(184,488)
Comprehensive income	\$ 533,911	\$ 181,022

See accompanying notes to consolidated financial statements.

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

	Three Months Ended March 31,	
	2004	2003
Cash Flows from Operating Activities		
Net income	\$ 196,106	\$ 365,510
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization and accretion of investment premiums and discounts, net	116,070	94,816
Provision for loan losses	160,000	165,000
Gain on sale of investment securities	-	(125,165)
Depreciation and amortization	131,204	86,386
Loss on disposal of bank premises and equipment	2,924	2,037
Changes in assets and liabilities:		
Increase (decrease) in deferred loan fees	14,554	(10,283)
(Increase) decrease in accrued interest receivable	(136,690)	81,816
Increase in other assets	(52,740)	(313,226)
Decrease in accrued expenses and other liabilities	(309,860)	(68,297)
Net cash provided by operating activities	121,568	278,594
Cash Flows from Investing Activities		
Purchases of available for sale securities	(4,000,000)	-
Proceeds from sales of available for sale securities	-	3,840,709
Principal repayments on available for sale securities	4,465,812	4,972,173
Proceeds from maturities of available for sale securities	2,000,000	2,000,000
Purchase of Federal Home Loan Bank Stock	-	(456,000)
Purchase of Federal Reserve Bank Stock	(1,450)	-
Net increase in loans	(6,927,634)	(6,651,830)