



**Comptroller of the Currency
Administrator of National Banks**

Licensing Department
250 E Street, S.W.
Washington, D.C. 20219

September 30, 2010

**Conditional Approval #972
October 2010**

Mr. Charles Howell
President and Chief Executive Officer
Patriot National Bank
1177 Summer St.
Stamford, Connecticut 06905

Re: Application for Increase in Permanent Capital
CASI Control No. 2010-NE-12-0275

Dear Mr. Howell:

The Office of the Comptroller of Currency (“OCC”) hereby conditionally approves the application by Patriot National Bank, (“Bank”) for an increase in permanent capital. This approval is granted after a thorough review of the application, other materials you have supplied, and other information available to the OCC, including commitments and representations made during the application process. This approval is also subject to the condition set out herein.

National banks are required to obtain OCC approval for increases in permanent capital. In its regulations, the OCC has established a notice process for certain approvals of increases in capital that involve only common stock and cash consideration. Under that process, the bank submits a notice of the increase in capital, and the proposed increase is deemed approved by the OCC and certified seven days after the date on which OCC received the notice. 12 C.F.R. § 5.46(i)(3). However, the regulation also provides that a national bank must follow the full application process and obtain prior OCC approval to increase its permanent capital if the bank is “[r]equired to receive OCC approval pursuant to letter, order, directive, written agreement or otherwise.” 12 C.F.R. § 5.46(g)(1)(i)(A). The national bank still must provide notice following the completion of the increase in capital pursuant to 12 C.F.R. § 5.46(g)(1)(ii).

The Bank is wholly-owned by Patriot National Bancorp, Inc. (“Company”). The Company and the Bank entered a Securities Purchase Agreement with PNBK Holdings LLC (“Holdings”) under which Holdings would acquire approximately 87.5% of the common stock of Bancorp through an investment of \$50 million. As a result of the investment, Holdings will control the Company and indirectly control the Bank. Holdings and related entities applied to the Federal Reserve Bank of New York for approval to become bank holding companies. Holdings’ plans for the Bank involve injecting capital, making changes and additions to management, improving

profitability and diversifying revenue through strategic acquisitions and assisted transactions. In order to assist in the OCC's oversight of these efforts, the OCC determined to require the Bank to file an application and obtain prior OCC approval for the capital increase that will occur in connection with Holdings' investment in the Company. The OCC notified the Bank of this decision by letter dated July 30, 2010.

Pursuant to the OCC's July 30, 2010, letter and the requirements of 12 C.F.R. § 5.46, and in contemplation of Holdings' investment in the Company after receipt of approvals by the Federal Reserve Bank of New York and a planned initial injection of capital into the Bank of approximately \$43 million, the Bank applied to the OCC for prior approval for such increase. The OCC hereby approves the increase in capital, subject to the following condition:

The Bank shall enter into, and thereafter implement and adhere to, a written Operating Agreement with the OCC, in a form acceptable to the OCC, immediately after Holdings' investment in the Company.

This condition of approval is a condition "imposed in writing by a Federal banking agency in connection with any action on any application, notice, or other request" within the meaning of 12 U.S.C. § 1818. As such, the condition is enforceable under 12 U.S.C. § 1818.

This conditional approval, and the activities and communications by OCC employees in connection with the filing, do not constitute a contract, express or implied, or any other obligation binding upon the OCC, the United States, any agency or entity of the United States, or any officer or employee of the United States, and do not affect the ability of the OCC to exercise its supervisory, regulatory, and examination authorities under applicable law and regulations. Our approval is based on the representations made in the applications, other submissions, and other information available to the OCC as of this date. The OCC may modify, suspend, or rescind this conditional approval if a material change in the information on which the OCC relied occurs prior to the date of the transaction to which this decision pertains. The foregoing may not be waived or modified by any employee or agent of the OCC or the United States.

Following completion of the capital injection, the Bank must file the required notice with the Northeastern District Licensing Office, New York, NY. If you have any questions concerning this letter or the application process under 12 C.F.R. § 5.46, please contact the undersigned at 202-874-5060 or Ms. Robin Miller, Licensing Analyst, at (212) 790-4055. You should include the application control number on any correspondence related to this filing.

Sincerely,

/s/

Beverly L. Evans
Director for Licensing Activities