

OLD POINT FINANCIAL CORP  
Form 10-Q  
August 14, 2012

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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 June 30, 2012

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)

54-1265373  
(I.R.S. Employer Identification No.)

1 West Mellen Street, Hampton, Virginia 23663  
(Address of principal executive offices) (Zip Code)

(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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes " No

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

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.

4,959,009 shares of common stock (\$5.00 par value) outstanding as of July 31, 2012

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OLD POINT FINANCIAL CORPORATION

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## PART I – FINANCIAL INFORMATION

## Item 1. Financial Statements.

Old Point Financial Corporation and Subsidiaries  
Consolidated Balance Sheets

	June 30, 2012 (unaudited)	December 31, 2011
<b>Assets</b>		
Cash and due from banks	\$ 15,148,990	\$ 9,523,279
Interest-bearing due from banks	20,018,999	13,977,625
Federal funds sold	789,814	1,353,752
Cash and cash equivalents	35,957,803	24,854,656
Securities available-for-sale, at fair value	295,795,059	236,598,688
Securities held-to-maturity (fair value approximates \$620,607 and \$1,525,624)	615,000	1,515,000
Restricted securities	3,109,800	3,451,000
Loans, net of allowance for loan losses of \$7,670,969 and \$8,497,731	468,818,610	511,829,008
Premises and equipment, net	30,354,158	30,263,937
Bank-owned life insurance	22,042,954	21,593,464
Foreclosed assets, net of valuation allowance of \$1,948,783 and \$1,851,160	7,232,147	9,390,130
Other assets	8,393,304	10,007,712
	<b>\$ 872,318,835</b>	<b>\$ 849,503,595</b>
<b>Liabilities &amp; Stockholders' Equity</b>		
<b>Deposits:</b>		
Noninterest-bearing deposits	\$ 173,578,871	\$ 163,639,321
Savings deposits	243,832,145	232,348,196
Time deposits	306,764,574	294,891,492
Total deposits	724,175,590	690,879,009
Overnight repurchase agreements	22,763,918	35,000,910
Term repurchase agreements	1,176,004	1,480,103
Federal Home Loan Bank advances	35,000,000	35,000,000
Accrued expenses and other liabilities	1,813,264	1,278,858
Total liabilities	784,928,776	763,638,880
<b>Commitments and contingencies</b>		
<b>Stockholders' equity:</b>		
Common stock, \$5 par value, 10,000,000 shares authorized; 4,959,009 and 4,959,009 shares issued and outstanding	24,795,045	24,795,045
Additional paid-in capital	16,365,313	16,309,983
Retained earnings	46,329,875	45,109,268
Accumulated other comprehensive loss, net	(100,174 )	(349,581 )
Total stockholders' equity	87,390,059	85,864,715

Total liabilities and stockholders' equity	\$872,318,835	\$849,503,595
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See Notes to Consolidated Financial Statements.

IndexOld Point Financial Corporation and Subsidiaries  
Consolidated Statements of Income

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2012	2011	2012	2011
	(unaudited)		(unaudited)	
<b>Interest and Dividend Income:</b>				
Interest and fees on loans	\$6,749,689	\$8,190,911	\$13,818,466	\$16,593,318
Interest on due from banks	10,008	798	26,280	1,298
Interest on federal funds sold	460	5,911	763	14,156
<b>Interest on securities:</b>				
Taxable	1,379,414	896,051	2,600,900	1,798,769
Tax-exempt	148,232	38,073	242,209	77,407
Dividends and interest on all other securities	23,815	20,385	45,192	32,096
Total interest and dividend income	8,311,618	9,152,129	16,733,810	18,517,044
<b>Interest Expense:</b>				
Interest on savings deposits	94,184	103,162	188,239	208,349
Interest on time deposits	964,527	1,143,845	1,939,956	2,409,810
Interest on federal funds purchased, securities sold under agreements to repurchase and other borrowings	14,649	17,577	31,045	70,689
Interest on Federal Home Loan Bank advances	425,046	425,046	850,092	845,421
Total interest expense	1,498,406	1,689,630	3,009,332	3,534,269
Net interest income	6,813,212	7,462,499	13,724,478	14,982,775
Provision for loan losses	1,000,000	500,000	1,200,000	2,300,000
Net interest income, after provision for loan losses	5,813,212	6,962,499	12,524,478	12,682,775
<b>Noninterest Income:</b>				
Income from fiduciary activities	793,005	759,924	1,619,651	1,530,896
Service charges on deposit accounts	1,073,004	1,055,175	2,103,309	2,066,753
Other service charges, commissions and fees	880,032	820,528	1,677,061	1,558,372
Income from bank-owned life insurance	225,201	203,196	448,881	404,916
Gain on sale of available-for-sale securities, net	769,474	50,955	1,083,869	50,955
Other operating income	140,132	59,944	215,962	143,072
Total noninterest income	3,880,848	2,949,722	7,148,733	5,754,964
<b>Noninterest Expense:</b>				
Salaries and employee benefits	5,219,885	4,895,566	10,180,162	9,525,369
Occupancy and equipment	1,069,180	1,050,379	2,162,933	2,135,885
Data processing	391,376	338,796	773,903	666,399
FDIC insurance	286,314	266,297	567,152	671,479
Customer development	202,992	217,834	406,888	439,470
Legal and audit expense	224,182	219,628	408,112	363,027
Other outside service fees	140,981	157,122	293,367	300,838
Advertising	146,594	142,375	291,612	286,534
Employee professional development	187,643	178,896	329,984	312,207
Postage and courier expense	118,984	119,979	243,311	243,284
Foreclosed assets expense	96,312	117,348	167,365	247,870
Loss on write-down/sale of foreclosed assets	380,050	268,595	636,634	457,550

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Other operating expense	482,157	525,907	1,034,665	1,015,879
Total noninterest expense	8,946,650	8,498,722	17,496,088	16,665,791
Income before income taxes	747,410	1,413,499	2,177,123	1,771,948
Income tax expense	109,203	378,238	460,615	391,994
Net income	\$638,207	\$1,035,261	\$1,716,508	\$1,379,954
Basic Earnings per Share:				
Average shares outstanding	4,959,009	4,954,970	4,959,009	4,946,210
Net income per share of common stock	\$0.13	\$0.21	\$0.35	\$0.28
Diluted Earnings per Share:				
Average shares outstanding	4,959,009	4,954,970	4,959,009	4,946,210
Net income per share of common stock	\$0.13	\$0.21	\$0.35	\$0.28

See Notes to Consolidated Financial Statements.



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Old Point Financial Corporation				
Consolidated Statement of Comprehensive Income				
	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2012	2011	2012	2011
	(unaudited)		(unaudited)	
Net income	\$638,207	\$1,035,261	\$1,716,508	\$1,379,954
Other comprehensive income, net of tax				
Unrealized gains on securities				
Unrealized holding gains arising during the period	2,813,975	2,850,091	2,198,789	3,050,927
Less reclassification adjustment for gains recognized in income	(769,474 )	(50,955 )	(1,083,869)	(50,955 )
Less tax expense	(1,040,470)	(974,575 )	(865,513 )	(1,042,859)
Net unrealized gains on securities	1,004,031	1,824,561	249,407	1,957,113
Other comprehensive income	1,004,031	1,824,561	249,407	1,957,113
Comprehensive income	\$1,642,238	\$2,859,822	\$1,965,915	\$3,337,067

See Notes to Consolidated Financial Statements.

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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 Loss	Total
<b>SIX MONTHS ENDED JUNE 30, 2012</b>						
Balance at beginning of period	4,959,009	\$24,795,045	\$ 16,309,983	\$45,109,268	\$ (349,581 )	\$85,864,715
Net income	0	0	0	1,716,508	0	1,716,508
Other comprehensive income, net of tax	0	0	0	0	249,407	249,407
Stock compensation expense	0	0	55,330	0	0	55,330
Cash dividends (\$0.10 per share)	0	0	0	(495,901 )	0	(495,901 )
Balance at end of period	4,959,009	\$24,795,045	\$ 16,365,313	\$46,329,875	\$ (100,174 )	\$87,390,059

**SIX MONTHS ENDED JUNE 30,  
2011**

Balance at beginning of period	4,936,989	\$24,684,945	\$ 16,026,062	\$42,809,769	\$ (2,569,127 )	\$80,951,649
Net income	0	0	0	1,379,954	0	1,379,954
Other comprehensive income, net of tax	0	0	0	0	1,957,113	1,957,113
Exercise of stock options	18,270	91,350	144,455	0	0	235,805
Stock compensation expense	0	0	55,087	0	0	55,087
Cash dividends (\$0.10 per share)	0	0	0	(494,613 )	0	(494,613 )