

PATRIOT NATIONAL BANCORP INC
Form 10-Q/A
August 23, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q/A

(Amendment No.1)

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

For the quarterly period ended June 30, 2018

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 000-29599

PATRIOT NATIONAL BANCORP, INC.

(Exact name of registrant as specified in its charter)

Connecticut **06-1559137**
(State or other jurisdiction of **(I.R.S. Employer**
incorporation or organization) **Identification No.)**
900 Bedford Street, Stamford, Connecticut **06901**
(Address of principal executive offices) **(Zip Code)**

(203) 324-7500

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 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, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS:

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

As of August 8, 2018, there were 3,904,578 shares of the registrant's common stock outstanding.

EXPLANATORY NOTE

Patriot National Bancorp, Inc. (the “Company”) originally filed its Quarterly Report on Form 10-Q for the quarter ended June 30, 2018 (the “Original Filing”) with the Securities and Exchange Commission (“SEC”) on August 14, 2018. The Company is filing this Amendment No. 1 to its Quarterly Report on Form 10-Q (the “Form 10-Q/A” and, together with the Original Filing, the “Form 10-Q”) solely to correct certain inadvertent errors in the column of Three Months Ended June 30, 2018 in the Consolidated Statements of Comprehensive Income (Loss) (Unaudited) as follows:

| <i>(In thousands)</i> | Three Months Ended | |
|---------------------------------------|--------------------------------------|------------|
| | June 30, 2018 | |
| | Reported in | |
| | Original Corrected Filing | |
| Net income | \$1,036 | 1,036 |
| Other comprehensive (loss) income | | |
| Unrealized holding loss on securities | (710) | (403) |
| Income tax effect | 191 | 108 |
| Total other comprehensive loss | (519) | (295) |
| Comprehensive income | \$517 | 741 |

Except as described above, this Form 10-Q/A does not amend, modify, update or change any other items or disclosures in the Original Filing, which continue to speak as of the date of the Original Filing (including, but not limited to, any forward-looking statements made in the Original Filing, which have not been revised to reflect events that occurred or facts that became known after the Original Filing, and such forward-looking statements should be read in their historical context). Accordingly, this Form 10-Q/A should be read in conjunction with the Original Filing and the Company’s other filings made with the SEC subsequent to the Original Filing.

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

| <i>(In thousands, except share data)</i> | June 30, 2018 | December 31, 2017 |
|---|--------------------------|----------------------------------|
| ASSETS | | |
| Cash and due from banks: | | |
| Noninterest bearing deposits and cash | \$4,589 | 3,582 |
| Interest bearing deposits | 81,052 | 45,659 |
| Total cash and cash equivalents | 85,641 | 49,241 |
| Investment securities: | | |
| Available-for-sale securities, at fair value | 23,982 | 25,576 |
| Other investments, at cost | 4,450 | 4,450 |
| Total investment securities | 28,432 | 30,026 |
| Federal Reserve Bank stock, at cost | 2,564 | 2,502 |
| Federal Home Loan Bank stock, at cost | 5,807 | 5,889 |
| Loans receivable (net of allowance for loan losses: 2018: \$6,525, 2017: \$6,297) | 750,804 | 713,350 |
| Accrued interest and dividends receivable | 3,306 | 3,496 |
| Premises and equipment, net | 35,715 | 35,358 |
| Other real estate owned | 991 | - |
| Deferred tax asset | 11,085 | 10,397 |
| Goodwill | 2,100 | - |
| Core deposit intangible, net | 534 | - |
| Other assets | 3,256 | 1,821 |
| Total assets | \$930,235 | 852,080 |
| Liabilities | | |
| Deposits: | | |
| Noninterest bearing deposits | \$83,808 | 81,197 |
| Interest bearing deposits | 628,504 | 556,242 |
| Total deposits | 712,312 | 637,439 |
| Federal Home Loan Bank and correspondent bank borrowings | 110,000 | 120,000 |
| Senior notes, net | 11,740 | 11,703 |
| Subordinated debt, net | 9,576 | - |
| Junior subordinated debt owed to unconsolidated trust | 8,090 | 8,086 |
| Note payable | 1,484 | 1,580 |

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| | | |
|---|----------------|----------------|
| Advances from borrowers for taxes and insurance | 2,876 | 2,829 |
| Accrued expenses and other liabilities | 5,796 | 3,694 |
| Total liabilities | 861,874 | 785,331 |

Commitments and Contingencies

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; 2018: 3,978,319 shares issued; 3,904,578 shares outstanding. 2017: 3,973,416 shares issued; 3,899,675 shares outstanding | 40 | 40 |
| Additional paid-in capital | 106,982 | 106,875 |
| Accumulated deficit | (36,808) | (38,832) |
| Less: Treasury stock, at cost: 2018 and 2017, 73,741 and 73,741 shares, respectively | (1,179) | (1,179) |
| Accumulated other comprehensive loss | (674) | (155) |
| Total shareholders' equity | 68,361 | 66,749 |
| Total liabilities and shareholders' equity | \$930,235 | 852,080 |

See Accompanying Notes to Consolidated Financial Statements.

PATRIOT NATIONAL BANCORP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

| | Three Months | | Six Months | |
|---|---------------------|--------------|-------------------|----------------|
| | Ended | | Ended | |
| | June 30, | | June 30, | |
| | 2018 | 2017 | 2018 | 2017 |
| <i>(In thousands, except per share amounts)</i> | | | | |
| Interest and Dividend Income | | | | |
| Interest and fees on loans | \$9,201 | 7,591 | 17,975 | 14,198 |
| Interest on investment securities | 291 | 242 | 557 | 413 |
| Dividends on investment securities | 128 | 93 | 249 | 175 |
| Other interest income | 270 | 19 | 421 | 83 |
| Total interest and dividend income | 9,890 | 7,945 | 19,202 | 14,869 |
| Interest Expense | | | | |
| Interest on deposits | 1,997 | 1,129 | 3,654 | 2,118 |
| Interest on Federal Home Loan Bank borrowings | 502 | 183 | 759 | 261 |
| Interest on senior debt | 228 | 228 | 457 | 457 |
| Interest on subordinated debt | 112 | 89 | 211 | 174 |
| Interest on note payable | 10 | 8 | 17 | 17 |
| Total interest expense | 2,849 | 1,637 | 5,098 | 3,027 |
| Net interest income | 7,041 | 6,308 | 14,104 | 11,842 |
| Provision (Credit) for Loan Losses | 50 | 260 | 235 | (1,489) |
| Net interest income after provision (credit) for loan losses | 6,991 | 6,048 | 13,869 | 13,331 |
| Non-interest Income | | | | |
| Loan application, inspection and processing fees | 12 | 15 | 20 | 36 |
| Deposit fees and service charges | 132 | 146 | 266 | 295 |
| Gains on sale of loans | 66 | - | 66 | - |
| Rental Income | 83 | 91 | 167 | 185 |
| Loss on sale of investment securities | - | - | - | (78) |
| Other income | 93 | 97 | 189 | 188 |
| Total non-interest income | 386 | 349 | 708 | 626 |
| Non-interest Expense | | | | |
| Salaries and benefits | 2,854 | 2,497 | 5,623 | 4,927 |
| Occupancy and equipment expense | 776 | 807 | 1,517 | 1,582 |
| Data processing expense | 322 | 326 | 639 | 446 |
| Professional and other outside services | 457 | 550 | 1,029 | 1,202 |
| Merger and tax initiative project expenses | 592 | - | 1,115 | - |
| Advertising and promotional expense | 59 | 111 | 137 | 185 |

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|--|----------------|--------------|---------------|--------------|
| Loan administration and processing expense | 30 | 14 | 43 | 23 |
| Regulatory assessments | 298 | 163 | 550 | 342 |
| Insurance expense | 53 | 56 | 108 | 115 |
| Communications, stationary and supplies | 110 | 103 | 223 | 190 |
| Other operating expense | 410 | 387 | 768 | 696 |
| Total non-interest expense | 5,961 | 5,014 | 11,752 | 9,708 |
| | | | | |
| Income before income taxes | 1,416 | 1,383 | 2,825 | 4,249 |
| | | | | |
| Provision for Income Taxes | 380 | 579 | 724 | 1,715 |
| | | | | |
| Net income | \$1,036 | 804 | | |