
Section 1: 8-K/A (8-K/A)

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K/A

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): April 25, 2018

Fauquier Bankshares, Inc.

(Exact name of Registrant as Specified in Its Charter)

Virginia
(State or Other Jurisdiction
of Incorporation)

000-25805
(Commission File Number)

54-1288193
(IRS Employer
Identification No.)

**10 Courthouse Square,
Warrenton, Virginia**
(Address of Principal Executive Offices)

20186
(Zip Code)

Registrant's Telephone Number, Including Area Code: (540) 347-2700

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instructions A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

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.

Explanatory Note

On April 25, 2018, Fauquier Bankshares, Inc. (the “Company”) issued a press release reporting its first quarter 2018 financial results. A copy of this release was furnished with a Current Report on Form 8/K filed on April 25, 2018 (the “Report”). This Amendment No. 1 to the Report (“Amendment No. 1”) is being filed to amend Items 2.02 and 9.01 to the Report, solely to revise the amount related to noninterest income for the gain on call of securities reported on page 3, “Selected Financial Data” of Exhibit 99.1 furnished with the Report. The corrected information appears in Exhibit 99.1 furnished with this Amendment No. 1. Accordingly, this Amendment No. 1 supersedes, in its entirety, the Report.

Item 2.02 Results of Operations and Financial Condition.

On May 9, 2018, the Company issued a corrected press release reporting its first quarter 2018 financial results, which has been updated solely to revise the amount related to noninterest income for the gain on call of securities reported on page 3, “Selected Financial Data” of the prior press release issued on April 25, 2018. A copy of the corrected press release is furnished as Exhibit 99.1 to this Amendment No. 1.

The information included in this Amendment No. 1 and the exhibit hereto, is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
99.1	<u>Fauquier Bankshares Press Release First Quarter 2018 Results, originally dated April 25, 2018, as updated May 9, 2018</u>

interest income was \$5.7 million for the first quarter of 2018 compared with \$5.6 million for the prior quarter and \$4.9 million for the first quarter of 2017.

Nonperforming assets were \$10.9 million on March 31, 2018, compared with \$10.4 million on December 31, 2017 and \$11.5 million on March 31, 2017. Included in nonperforming assets for the quarter were \$9.5 million of nonperforming loans and \$1.4 million of other real estate owned.

Net loan recoveries were \$7,000 for the first quarter of 2018 compared with net loan recoveries of \$541,000 for the prior quarter and net loan charge-offs of \$97,000 for the first quarter of 2017. The allowance for loan losses was \$5.4 million or 1.07% of total loans on March 31, 2018 compared with \$5.1 million or 1.01% of total loans on December 31, 2017 and \$4.4 million or 0.98% of total loans on March 31, 2017.

Noninterest income was \$1.9 million in the first quarter 2018, compared with \$1.4 million for the prior quarter and \$1.4 million for the first quarter of 2017. Noninterest expense for the first quarter of 2018 was \$5.5 million compared with \$5.3 million for the prior quarter and \$5.4 million for the first quarter of 2017.

Shareholders' equity was \$56.7 million on March 31, 2018 compared with \$55.3 million on March 31, 2017. Book value per common share was \$15.01 and \$14.66 as of March 31, 2018 and 2017, respectively.

The Company's strategic goals were designed to grow the Company, increase profitability and to drive shareholder value. With this in mind, our key strategic objectives and our current outlook are:

- We continue to maintain a strong net interest margin and have done so since the fourth quarter of 2016. Our focus is on loan and deposit pricing to ensure a well maintained and healthy margin.
- Commercial and consumer loan growth continues to show improvement with several new loan products, all while maintaining strong asset quality. While these new offerings bring added benefits to the Company and our clients, we continue to have credit standards that do not compromise our credit quality.
- The origination and sales of secondary market loans continues to provide an additional source of noninterest income, along with our Wealth Management services and fee income tied to our retail products.
- Noninterest expenses have stabilized, however we recognize room for improvement. Our management team continues to evaluate process efficiencies to continue to reduce operating costs.

Fauquier Bankshares, through its operating subsidiary, The Fauquier Bank, is an independent, locally-owned, community bank offering a full range of financial services, including internet banking, mobile banking with mobile deposit, commercial, retail, insurance, wealth management, and financial planning services through eleven banking offices throughout Fauquier and Prince William counties in Virginia. Additional information is available at www.tfb.bank or by calling Investor Relations at (800) 638-3798.

This press release may contain "forward-looking statements" as defined by federal securities laws. These statements address issues that involve risks, uncertainties, estimates and assumptions made by management, and actual results could differ materially from the results contemplated by these forward-looking statements. Factors that could have a material adverse effect on our operations and future prospects include, but are not limited to, changes in: interest rates and the shape of the interest rate yield curve, general economic conditions, legislative/regulatory policies, monetary and fiscal policies of the U.S. Government, including policies of the U.S. Treasury, the FDIC and the Board of Governors of the Federal Reserve System, the quality or composition of the loan and/or investment portfolios, demand for loan products, deposit flows, competition, demand for financial services in our market area, our plans to expand our branch network and increase our market share, and accounting principles, policies and guidelines. Readers should consider these risks and uncertainties in evaluating our forward-looking statements and should not place undue reliance on such statements. We undertake no obligation to update these statements following the date of this news release.

FAUQUIER BANKSHARES, INC.

SELECTED FINANCIAL DATA

	At or For the Quarter Ended,				
	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017
<i>(Dollars in thousands, except per share data)</i>					
EARNINGS STATEMENT DATA:					
Interest income	\$ 6,370	\$ 6,191	\$ 6,001	\$ 5,713	\$ 5,415
Interest expense	652	556	515	509	469
Net interest income	5,718	5,635	5,486	5,204	4,946
Provision for loan losses	300	125	110	235	50
Net interest income after provision for loan losses	5,418	5,510	5,376	4,969	4,896
Noninterest income	1,863	1,378	1,285	1,393	1,412
Noninterest expense	5,481	5,286	4,993	5,150	5,415
Income before income taxes	1,800	1,602	1,668	1,212	893
Income taxes	214	2,146	387	222	125
Net income	<u>\$ 1,586</u>	<u>\$ (544)</u>	<u>\$ 1,281</u>	<u>\$ 990</u>	<u>\$ 768</u>
PER SHARE DATA:					
Net income (loss) per share, basic	\$ 0.42	\$ (0.14)	\$ 0.34	\$ 0.26	\$ 0.20
Net income (loss) per share, diluted	\$ 0.42	\$ (0.14)	\$ 0.34	\$ 0.26	\$ 0.20
Cash dividends	\$ 0.12	\$ 0.12	\$ 0.12	\$ 0.12	\$ 0.12
Weighted average shares outstanding, basic	3,768,197	3,762,677	3,765,359	3,769,201	3,761,501
Weighted average shares outstanding, diluted	3,777,114	3,772,700	3,773,813	3,778,532	3,768,676
Book value	\$ 15.01	\$ 14.92	\$ 15.20	\$ 14.93	\$ 14.66
BALANCE SHEET DATA:					
Total assets	\$ 682,120	\$ 644,613	\$ 631,717	\$ 646,265	\$ 630,032
Loans, net	497,691	497,705	485,326	463,309	451,166
Securities	72,521	73,699	68,682	65,539	58,212
Deposits	577,242	570,023	556,209	571,902	551,103
Transaction accounts (demand & interest checking accounts)	351,485	361,246	348,005	359,725	344,324
Shareholders' equity	56,666	56,142	57,185	56,259	55,267
PERFORMANCE RATIOS:					
Net interest margin ⁽¹⁾	3.74%	3.75%	3.75%	3.60%	3.52%
Return (loss) on average assets	0.97%	(0.33)%	0.80%	0.63%	0.50%
Return (loss) on average equity	11.44%	(3.77)%	8.96%	7.10%	5.68%
Efficiency ratio ⁽²⁾	77.24%	74.35%	72.62%	76.81%	83.95%
Yield on earning assets	4.16%	4.12%	4.09%	3.94%	3.85%
Cost of interest bearing liabilities	0.54%	0.47%	0.45%	0.45%	0.43%

(1) Net interest margin is calculated as fully taxable equivalent net interest income divided by average earning assets and represents the Company's net yield on its earning assets.

(2) Efficiency ratio is computed by dividing noninterest expense by the sum of fully taxable equivalent net interest income and noninterest income, net of securities gains or losses.

FAUQUIER BANKSHARES, INC.

SELECTED FINANCIAL DATA

	At or For the Quarter Ended,				
	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017
<i>(Dollars in thousands, except for ratios)</i>					
ASSET QUALITY RATIOS:					
Nonaccrual loans	\$ 3,688	\$ 3,180	\$ 2,431	\$ 2,322	\$ 3,207
Restructured loans still accruing	3,744	4,182	4,361	4,506	4,541
Student loans greater than 90 past due and still accruing	1,330	1,616	2,129	2,397	2,438
Loans greater than 90 days past due and still accruing	772	49	565	104	1
Total nonperforming loans	9,534	9,027	9,486	9,329	10,187
Other real estate owned, net	1,356	1,356	1,356	1,356	1,356
Total nonperforming assets	\$ 10,890	\$ 10,383	\$ 10,842	\$ 10,685	\$ 11,543
Allowance for loan losses	\$ 5,400	\$ 5,094	\$ 4,428	\$ 4,279	\$ 4,447
Allowance for loan losses to total loans	1.07%	1.01%	0.90%	0.92%	0.98%
Nonaccrual loans to total loans	0.73%	0.63%	0.50%	0.50%	0.70%
Allowance for loan losses to nonperforming loans	56.64%	56.43%	46.68%	45.87%	43.65%
Nonperforming loans to total loans	1.90%	1.80%	1.94%	2.00%	2.24%
Nonperforming assets to total assets	1.60%	1.61%	1.72%	1.65%	1.83%
Net loan charge-offs (recoveries)	\$ (7)	\$ (541)	\$ (39)	\$ 434	\$ 97
Net loan charge-offs (recoveries) to average loans	—	(0.11)%	(0.01)%	0.09%	0.02%

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