

OLD POINT FINANCIAL CORP
Form 10-Q
May 10, 2007
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2007

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: 000-12896

OLD POINT FINANCIAL CORPORATION

(Exact name of registrant as specified in its charter)

VIRGINIA
(State or other jurisdiction of

incorporation or organization)

1 West Mellen Street, Hampton, Virginia 23663

(Address of principal executive offices) (Zip Code)

54-1265373
(I.R.S. Employer

Identification No.)

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(757) 728-1200

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

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

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

3,999,233 shares of common stock (\$5.00 par value) outstanding as of April 30, 2007

Table of Contents

OLD POINT FINANCIAL CORPORATION

FORM 10-Q

INDEX

PART I - FINANCIAL INFORMATION

| | Page |
|--|-----------|
| Item 1. <u>Financial Statements.</u> | 1 |
| <u>Consolidated Balance Sheets March 31, 2007 (unaudited) and December 31, 2006</u> | 1 |
| <u>Consolidated Statements of Income Three months ended March 31, 2007 and 2006 (unaudited)</u> | 2 |
| <u>Consolidated Statements of Changes in Stockholders' Equity Three months ended March 31, 2007 and 2006 (unaudited)</u> | 3 |
| <u>Consolidated Statements of Cash Flows Three months ended March 31, 2007 and 2006 (unaudited)</u> | 4 |
| <u>Notes to Consolidated Financial Statements (unaudited)</u> | 5 |
| Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations.</u> | 10 |
| Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk.</u> | 15 |
| Item 4. <u>Controls and Procedures.</u> | 16 |

PART II - OTHER INFORMATION

| | |
|--|-----------|
| Item 1. <u>Legal Proceedings.</u> | 17 |
| Item 1A. <u>Risk Factors.</u> | 17 |
| Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds.</u> | 17 |
| Item 3. <u>Defaults Upon Senior Securities.</u> | 17 |
| Item 4. <u>Submission of Matters to a Vote of Security Holders.</u> | 17 |
| Item 5. <u>Other Information.</u> | 17 |
| Item 6. <u>Exhibits.</u> | 18 |

Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial Statements.****Old Point Financial Corporation and Subsidiaries**

Consolidated Balance Sheets

| | March 31, 2007 (unaudited) | December 31, 2006 |
|--|----------------------------------|----------------------|
| Assets | | |
| Cash and due from banks | \$ 14,150,306 | \$ 18,571,359 |
| Federal funds sold | 28,279,303 | 18,213,002 |
| Cash and cash equivalents | 42,429,609 | 36,784,361 |
| Securities available-for-sale, at fair value | 175,617,732 | 184,806,097 |
| Securities held-to-maturity (fair value approximates \$3,556,547 and \$3,454,019) | 3,532,000 | 3,432,000 |
| Loans, net of allowance for loan losses of \$4,949,923 and \$4,783,685 | 577,811,791 | 578,809,269 |
| Premises and equipment, net | 26,178,838 | 26,409,594 |
| Bank owned life insurance | 10,756,279 | 10,608,106 |
| Other assets | 6,926,114 | 6,671,859 |
| | \$ 843,252,363 | \$ 847,521,286 |
| Liabilities & Stockholders' Equity | | |
| Deposits: | | |
| Noninterest-bearing deposits | \$ 98,978,037 | \$ 96,652,975 |
| Savings and interest-bearing demand deposits | 206,876,694 | 201,273,300 |
| Time deposits | 290,729,901 | 290,488,326 |
| Total deposits | 596,584,632 | 588,414,601 |
| Federal funds purchased, repurchase agreements and other borrowings | 52,139,063 | 57,052,656 |
| Federal Home Loan Bank advances | 115,000,000 | 125,000,000 |
| Accrued expenses and other liabilities | 3,324,412 | 2,388,777 |
| Total liabilities | 767,048,107 | 772,856,034 |
| Commitments and contingencies | | |
| Stockholders' Equity: | | |
| Common stock, \$5 par value, 10,000,000 shares authorized; 3,992,934 and 3,992,155 shares issued | 19,964,670 | 19,960,775 |
| Additional paid-in capital | 14,951,231 | 14,718,903 |
| Retained earnings | 43,086,279 | 42,245,413 |
| Accumulated other comprehensive income (loss) | (1,797,924) | (2,259,839) |
| Total stockholders' equity | 76,204,256 | 74,665,252 |
| | \$ 843,252,363 | \$ 847,521,286 |

See Notes to Consolidated Financial Statements.

Table of Contents**Old Point Financial Corporation and Subsidiaries**

Consolidated Statements of Income

| | Three Months Ended March 31, | |
|---|---|----------------|
| | 2007 | 2006 |
| | (unaudited) | |
| Interest and Dividend Income: | | |
| Interest and fees on loans | \$ 10,237,183 | \$ 8,299,035 |
| Interest on federal funds sold | 153,482 | 52,325 |
| Interest on securities: | | |
| Taxable | 1,223,870 | 1,288,073 |
| Tax-exempt | 326,472 | 388,284 |
| Dividends and interest on all other securities | 125,736 | 87,349 |
| Total interest and dividend income | 12,066,743 | 10,115,066 |
| Interest Expense: | | |
| Interest on savings and interest-bearing demand deposits | 632,763 | 493,593 |
| Interest on time deposits | 3,311,731 | 2,278,765 |
| Interest on federal funds purchased, securities sold under agreement to repurchase and other borrowings | 498,509 | 407,821 |
| Interest on Federal Home Loan Bank advances | 1,415,023 | 984,334 |
| Total interest expense | 5,858,026 | 4,164,513 |
| Net interest income | 6,208,717 | 5,950,553 |
| Provision for loan losses | 300,000 | 300,000 |
| Net interest income, after provision for loan losses | 5,908,717 | 5,650,553 |
| Noninterest Income: | | |
| Income from fiduciary activities | 796,914 | 677,414 |
| Service charges on deposit accounts | 1,392,947 | 1,333,935 |
| Other service charges, commissions and fees | 585,291 | 535,349 |
| Income from bank owned life insurance | 148,173 | 133,153 |
| Net gain on available-for-sale securities | 3,168 | 1,346 |
| Other operating income | 152,053 | 106,156 |
| Total noninterest income | 3,078,546 | 2,787,353 |
| Noninterest Expense: | | |
| Salaries and employee benefits | 3,902,298 | 3,711,596 |
| Occupancy and equipment | 898,587 | 891,520 |
| Postage and courier | 127,783 | 139,473 |
| Service fees | 75,031 | 168,727 |
| Data processing | 203,950 | 169,023 |
| Advertising | 173,301 | 141,843 |
| Customer development | 176,540 | 167,405 |
| Employee professional development | 149,220 | 132,053 |
| Other | 618,533 | 618,332 |
| Total noninterest expenses | 6,325,243 | 6,139,972 |
| Income before income taxes | 2,662,020 | 2,297,934 |
| Income tax expenses | 745,108 | 607,565 |

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| | | |
|------------|--------------|--------------|
| Net income | \$ 1,916,912 | \$ 1,690,369 |
|------------|--------------|--------------|

Basic Earnings per Share

| | | |
|--------------------------------------|-----------|-----------|
| Average shares outstanding | 3,989,413 | 3,994,992 |
| Net income per share of common stock | \$ 0.48 | \$ 0.42 |

Diluted Earnings per Share

| | | |
|--------------------------------------|-----------|-----------|
| Average shares outstanding | 4,031,355 | 4,056,488 |
| Net income per share of common stock | \$ 0.48 | \$ 0.42 |

See Notes to Consolidated Financial Statements.

Table of Contents**Old Point Financial Corporation and Subsidiaries**

Consolidated Statements of Changes in Stockholders' Equity

| (Unaudited) | Shares of Common Stock | Common Stock | Additional Paid-in Capital | Retained Earnings | Accumulated Other Comprehensive Income (Loss) | Total |
|---|------------------------------|----------------------|----------------------------------|----------------------|---|----------------------|
| FOR THREE MONTHS ENDED MARCH 31, 2007 | | | | | | |
| Balance at beginning of period | 3,992,155 | \$ 19,960,775 | \$ 14,718,903 | \$ 42,245,413 | \$ (2,259,839) | \$ 74,665,252 |
| Comprehensive income: | | | | | | |
| Net income | | | | 1,916,912 | | 1,916,912 |
| Unrealized holding gains arising during the period (net of tax, \$239,033) | | | | | 464,006 | 464,006 |
| Reclassification adjustment, (net of tax, \$1,077) | | | | | (2,091) | (2,091) |
| Total comprehensive income | | | | 1,916,912 | 461,915 | 2,378,827 |
| Sale of common stock | 6,313 | 31,565 | 232,328 | (227,775) | | 36,118 |
| Repurchase and retirement of common stock | (5,534) | (27,670) | | (129,888) | | (157,558) |
| Cash dividends (\$.18 per share) | | | | (718,383) | | (718,383) |
| Balance at end of period | 3,992,934 | \$ 19,964,670 | \$ 14,951,231 | \$ 43,086,279 | \$ (1,797,924) | \$ 76,204,256 |
| FOR THREE MONTHS ENDED MARCH 31, 2006 | | | | | | |
| Balance at beginning of period | 4,013,553 | \$ 20,067,765 | \$ 14,319,580 | \$ 39,074,325 | \$ (2,405,624) | \$ 71,056,046 |
| Comprehensive income: | | | | | | |
| Net income | | | | 1,690,369 | | 1,690,369 |
| Unrealized holding losses arising during the period (net of tax, \$149,128) | | | | | (289,485) | (289,485) |
| Reclassification adjustment, (net of tax, \$458) | | | | | (888) | (888) |
| Total comprehensive income (loss) | | | | 1,690,369 | (290,373) | 1,399,996 |
| Sale of common stock | 5,445 | 27,225 | 154,151 | (82,273) | | 99,103 |
| Repurchase and retirement of common stock | (31,118) | (155,590) | | (739,850) | | (895,440) |
| Cash dividends (\$.17 per share) | | | | (677,455) | | (677,455) |
| Balance at end of period | 3,987,880 | \$ 19,939,400 | \$ 14,473,731 | \$ 39,265,116 | \$ (2,695,997) | \$ 70,982,250 |

See Notes to Consolidated Financial Statements.

Table of Contents**Old Point Financial Corporation and Subsidiaries**

Consolidated Statements of Cash Flows

| | Three Months Ended March 31, | |
|---|---|---------------|
| | 2007 | 2006 |
| | (unaudited) | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income | \$ 1,916,912 | \$ 1,690,369 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 423,506 | 381,105 |
| Provision for loan losses | 300,000 | 300,000 |
| Net gain on sale of available-for-sale securities | (3,168) | (1,346) |
| Net amortization (accretion) of securities | (14,995) | (10,891) |
| Loss (gain) on disposal of equipment | | (100) |
| (Increase) in bank-owned life insurance | (148,173) | (133,153) |
| (Increase) in other assets | (492,211) | (373,110) |
| Increase in other liabilities | 935,635 | 1,007,360 |
| Net cash provided by operating activities | 2,917,506 | 2,860,234 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of available-for-sale securities | (806,555) | (1,484,481) |
| Purchases of held-to-maturity securities | (200,000) | (200,000) |
| Proceeds from maturities and calls of securities | 10,192,954 | 5,375,000 |
| Proceeds from sales of available-for-sale securities | 620,000 | 590,000 |
| Loans made to customers | (46,837,646) | (79,163,002) |
| Principal payments received on loans | 47,535,124 | 51,908,583 |
| Purchases of premises and equipment | (192,750) | (579,441) |
| Net cash provided by (used in) investing activities | 10,311,127 | (23,553,341) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Increase in non-interest bearing deposits | 2,325,062 | 7,197,956 |
| Increase in savings deposits | 5,603,394 | 9,432,429 |
| Proceeds from the sale of time deposits | 48,034,945 | 42,463,159 |
| Payments for maturing time deposits | (47,793,370) | (35,392,872) |
| Increase (decrease) in federal funds purchased and repurchase agreements | (4,557,048) | 3,693,691 |
| Increase (decrease) in Federal Home Loan Bank advances | (10,000,000) | 15,000,000 |
| (Decrease) in interest-bearing demand notes and other borrowed money | (356,545) | (1,656,724) |
| Proceeds from issuance of common stock | 36,118 | 99,103 |
| Repurchase and retirement of common stock | (157,558) | (895,440) |
| Cash dividends paid on common stock | (718,383) | (677,455) |
| Net cash provided by (used in) financing activities | (7,583,385) | 39,263,847 |
| Net increase in cash and cash equivalents | 5,645,248 | 18,570,740 |
| Cash and cash equivalents at beginning of period | 36,784,361 | 15,606,024 |
| Cash and cash equivalents at end of period | \$ 42,429,609 | \$ 34,176,764 |
| SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION | | |
| Cash payments for: | | |
| Interest | \$ 6,037,955 | \$ 4,008,816 |

SUPPLEMENTAL SCHEDULE OF NONCASH TRANSACTIONS

| | | |
|---|---------|-----------|
| Unrealized gain (loss) on investment securities | 699,871 | (439,959) |
| Loans transferred to other real estate owned | 240,000 | |
| See Notes to Consolidated Financial Statements. | | |

- 4 -

Table of Contents**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)****Note 1. General**

The accompanying unaudited consolidated financial statements of Old Point Financial Corporation (the Company) and its subsidiaries have been prepared in accordance with U.S. generally accepted accounting principles for interim financial information. All significant intercompany balances and transactions have been eliminated. In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments and reclassifications consisting of a normal and recurring nature considered necessary to present fairly the financial positions at March 31, 2007 and December 31, 2006, the results of operations for the three months ended March 31, 2007 and 2006, and statements of cash flows and changes in stockholders' equity for the three months ended March 31, 2007 and 2006. The results of operations for the interim periods are not necessarily indicative of the results that may be expected for the full year.

These financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's 2006 annual report on Form 10-K. Certain previously reported amounts have been reclassified to conform to current period presentation.

The Company maintains a website on the Internet at www.oldpoint.com. The Company makes available free of charge, on or through its website, its proxy statements, annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to those reports as soon as reasonably practicable after such material is electronically filed with the Securities and Exchange Commission (SEC). The information available at the Company's Internet address is not part of this Form 10-Q or any other report filed by the Company with the SEC. The public may read and copy any documents the Company files at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The Company's SEC filings can also be obtained on the SEC's website on the Internet www.sec.gov.

Note 2. Securities

Amortized costs and fair values of securities held-to-maturity at March 31, 2007 and December 31, 2006 are as follows:

| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value |
|---|-------------------|------------------------------|-------------------------------|---------------|
| | (in thousands) | | | |
| March 31, 2007 | | | | |
| Obligations of U.S. Government agencies | \$ 2,800 | \$ | \$ (17) | \$ 2,783 |
| Obligations of state and political subdivisions | 732 | 42 | | 774 |
| Total | \$ 3,532 | \$ 42 | \$ (17) | \$ 3,557 |
| December 31, 2006 | | | | |
| Obligations of U.S. Government agencies | \$ 2,700 | \$ | \$ (24) | \$ 2,676 |
| Obligations of state and political subdivisions | 732 | 46 | | 778 |
| Total | \$ 3,432 | \$ 46 | \$ (24) | \$ 3,454 |

Table of Contents

Amortized costs and fair values of securities available-for-sale at March 31, 2007 and December 31, 2006 are as follows:

| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value |
|---|-------------------|------------------------------|-------------------------------|-------------------|
| | (in thousands) | | | |
| March 31, 2007 | | | | |
| United States Treasury securities | \$ 994 | \$ | \$ (1) | \$ 993 |
| Obligations of U.S. Government agencies | 139,986 | | (2,152) | 137,834 |
| Obligations of state and political subdivisions | 28,469 | 416 | | 28,885 |
| Money market investments | 907 | | | 907 |
| Federal Home Loan Bank stock - restricted | 6,690 | | | 6,690 |
| Federal Reserve Bank stock - restricted | 169 | | | 169 |
| Other marketable equity securities | 168 | | (28) | 140 |
| Total | \$ 177,383 | \$ 416 | \$ (2,181) | \$ 175,618 |
| December 31, 2006 | | | | |
| United States Treasury securities | \$ 981 | \$ | \$ | \$ 981 |
| Obligations of U.S. Government agencies | 148,981 | | (2,895) | 146,086 |
| Obligations of state and political subdivisions | 29,157 | 458 | | 29,615 |
| Money market investments | 721 | | | 721 |
| Federal Home Loan Bank stock - restricted | 7,094 | | | 7,094 |
| Federal Reserve Bank stock - restricted | 169 | | | 169 |
| Other marketable equity securities | 168 | | (28) | 140 |
| Total | \$ 187,271 | \$ 458 | \$ (2,923) | \$ 184,806 |

Table of Contents

Information pertaining to securities with gross unrealized losses at March 31, 2007 and December 31, 2006, aggregated by investment category and length of time that individual securities have been in a continuous loss position, follows:

| | March 31, 2007 | | | | | |
|---|-------------------------------|---------------|-------------------------------|---------------|-------------------------------|---------------|
| | Less Than Twelve Months | | More Than Twelve Months | | Total | |
| | Gross Unrealized Losses | Fair Value | Gross Unrealized Losses | Fair Value | Gross Unrealized Losses | Fair Value |
| | (in thousands) | | | | | |
| Securities Available-for-Sale | | | | | | |
| Debt securities: | | | | | | |
| United States Treasury securities | \$ 1 | \$ 993 | \$ | \$ | \$ 1 | \$ 993 |
| Obligations of U.S. Government agencies | | | 2,152 | 137,834 | 2,152 | 137,834 |
| Total debt securities | 1 | 993 | 2,152 | 137,834 | 2,153 | 138,827 |
| Other marketable equity securities | | | 28 | 22 | 28 | 22 |
| Total securities available-for-sale | \$ 1 | \$ 993 | \$ 2,180 | \$ 137,856 | \$ 2,181 | \$ 138,849 |
| Securities Held-to-Maturity | | | | | | |
| Obligations of U.S. Government agencies | \$ 1 | \$ 999 | \$ 16 | \$ 1,584 | \$ 17 | \$ 2,583 |
| Total securities held-to-maturity | \$ 1 | \$ 999 | \$ 16 | \$ 1,584 | \$ 17 | \$ 2,583 |
| Total | \$ 2 | \$ 1,992 | \$ 2,196 | \$ 139,440 | \$ 2,198 | \$ 141,432 |

| | December 31, 2006 | | | | | |
|---|-------------------------------|---------------|-------------------------------|---------------|-------------------------------|---------------|
| | Less Than Twelve Months | | More Than Twelve Months | | Total | |
| | Gross Unrealized Losses | Fair Value | Gross Unrealized Losses | Fair Value | Gross Unrealized Losses | Fair Value |
| | (in thousands) | | | | | |
| Securities Available-for-Sale | | | | | | |
| Debt securities: | | | | | | |
| Obligations of U.S. Government agencies | \$ | \$ | \$ 2,895 | \$ 146,087 | \$ 2,895 | \$ 146,087 |
| Total debt securities | | | 2,895 | 146,087 | 2,895 | 146,087 |
| Other marketable equity securities | | | 28 | 22 | 28 | 22 |
| Total securities available-for-sale | \$ | \$ | \$ 2,923 | \$ 146,109 | \$ 2,923 | \$ 146,109 |
| Securities Held-to-Maturity | | | | | | |
| Obligations of U.S. Government agencies | \$ 1 | \$ 499 | \$ 23 | \$ 1,677 | \$ 24 | \$ 2,176 |
| Total securities held-to-maturity | \$ 1 | \$ 499 | \$ 23 | \$ 1,677 | \$ 24 | \$ 2,176 |
| Total | \$ 1 | \$ 499 | \$ 2,946 | \$ 147,786 | \$ 2,947 | \$ 148,285 |

Table of Contents

The Company has the ability and intent to hold these securities until maturity. The securities are impaired primarily due to rising interest rates. None of the securities are impaired due to credit issues. Therefore, securities with a loss are considered temporarily impaired.

Note 3. Loans

Loans at March 31, 2007 and December 31, 2006 are summarized as follows:

| | March 31, 2007 | December 31, 2006 |
|----------------------------------|-------------------|----------------------|
| | (in thousands) | |
| Commercial and other loans | \$ 63,908 | \$ 67,697 |
| Real estate loans: | | |
| Construction | 73,179 | 81,227 |
| Farmland | 53 | 220 |
| Equity lines of credit | 28,020 | 26,809 |
| 1-4 family residential | 122,926 | 120,915 |
| Multifamily residential | 5,423 | 5,898 |
| Nonfarm nonresidential | 225,206 | 213,606 |
| Installment loans to individuals | 60,516 | 63,670 |
| Tax-exempt loans | 3,161 | 3,191 |
| | | |
| Total loans | 582,392 | 583,233 |
| Less: Allowance for loan losses | (4,950) | (4,784) |
| Net deferred loan costs | 370 | 360 |
| | | |
| Loans, net | \$ 577,812 | \$ 578,809 |

Note 4. Allowance for Loan Losses

The following summarizes activity in the allowance for loan losses at March 31, 2007 and December 31, 2006:

| | March 31, 2007 | December 31, 2006 |
|----------------------------|-------------------|----------------------|
| | (in thousands) | |
| Balance, beginning of year | \$ 4,784 | \$ 4,448 |
| Recoveries | 106 | 331 |
| Provision for loan losses | 300 | 1,200 |
| Loans charged off | (240) | (1,195) |
| | | |
| Balance, end of period | \$ 4,950 | \$ 4,784 |

Note 5. Share-Based Compensation

Share-based compensation arrangements include stock options, restricted stock plans, performance-based awards, stock appreciation rights and employee stock purchase plans. Statement of Financial Accounting Standards (SFAS) No. 123R, Share-Based Payment (SFAS No. 123R) requires all share-based payments to employees to be valued using a fair value method on the date of grant and to be expensed based on that fair value over the applicable vesting period. SFAS No. 123R was adopted by the Company as of January 1, 2006. The Company has not issued any new options since SFAS No. 123R became effective.

The Company has stock option plans which have 395,455 shares of common stock reserved for grants to key employees and directors. Currently, 224,637 shares of common stock from these plans are outstanding at March 31, 2007. The exercise price of each option equals the market price of the Company's common stock on the date of the grant and an option's maximum term is ten years.

Table of Contents

Stock option plan activity for the three months ended March 31, 2007 is summarized below:

| | Shares | Weighted Average Exercise Price | Weighted Average Remaining Contractual Life (in years) | Aggregate Intrinsic Value |
|--------------------------------|----------|--|---|---------------------------------|
| Options outstanding, January 1 | 243,747 | \$ 22.28 | | |
| Granted | | | | |
| Exercised | (10,110) | 14.11 | | |
| Canceled or expired | (9,000) | 21.37 | | |
| Options outstanding, March 31 | 224,637 | 22.69 | 4.10 | \$ 1,267,460 |
| Options exercisable, March 31 | 224,637 | \$ 22.69 | 4.10 | \$ 1,267,460 |

The aggregate intrinsic value of a stock option in the table above represents the total pre-tax intrinsic value (the amount by which the current market value of the underlying stock exceeds the exercise price of the option) that would have been received by the option holders had all option holders exercised their options on March 31, 2007. This amount changes based on changes in the market value of the Company's stock.

The total proceeds of options exercised during the first three months ended March 31, 2007 was \$143 thousand. The intrinsic value for options exercised during the first three months ended March 31, 2007 was \$140 thousand.

As of March 31, 2007, there was no unrecognized compensation expense because all outstanding options were vested.

SFAS 123R requires the benefits of tax deductions in excess of grant-date fair value to be reported as a financing cash flow. The Company did not have any tax benefit deductions from the exercise of stock options in the first quarter of 2007.

Note 6. Pension Plan

The Company provides pension benefits for eligible participants through a non-contributory defined benefits pension plan. The plan was frozen effective September 30, 2006; therefore no additional participants will be added to the plan. The components of net periodic pension cost are as follows:

| Quarter ended March 31, | 2007 | 2006 |
|--|------------------|------------|
| | Pension Benefits | |
| Service cost | \$ | \$ 126,049 |
| Interest cost | 71,947 | 83,788 |
| Expected return on plan assets | (102,901) | (96,067) |
| Amortization of prior service cost | | 320 |
| Amortization of net loss | 8,605 | 44,789 |
| Net periodic pension plan cost (benefit) | \$ (22,349) | \$ 158,879 |

The Company does not expect to make any contributions to the plan in 2007.

Table of Contents

Note 7. Earnings per Share

Basic earnings per share is computed by dividing net income by the weighted average number of shares outstanding during the period. Diluted earnings per share is computed using the weighted average number of common shares outstanding during the period, including the effect of dilutive potential common shares attributable to outstanding stock options.

\$127 thousand potential common shares outstanding attributable to stock options were not included in the diluted earnings per share calculation because they were antidiluted.

Note 8. Recent Accounting Pronouncements

In September 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 157, Fair Value Measurements (SFAS 157). SFAS 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. SFAS 157 does not require any new fair value measurements but may change current practice for some entities. This Statement is effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim periods within those years. The Company does not expect the implementation of SFAS 157 to have a material impact on its consolidated financial statements.

In February 2007, the FASB issued Statement of Financial Accounting Standards No. 159, The Fair Value Option for Financial Assets and Financial Liabilities (SFAS 159). This statement permits entities to choose to measure many financial instruments and certain other items at fair value. The objective is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. The fair value option established by this Statement permits all entities to choose to measure eligible items at fair value at specified election dates. A business entity shall report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date. The fair value option may be applied instrument by instrument and is irrevocable. SFAS 159 is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007. Early adoption is permitted as of the beginning of a fiscal year that begins on or before November 15, 2007, provided the entity also elects to apply the provisions of SFAS 157, Fair Value Measurements. The Company is in the process of evaluating the impact this statement may have on its consolidated financial statements but does not intend to adopt early.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion is intended to assist readers in understanding and evaluating the financial condition, changes in financial condition and the results of operations of the Company. The Company consists of the parent company and its wholly-owned subsidiaries, The Old Point National Bank of Phoebus (the Bank) and Old Point Trust & Financial Services, N. A. (Trust), collectively referred to as the Company. This discussion should be read in conjunction with the consolidated financial statements and other financial information contained elsewhere in this report.

Caution About Forward-Looking Statements

In addition to historical information, this report may contain forward-looking statements. For this purpose, any statement that is not a statement of historical fact may be deemed to be a forward-looking statement. These forward-looking statements may include statements regarding profitability, liquidity, allowance for loan losses, interest rate sensitivity, market risk, growth strategy and financial and other goals. Forward-looking statements often use words such as believes, expects, plans, may, will, should, projects, contemplates, and forecasts, intends or other words of similar meaning. You can also identify them by the fact that they do not relate strictly to historical or current facts. Forward-looking statements are subject to numerous assumptions, risks and uncertainties, and actual results could differ materially from historical results or those anticipated by such statements.

Table of Contents

Factors that could have a material adverse effect on the operations and future prospects of the Company include, but are not limited to, changes in: interest rates, general economic conditions, monetary and fiscal policies of the U.S. Government, including policies of the Office of the Comptroller of the Currency, U.S. Treasury and the Federal Reserve Board, the quality or composition of the loan or investment portfolios, demand for loan products, deposit flows, competition, and accounting principles, policies and guidelines. These risks and uncertainties should be considered in evaluating the forward-looking statements contained herein, and readers are cautioned not to place undue reliance on such statements. Any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which it is made. In addition, past results of operations are not necessarily indicative of future results.

General

The Company is the parent company of the Bank and Trust. The Bank is a locally owned and managed community bank serving the Hampton Roads localities of Hampton, Newport News, Norfolk, Virginia Beach, Chesapeake, Williamsburg/James City County, York County and Isle of Wight County. The Bank currently has 19 branch offices. Trust is a wealth management services provider.

Critical Accounting Policies and Estimates

As of March 31, 2007, there have been no significant changes with regard to the critical accounting policies and estimates disclosed in the Company's annual report on Form 10-K for the year ended December 31, 2006. That disclosure included a discussion of the accounting policy that requires management's most difficult, subjective or complex judgments: the allowance for loan losses.

Earnings Summary

Net income for the first quarter of 2007 was \$1.9 million as compared with \$1.7 million earned in the comparable quarter in 2006, an increase of 13.40%. Basic and diluted earnings per share for the first quarter 2007 were \$0.48. Basic and diluted earnings per share for the first quarter of 2006 were \$0.42. Annualized return on average assets (ROA) for the first quarter of 2007 was 0.92% and 0.90% for the comparable period in 2006. Return on equity (ROE) was 10.12% for the first quarter of 2007 compared with 9.52% for the same period in 2006.

Net Interest Income

The principal source of earnings for the Company is net interest income. Net interest income is the difference between interest and fees generated by earning assets and interest expense paid to fund them. Changes in the volume and mix of interest-earning assets and interest-bearing liabilities, as well as their respective yields and rates, have a significant impact on the level of net interest income. The net interest margin is calculated by dividing tax equivalent net interest income by average earning assets.

Net interest income, on a fully tax equivalent basis, was \$6.4 million in the first quarter of 2007, an increase of \$227 thousand from the first quarter of 2006. The net interest margin was 3.27% in the first quarter of 2007 as compared to 3.48% in 2006. Due to the flat yield curve, management anticipated the net interest margin would decline. Therefore, management made a conscious effort to grow the loan portfolio to reduce the negative effect on interest income caused by the flat yield curve. The average loan portfolio grew by \$78.5 million between the first quarter of 2006 and the first quarter of 2007.

Tax equivalent interest income increased \$1.9 million, or 18.59%, in the first quarter of 2007 compared to the same period of 2006. Average earning assets grew \$74.4 million, or 10.50%. The yield on earning assets increased in 2007 by 43 basis points. Most of the increase was due to increasing yields in the loan portfolio.

Interest expense increased \$1.7 million, or 40.68%, and interest-bearing liabilities increased 12.88% in the first quarter of 2007 compared to the same period of 2006. The cost of funding those liabilities increased 71 basis points.

The following table shows an analysis of average earning assets, interest-bearing liabilities and rates and yields. Nonaccrual loans are included in loans outstanding.

Table of Contents

AVERAGE BALANCE SHEETS, NET INTEREST INCOME* AND RATES*

For the quarter ended March 31,

| | Average Balance | 2007 Interest Income/ Expense | Yield/ Rate** | Average Balance | 2006 Interest Income/ Expense | Yield/ Rate** |
|---|--------------------|--|------------------|--------------------|--|------------------|
| (in thousands) | | | | | | |
| ASSETS | | | | | | |
| Loans | \$ 584,652 | \$ 10,257 | 7.02% | \$ 506,109 | \$ 8,318 | 6.57% |
| Investment securities: | | | | | | |
| Taxable | 158,176 | 1,349 | 3.41% | 164,356 | 1,375 | 3.35% |
| Tax-exempt | 28,290 | 495 | 7.00% | 33,335 | 588 | 7.05% |
| Total investment securities | 186,466 | 1,844 | 3.96% | 197,691 | 1,963 | 3.97% |
| Federal funds sold | 11,759 | 153 | 5.20% | 4,692 | 52 | 4.43% |
| Total earning assets | 782,877 | \$ 12,254 | 6.26% | 708,492 | \$ 10,333 | 5.83% |
| Reserve for loan losses | (4,866) | | | (4,535) | | |
| Cash and due from banks | 13,112 | | | 14,887 | | |
| Bank premises and equipment, net | 26,612 | | | 21,510 | | |
| Other assets | 14,645 | | | 13,039 | | |
| Total assets | \$ 832,380 | | | \$ 753,393 | | |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | | | | |
| Time and savings deposits: | | | | | | |
| Interest-bearing transaction accounts | \$ 10,629 | \$ 7 | 0.26% | \$ 8,342 | \$ 5 | 0.24% |
| Money market deposit accounts | 150,626 | 578 | 1.53% | 152,154 | 437 | 1.15% |
| Savings accounts | 38,883 | 48 | 0.49% | 41,778 | 51 | 0.49% |
| Time deposits, \$100,000 or more | 109,415 | 1,334 | 4.88% | 81,755 | 777 | 3.80% |
| Other time deposits | 181,612 | 1,978 | 4.36% | 164,014 | 1,502 | 3.66% |
| Total time and savings deposits | 491,165 | 3,945 | 3.21% | 448,043 | 2,772 | 2.47% |
| Federal funds purchased, repurchase agreements and other borrowings | 51,007 | 498 | 3.91% | 50,199 | 408 | 3.25% |
| Federal Home Loan Bank advances | 116,398 | 1,415 | 4.86% | 85,179 | 984 | 4.62% |
| Total interest-bearing liabilities | 658,570 | \$ 5,858 | 3.56% | 583,421 | \$ 4,164 | 2.85% |
| Demand deposits | 95,167 | | | 96,521 | | |
| Other liabilities | 2,845 | | | 2,461 | | |
| Total liabilities | 756,582 | | | 682,403 | | |
| Stockholders' equity | 75,798 | | | 70,990 | | |
| Total liabilities and stockholders' equity | \$ 832,380 | | | \$ 753,393 | | |
| Net interest margin | | \$ 6,396 | 3.27% | | \$ 6,169 | 3.48% |

* Computed on a fully taxable equivalent basis using a 34% rate

** Annualized

Table of Contents

Provision for Loan Losses

The provision for loan losses is a charge against earnings necessary to maintain the allowance for loan losses at a level consistent with management's evaluation of the portfolio.

The provision for loan losses was \$300 thousand for the first three months of 2007, and \$300 thousand in the comparable period in 2006. Loans charged off (net of recoveries) in the first three months of 2007 were \$34 thousand lower than in the first quarter 2006. On an annualized basis net loan charge-offs were 0.09% of total net loans for the first three months of 2007 compared with 0.13% for the same period in 2006.

On March 31, 2007, nonperforming assets totaled \$2.0 million compared with \$1.1 million on March 31, 2006. The March 2007 total consisted of \$1.3 million in restructured debt, \$129 thousand in loans still accruing but past due 90 days or more, \$166 thousand in nonaccrual loans, \$165 thousand in a former branch site listed for sale and \$240 thousand in foreclosed property. The March 2006 total consisted of \$636 thousand in loans still accruing interest but past due 90 days or more, \$291 thousand in nonaccrual loans and \$165 thousand in a former branch site listed for sale. Loans still accruing interest but past due 90 days or more decreased to \$130 thousand as of March 31, 2007 compared with \$636 thousand as of March 31, 2006.

The allowance for loan losses on March 31, 2007 was \$5.0 million, compared with \$4.6 million on March 31, 2006. As of March 31, 2007 the allowance for loan losses represented a multiple of 2.44 times nonperforming assets and 3.05 times nonperforming loans. Nonperforming loans includes nonaccrual loans, loans still accruing but past due 90 days or more and restructured loans. The allowance for loan losses was 0.85% and 0.88% of total loans on March 31, 2007 and 2006, respectively.

Noninterest Income

For the first quarter of 2007, noninterest income increased \$291 thousand, or 10.45%, over the same period in 2006. \$120 thousand of the growth in noninterest income is attributed to income from fiduciary activities. A fee increase, growth in new business and market value growth are the reasons for the additional fiduciary income. Also, brokered mortgage income for the first quarter 2007 was \$46 thousand higher than 2006. Finally, noninterest income was positively affected by a Federal Home Loan Bank (FHLB) advance transaction. The unwinding of a \$5.0 million advance in the first quarter of 2007 contributed \$80 thousand to income in the first quarter of 2007.

Noninterest Expenses

For the first quarter of 2007, noninterest expenses increased only \$185 thousand, or 3.02%, over the first quarter of 2006. Salaries and employee benefits increased by \$191 thousand, or 5.14%, as a result of normal yearly salary increases and an increase of 10 in the Company's full time equivalent (FTE) positions.

Occupancy expenses increased \$7 thousand, or 0.79%. The Company has not opened any new facilities since February 2006 and has been able to control expenses in this area. The Company plans on opening an additional branch in the Virginia Beach area in the fourth quarter of this year and expects occupancy costs to rise due to the opening.

Balance Sheet Review

At March 31, 2007, the Company had total assets of \$843.3 million, a decrease of 0.50% from \$847.5 million at December 31, 2006. Net loans as of March 31, 2007 were \$577.8 million, a decrease of 0.17% from \$578.8 million at December 31, 2006.

Average assets for the first quarter of 2007 were \$832.4 million compared to \$753.4 million for the first quarter of 2006. The growth in assets in 2007 was due to the growth in average loans, which increased 15.52% as compared to the same period in 2006.

Total investment securities at March 31, 2007 were \$179.2 million, a decrease of 4.83% from \$188.2 million on December 31, 2006. The Company's goal is to provide maximum return on the investment portfolio within the framework of its asset/liability objectives. The objectives include managing interest sensitivity, liquidity and pledging requirements.

Table of Contents

During 2007, one of the Company's strategic goals is to restructure the balance sheet in order to improve the net interest margin. At the Bank, \$93.2 million in government agency securities will be maturing in 2007. As of December 31, 2006, these agencies had an average yield of 3.16%. In addition, the Bank had \$125.0 million in FHLB advances outstanding as of December 31, 2006 that had an average annual yield of 4.81%.

During the year, the Company intends to use funds from the low yielding maturing securities to pay down its high cost FHLB advances or to invest in higher yielding loans or securities. During the first quarter of 2007 the Company reduced its FHLB advances by \$10.0 million.

At March 31, 2007, total deposits increased to \$596.6 million, up 1.39% from \$588.4 million on December 31, 2006. The majority of this growth occurred in the Company's noninterest-bearing deposits and savings and interest-bearing demand deposits categories, which are of lower cost to the Company than its time deposit category. The Company initiated a low cost deposit incentive program with its branch and commercial lending staff in 2006. In addition, extensive sales training was conducted for branch personnel during the first quarter of 2007.

Federal funds purchased, repurchase agreements and other borrowings decreased to \$52.1 million, a decrease of 8.61% from \$57.1 million on December 31, 2006. FHLB advances decreased to \$115.0 million, a decrease of 8.00% from \$125.0 million on December 31, 2006.

Capital Resources

Under the banking regulations, Total Capital is composed of core capital (Tier 1) and supplemental capital (Tier 2). Tier 1 capital consists of common stockholders' equity and retained earnings less goodwill. Tier 2 capital consists of certain qualifying debt and a qualifying portion of the allowance for loan losses. The following is a summary of the Company's capital ratios at March 31, 2007. As shown below, these ratios were all well above the regulatory minimum levels.

| | 2007 Regulatory Minimums | March 31, 2007 |
|-----------------|---|-----------------------|
| Tier 1 | 4.00% | 12.61% |
| Total Capital | 8.00% | 13.41% |
| Tier 1 Leverage | 3.00% | 9.36% |

Quarter-end book value per share was \$19.08 in 2007 and \$17.80 in 2006. Cash dividends were \$718 thousand or \$0.18 per share in the first quarter of 2007, and \$0.17 per share in the first quarter of 2006. The common stock of the Company has not been extensively traded.

Liquidity

Liquidity is the ability of the Company to meet present and future financial obligations through either the sale or maturity of existing assets or the acquisition of additional funds through liability management. Liquid assets include cash, interest-bearing deposits with banks, federal funds sold, investments in securities and loans maturing within one year. For the remainder of 2007, the Bank has \$84.2 million in maturing government agency securities.

In addition, secondary sources are available through the use of borrowed funds if the need should arise. The Company's sources of funds include a large stable deposit base and secured advances from FHLB. As of the end of the first quarter of 2007, the Company had \$136.0 million in FHLB borrowing availability. The Company has available short-term unsecured borrowed funds in the form of federal funds with correspondent banks. As of the end of the first quarter of 2007, the Company had \$40.0 million available in federal funds to handle any short-term borrowing needs.

Table of Contents

Management is not aware of any market or institutional trends, events or uncertainties that are expected to have a material effect on the liquidity, capital resources or operations of the Company. Nor is management aware of any current recommendations by regulatory authorities that would have a material effect on liquidity, capital resources or operations. The Company's internal sources of such liquidity are deposits, loan and investment repayments and securities available for sale. The Company's primary external source of liquidity is advances from the FHLB of Atlanta.

As a result of the Company's management of liquid assets, availability of borrowed funds and the ability to generate liquidity through liability funding, management believes that the Company maintains overall liquidity sufficient to satisfy its depositors' requirements and to meet its customers' future borrowing needs.

Contractual Obligations

In the normal course of business there are various outstanding contractual obligations of the Company that will require future cash outflows. In addition, there are commitments and contingent liabilities, such as commitments to extend credit that may or may not require cash outflows.

The Company purchased property for two future branch sites in 2006. These properties were purchased outright, not financed. The Company intends to open branches on these sites within the next two years. Funds will be used to renovate or construct branches at these locations.

As of March 31, 2007, there have been no material changes outside the ordinary course of business in the Company's contractual obligations disclosed in the Company's annual report on Form 10-K for the year ended December 31, 2006.

Off-Balance Sheet Arrangements

As of March 31, 2007, there were no material changes in the Company's off-balance sheet arrangements disclosed in the Company's annual report on Form 10-K for the year ended December 31, 2006.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

An important element of earnings performance and the maintenance of sufficient liquidity is proper management of the interest sensitivity gap and liquidity gap. The interest sensitivity gap is the difference between interest sensitive assets and interest sensitive liabilities in a specific time interval. This gap can be managed by repricing assets or liabilities, which are variable rate instruments, by replacing an asset or liability at maturity or by adjusting the interest rate during the life of the asset or liability. Matching the amounts of assets and liabilities maturing in the same time interval helps to hedge interest rate risk and to minimize the impact of rising or falling interest rates on net interest income.

The Company determines the overall magnitude of interest sensitivity risk and then formulates policies governing asset generating and pricing, funding sources and pricing, and off-balance sheet commitments. These decisions are based on management's expectations regarding future interest rate movements, the state of the national and regional economy, and other financial and business risk factors. The Company uses computer simulations to measure the effect of various interest rate scenarios on net interest income. This modeling reflects interest rate changes and the related impact on net interest income and net income over specified time horizons.

Based on scheduled maturities only, the Company was liability sensitive as of March 31, 2007. It should be noted, however, that non-maturing deposit liabilities totaling \$207.0 million, which consist of interest checking, money market, and savings accounts, are less interest sensitive than other market driven deposits. In a rising rate environment these deposit rates have historically lagged behind the changes in earning asset rates, thus mitigating the impact from the liability sensitivity position. The asset/liability model allows the Company to reflect the fact that non-maturing deposits are less rate sensitive than other deposits by using a decay rate. The decay rate is a type of artificial maturity that simulates maturities for non-maturing deposits over the number of months that more closely reflects historic data. Using the decay rate, the model reveals that the Company is slightly asset sensitive.

Table of Contents

When the Company is asset sensitive, net interest income should improve if interest rates rise since assets will reprice faster than liabilities. Conversely, if interest rates fall, net interest income should decline, depending on the optionality (prepayment speeds) of the assets. When the Company is liability sensitive, net interest income should fall if rates rise and rise if rates fall.

The most likely scenario represents the rate environment as management forecasts it to occur. Management uses a static test to measure the effects of changes in interest rates on net interest income. This test assumes that management takes no steps to adjust the balance sheet to respond to the shock by repricing assets/liabilities, as discussed in the first paragraph of this section.

Under the rate environment forecasted by management, rate shocks in 100 basis point increments are applied to see the impact on the Company's earnings at March 31, 2007. The rate shock model reveals that a 100 basis point decrease in rates would cause an approximately 2.20% decrease in net income and a 200 basis point decrease in rates would cause an approximately 5.18% decrease in net income. The rate shock model reveals that a 100 basis point rise in rates would cause an approximately 1.69% increase in net income and that a 200 basis point rise in rates would cause an approximately 2.79% increase in net income.

Item 4. Controls and Procedures.

The Company maintains a system of disclosure controls and procedures that is designed to ensure that material information is accumulated and communicated to management, including the Company's Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions to be made regarding required disclosure. As required, management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures as of the end of the period covered by this report. Based on this evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were operating effectively to ensure that information required to be disclosed by the Company in reports that it files or submits under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the SEC.

The Company's management is also responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. No changes in the Company's internal control over financial reporting occurred during the fiscal quarter ended March 31, 2007 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

The Company's management, including the Chief Executive Officer and Chief Financial Officer, does not expect that the Company's disclosure controls and procedures or the Company's internal controls will prevent all error and fraud. A control system, no matter how well conceived and operated, provides reasonable, not absolute, assurance that the objectives of the control system are met. The design of a control system reflects resource constraints and the benefits of controls must be considered relative to their costs. Because there are inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been or will be detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns occur because of simple error or mistake. Controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls is based in part upon certain assumptions about the likelihood of future events. There can be no assurance that any design will succeed in achieving its stated goals under all future conditions; over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with the policies or procedures. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Table of Contents**PART II - OTHER INFORMATION****Item 1. Legal Proceedings.**

There are no pending or threatened legal proceedings to which the Company, or any of its subsidiaries, is a party or to which the property of either the Company or its subsidiaries is subject that, in the opinion of management, may materially impact the financial condition of the Company.

Item 1A. Risk Factors.

As of March 31, 2007, there have been no material changes in the risk factors faced by the Company from those disclosed in the Company's annual report on Form 10-K for the year ended December 31, 2006.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

The following table presents the monthly share repurchases during the period ended March 31, 2007:

| Period | Total Number of Shares Purchased | Average Price Paid Per Share | Total Number of Shares Purchased as Part of the Repurchase Program (1) | Maximum Number of Shares that May Yet Be Purchased Under the Repurchase Program (1) |
|----------------------|---|---------------------------------------|---|--|
| 1/1/2007 - 1/31/2007 | 5,534 | \$ 28.47 | 5,534 | 194,074 |
| 2/1/2007 - 2/28/2007 | | | | 194,074 |
| 3/1/2007 - 3/31/2007 | | | | 194,074 |
| Total | 5,534 | | 5,534 | |

- (1) In replacement of a similar authorization in 2006, on January 9, 2007, the Company authorized a program to repurchase during any given calendar year up to an aggregate of five percent (5%) of the shares of the Company's common stock outstanding as of January 1 of that calendar year. There is currently no stated expiration date for this program. The Company repurchased 5,534 shares of the Company's common stock during the quarter ended March 31, 2007.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Submission of Matters to a Vote of Security Holders.

There were no matters submitted to a vote of security holders during the quarter ended March 31, 2007.

Item 5. Other Information.

The Company has made no changes to the procedures by which security holders may recommend nominees to its board of directors.

Table of Contents

Item 6. Exhibits.

Exhibits

| Exhibit No. | Description |
|--------------------|--|
| 3.1 | Articles of Incorporation of Old Point Financial Corporation, as amended April 25, 1995 (incorporated by reference to Exhibit 3 to Form 10-K filed March 26, 1999) |
| 3.2 | Bylaws of Old Point Financial Corporation, as amended August 11, 1992 (incorporated by reference to Exhibit 3 to Form 10-K filed March 26, 1999) |
| 31.1 | Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 31.2 | Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 32.1 | Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |

Table of Contents

SIGNATURES

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 thereunto duly authorized.

OLD POINT FINANCIAL CORPORATION

May 10, 2007

/s/ Robert F. Shuford
Robert F. Shuford
Chairman, President & Chief Executive Officer
(Principal Executive Officer)

May 10, 2007

/s/ Laurie D. Grabow
Laurie D. Grabow
Chief Financial Officer & Senior Vice President/Finance
(Principal Financial & Accounting Officer)

- 19 -