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FAUQUIER BANKSHARES INC
Form 8-K
December 06, 2001

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 Date
of Report (Date of earliest event reported): December 6, 2001

FAUQUIER BANKSHARES, INC.

(Exact Name of Registrant as Specified in Charter)

Virginia	2-25805	54-128819
----- (State or Other Jurisdiction of Incorporation)	----- (Commission File Number)	----- (IRS Employer Identification No.)

10 Courthouse Square, Warrenton, Virginia	20186
----- (Address of Principal Executive Offices)	----- (Zip Code)
Registrant's telephone number, including area code:	(540) 347-2700
-----	-----
Former name or address, if changed since last report:	

ITEM 5. OTHER EVENTS.

On December 5, 2001, The Fauquier Bank ("TFB"), a wholly owned subsidiary of Fauquier Bankshares, Inc., prepaid \$8 million of Federal Home Loan Bank of Atlanta ("FHLB") advances with a weighted average rate of 5.51%, and replaced the advances with lower costing retail deposits. The prepayment of the advances will generate a one-time prepayment penalty of \$378,000, net of income tax benefit, with the anticipated impact of reducing earnings by \$0.22 per share on a fully-diluted basis for the quarter ending December 31, 2001. This loss will be classified in the 2001 Consolidated Statement of Income as an extraordinary item.

The prepayment of FHLB debt resulted from the greater than anticipated success of TFB's current retail deposit retention campaign, whose implementation began during September 2001. The benefit of this prepayment strategy, in addition to the anticipated significant reduction in interest expense in future periods, is the increased flexibility it adds to TFB's asset/liability management and deposit gathering processes.

ITEM 7. FINANCIAL STATEMENTS, PROFORMA FINANCIAL INFORMATION AND EXHIBITS.

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(a) Not applicable

(b) Not applicable

(c) Not applicable

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

FAUQUIER BANKSHARES, INC.

Date: December 6, 2001

By: /s/ Eric P. Graap

Eric P. Graap
Senior Vice President and
Chief Financial Officer