5003 Falls of Neuse Road

Raleigh
North Carolina
27609

919-876-8868 ph

www.equityresearch.com

Old Point Financial Corporation

(OPOF – NASDAQ GLOBAL MARKET)

John A. (Buddy) Howard, CFA
July 29, 2019

Price:	$22.49	**EPS ***	**2017A:**	$(0.01)	**P/E**	**2017A:**	NMF
52 Wk. Range:	$19.00 - $29.90	(FY: DEC)	**2018A:**	$ 0.96		**2018A:**	23.4 x
Div/Div Yld:	$0.48 / 2.1%		**2019E:**	$ 1.35		**2019E:**	16.7 x
Shrs/Mkt Cap:	5.2 mm / $117 mm	**Book Value:***		$ 20.65	**Price/Book Value:**		1.09 x

* EPS are diluted. 2017 EPS includes multiple non-operating items. 2018 EPS includes $0.14 in merger-related costs.

** Tangible book value is $20.26 per share.

SYMBOL: OPOF

ASSETS: $1.0 BB

HQ: HAMPTON, VA

MEDIA CONTACT:
LAURA WRIGHT
(757) 728-1743

Background

Old Point Financial Corporation ("the Company" or "Old Point") is a Hampton, Virginia-based bank holding company with two bank subsidiaries, The Old Point National Bank of Phoebus ("Old Point National Bank") and Old Point Trust & Financial Services, N.A. ("Old Point Trust"). As of June 30, 2019, the Company had total assets of approximately $1.0 billion and was serving the Hampton, Newport News, Williamsburg/James City County, Norfolk, Chesapeake, Virginia Beach and Isle of Wight County areas through 18 active branch offices. Through Old Point National Bank, the Company offers a broad range of banking services to retail and commercial customers, including mortgage and insurance. Through Old Point Trust, the Company provides a full range of trust services, including retirement, estate, tax and financial planning and investment management services. The Company's stock trades on the Nasdaq Global Market under the symbol "OPOF."

2ND QUARTER HIGHLIGHTS:

EARNINGS CAME IN ON TARGET WITH EXPECTATIONS

EARNINGS POSTED A SOLID INCREASE EVEN AFTER ADDING BACK THE MERGER EXPENSES FROM THE YEAR-AGO QUARTER

EPS: $0.31 VS. $0.19

NET INTEREST INCOME INCREASED 1%, WHILE CORE NONINTEREST INCOME GREW 6%

NONINTEREST EXPENSE, EXCLUDING MERGER-RELATED EXPENSES AND OREO LOSSES, DECREASED 3%

Net Operating Earnings Increased 10% in the Second Quarter of 2019

Old Point Financial Corporation reported solid earnings for the second quarter of 2019 that were right in line with expectations. While there was a bit of "noise" in the quarterly comparisons, in that the year-ago quarter included nonrecurring merger-related costs from the acquisition of Citizens National Bank, the results excluding those year-ago costs still represented a solid increase this year. The operating earnings improvement resulted from increases in net interest income and noninterest income, as well as lower expenses. Key profitability ratios also improved. Finally, asset quality strengthened, as nonperforming assets declined for the third quarter-end in a row.

Reported net income for the second quarter of 2019 was $1,626,000, or $0.31 per diluted share, compared to $992,000, or $0.19 per diluted share, in the year-ago quarter. Net interest income was up slightly (1%) to $8,531,000 for the second quarter of 2019 from $8,426,000 in the year-ago quarter, reflecting a modest improvement in both margins and average earning assets. Offsetting this growth was an increase in the provision for loan losses, which was $787,000 in 2019's second quarter, versus $575,000 in the year-ago quarter. Noninterest income, excluding gains on the sale of securities, increased 6% to $3,573,000 in 2019's second quarter from $3,384,000 in the year-ago quarter, with growth in other service charges, commissions and fees, BOLI income and mortgage banking income offsetting a decline in deposit service charges. One area we were particularly pleased with was cost containment, as noninterest expense (excluding merger-related/severance costs and OREO losses) was down 2% to $9,508,000 in the second quarter of 2019 from $9,653,000 in the year-ago quarter.

Net income for the six months ended June 30, 2019 was $3,653,000, or $0.70 per diluted share, as compared to $1,934,000, or $0.38 per diluted share, in the year-ago period. Net operating income (excluding merger-related costs) for the first half of 2019 totaled $3,653,000, up 40% from $2,618,000 in the first half of 2018. Net interest income was up 5%, while core noninterest income increased 8%

FIRST HALF HIGHLIGHTS:

EPS: $0.70 VS. $0.38

NET OPERATING INCOME INCREASED 40%

KEY PROFITABILITY METRICS IMPROVED

and noninterest expense (excluding merger-related costs and OREO losses) was down 1%. Also, most of the key profitability metrics improved in 2019's first half relative to year-ago levels, as can be seen from the adjacent table. Balance sheet growth was fairly stable, with assets and loans contracting slightly, while deposits were up modestly. Meanwhile, capital continues to expand, which is leading to strong capital ratios. Shareholders' equity was $107 million (10.4% of total assets) at June 30, 2019, up 8% from $99 million (9.6% of total assets) at the year-ago date.

Year-to-Date Performance Ratios (Annualized %)

	6/30/18	6/30/19
Net Operating ROAA*	0.52	0.72
Net Operating ROAE*	5.43	7.02
Oper. Efficiency Ratio *	82.61	78.20

**excludes merger related costs/compensation exp.*

Robert Shuford Sr. to Retire As Chairman, CEO and President

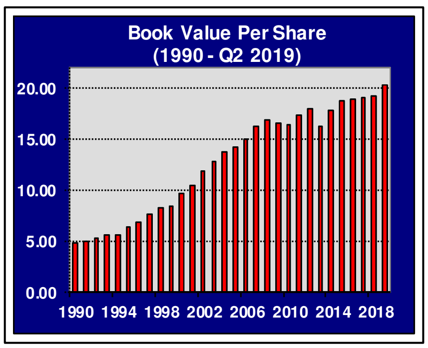
ROBERT F. SHUFORD, SR. WILL RETIRE IN JANUARY 2020

MR. SHUFORD HAS SERVED THE COMPANY FOR 54 YEARS

UNDER HIS DIRECTION, THE COMPANY HAS STEADILY GROWN, WITH A SOLID RATE OF GROWTH IN BOOK VALUE PER SHARE

THE INCREASE IN ASSETS FROM $250 MILLION IN 1990 TO MORE THAN $1 BILLION PRESENTLY OCCURRED WITHOUT DILUTING SHAREHOLDER OWNERSHIP THROUGH STOCK OFFERINGS

On July 18, 2019, the Company announced that Robert F Shuford, Sr. ("Mr. Shuford"), Chairman, President and CEO of Old Point Financial Corporation, intends to retire effective January of 2020. Mr. Shuford, who has served the Bank for 54 years, will be succeeded by Robert Shuford, Jr., who has been successfully managing the Company's operations in his role as Chairman, CEO and President of Old Point National Bank (the subsidiary of the Company). As impressive as it is that Mr. Shuford served the organization for so many years, we find the Company's record of growth under his leadership just as, if not even more, noteworthy. While there are many metrics we could use to make that point, such as asset or earnings growth, one of the better measures is book value per share, as this incorporates not only profitability (at least, the profits that are retained), but also dilution/new share issuance. After all, many banks can expand the asset base by constantly getting additional capital; it is much more challenging to earn enough to be essentially self-sustaining, which is what Mr. Shuford and his team did. From 1990 (the oldest data we could easily find) to the present, assets increased from less than $250 million in 1990 to more than $1 billion, with only a modest increase in the number of shares outstanding. Tangible book value increased from $4.75 in 1990 to $20.26 presently. The one period when there was a respite from this consistent growth was during the Great Recession, and even then, tangible book value held up relatively well. Mr. Shuford will remain a Director of the Company following his retirement.



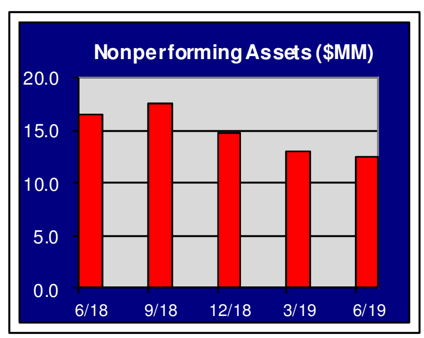
Nonperforming Assets Continue to Sequentially Decrease

NONPERFORMING ASSETS DECREASED FOR THE THIRD QUARTER-END IN A ROW

NPAS/ASSETS: 1.21%

RESERVES/GROSS LOANS: 1.41%

We were pleased with the continued improvement in Old Point's asset quality, as NPAs decreased both from the year-ago date and from March 31, 2019. Nonperforming assets (which exclude performing restructured loans) totaled $12.4 million, or 1.21% of total assets, at June 30, 2019, down from $12.9 million, or 1.26% of total assets, at March 31, 2019, and down 24% from $16.4 million, or 1.59% of total assets, at March 31, 2018. Of the total NPAs, approximately $0.9 million of loans more than 90 days past due were government guaranteed student loans. As of June 30, 2019, the allowance for loan losses was $10.8 million, or 1.41% of total loans, which was up 9% from $9.9 million, or 1.27% of total loans, at the year-ago date.



Projections Maintained

EPS:*
2017A: $(0.01)
2018A: $0.96 (INCLUDES $0.14 IN NONRECURRING MERGER CHARGES)
2019E: $1.35

*** 2017 EPS INCLUDES MULTIPLE NON-OPERATING ITEMS**

We are maintaining our earnings projections for the year 2019 of $7.2 million, or $1.35 per diluted share, and will introduce our estimates for 2020 in our next report. These projections are subject to wide variation and could increase or decrease significantly based on changing conditions.

ADDITIONAL INFORMATION UPON REQUEST