FORM 10-K405

Annual report pursuant to section 13 and 15(d), Regulation S-K Item 405

Filing Date: **1999-03-26** | Period of Report: **1998-12-31**
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FILER

OLD POINT FINANCIAL CORP
CIK:**740971**| IRS No.: **541265373** | State of Incorp.:**VA** | Fiscal Year End: **1231**
Type: **10-K405** | Act: **34** | File No.: **000-12896** | Film No.: **99574356**
SIC: **6022** State commercial banks

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U. S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)
[X] Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended December 31, 1998

[ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 (no fee required)
For the transition period from   to

Commission File No. 0-12896
OLD POINT FINANCIAL CORPORATION
(Name of issuer in its charter)

Virginia	54-1265373
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

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

(757) 722-7451
(Issuer's telephone number)

Securities registered pursuant to Section 12(b) of the Exchange Act:
None
Securities registered pursuant to Section 12(g) of the Exchange Act:
Common Stock ($5.00 par value)
(Title of class)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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 X No

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

As of March 16, 1999 there were 2,576,244 shares of common stock outstanding and the aggregate market value of common stock of Old Point Financial Corporation held by nonaffiliates was approximately $57,855,999 based upon the weighted average price per share for the last 5 trading days.

DOCUMENTS INCORPORATED BY REFERENCE
NONE

OLD POINT FINANCIAL CORPORATION
Form 10-K

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PART I

Item 1. Description of Business

General

Old Point Financial Corporation (the "Company") was incorporated under the laws of Virginia on February 16, 1984, for the purpose of acquiring all the outstanding common stock of The Old Point National Bank of Phoebus (the "Bank"), in connection with the reorganization of the Bank into a one bank holding company structure. At the annual meeting of the stockholders on March 27, 1984, the proposed reorganization was approved by the requisite stockholder vote. At the effective date of the reorganization on October 1, 1984, the Bank merged into a newly formed national bank as a wholly owned subsidiary of the Company, with each outstanding share of common stock of the Bank being converted into five shares of common stock of the Company.

The Company has no other subsidiaries and does not engage in any activities other than acting as a holding company for the common stock of the Bank. The principal business of the Company is conducted through the Bank, which continues to conduct its business in substantially the same manner and from the same offices as it had done before the effective date of the reorganization. The Bank, therefore, accounts for substantially all of the consolidated assets and revenues of the Company.

The Bank is a national banking association founded in 1922. The Bank has thirteen offices 1in the cities of Hampton and Newport News, and in James City and York County, Virginia, and provides a full range of banking and related financial services, including checking, savings, certificates of deposit, and other depository services, commercial, industrial, residential real estate and consumer loan services, safekeeping services and trust and estate services.

As of December 31, 1998, the Company had assets of $404.1 million, loans of $235.9 million, deposits of $343.4 million, and stockholders' equity of $40.0 million. At year end, the Company and the Bank had a total of 223 employees, 34 of whom were part-time.

Based on 1990 census figures, the population of the Bank's trade area, which includes Hampton, Newport News, Williamsburg, and James City and York County was approximately 394,000. This area's economy is heavily influenced by the two largest employers; military installations and shipbuilding and ship repair. These industries are impacted by reductions in defense spending and personnel. Some of our customers are either employed at the various military installations or at the shipyard, or they derive some or all of their business from these two major employers. There are numerous military installations in the area including Fort Monroe, Langley Air Force Base, and Fort Eustis. The consolidation of the Tactical Air Command and the Strategic Air Command into the Air Combat Command at Langley has somewhat mitigated the reduction in military employment in the area. The largest private employer on the Peninsula is the Newport News Shipbuilding and Drydock Company, which currently employees approximately 16,000 2people.

The banking industry is highly competitive in the Hampton/Newport News/Williamsburg area. There are approximately twelve commercial and savings banks actively engaged in business in the area in which the Bank operates, including six major statewide banking organizations.

The Bank encounters competition for deposits and loans from banks, savings and loan associations and credit unions in the communities in which it operates. In addition, the Bank must compete for deposits in some instances with the money market mutual funds which are marketed nationally.

The Bank is subject to regulation and examination by the Office of the Comptroller of the Currency, the Federal Reserve Board (the "Board"), and the Federal Deposit Insurance Corporation (the "FDIC").

As a bank holding company within the meaning of the Bank Holding Company Act of 1956, the Company is subject to the ongoing regulation, supervision, and examination by the Federal Reserve Board (the "Board"). The Company is required to file with the Board periodic and annual reports and other information concerning its own business operations and those of its subsidiaries. In addition, prior Board approval must be obtained before the Company can acquire (i) ownership or control of any voting shares of another bank if, after such acquisition, it would control more than 5% of such shares, or (ii) all or substantially all of the assets of another bank or merge or consolidate with another bank holding company. A bank holding company is prohibited under the Bank Holding Company Act, with limited exceptions, from engaging in activities other than those of banking or of managing or controlling banks or furnishing services to its subsidiaries.

Statistical Information

The following statistical information is furnished pursuant to the requirements of Guide 3 (Statistical Disclosure by Bank Holding Companies) promulgated under the Securities Act of 1933.

I. Distribution of Assets, Liabilities and Shareholders' Equity; Interest Rates and Interest Differential

The following table presents the distribution of assets, liabilities, and shareholders' equity by major categories with related average yields/rates. In these balance sheets, nonaccrual loans are included in the daily average loans outstanding. The following table sets forth a summary of changes in interest earned and paid attributable to changes in volume and changes in yields/rates.

<TABLE>

TABLE I

AVERAGE BALANCE SHEETS, NET INTEREST INCOME* AND RATES*
For the years ended December 31,
Dollars in thousands
<CAPTION>

	1998			1997			1996		
	Average Balance	Interest Income/ Expense	Average Rates Earned/ Paid	Average Balance	Interest Income/ Expense	Average Rates Earned Paid	Average Balance	Interest Income/ Expense	Average Rates Earned/ Paid
ASSETS									
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Loans	$226,908	$20,255	8.93%	$210,934	$19,288	9.14%	$192,940	$17,681	9.16%
Investment securities:									
Taxable	87,112	5,285	6.07%	72,064	4,473	6.21%	78,734	4,736	6.02%
Tax-exempt	34,317	2,665	7.77%	24,129	1,954	8.10%	15,194	1,292	8.50%
Total investment securities	121,429	7,950	6.55%	96,193	6,427	6.68%	93,928	6,028	6.42%
Federal funds sold	10,305	572	5.55%	4,981	276	5.54%	3,981	208	5.22%
Total earning assets	358,642	28,777	8.02%	312,108	25,991	8.33%	290,849	23,917	8.22%
Reserve for loan losses	(2,628)			(2,366)			(2,240)		
	356,014			309,742			288,609		

Cash and due from banks	8,933			8,753			9,805		
Bank premises and equipment	11,931			10,036			9,724		
Other assets	3,878			3,624			4,874		
Total assets	$380,756			$332,155			$313,012		
LIABILITIES AND STOCKHOLDERS' EQUITY									
Time and savings deposits:									
Interest-bearing transaction accounts	$ 15,929	$346	2.17%	$ 24,376	$ 537	2.20%	$ 50,041	$ 1,210	2.42%
Money market deposit accounts	71,199	$ 2,326	3.27%	49,302	1,528	3.10%	21,212	789	3.72%
Savings accounts	26,211	718	2.74%	25,822	708	2.74%	26,354	722	2.74%
Certificates of deposit, $100,000 or more	26,084	1,462	5.60%	19,122	1,135	5.94%	17,026	940	5.52%
Other certificates of deposit	121,676	6,740	5.54%	108,665	5,813	5.35%	103,029	5,642	5.48%
Total time and savings deposits	261,099	11,592	4.44%	227,287	9,721	4.28%	217,662	9,303	4.27%
Federal funds purchased and securities sold under agreement to repurchase	21,713	1,013	4.67%	17,767	861	4.85%	14,688	706	4.81%
Other short term borrowings	1,776	96	5.41%	1,857	99	5.33%	1,599	84	5.25%
Total interest bearing liabilities	284,588	12,701	4.46%	246,911	10,681	4.33%	233,949	10,093	4.31%
Demand deposits	56,001			49,432			46,198		
Other liabilities	1,641			1,394			1,532		
Total liabilities	342,230			297,737			281,679		
Stockholders' equity	38,526			34,418			31,333		
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$380,756			$332,155			$313,012		
Net interest income/yield		$16,076	4.48%		$15,310	4.91%		$13,824	4.75%
Total deposits	$317,100			$276,719			$263,860		

* Computed on a fully taxable equivalent basis using a 34% rate
</TABLE>

<TABLE>
The following table sets forth a summary of changes in interest earned and paid attributable to changes in volume and changes in yields/rates.

<CAPTION>

TABLE II
ANALYSIS OF CHANGE IN NET INTEREST INCOME *

	Year 1998 over 1997 Due to change in:			Year 1997 over 1996 Due to change in:			Year 1996 over 1995 Due to change in:		
Dollars in Thousands	Average Volume	Average Rate	Net Increase (Decrease)	Average Volume	Average Rate	Net Increase (Decrease)	Average Volume	Average Rate	Net Increase (Decrease)
INCOME FROM EARNING ASSETS									
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Loans	$1,461	$ (494)	$ 967	$ 1,649	$ (42)	$ 1,607	$ 1,105	$ $355	$ 1,460
Investment Securities:									
Taxable	934	(122)	812	(401)	138	(263)	19	27	46
Tax-exempt	825	(114)	711	760	(98)	662	652	(119)	533
Total investment securities	1,759	(236)	1,523	359	40	399	671	(92)	579
Federal funds sold	295	1	296	52	16	68	(39)	(17)	(56)
	3,515	(729)	2,786	2,060	14	2,074	1,737	246	1,983
INTEREST EXPENSE									
Interest bearing transaction accounts	(186)	(5)	(191)	(621)	(52)	(673)	19	(112)	(93)
Money market deposit accounts	679	119	798	1,045	(306)	739	73	(49)	24
Savings accounts	11	(1)	10	(15)	1	(14)	(7)	(1)	(8)
Certificate of deposits, $100,000 or more	413	(86)	327	116	79	195	178	2	180
Other certificates of deposit	696	231	927	309	(138)	171	304	48	352
Total time and savings deposits	1,613	258	1,871	834	(416)	418	567	(112)	455
Federal funds purchased and securities sold under agreement to repurchase	191	(39)	152	148	7	155	176	(43)	133
Other short-term borrowings	(4)	1	(3)	14	1	15	(22)	(4)	(26)

Total expense for interest bearing liabilities	1,800	220	2,020	996	(408)	588	721	(159)	562
Change in Net Interest Income	$1,714	$ (948)	$ 766	$ 1,064	$ 422	$ 1,486	$ 1,016	$ 405	$ 1,421

* Computed on a fully taxable equvilent basis using a 34% rate.
</TABLE>

<TABLE>
Interest Sensitivity

The following table reflects the earlier of the maturity or repricing data for various assets and liabilities as of Decmber 31, 1998.

TABLE III
INTEREST SENSITIVITY ANALYSIS

<CAPTION>

As of December 31, 1998 Dollars in thousands	Within 3 Months	4-12 Months	1-5 Years	Over 5 Years	Total
Uses of funds					
<S>	<C>	<C>	<C>	<C>	<C>
Federal funds sold	6,578	--	--	--	6,578
Taxable investments	9,421	3,544	51,916	22,849	87,730
Tax-exempt investments	0	0	1,678	48,079	49,757
Total investments	15,999	3,544	53,594	70,928	144,065
Loans:					
Commercial	18,927	2,946	38,567	3,883	64,323
Tax-exempt	825	37	270	270	1,402
Installment	2,918	3,392	49,254	3,053	58,617
Real estate	21,641	7,778	59,739	21,546	110,704
Other	819	--	0	0	819
Total loans	45,130	14,153	147,830	28,752	235,865
Total earning assets	61,129	17,697	201,424	99,680	379,930
Sources of funds					
Interest checking deposits	4,387	--	--	--	4,387
Money market deposit accounts	90,954	--	--	--	90,954
Regular savings accounts	26,341	--	--	--	26,341
Certificates of deposit $100,000 or more	5,939	11,814	10,452	--	28,205
Other time deposits	32,029	50,726	45,435	--	128,190
Federal funds purchased and securities sold under agreements to repurchase	19,128	--	--	--	19,128
Other borrowed money	333	--	15	--	348
Total interest bearing liabilities	179,111	62,540	55,902	0	297,553
Rate sensitivity GAP	(117,982)	(44,843)	145,522	99,680	82,377
Cumulative GAP	(117,982)	(162,825)	(17,303)	82,377	

</TABLE>

The Company was liability sensitive as of December 31, 1998. There were $118.0 million more in liabilities than assets subject to repricing within three months. This generally indicates that net interest income should improve if interest rates fall since liabilities will reprice faster than assets. It should be noted, however, that savings deposits; which consist of interest bearing transactions accounts, money market accounts, 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 somewhat the impact from the liability sensitivity position.

II. Investment Portfolio

Note 2 of the Notes to Financial Statements found in Item 8. Financial Statements and Supplementary Data of this Report on Form 10K presents the book and market value of investment securities on the dates indicated.

The following table shows, by type and maturity, the book value and weighted average yields of investment securities at December 31, 1998.

TABLE IV
INVESTMENT SECURITY MATURITIES & YIELDS

Dollars in Thousands	U.S.Govt/Agency Book Value	U.S.Govt/Agency Weighted Average Yield	State/Municipal Book Value	State/Municipal Weighted Average Yield	Total Book Value	Total Weighted Average Yield
December 31, 1998						
Maturities:						
Within 1 year	$ 7,526	5.43%	$ 0	0.00%	$ 7,526	5.43%
After 1 year, but within 5 years	51,445	6.20%	1,600	9.60%	53,045	6.30%
After 5 years, but within 10 years	23,084	6.14%	19,354	8.24%	42,438	7.10%
After 10 years	0	0.00%	27,641	7.91%	27,641	7.91%
TOTAL	$82,055	6.11%	$48,595	8.10%	$130,650	6.85%
December 31, 1997	$62,126	6.33%	$27,843	8.18%	$89,969	6.90%
December 31, 1996	$69,528	6.06%	$20,015	8.17%	$89,541	6.53%

Yields are calculated on a fully tax equivalent basis using a 34% rate.

At December 31, 1998, the book value of other marketable equity securities with no stated maturity totaled $5.58 million with an weighted average yield of 5.45%. These securities consisted of an adjustable rate mortgage fund of $4.4 million yielding 5.01%, Federal Home Loan Bank stock of $1.0 million yielding 7.50%, Federal Reserve stock of $85 thousand yielding 6.00% and other securities of $50 thousand. The book value of other marketable securities with no stated maturity totaled $5.48 million, yielding 6.13%; and $5.44 million, yielding 5.89%; at December 31, 1997, and 1996 respectively.

III. Loan Portfolio

The following table shows a breakdown of total loans by type at December 31 for years 1994 through 1998:

TABLE V
LOANS

As of December 31, Dollars in thousands	1998	1997	1996	1995	1994
Commercial and other	$ 65,143	$ 45,059	$ 28,944	$ 20,636	$ 17,806
Real Estate Construction	5,418	3,836	5,213	4,093	1,991
Real Estate Mortgage	105,285	104,141	104,230	109,469	105,703
Tax Exempt	1,401	2,093	2,464	3,003	4,754
Installment Loans to Individuals	58,618	66,615	57,733	52,154	43,487
Total	$235,865	$221,744	$198,584	$189,355	$173,741

Based on Standard Industry Code, there are no categories of loans which exceed 10% of total loans other than the categories disclosed in the preceding table.

The maturity distribution and rate sensitivity of certain categories of the Bank's loan portfolio at December 31, 1998 is presented below:

TABLE VI

MATURITY SCHEDULE OF SELECTED LOANS

<CAPTION>

December 31, 1998 Dollars in thousands	One year or less	One through five years	Over five years	Total
Commercial and other	$19,680	$41,441	$4,022	$65,143
Real estate construction	5,010	408	0	5,418
Total	$24,690	$41,849	$4,022	70,561
Loans maturing after one year with:				
Fixed interest rate		$37,115	$3,782	$40,897
Variable interest rate		$4,734	$240	$4,974

</TABLE>

The following table presents information concerning the aggregate amount of nonaccrual, past due and restructured loans as of December 31 for the years 1994 through 1998.

<TABLE>

TABLE VII

NONACCRUAL, PAST DUE AND RESTRUCTURED LOANS

<CAPTION>

As of December 31, Dollars in thousands	1998	1997	1996	1995	1994
Nonaccrual loans	$253	$660	$1,550	$2,447	$2,955
Accruing loans past due 90 days or more	641	455	1,342	248	837
Restructured loans	none	none	none	none	none
Interest income which would have been recorded under original loan terms	52	205	163	350	470
Interest income recorded during the period	123	485	222	131	188

</TABLE>

Loans are placed in nonaccrual status if principal or interest has been in default for a period of 90 days or more unless the obligation is both well secured and in the process of collection. A debt is "well secured" if it is secured (i) by collateral in the form of liens on or pledges of real or personal property, including securities, that have a realizable value sufficient to discharge the debt in full or (ii) by the guaranty of a financially responsible party. A debt is "in the process of collection" if collection of the debt is proceeding in due course either through legal action, including judgment enforcement procedures, or, in appropriate circumstances, through collection efforts not involving legal action which are reasonably expected to result in repayment of the debt or in its restoration to a current status.

Potential problem loans consist of loans that, because of potential credit problems of the borrowers, have caused management to have serious doubts as to the ability of such borrowers to comply with the loan repayment terms. At December 31, 1998 such problem loans, not included in Table VII, amounted to approximately $1.2 million. The potential problem loans included one relationships in excess of $500 thousand. The potential problem loans are generally secured by residential and commercial real estate with appraised values exceeding the principal balance of the loan.

IV. Summary of Loan Loss Experience

The determination of the balance of the Allowance for Loan Losses is based upon a review and analysis of the loan portfolio and reflects an amount which, in management's judgment, is adequate to provide for possible future losses. Management's review includes monthly analysis of past due and nonaccrual loans and detailed periodic loan by loan analyses.

The principal factors considered by management in determining the adequacy of the allowance are the growth and composition of the loan portfolio, historical loss experience, the level of nonperforming loans, economic conditions, the value and adequacy of collateral, and the current level of the allowance.

The following table shows an analysis of the Allowance for Loan Losses for the years 1994 through 1998.

<TABLE>

TABLE VIII
ANALYSIS OF THE ALLOWANCE FOR LOAN LOSSES

<CAPTION>

For the year ended December 31, Dollars in thousands	1998	1997	1996	1995	1994
<S>	<C>	<C>	<C>	<C>	<C>
Balance at beginning of period	$ 2,671	$ 2,330	$ 2,251	$ 2,647	$ 2,692
Charge Offs:					
Commercial, financial and agricultural	296	84	98	1,210	147
Real estate construction	0	0	0	0	0
Real estate mortgage	87	67	2	135	316
Installment Loans to individuals	564	717	825	375	148
Total charge offs	947	868	925	1,720	611
Recoveries:					
Commercial, financial and agricultural	139	239	87	296	431
Real estate construction	0	0	0	0	0
Real estate mortgage	25	1	14	44	19
Installment Loans to individuals	317	369	303	159	91
Total recoveries	481	609	404	499	541
Net charge offs	466	259	521	1,221	70
Additions charged to operations	650	600	600	825	25
Balance at end of period	$ 2,855	$ 2,671	$ 2,330	$ 2,251	$ 2,647
Selected loan loss statistics					
Loans (net of unearned income):					
End of period	$235,865	$221,744	$198,584	$189,355	$173,741
Daily average	$226,908	$210,934	$192,940	$180,638	$160,204
Net charge offs to average total loans	0.21%	0.12%	0.27%	0.68%	0.04%
Provision for loan losses to average total loans	0.29%	0.28%	0.31%	0.46%	0.02%
Provision for loan losses to net charge offs	139.48%	231.66%	115.16%	67.57%	35.71%
Allowance for loan losses to period end loans	1.21%	1.20%	1.17%	1.19%	1.51%
Earnings to loan loss coverage*	14.64	23.67	10.28	3.25	56.21

* Income before taxes plus provision for loan losses, divided by net charge-offs.

</TABLE>

The following table shows the amount of the Allowance for Loan Losses allocated to each category at December 31 for the years 1994 through 1998.

<TABLE>

TABLE IX
ALLOCATION OF THE ALLOWANCE FOR LOAN LOSSES

<CAPTION>
As of December 31,

	1998		1997		1996		1995		1994	
	Amount	Percent of loans in Each Category to Total Loans	Amount	Percent of loans in Each Category to Total Loans	Amount	Percent of loans in Each Category to Total Loans	Amount	Percent of loans in Each Category to Total Loans	Amount	Percent of loans in Each Category to Total Loans
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Commercial and other	$ 656	27.92%	$ 575	21.26%	$ 835	15.85%	$ 843	12.57%	$1,417	12.98%
Real Estate										
Construction	17	2.30%	14	1.73%	23	2.62%	18	2.18%	20	1.15%
Real Estate Mortgage	203	44.64%	240	46.97%	322	52.49%	370	58.21%	739	60.84%

Consumer	370	25.14%	412	30.04%	391	29.04%	247	27.04%	135	25.03%
Unallocated	1,609	0	1,430	0	759	0	773	0	381	0
Total	$2,855	100.00%	$2,671	100.00%	$2,330	100.00%	$2,251	100.00%	$2,647	100.00%

</TABLE>

V. Deposits

The following table shows the average balances and average rates paid on deposits for the years ended December 31, 1996, 1997, and 1998.

<TABLE>

TABLE X
DEPOSITS

<CAPTION>

For the year ended December 31,	1998		1997		1996	
Dollars in thousands	Average Balance	Average Rate	Average Balance	Average Rate	Average Balance	Average Rate
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Interest bearing transaction accounts	$ 15,929	2.17%	$ 24,376	2.20%	$ 50,041	2.42%
Money market deposit accounts	71,199	3.27%	49,302	3.10%	21,212	3.72%
Savings accounts	26,211	2.74%	25,822	2.74%	26,354	2.74%
Certificate of deposit, $100,000	26,084	5.60%	19,122	5.94%	17,026	5.52%
Other certificate of deposit	121,676	5.54%	108,665	5.35%	103,029	5.48%
Total interest bearing deposits	261,099	4.44%	227,287	4.28%	217,662	4.27%
Non-interest bearing demand deposits	56,001		49,432		46,198	
Total deposits	$317,100		$276,719		$263,860	

</TABLE>

The following table shows certificates of deposit in amounts of $100,000 or more as of December 31, 1998, 1997, and 1996 by time remaining until maturity.

<TABLE>

TABLE XI
CERTIFICATE OF DEPOSIT $100,000 & MORE

<CAPTION>

Dollars in thousands Maturing in	1998	1997	1996
<S>	<C>	<C>	<C>
3 months or less	$ 3,592	$ 5,449	$ 3,089
3 through 6 months	6,353	3,087	3,550
6 through 12 months	7,345	5,843	3,774
over 12 months	10,915	9,467	7,013
	$28,205	$23,846	$17,426

</TABLE>

VI. Return on Equity and Assets

The return on average shareholders' equity and assets, the dividend pay out ratio, and the average equity to average assets ratio for the past three years are presented below.

	1998	1997	1996
Return on average assets	1.22%	1.23%	1.10%
Return on average equity	12.03%	11.88%	10.99%
Dividend payout ratio	26.62%	25.68%	25.88%
Average equity to average assets	10.15%	10.36%	10.01%

VII. Short Term Borrowings

The Bank periodically borrowed funds through federal funds from its correspondent banks, through the use of a demand note to the United States Treasury (Treasury Tax and Loan Deposits), and through securities sold under agreements to repurchase. The borrowings matured daily and were based on daily cash flow requirements. The borrowed amounts (in thousands) and their corresponding rates during 1998, 1997, and 1996 are presented in the following table.

<TABLE>

TABLE XII
SHORT TERM BORROWINGS

<CAPTION>

	1998		1997		1996	
Dollars in thousands	Balance	Rate	Balance	Rate	Balance	Rate
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balance at December 31,						
Federal funds purchased	$ 0		$ 0		$ 2,000	6.28%
Securities sold under agreement to repurchase	19,128	4.25%	20,165	4.81%	15,135	4.58%
U. S. treasury demand notes and other borrowed money	348	4.89%	4,025	5.27%	2,301	5.03%
Total	$19,476		$24,190		$19,436	
Average daily balance outstanding:						
Federal funds purchased	$ 13	5.86%	$ 271	5.54%	$ 575	5.23%
Securities sold under agreement to repurchase	21,700	4.66%	17,496	4.84%	14,413	4.76%
U. S. treasury demand notes and other borrowed money	1,776	5.35%	1,857	5.33%	1,599	5.23%
Total	$23,489	4.72%	$19,624	4.89%	$16,587	4.85%
The maximum amount outstanding at any month end:						
Federal funds purchased	$ 0		$ 0		$ 2,700	
Securities sold under agreement to repurchase	$26,094		$23,121		$16,046	
U. S. treasury demand notes and other borrowed money	$ 4,024		$ 4,033		$ 4,052	

</TABLE>

Item 2. Description of Property
The Bank owns the Main Office, three office buildings4, and seven branches5. All of the above properties are owned directly and free of any encumbrances. The land at the Fort Monroe branch is leased by the Bank under an agreement expiring in October 2011. The remaining three branches are 6leased from unrelated parties under leases with renewal options which expire anywhere from 10-15 years. The Company is building a branch in Norge VA and expects to be open in the third quarter of 1999.

For more information concerning the commitments under current leasing agreements, see Note 10. Lease Commitments of the Notes to Financial Statements found in Item 8. Financial Statements and Supplementary Data of this Report on Form 10K. Additional information on Other Real Estate Owned can be found in Note 6. Other Real Estate Owned of the Notes to Financial Statements found in Item 8. Financial Statements and Supplementary Data of this Report on Form 10K.

Item 3. Legal Proceedings
The Company is not a party to any material pending legal proceedings before any court, administrative agency, or other tribunal.

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 December 31, 1998.

Part II

Item 5. Market for Common Equity And Related Stockholder Matters

Beginning in 1998 the common stock of Old Point Financial Corporation was quoted on the OTC Bulletin Board under the symbol "OPOF". The approximate number of shareholders of record as of December 31, 1998 was 1,480. The range of high and low prices and dividends per share of the Company's common stock for each quarter during 1998 and 1997 is presented in Part I. Item 7. of this Annual Report on Form 10-K. Additional information related to stockholder matters can be found in Note 15. Regulatory Matters of the Notes to Financial Statements found in Item 8. Financial Statements and Supplementary Data of this Report on Form 10K.

Item 6. Selected Financial Data

The following table summarizes the Company's performance for the past five years.

<TABLE>

TABLE XIII
SELECTED FINANCIAL HIGHLIGHTS

<CAPTION>

Years Ended December 31,	1998	1997	1996	1995	1994
	(Dollars in Thousands except per share data)				
RESULTS OF OPERATIONS					
<S>	<C>	<C>	<C>	<C>	<C>
Interest income..........................	$ 27,805	$ 25,242	$ 23,377	$ 21,534	$ 19,234
Interest expense.........................	12,700	10,681	10,093	9,531	7,625
Net interest income......................	15,105	14,561	13,284	12,003	11,609
Provision for loan loss..................	650	600	600	825	25
Net interest income after provision for loss...............................	14,455	13,961	12,684	11,178	11,584
Gains (losses) on sales of investment securities...................	0	(1)	2	9	407
Noninterest income.......................	4,911	4,275	4,134	3,836	3,755
Noninterest expenses.....................	13,193	12,704	12,066	11,884	11,837
Income before taxes......................	6,173	5,531	4,754	3,139	3,909
Income taxes	1,537	1,441	1,309	797	1,136
Net income...............................	$ 4,636	$ 4,090	$ 3,445	$ 2,342	$ 2,773
FINANCIAL CONDITION					
Total assets.............................	$404,118	$348,671	$316,345	$304,266	$277,680
Total deposits...........................	343,413	287,100	263,519	256,535	235,599
Total loans..............................	235,865	221,744	198,584	189,355	174,881
Stockholders' equity.....................	40,013	36,332	32,400	30,328	26,222
Average assets...........................	380,756	332,155	313,012	291,174	278,398
Average equity...........................	38,526	34,418	31,333	29,022	26,694
PERTINENT RATIOS					
Return on average assets.................	1.22%	1.23%	1.10%	0.80%	1.00%
Return on average equity.................	12.03%	11.88%	10.99%	8.07%	10.39%
Dividends paid as a percent of net income	26.62%	25.68%	25.88%	33.17%	25.03%
Average equity as a percent of average asssets.........................	10.12%	10.36%	10.01%	9.97%	9.59%
PER SHARE DATA					
Basic EPS................................	$1.80	$1.60	$1.35	$0.92	$1.10
Cash dividends declared..................	0.48	0.41	0.35	0.305	0.275
Book value...............................	15.54	14.16	12.72	11.91	10.37
GROWTH RATES					
Year end assets..........................	15.90%	10.22%	3.97%	9.57%	3.33%
Year end deposits........................	19.61%	8.95%	2.72%	8.89%	1.77%
Year end loans...........................	6.37%	11.66%	4.87%	8.28%	8.08%
Year end equity..........................	10.13%	12.14%	6.83%	15.66%	8.39%
Average assets...........................	14.63%	6.12%	7.50%	4.59%	3.53%
Average equity...........................	11.94%	9.85%	7.96%	8.72%	11.90%
Net income...............................	13.35%	18.72%	47.10%	-15.54%	59.55%
Cash dividends declared..................	17.07%	17.14%	14.75%	10.91%	37.50%
Book value...............................	9.74%	11.30%	6.83%	14.78%	6.54%

</TABLE>

Item 7 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 consolidated results of operations and financial condition of the Company. This discussion should be read in conjunction with the financial statements and other financial information contained elsewhere in this report. The analysis attempts to identify trends and material changes which occurred during the period presented.

EARNINGS SUMMARY

Net income was $4.64 million, or $1.80 per share in 1998 compared to $4.09 million, or $1.60 per share in 1997 and $3.45 million, or $1.35 per share in 1996. Return on average assets was 1.22% in 1998, 1.23% in 1997 and 1.10% in 1996. Return on average equity was 12.03% in 1998, 11.88% in 1997 and 10.99% in 1996. For the past five years return on average assets has averaged 1.07% and return on average equity has averaged 10.67%. Selected Financial Highlights summarizes the Company's performance for the past five years.

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. Net interest income, on a tax equivalent basis, was $16.08 million in 1998, up $766 thousand, or 5% from $15.30 million in 1997 which was up $1.49 million, or 11% from $13.82 million in 1996. Net interest income is affected by variations in interest rates and the volume and mix of earning assets and interest-bearing liabilities. The net interest yield decreased to 4.48% in 1998 from 4.91% in 1997 which was up from 4.75% in 1996.

Tax equivalent interest income increased $2.79 million, or 11%, in 1998. Average earning assets grew $46.53 million, or 15%. Total average loans increased $15.97 million, or 8%, while average investment securities increased $25.24 million, or 26%. The yield on earning assets decreased in 1998 by thirty-one basis points primarily due to lower interest rates. The prime rate which is a major influence on rates, declined seventy-five basis points in 1998.

Interest expense increased $2.02 million or 19%, in 1998. Interest bearing liabilities increased 15% in 1998. The cost of funding liabilities increased thirteen basis points due to an increase in money market accounts and certificates of deposits paying a higher interest rate. The bank offered these attractively priced products to gain market share in 1998.

PROVISION/ALLOWANCE FOR LOAN LOSSES

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 loan portfolio. The provision increased to $650 thousand in 1998 from $600 thousand in 1997 and 1996.

Loans charged off during 1998 totaled $947 thousand compared to $868 thousand in 1997 and $925 thousand in 1996, while recoveries amounted to $481 thousand in 1998, $609 thousand in 1997 and $404 thousand in 1996. During 1996 a large portion of the loans charged off were in the indirect dealer installment portfolio. These higher charge offs were due in large part to an increase in personal bankruptcies. As a result of these losses the underwriting standards were raised for indirect dealer loans. The composition of installment loans has shifted from 60% in dealer loans in 1996 to 51% in 1997 to 46% in 1998. Indirect dealer loans charged off net of recoveries were reduced by $186 thousand, or 44%, in 1997 from 1996, and $132 thousand, or 55%, in 1998 from 1997. In addition, there was a commercial loan charged off due to bankruptcy as well as deficiencies on foreclosed real estate recorded during 1998.

The Company's net loans charged off to year-end loans were 0.20% in 1998, 0.12% in 1997, and 0.26% in 1996. The allowance for loan losses, as a percentage of year-end loans, was 1.21% in 1998, 1.20% in 1997, and 1.17% in 1996.

As of December 31, 1998, nonperforming assets were $737 thousand, down from $1.43 million at year-end 1997 which was down from $1.90 million at year-end 1996. Nonperforming assets consist of loans in nonaccrual status and other real estate. The 1998 total consisted of other real estate of $484 thousand and $253 thousand in nonaccrual loans. The other real estate consisted of $354 thousand in a commercial property originally acquired as a potential branch site and now held for sale and $130 thousand in foreclosed real estate. Nonaccrual loans consisted of $101 thousand in commercial loans and $152 thousand in mortgage loans. The Company has aggressively dealt with these credits and specific action plans have been developed for each of these classified loans to address any deficiencies. Loans still accruing interest but past due 90 days or more increased to $641 thousand as of December 31, 1998 compared to $455 thousand as of December 31, 1997, which decreased from $1.34 million as of December 31, 1996.

The allowance for loan losses is analyzed for adequacy on a quarterly basis to determine the required amount of provision for loan losses. A loan-by-loan review is conducted on all significant classified commercial and mortgage loans. Inherent losses on these individual loans are determined and an allocation of the allowance is provided. Smaller nonclassified commercial and mortgage loans and all consumer loans are grouped by homogeneous pools with an allocation assigned to each pool based on an analysis of historical loss and delinquency experience, trends, economic conditions, underwriting standards, and other factors.

OTHER INCOME

Other income increased $637 thousand, or 15% in 1998 from 1997 compared to an increase of $138 thousand, or 3% in 1997 from 1996. The 1998 increase was due to higher Trust Services fees and service charges on deposit accounts. The bank experienced excellent growth in transaction deposit accounts in 1998. The 1997 increase was due primarily to Trust Services fees and other service charge income.

OTHER EXPENSES

Other expenses increased $489 thousand or 4% in 1998 over 1997 after increasing 5% in 1997 from 1996. Due to a one-time insurance rebate in 1998 salaries and employee benefits increased by only $127 thousand or 2% in 1998. Occupancy expense increased $94 thousand, or 11% in 1998 primarily due to costs associated with the opening of a new office building in Newport News VA which is home to Trust and Financial Services and a Commercial Loan office. Equipment expense increased $75 thousand or 7% due to higher depreciation expense on new computer systems and related service contracts and equipment repairs. Other operating expenses increased $193 thousand or 6%. Expenses contributing to the increase were marketing and customer development costs which helped provide for the loan and deposit growth. Due to the extensive loan growth, loan expenses associated with originating those loans increased sharply in 1998.

ASSETS

At December 31, 1998, the Company had total assets of $404.1 million, up 16% from $348.7 million at December 31, 1997. Average assets in 1998 were $380.8 million compared to $332.2 million in 1997. The growth in assets in 1998 was due to the increase in deposits which were up 20% in 1998. These deposits funded an increase of 42% in investment securities.

The Company has purchased a branch site in Norge, VA. The Company is building a new branch of approximately 2,500 square feet. The branch will provide full service banking including consumer and business services.

LOANS

Total loans as of December 31, 1998 were $235.9 million, up 6% from $221.7 million at December 31, 1997. Commercial loans as well as real estate construction loans accounted for the growth in the loan portfolio growing 45% and 41%, respectively. Installment loans to individuals decreased from 1997 due primarily to a reduction in the indirect dealer loan portfolio. Footnote 3 of the financial statements details the loan volume by category for the past two years.

INVESTMENT SECURITIES

At December 31, 1998 total investment securities were $137.5 million, up 42% from $96.5 million on December 31, 1997. The goal of the Company is to provide maximum return on the investment portfolio within the framework of its asset/liability objectives. These objectives include managing interest sensitivity, liquidity and pledging requirements.

DEPOSITS

At December 31, 1998, total deposits amounted to $343.4 million, up 20% from $287.1 million on December 31, 1997. Non-interest bearing deposits increased $13.0 million, or 25%, in 1998 over 1997. Savings deposits increased $21.7 million, or 22%, in 1998 over 1997. Certificates of Deposit increased $21.6 million or 16% in 1998 over 1997.

STOCKHOLDERS' EQUITY

Total stockholders' equity as of December 31, 1998 was $40.0 million, up 10% from $36.3 million on December 31, 1997. The Company is required to maintain minimum amounts of capital under banking regulations. Under the regulations, Total Capital is composed of core capital (Tier 1) and supplemental capital (Tier 2). Tier 1 capital consists of common stockholders' equity 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 for 1998, 1997 and 1996.

	1998 Regulatory Requirements	1998	1997	1996
Tier 1	4.00%	14.89%	15.06%	15.63%
Total Capital	8.00%	15.98%	16.19%	16.76%
Tier 1 Leverage	3.00%	10.26%	10.32%	10.21%

Year-end book value was $15.54 in 1998 and $14.16 in 1997. Cash dividends were $1.2 million, or $.48 per share in 1998 and $1.0 million, or $.41 per share in 1997. The common stock of the Company has not been extensively traded. The table below shows the high and low prices for each quarter of 1998 and 1997. During 1997 the stock was not listed on an exchange and was not quoted by NASDQ. Bid and ask prices were not available and the trading of stock was limited. The 1997 prices were based on a limited number of transactions known to Management in 1997. Beginning in 1998 the stock was quoted on the OTC Bulletin Board under the symbol "OPOF" and the prices below are based on trades through the OTC Bulletin Board. There were 1480 stockholders of the Company as of December 31, 1998. This stockholder count does not include stockholders who hold their stock in a nominee registration. The following is a summary of the dividends paid and market price on Old Point Financial Corporation common stock for 1998 and 1997.

	1998	Market Value		1997	Market Value	
	Dividend	High	Low	Dividend	High	Low
1st Quarter	$0.11	$39.00	$25.50	$0.10	$20.75	$20.75
2nd Quarter	$0.11	$44.00	$37.00	$0.10	$21.00	$20.75
3rd Quarter	$0.13	$43.00	$38.00	$0.10	$21.25	$20.75
4th Quarter	$0.13	$40.50	$30.00	$0.11	$25.00	$21.00

LIQUIDITY

Liquidity is the ability of the Company to meet present and future obligations through the acquisition of additional liabilities or sale of existing assets. Management considers the liquidity of the Company to be adequate. Sufficient assets are maintained on a short-term basis to meet the liquidity demands anticipated by Management. In addition, secondary sources are available through the use of borrowed funds if the need should arise.

EFFECTS OF INFLATION

Management believes that the key to achieving satisfactory performance in an inflationary environment is its ability to maintain or improve its net interest margin and to generate additional fee income. The Company's policy of investing in and funding with interest-sensitive assets and liabilities is intended to reduce the risks inherent in a volatile inflationary economy.

Year 2000

The "Year 2000" problem relates to the fact that many computer programs use two digits to define a year and assume that the century is 1900. Therefore, these programs will not recognize the turn of the century. The Company has a five-step plan to identify, correct, upgrade and test all of its hardware and software. The five phases of the plan are awareness, assessment, renovation, validation, and implementation. This plan conforms to the standard established by the Federal Financial Institutions Examination Council (FFIEC). The Company is on schedule to meet the regulatory deadlines established by the FFIEC. A Year 2000 project team has been assembled which meets on a monthly basis to monitor progress and address any new issues that might arise. The Company has identified and cataloged all of its hardware and software. Software and hardware that is not Year 2000 compliant has been identified and is being upgraded and/or replaced. Additionally, the Company's major vendors and customers are being contacted to determine their Year 2000 efforts. These vendors and customers have indicated that they are Year 2000 compliant or are on schedule to become compliant.

The Company is dependent on public utility companies to supply electricity, gas, water, sewage, and telecommunications. These utility companies have provided Old Point with some information regarding their status in becoming Year 2000 compliant. The Year 2000 project team continues to monitor their progress. The Company has reviewed its non-information technology hardware and has determined that there are no material systems that have imbedded microchips which would be affected by the Year 2000 date problem.

The worst case scenario for Year 2000 would be a systemic failure of electric power and communications between our branch offices, main office, and third party providers of services such as ATM's and electronic transactions. Old Point is developing a plan to provide a process that will enable the Company to stabilize operations at minimum acceptable levels. This business resumption contingency plan entails the manual processing of transactions that impact customer accounts. The Company has installed a diesel generator at the Main Office location to provide electricity in the event of a power failure. A minimal level of service to our customers can be maintained at the Main Office until the power is restored.

The Company purchased its core application software which processes loans, deposits and general ledger from Fiserv. Fiserv performed extensive testing of its software and has stated that it is Year 2000 compliant under their test conditions. The Company has successfully tested the core applications for Year 2000 compliance. In addition, other software that interfaces with the core application is also being tested. This testing is expected to be complete by the first quarter of 1999. The Company continues to upgrade other hardware and software as needed. The Company plans to complete the five phases of its Year 2000 plan for existing hardware and software by June 30, 1999. Any hardware or software purchased subsequently will also be tested for Year 2000 compliance.

The Office of the Comptroller of the Currency (OCC) is responsible for examining the Bank for compliance to the regulatory standard. In addition, the internal audit department has completed an audit verifying and validating the processes the Company uses to test the applications.

Operating and capital budgets incorporate projected expenditures necessary to ensure that all systems are Year 2000 compliant. Through December 31, 1998 the Company has spent approximately $550 thousand in capital expenditures to upgrade its computer hardware and software to be Year 2000 compliant. In addition, the Company has spent approximately $125 thousand in operating expenses to test its software applications and hardware for Year 2000 compliance. An additional $250 thousand in capital expenditures is budgeted for the remainder of 1999 for Year 2000 hardware and software upgrades as well as another $75 thousand for operating expenses to complete the testing for Year 2000 compliance. At this time management does not believe that Year 2000 related expenditures will have an adverse material effect on the Company.

Item 8. Financial Statements and Supplementary Data

The consolidated financial statements and related footnotes of the company are presented below followed by the financial statements of the parent.

The following are the summarized financial statements of the Company.

Independent Auditors' Report
To the Board of Directors
Old Point Financial Corporation
Hampton, Virginia

We have audited the accompanying consolidated balance sheets of Old Point Financial Corporation and subsidiary as of December 31, 1998 and 1997, and the related consolidated statements of income, cash flows and changes in stockholders' equity for each of the years in the three-year period ended December 31, 1998. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above, present fairly, in all material respects, the consolidated financial position of Old Point Financial Corporation and subsidiary as of December 31, 1998 and 1997, and the consolidated results of their operations and cash flows for each of the years in the three-year period ended December 31, 1998, in conformity with generally accepted accounting principles.

/s/Eggleston Smith P.C.

Eggleston Smith P.C.

January 15, 1999
Newport News, Virginia

<TABLE>
CONSOLIDATED BALANCE SHEETS
<CAPTION>

December 31,	1998	1997
	(Dollars in Thousands)	
<S>		
ASSETS	<C>	<C>
Cash and due from banks	$ 10,311	$ 12,208
Investments:		
Securities available-for-sale, at market	82,568	67,546
Securities to be held-to-maturity		
(Market value $55,424 in 1998 and $29,096 in 1997)	54,919	28,980
Federal funds sold	6,578	6,977
Loans, total	235,865	221,744
Less - allowance for loan losses	2,855	2,671
	--------	--------
Net loans	233,010	219,073
Premises and equipment	12,052	9,742
Other real estate owned	484	774
Other assets	4,196	3,371
	--------	--------
Total assets	$404,118	$348,671
	========	========
LIABILITIES		
Non interest-bearing deposits	$ 65,336	$ 52,360
Savings deposits	121,682	99,991
Certificates of deposit	156,395	134,749
	--------	--------
Total deposits	343,413	287,100
Federal funds purchased and securities sold under		
repurchase agreements	19,128	20,165
Interest bearing demand notes issued to the United		
States Treasury and other liabilities for borrowed money	348	4,025
Other liabilities	1,216	1,049
	--------	--------
Total Liabilities	364,105	312,339
STOCKHOLDERS' EQUITY		
Common stock, $5 par value, 6,000,000 shares authorized		
Issued 2,575,444 in 1998 and 2,566,172 in 1997	12,877	12,831
Capital surplus	10,020	9,693
Retained earnings	16,285	13,098
Accumulated other comprehensive income	831	710
	--------	--------

Total stockholders' equity	40,013	36,332
	--------	--------
Total liabilities and stockholders' equity	$404,118	$348,671
	========	========

See Notes to Consolidated Financial Statements
</TABLE>

<TABLE>

CONSOLIDATED STATEMENTS OF INCOME
<CAPTION>

Years Ended December 31,	1998	1997	1996
	(Dollars in Thousands except per share amounts)		
<S>	<C>	<C>	<C>
INTEREST INCOME			
Interest and fees on loans	$ 20,190	$ 19,203	$ 17,580
Interest on investment securities			
Taxable	5,284	4,473	4,736
Exempt from income tax	1,759	1,290	853
	---------	---------	---------
	7,043	5,763	5,589
Interest on trading account securities	0	0	0
Interest on federal funds sold	572	276	208
	---------	---------	---------
Total interest income	27,805	25,242	23,377
INTEREST EXPENSE			
Interest on savings deposits	3,390	2,773	2,721
Interest on certificates of deposit	8,201	6,948	6,582
Interest on federal funds purchased and securities sold under repurchase agreements	1,013	861	706
Interest on demand notes issued to the United States Treasury and other liabilities for borrowed money	96	99	84
	---------	---------	---------
Total interest expense	12,700	10,681	10,093
	---------	---------	---------
Net interest income	15,105	14,561	13,284
Provision for loan losses	650	600	600
	---------	---------	---------
Net interest income after provision for loan losses	14,455	13,961	12,684
OTHER INCOME			
Income from fiduciary activities	1,930	1,750	1,667
Service charges on deposit accounts	1,986	1,723	1,887
Other service charges, commissions and fees	642	573	360
Security gains (losses), net	0	(1)	2
Income from trading account	0	0	0
Other operating income	353	229	220
	---------	---------	---------
Total other income	4,911	4,274	4,136
OTHER EXPENSE			
Salaries and employee benefits	7,797	7,670	7,406
Occupancy expense	940	846	768
Equipment expense	1,169	1,094	1,029
Other operating expense	3,287	3,094	2,863
	---------	---------	---------
Total other expenses	13,193	12,704	12,066
	---------	---------	---------
Income before income taxes	6,173	5,531	4,754
Income taxes	1,537	1,441	1,309
	---------	---------	---------
Net income	$ 4,636	$ 4,090	$ 3,445
	=========	=========	=========
Basic Earnings per Share			
Average shares outstanding (in thousands)	2,571	2,561	2,547
Net income per share of common stock	$1.80	$1.60	$1.35
Diluted Earnings per Share			
Average shares outstanding (in thousands)	2,595	2,575	2,563
Net income per share of common stock	$1.79	$1.59	$1.34

See Notes to Consolidated Financial Statements

</TABLE>

<TABLE>

Consolidated Statements of Cash Flows
<CAPTION>

Years Ended December 31,	1998	1997	1996
<S>	<C>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 4,636	$ 4,090	$ 3,445
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	990	941	883
Provision for loan losses	650	600	600
(Gains) losses on sale of investment securities, net	0	1	(2)
Net amortization & accretion of securities	169	368	679
Net (increase) decrease in trading account	0	0	0
Loss on sale of equipment	0	0	110
(Increase) decrease in other real estate owned	(297)	(613)	152
(Increase) decrease in other assets (net of tax effect of FASB 115 adjustment)	(887)	16	357
Increase (decrease) in other liabilities	167	59	(117)
Net cash provided by operating activities	5,428	5,462	6,107
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of investment securities	(77,059)	(31,001)	(30,015)
Proceeds from maturities & calls of securities	36,111	23,949	24,171
Proceeds from sales of available - for - sale securities	0	6,218	2,003
Proceeds from sales of held - to - maturity securities	0	0	0
Loans made to customers	(147,183)	(123,513)	(105,807)
Principal payments received on loans	132,596	100,094	96,057
Purchases of premises and equipment	(3,303)	(1,304)	(2,113)
Proceeds from sales of premises and equipment	4	23	20
Proceeds from sales of other real estate owned	587	193	448
(Increase) decrease in federal funds sold	399	(6,416)	(48)
Net cash provided by (used in) investing activities	(57,848)	(31,757)	(15,284)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (decrease) in non-interest bearing deposits	12,976	4,826	4,632
Increase (decrease) in savings deposits	21,691	3,794	391
Proceeds from the sale of certificates of deposit	57,762	59,771	43,478
Payments for maturing certificates of deposit	(36,116)	(44,810)	(41,517)
Increase (decrease) in federal funds purchased & repurchase agreements	(1,037)	3,030	1,399
Increase (decrease) in interest bearing demand notes and other borrowed money	(3,677)	1,724	1,741
Proceeds from issuance of common stock	158	230	0
Dividends paid	(1,234)	(1,050)	(891)
Net cash provided by financing activities	50,523	27,515	9,233
Net increase (decrease) in cash and due from banks	(1,897)	1,220	56
Cash and due from banks at beginning of period	12,208	10,988	10,932
Cash and due from banks at end of period	$ 10,311	$ 12,208	$ 10,988
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION			
Cash payments for:			
Interest	$ 12,533	$ 10,587	$ 10,126
Income taxes	1,600	1,475	1,275
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING TRANSACTIONS			
Unrealized gain (loss) on investment securities, net of tax	$ 121	$ 662	($482)

See Notes to Consolidated Financial Statements.
</TABLE>

<TABLE>
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
<CAPTION>

	Common Stock (Par Value)	Capital Surplus	Retained Earnings	Accumulated Other Comprehensive Income(Loss)	Total Stockholders' Equity
	(Dollars in Thousands)				
YEAR ENDED DECEMBER 31, 1996					
<S>	<C>	<C>	<C>	<C>	<C>
Balance, beginning of year	$ 6,368	$ 9,345	$14,085	$ 530	$30,328

Comprehensive income					
Net income	0	0	3,445	0	3,445
(Decrease) Increase in unrealized gain on investment securities	0	0	0	(482)	(482)
Total Comprehensive income	0	0	3,445	(482)	2,963
Sale of stock	0	0	0	0	0
Cash dividends paid	0	0	(891)	0	(891)
Balance, end of year	$ 6,368	$ 9,345	$16,639	$ 48	$32,400
YEAR ENDED DECEMBER 31, 1997					
Balance, beginning of year	$ 6,368	$ 9,345	$16,639	$ 48	$32,400
Comprehensive income					
Net income	0	0	4,090	0	4,090
(Decrease) Increase in unrealized gain on investment securities	0	0	0	662	662
Total Comprehensive income	0	0	4,090	662	4,752
Sale of stock	48	348	(166)	0	230
Stock dividend declared on common stock	6,415	0	(6,415)	0	0
Cash dividends paid	0	0	(1,050)	0	(1,050)
Balance, end of year	$12,831	$ 9,693	$13,098	$ 710	$36,332
YEAR ENDED DECEMBER 31, 1998					
Balance, beginning of year	$12,831	$ 9,693	$13,098	$ 710	$36,332
Comprehensive income					
Net income	0	0	4,636	0	4,636
(Decrease) Increase in unrealized gain on investment securities	0	0	0	121	121
Total Comprehensive income	0	0	4,636	121	4,757
Sale of stock	46	327	(215)	0	158
Cash dividends paid	0	0	(1,234)	0	(1,234)
Balance, end of year	$12,877	$10,020	$16,285	$ 831	$40,013

See Notes to Consolidated Financial Statements

</TABLE>

NOTE 2, Investment Securities

At December 31, 1998, the investment securities portfolio is composed of securities classified as held-to-maturity and available-for-sale, in conjunction with SFAS 115. Investment securities held-to-maturity are carried at cost, adjusted for amortization of premiums and accretions of discounts, and investment securities available-for-sale are carried at market value.

The amortized cost and fair value of investment securities held-to-maturity at December 31, 1998 and 1997, were:

	Amortized Cost	Unrealized Gains	Unrealized Losses	Market Value
	(Dollars in Thousands)			
Obligations of other United States Government Agencies as of December 31, 1998	$54,919	$505	$0	$55,424
Obligations of other United States Government Agencies as of December 31, 1997	$28,980	$128	($12)	$29,096

The amortized cost and fair values of investment securities available-for-sale at December 31, 1998 were:

	Amortized Cost	Unrealized Gains	Unrealized Losses	Market Value
			(Dollars in Thousands)	
United States Treasury securities	$ 7,526	$ 30	$ 0	$ 7,556
Obligations of other United States				

Government agencies	19,611	261	(24)	19,848
Obligations of state and political subdivisions	48,596	1,395	(235)	49,756
Adjustable Rate Mortgage Fund	4,400	0	(161)	4,239
Federal Home Loan Bank Stock	1,042	0	0	1,042
Federal Reserve Bank stock	85	0	0	85
Other marketable equity securities	50	0	(8)	42
Total	$81,310	$1,686	($428)	$82,568

The amortized cost and fair values of investment securities available-for-sale at December 31, 1997 were:

	Amortized Cost	Unrealized Gains	Unrealized Losses	Market Value
		(Dollars in Thousands)		
United States Treasury Securities	$22,189	$ 93	($63)	$22,219
Obligations of other United States Government agencies	10,957	121	(28)	11,050
Obligations of State and Political subdivisions	27,844	1,052	0	28,896
Adjustable Rate Mortgage Fund	4,400	0	(99)	4,301
Federal Home Loan Bank Stock	945	0	0	945
Federal Reserve Bank stock	85	0	0	85
Other marketable equity Securities	50	0	0	50
Total	$66,470	$1,266	($190)	$67,546

NOTE 2, Investment Securities (Continued)

Investment securities carried at $37.8 million and $36.4 million at December 31, 1998 and 1997, respectively, were pledged to secure public deposits and securities sold under agreements to repurchase and for other purposes required or permitted by law.

The amortized cost and approximate market values of investment securities at December 31, 1998 by contractual maturity are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

<TABLE>
<CAPTION>

	December 31, 1998			
	Available-For-Sale		Held-To-Maturity	
	Amortized Cost	Market Value	Amortized Cost	Market Value
		(Dollars in Thousands)		
<S>	<C>	<C>	<C>	<C>
Due in one year or less	$ 7,526	$ 7,556	$ 0	$ 0
Due after one year through five years	16,287	16,530	36,483	36,813
Due after five years through ten years	24,002	24,804	18,436	18,611
Due after ten years	27,917	28,270	0	0
Total debt securities	75,732	77,160	54,919	55,424
Other securities without stated maturities	5,578	5,408	0	0
Total investment securities	$81,310	$82,568	$54,919	$55,424

</TABLE>

The proceeds from the sale and maturities of investment securities, and the related realized gains and losses are shown below:

	1998	1997	1996
	(Dollars in Thousands)		
Proceeds from sales and maturities of investments	$36,111	$30,167	$26,174
Realized gains	$ 0	$ 3	$ 2
Realized losses	0	4	0
Net gains (losses)	$ 0	$ (1)	$ 2

NOTE 3, Loans

At December 31, loans before allowance for loan losses consisted of:

	1998	1997
	(Dollars in Thousands)	
Commercial and other	$ 65,143	$ 45,059
Real estate - construction	5,418	3,836
Real estate - mortgage	105,285	104,141
Installment loans to individuals	58,618	66,615
Tax exempt loans	1,401	2,093
Total	$235,865	$221,744

Information concerning loans which are contractually past due or in non-accrual status is as follows:

	1998	1997
	(Dollars in Thousands)	
Contractually past due loans - past due 90 days or more and still accruing interest	$641	$455
Loans which are in non-accrual status	$253	$660

The Bank has had, and may be expected to have in the future, banking transactions in the ordinary course of business with directors, executive officers, their immediate families, and companies in which they are principal owners (commonly referred to as related parties), on the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with others. The aggrgate direct and indirect loans of these persons totaled $1.8 million and $1.9 million at December 31, 1998 and 1997, respectively. These totals do not include loans made in the ordinary course of business to other companies where a director or executive officer of the Bank was also a director or officer of such company but not a principal owner. None of the directors or executive officers had direct or indirect loans exceeding 10% of stockholders' equity at December 31, 1998.

The bank does not account for any of its loans under the provisions of Statement of Financial Accounting Standards No. 114 or 118 related to impaired loans.

NOTE 4, Allowance for Loan Losses

Changes in the allowance for loan losses are as follows:

	1998	1997	1996
	(Dollars in Thousands)		
Balance, beginning of year	$2,671	$2,330	$2,251
Recoveries	481	609	404
Provision for loan losses	650	600	600
Loans charged off	(947)	(868)	(925)
Balance, end of year	$2,855	$2,671	$2,330

NOTE 5, Premises and Equipment

At December 31, premises and equipment consisted of:

(Dollars in Thousands)

	1998	1997
Land	$ 2,458	$ 2,133
Buildings	9,879	7,806
Leasehold improvements	882	855
Furniture, fixtures and equipment	9,925	9,051
Total cost	23,144	19,845
Less accumulated depreciation and amortization	11,092	10,103
Net book value	$12,052	$ 9,742

NOTE 6, Other Real Estate Owned

Other real estate consisted of the following at December 31:

(Dollars in Thousands)

	1998	1997
Foreclosed real estate	$130	$420
Property held for sale	354	354
Total	$484	$774

NOTE 7, Indebtedness

The Bank's short-term borrowings include federal funds purchased, securities sold under repurchase agreements (including $1.4 million to directors in 1998 and $4.0 million in 1997) and United States Treasury Demand Notes. The federal funds purchased and securities sold under repurchase agreements are held under various maturities and interest rates. The United States Treasury Demand Notes are subject to call by the United States Treasury with interest paid monthly at the rate of 25 basis points (1/4%) below the federal funds rate.

NOTE 8, Stock Option Plan

The Company has stock option plans which reserve 143,634 shares of common stock for grants to key employees. 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. A summary of the exercisable incentive stock options is presented below:

<TABLE>
<CAPTION>

	Outstanding Beginning of Year	Granted During the Year	Exercised During the Year	Expired During the Year	Outstanding At End of Year
<S>	<C>	<C>	<C>	<C>	<C>
1996					
Shares	64,474	28,772	(500)	(400)	92,346
Weighted average exercisable price	$16.41	$18.75	$18.13	$18.13	$17.13
<CAPTION>					
<S>	<C>	<C>	<C>	<C>	<C>
1997					
Shares	92,346	25,754	(22,280)	(11,286)	84,534
Weighted average exercisable price	$17.13	$20.75	$13.12	$18.60	$19.09
<CAPTION>					
<S>	<C>	<C>	<C>	<C>	<C>
1998					
Shares	84,534	64,500	(5,400)	0	143,634
Weighted average exercisable price	$19.09	$41.86	$18.54	$ 0	$29.33

</TABLE>

At December 31, 1998, exercise prices on outstanding options ranged from $18.13 to $41.86 per share and the weighted average remaining contractual life was 8 years.

NOTE 8, Stock Option Plan (Continued)

The Company accounts for its stock option plans in accordance with APB Opinion No. 25, Accounting for Stock Issued to Employees, which does not allocate costs to stock options granted at current market values. The Company could, as an alternative, allocate costs to stock options using option pricing models, as provided in Statement of Financial Accounting Standards No. 123, Accounting for Stock-Based Compensation. Because of the limited number of options granted and the limited amount of trading activity in the Company's stock, management believes that stock options are best accounted for in accordance with APB Opinion No. 25. However, had the stock options been accounted for in accordance with SFAS No. 123, pro-forma amounts for net earnings and earnings per share would have been as follows for each of the years ending December 31:

	1998	1997	1996
Pro-forma net income (in thousands)	$4,565	$4,041	$3,401
Pro-forma earnings per share	$1.76	$1.57	$1.33

Pro-forma amounts were computed using a 6% risk free interest rate over a 10 year term using an annual dividend rate of between 1.33% and 1.74% and a .01% volatility rate.

The pro-forma effect of the potential exercise of stock options on basic earnings per share would be to increase the number of weighted average number of outstanding shares by approximately 24,000 in 1998, 14,000 in 1997, and 16,000 in 1996.

The Company also has an Employee Stock Purchase Plan which reserves 66,260 shares of common stock for eligible employees. The purchase price is 95% of the lesser of (1) the common stock's fair market value at July 1 or (2) the common stock's fair market value at the following June 30. During 1998, 4,780 shares of common stock were purchased by employees.

NOTE 9, Income Taxes

The components of income tax expense are as follows:

	1998	1997	1996
	(Dollars in Thousands)		
Currently payable	$1,564	$1,458	$1,214
Deferred	(27)	(17)	95
Reported tax expense	$1,537	$1,441	$1,309

The items that caused timing differences affecting deferred income taxes are as follows:

	1998	1997	1996
	(Dollars in Thousands)		
Provision for loan losses	$ (156)	$ (186)	$ (8)
Pension plan expenses	46	17	32
Deferred loan fees, net	(22)	24	21
Security gains and losses	0	(4)	(7)
Interest on certain non-accrual loans	68	95	8
Depreciation	31	37	46
Other	6	0	3
Total	$ (27)	$ (17)	$ 95

A reconciliation of the "expected" Federal income tax expense on income before income taxes with the reported income tax expense follows:

	1998	1997	1996
	(Dollars in Thousands)		

Expected tax expense (34%)	$2,099	$1,880	$1,616
Interest expense on tax exempt assets	82	57	38
Tax exempt interest	(640)	(494)	(352)
Disqualified incentive stock options	(10)	(2)	0
Other, net	6	0	7
Reported tax expense	$1,537	$1,441	$1,309

NOTE 9, Income Taxes (Continued)

The components of the net deferred tax asset included in other assets are as follows at December 31:

	1998	1997
	(Dollars in Thousands)	
Components of Deferred Tax Liability:		
Depreciation	$ (179)	$ (147)
Accretion of discounts on securities	(9)	(9)
Net unrealized (gain) on available-for-sale securities	(428)	(366)
Deferred loan fees and costs	(70)	(91)
Pension	(38)	0
Deferred tax liability	(724)	(613)
Components of Deferred Tax Asset:		
Allowance for loan losses	709	552
Net unrealized loss on available-for-sale securities	0	0
Interest on non-accrual loans	147	216
Deferred compensation	5	8
Pension	0	8
Deferred tax asset, net	$ 137	$ 171

NOTE 10, Lease Commitments

The Bank has noncancellable leases on premises and equipment expiring at various dates, including extensions to the year 2011. Certain leases provide for increased annual payments based on increases in real estate taxes and the Consumer Price Index.

The total approximate minimum rental commitment at December 31, 1998, under noncancellable leases is $922 thousand which is due as follows:

	Year	(Dollars in Thousands)
	1999	$170
	2000	109
	2001	109
	2002	108
	2003	68
Remaining term of leases		358
Total		$922

The aggregate rental expense of premises and equipment was $220 thousand, $208 thousand and $191 thousand for 1998, 1997, and 1996 respectively.

NOTE 11, Pension Plan

The following tables set forth the Pension Plan's changes in benefit obligation, plan assets, funded status, assumptions and the components of net periodic benefit cost recognized in the Bank's financial statements at December 31:

	Pension Benefits	
	1998	1997

(Dollars in Thousands)

Change in benefit obligation		
Benefit obligation at beginning of year	$2,445	$2,261
Service cost	148	142
Interest cost	193	179
Actuarial gain	0	32
Benefits paid	(151)	(169)
Benefit obligation at end of year	$2,635	$2,445
Change in plan assets		
Fair value of plan assets at beginning of year	$2,341	$2,003
Actual return on plan assets	329	302
Employer contribution	288	206
Benefits paid	(151)	(169)
Fair value of plan assets at end of year	$2,807	$2,342
Funded status	$(172)	$103
Unrecognized prior service cost	(36)	(43)
Unrecognized transition obligation	38	50
Unrecognized actuarial gains (loss)	55	(88)
Prepaid (accrued) benefit cost	$(115)	$22

Weighted-average assumptions as of December 31:

	1998	1997
Discount rate	8.00%	8.00%
Expected return on plan assets	8.00%	8.00%
Rate of compensation increase	5.00%	5.00%

Components of net periodic benefit cost	1998	1997	1996
	(Dollars in Thousands)		
Service Cost	$148	$141	$146
Interest cost	193	179	168
Expected return on plan assets	(185)	(158)	(131)
Amortization of prior service cost	7	6	17
Amortization of transition obligation	(12)	(12)	(12)
Net periodic benefit cost	$151	$156	$188

NOTE 12, Profit Sharing

The Bank has a defined contribution profit sharing and thrift plan covering substantially all of its employees. The Bank may make profit sharing contributions to the plan as determined by the Board of Directors. In addition, the Bank matches thrift contributions by employees fifty cents for each dollar contributed. Expenses related to the plan totaled $283 thousand and $ 258 thousand in 1998 and 1997 respectively.

NOTE 13, Commitments and Contingencies

In the normal course of business, the Bank makes various commitments and incurs certain contingent liabilities. These commitments and contingencies represent off-balance sheet risk for the Bank. To meet the financing needs of its customers, the Bank makes lending commitments under commercial lines of credit, home equity loans and construction and development loans. The Bank also incurs contingent liabilities related to irrevocable letters of credit.

Off- balance sheet items at December 31 are as follows:

	1998	1997
	(Dollars in Thousands)	
Commitments to extend credit:		
Home equity lines of credit	$10,463	$ 9,748
Construction and development loans committed but not funded	9,168	7,124
Other lines of credit (principally commercial)	32,514	19,556
Total	$52,145	$36,428

	=======	=======
Irrevocable letters of credit	$646	$822
	====	====

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Bank evaluates each customer's credit worthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Bank, upon extensions of credit is based on management's credit evaluation of the customer. Collateral held varies but may include accounts receivable, inventory, property, plant and equipment, and income-producing commercial properties.

Standby letters of credit and financial guarantees written are conditional commitments issued by the bank to guarantee the performance of a customer to a third party. Those guarantees are primarily issued to support private borrowing agreements. Most guarantees extend for less than two years and expire in decreasing amounts through 1999. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loans to customers. The Bank holds various collateral supporting those commitments for which collateral is deemed necessary.

NOTE 14, Fair Value of Financial Instruments

The estimated fair value of the Bank's financial instruments at December 31 are as follows:

<TABLE>
<CAPTION>

	1998		1997	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(Dollars in Thousands)		(Dollars in Thousands)	
<S>	<C>	<C>	<C>	<C>
Cash and due from banks	$ 10,311	$ 10,311	$ 12,208	$ 12,208
Investment securities, held-to-maturity	54,919	55,424	28,980	29,096
Investment securities, available-for-sale	82,568	82,568	67,546	67,546
Federal funds sold	6,578	6,578	6,977	6,977
Loans, net of allowances for loan losses	233,010	234,072	219,073	217,913
Deposits:				
Non-interest bearing deposits	65,336	65,336	52,360	52,360
Savings deposits	121,682	121,682	99,991	99,991
Certificates of Deposit	156,395	157,322	134,749	134,330
Securities sold under repurchase agreement and federal funds purchased	19,128	19,128	20,165	20,165
Interest bearing U.S. Treasury demand notes and other liabilities for borrowed money	348	348	4,025	4,025
Commitments to extend credit	52,145	52,145	36,428	36,428
Irrevocable letters of credit	646	646	822	822

</TABLE>

The above presentation of fair values is required by the Statement of Financial Accounting Standards No. 107 "Disclosures about Market Values of Financial Instruments". The fair values shown do not necessarily represent the amounts which would be received on sale or other disposition of the instrument.

The carrying amounts of cash and due from banks, federal funds sold, demand and savings deposits and securities sold under repurchase agreements represent items which do not present significant market risks, are payable on demand or are of such short duration that the market value approximates carrying value.

Investment securities are valued at the quoted market price for individual securities held.

The fair value of loans is estimated by discounting future cash flows using current rates at which similar loans would be made to borrowers.

Certificates of deposit are presented at estimated fair value using rates currently offered for deposits of similar remaining maturities.

NOTE 15, Regulatory Matters

The Company is required to maintain minimum amounts of capital to "risk weighted" assets, as defined by the banking regulators. At December 31, 1998, the Company is required to have minimum Tier 1 and Total capital ratios of 4.00% and 8.00% respectively. The Company's actual ratios at that date were 14.89% and 15.98%. The Company's leverage ratio at December 31, 1998 was 10.26%.

The approval of the Comptroller of the Currency is required if the total of all dividends declared by a national bank in any calendar year exceeds the bank's net profits for that year combined with its retained net profits for the preceding two calendar years. Under this formula, the banking subsidiary can distribute as dividends to the Company in 1999, without approval of the Comptroller of the Currency, $6.3 million plus an additional amount equal to the Bank's retained net profits for 1999 up to the date of any dividend declaration.

OLD POINT FINANCIAL CORPORATION
PARENT ONLY
BALANCE SHEETS

As of December 31, Dollars in thousands	1998	1997
ASSETS		
Cash in bank	$ 294	$ 289
Investment securities	2,107	1,877
Total Loans	0	0
Investment in subsidiary	37,598	34,171
Other real estate owned	0	0
Other assets	14	8
TOTAL ASSETS	$40,013	$36,345
LIABILITIES AND STOCKHOLDERS EQUITY		
Notes payable - bank	$ 0	$ 0
Other liabilities	0	13
Total liabilities	0	13
Stockholders' equity	40,013	36,332
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$40,013	$36,345

OLD POINT FINANCIAL CORPORATION
PARENT ONLY
INCOME STATEMENTS

For the year ended December 31, Dollars in thousands	1998	1997	1996
INCOME			
Cash dividends from subsidiary	$1,300	$1,000	$1,000
Interest and Fees on Loans	0	1	4
Interest income from investment securities	106	105	94
Other income	0	0	0
TOTAL INCOME	1,406	1,106	1,098
EXPENSES			
Interest on borrowed money	0	0	0
Other expenses	41	50	251
TOTAL EXPENSES	41	50	251

Income before taxes and undistributed

net income of subsidiary	1365	1056	847
Income tax	22	19	(52)
Net income before undistributed net income of subsidiary	1,343	1,037	899
Undistributed net income of subsidiary	3,293	3,053	2,546
NET INCOME	$4,636	$4,090	$3,445

<TABLE>

OLD POINT FINANCIAL CORPORATION
PARENT ONLY
STATEMENT OF CASH FLOWS

<CAPTION>

For the year ending December 31, Dollars in thousands	1998	1997	1996
CASH FLOWS FROM OPERATING ACTIVITIES			
<S>	<C>	<C>	<C>
Net income (Loss)	$4,636	$4,090	$3,445
Adjustments to Reconcile Net Income to Net Cash Provided by operating activities:			
Equity in undistributed (earnings) losses of subsidiaries	(3,293)	(3,053)	(2,546)
Market write-down on other real estate owned	0	0	0
Increase (decrease) in other assets	0	53	12
Increase (decrease) in other liabilities	(12)	11	0
Net cash provided (used) by operating activities	1,331	1,101	911
CASH FLOWS FROM INVESTING ACTIVITIES			
(Purchase)/Sales of Investments	(250)	(200)	0
Sale or repayment of investments in and advances to subsidiaries	0	0	0
(Purchase)/Sale of Premises and Equipment	0	16	0
Loans to customers	0	48	2
Net cash provided (used) by investing activities	(250)	(136)	2
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (decrease) in borrowed money	0	0	0
Proceeds from issuance of common stock	158	231	0
Dividends paid	(1,234)	(1,050)	(892)
Other, net	0	0	0
Net cash provided (used) by financing activities	(1,076)	(819)	(892)
Net increase in cash and due from banks	5	146	21
Cash and due from banks at beginning of period	289	143	122
Cash and due from banks at end of period	$ 294	$ 289	$ 143

</TABLE>

Accounting Rule Changes

None.

Regulatory Requirements and Restrictions

For the reserve maintenance period in effect at December 31, 1998, 1997 and 1996 the bank was required to maintain with the Federal Reserve Bank of Richmond an average daily balance totaling approximately $350 thousand, $400 thousand and $5.7 million respectively.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None.

PART III

Item 10. Directors and Executive Officers of the Registrant

The eleven persons named below, all of whom currently serve as directors of the Company, will be nominated to serve as directors until the 2000 Annual Meeting, or until their successors have been duly elected and have qualified.

Director Name and (Age)	Since (1)	Principal Occupation For Past Five Years	Amount and Nature of Beneficial Ownership As of March 17, 1998 (Percent of Class) (2)(3)
Dr. Richard F. Clark (66)	1981	Pathologist(retired) Sentara Hampton General Hospital	62,533 2.4%
Gertrude S. Dixon (85)	1981	Real Estate Management and Ownership	190,779 7.4%
Russell Smith Evans Jr. (56)	1993	Assistant Treasurer and Corporate Fleet Manager Ferguson Enterprises	1,650 *
G. Royden Goodson, III (43)	1994	President Warwick Plumbing & Heating Corp.	4,862 *
Dr. Arthur D. Greene (54)	1994	Surgeon - Partner Tidewater Orthopaedic Associates	3,914 *
Stephen D. Harris (57)	1988	Attorney-at-Law -Partner Geddy, Harris & Geddy	9,000 *
John Cabot Ishon (52)	1989	President Hampton Stationery	12,780 *
Eugene M. Jordan (75)	1964	Attorney-at-Law Cumming, Hatchett & Jordan, P.C.	28,000 1.1%
John B. Morgan, II (52)	1994	President Morgan-Marrow Insurance	2,600 *
Dr. H. Robert Schappert (60)	1996	Veterinarian - Owner Beechmont Veterinary Hospital	89,740 3.5%
Robert F. Shuford (61)	1965	Chairman of the Board, President & CEO Old Point Financial Corporation Chairman of the Board, President & CEO Old Point National Bank	154,510(4) 5.9%

*Represents less than 1.0% of the total outstanding shares.

(1) Refers to the year in which the individual first became a director of the Bank. Dr. Richard F. Clark, Gertrude S. Dixon, Eugene M. Jordan, and Robert F. Shuford became directors of the Company upon consummation of the Bank's reorganization on October 1, 1984. All present directors of the Company are directors of the Bank.

(2) For purposes of this table, beneficial ownership has been determined in accordance with the provisions of Rule 13d-3 of the Securities Exchange Act of 1934 under which, in general, a person is deemed to be the beneficial owner of a security if he or she has or shares the power to vote or direct the voting of the security or the power to dispose of or direct the disposition of the security, or if he or she has the right to acquire beneficial ownership of the security within sixty days.

(3) Includes shares held (i) by their close relatives or held jointly with their spouses, (ii) as custodian or trustee for the benefit of their children or others, or (iii) as attorney-in-fact subject to a general power of attorney - Dr. Clark, 200 shares; Mr. Evans, 650 shares; Dr. Greene, 1,968 shares; Mr. Harris, 400 shares, Mr. Ishon, 3,480 shares; Mr. Jordan, 14,000 shares; Mr. Morgan, 2,200 shares; Dr. Schappert, 81,370 shares; and Mr. Shuford, 75,590 shares.

(4) Includes shares that may be acquired within 60 days pursuant to the exercise of stock options granted under the 1989 Old Point Stock Option Plan - Mr. Shuford 21,794.

There are two family relationships among the directors and executive officers. Mr. Jordan is the father-in-law of Mr. Ishon. Mr. Shuford and Dr. Schappert are married to sisters. None of the directors serve as a director of any other company with a class of securities registered pursuant to Section 12 of the Securities Exchange Act of 1934.

There were no delinquent Securities and Exchange Form 4 filings during 1998.

In addition to the executive officer included in the preceding list of directors, the persons listed below were executive officers of the Company or its subsidiary as of December 31, 1998.

Name and (Age)	Executive Officer Since (1)	Principal Occupation For Past Five Years
Louis G. Morris (44)	1988	Senior Vice President and Treasurer Old Point Financial Corporation
Cary B. Epes (50)	1993	Senior Vice President Old Point Financial Corporation
W. Rodney Rosser (58)	1989	Senior Vice President and Secretary Old Point Financial Corporation
Margaret P. Causby (48)	1992	Senior Vice President Old Point Financial Corporation

Each of these executive officers owns less than 1% of the stock of the Company.

(1) Cary B. Epes was Vice President and Commercial Account Manager at Crestar Bank. All other executive officers served in virtually the same capacity with the Company and/or the Bank prior to appointment as an executive officer.

Item 11. Executive Compensation
Cash Compensation

The following table presents a three-year summary of all compensation paid or accrued by the Company and the Bank to the Company's Chief Executive Officer and each executive officer whose salary and bonus for 1998 exceeded $100,000.

SUMMARY COMPENSATION TABLE

Annual Compensation

Name and Principal Position	Year	Salary(1)	Bonus(2)	All Other Compensation(3)(4)
Robert F. Shuford	1998	$151,200	$34,560	$17,765
Chairman, President	1997	$148,500	$26,000	$16,092
& CEO	1996	$147,900	$10,000	$10,857
W. Rodney Rosser	1998	$ 93,267	$21,600	$10,099
EVP & Trust Officer	1997	$ 86,100	$14,400	$ 8,499
& Secretary	1996	$ 85,500	$ 8,000	$ 6,136
Louis G. Morris	1998	$ 90,247	$21,600	$ 9,051
EVP/CFO	1997	$ 83,000	$14,400	$ 7,636
	1996	$ 83,000	$ 8,000	$ 5,262
Cary B. Epes	1998	$ 89,167	$21,600	$ 9,440
EVP/CCO	1997	$ 82,000	$14,400	$ 7,708
	1996	$ 82,000	$ 7,500	$ 5,359
Margaret P. Causby	1998	$ 88,167	$21,600	$ 9,035
EVP	1997	$ 78,483	$14,400	$ 7,372
	1996	$ 73,387	$ 8,000	$ 4,756

(1) Salary includes directors' fees as follows: Mr. Shuford - 1998, $4,200, 1997, $4,500, and 1996, $3,900.

(2) Bonus consideration for Mr. Shuford is paid in January of each year following the year in which earned so that year end results could be evaluated by the Compensation Committee. Bonus consideration for Mr. Rosser, Mr. Morris, Mr. Epes and Mrs. Causby is paid in the year in which earned.

(3) Mr. Shuford has received other compensation as follows:

	1998	1997	1996
Deferred Profit Sharing	$ 5,090	$ 4,342	$ 4,395
Cash Profit Sharing	4,811	4,088	0
401(k) Matching Plan	4,410	4,320	4,320
Group Term Insurance	3,454	3,342	2,142
Total	$17,765	$16,092	$10,857

(4) Mr. Rosser has received other compensation as follows:

	1998	1997	1996
Deferred Profit Sharing	$ 3,156	$ 2,532	$ 2,564
Cash Profit Sharing	2,984	2,385	0
401(k) Matching Plan	2,735	2,520	2,510
Group Term Insurance	1,224	1,062	1,062
Total	$10,099	$ 8,499	$ 6,136

Mr. Morris has received other compensation as follows:

	1998	1997	1996
Deferred Profit Sharing	$ 3,122	$ 2,551	$ 2,533
Cash Profit Sharing	2,951	2,356	0
401(k) Matching Plan	2,705	2,490	2,490
Group Term Insurance	273	239	239
Total	$ 9,051	$ 7,636	$ 5,262

Mr. Epes has received other compensation as follows:

	1998	1997	1996
Deferred Profit Sharing	$ 3,087	$ 2,520	$ 2,502
Cash Profit Sharing	2,918	2,328	0
401(k) Matching Plan	2,675	2,460	2,460
Group Term Insurance	760	400	397
Total	$ 9,440	$ 7,708	$ 5,359

Mrs. Causby has received other compensation as follows:

	1998	1997	1996
Deferred Profit Sharing	$ 3,053	$ 2,408	$ 2,228
Cash Profit Sharing	2,885	2,224	0
401(k) Matching Plan	2,645	2,350	2,190
Group Term Insurance	452	390	338
Total	$ 9,035	$ 7,372	$ 4,756

Item 12. Security Ownership of Certain Beneficial Owners and Management

Security ownership of certain beneficial owners and management is detailed in Part III, Item 10. of this Annual Report on Form 10-K.

Item 13. Certain Relationships and Related Transactions

Some of the Company directors, executive officers, and members of their immediate families, and corporations, partnerships and other entities of which such persons are officers, directors, partners, trustees, executors or beneficiaries, are customers of the Bank. As of December 31, 1998, borrowing by all policy making officers and directors amounted to $1.8 million. This amount represented 4.5% of the total equity capital accounts of the Company as of December 31, 1998. All loans and commitments to lend included in such transactions were made in the ordinary course of business, upon substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons and did not involve more than normal risk of collectibility or present other unfavorable features. It is the policy of the Bank to provide loans to officers who are not executive officers and to employees at more favorable rates than those prevailing at the time for comparable transactions with other persons. These loans do not involve more than the normal risk of collectibility or present other unfavorable features. The Bank expects to have in the future similar banking transactions with directors, officers, principal stockholders and their associates.

The law firm of Cumming, Hatchett and Jordan, P.C. serves as legal counsel to the Bank. Mr. Eugene M. Jordan is a member of the firm. During 1998, the firm received from the Bank a retainer and fees totaling $76,223. Morgan Marrow Company of which John B. Morgan, II is President, provided insurance for which the Bank paid $268,610 during 1998. The 1998 amount paid includes $218,042 in three year prepaid premiums for coverage through May 2001. Hampton Stationery, of which John Cabot Ishon is the owner provided office furniture and supplies for which the bank paid $104,216. Geddy, Harris & Geddy, of which Stephen D. Harris is a partner, and Warwick Plumbing & Heating Corp. of which G. Royden Goodson, III is President provided products and services to the Bank during 1998.

PART IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8

A.1 Financial Statements:

The following audited financial statements are included in Part II, Item 8, of this Annual Report on Form 10-K.

Consolidated Balance Sheets - December 31, 1998 and 1997
Consolidated Statements of Income
Years Ended December 31, 1998, 1997 and 1996
Consolidated Statements of Changes in Stockholders' Equity
Years Ended December 31, 1998, 1997 and 1996
Consolidated Statements of Cash Flows
Years Ended December 31, 1998, 1997 and 1996
Notes to Financial Statements
Auditor's Report

A.2 Financial Statement Schedules:

Schedule	Location
Average Balance Sheets, Net Interest Income and Rates	Part I, Item 1
Analysis of Change in Net Interest Income	Part I, Item 1
Interest Sensitivity Analysis	Part I, Item 1
Investment Securities	Part I, Item 1
Investment Security Maturities & Yields	Part I, Item 1
Loans	Part I, Item 1
Maturity Schedule of Selected Loans	Part I, Item 1
Nonaccrual, Past Due and Restructured Loans	Part I, Item 1
Analysis of the Allowance for Loan Losses	Part I, Item 1
Allocation of the Allowance for Loan Losses	Part I, Item 1
Deposits	Part I, Item 1
Certificates of Deposit of $100,000 and more	Part I, Item 1
Return on Average Equity	Part I, Item 1
Short Term Borrowings	Part I, Item 1
Lease Commitments	Part I, Item 1
Other Real Estate Owned	Part I, Item 1
Selected Financial Data	Part II, Item 6
Capital Ratios	Part II, Item 7
Dividends Paid and Market Price of Common Stock	Part II, Item 7
Proceeds from sales and maturities of securities	Part II, Item 8
Premises and Equipment	Part II, Item 8
Stock Option Plan	Part II, Item 8
Components of Income Tax Expense	Part II, Item 8
Reconciliation of Expected and Reported Income Tax Expense	Part II, Item 8
Pension Plan	Part II, Item 8
Commitments and Contingencies	Part II, Item 8
Fair Value of Financial Instruments	Part II, Item 8
Directors and Executive Officer	Part III, Item 10
Executive Compensation	Part III, Item 11

A.3 Exhibits:

3 Articles of Incorporation and Bylaws
4 Not Applicable
9 Not Applicable
10 Not Applicable
11 Not Applicable
12 Not Applicable
13 Not Applicable

18	Not Applicable
19	Not Applicable
22	Subsidiaries of the Registrant
23	Not Applicable
24	Consent of Independent Certified Public Accountants
25	Powers of Attorney
27	Financial Data Schedule
28	Not Applicable
29	Not Applicable

B. Reports on Form 8-K:

No reports on form 8-K were filed during the fourth quarter of 1998.

Signatures

Pursuant to the requirements of Section 13 or 15(d) 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 on the 26th day of March, 1999.

OLD POINT FINANCIAL CORPORATION

Robert F. Shuford, President

Pursuant to the requirements of the Securities and Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in their capacities on the 26th day of March, 1999.

/s/Robert F. Shuford Robert F. Shuford	President and Director Principal Executive Officer
/s/ Louis G. Morris Louis G. Morris	Senior Vice President and Treasurer Principal Financial & Accounting Officer
/s/Richard F. Clark *	Director
/s/Gertrude S. Dixon *	Director
/s/Russell S. Evans, Jr. *	Director
/s/G. Royden Goodson, III	Director
/s/Dr. Arthur D. Greene	Director
/s/Steven D. Harris *	Director
/s/John Cabot Ishon *	Director
/s/Eugene M. Jordan *	Director
/s/John B. Morgan *	Director
/s/Dr. H. Robert Schappert *	Director

EXHIBIT 22. SUBSIDIARIES OF THE REGISTRANT

The Old Point National Bank of Phoebus, a wholly-owned subsidiary of the Corporation, is a national banking association subject to regulation by the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Federal Reserve System.

EXHIBIT 24. CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

EGGLESTON SMITH P.C.
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

CONSENT OF INDEPENDENT AUDITORS

Board of Directors
Old Point Financial Corporation

We consent to the incorporation by reference in this Annual Reports on Form 10-K of our report dated January 15, 1999, relating to the consolidated financial statements of Old Point Financial Corporation as of December 31, 1998, 1997, and 1996, and for each of the three-year period ended December 31, 1998.

EGGLESTON SMITH P.C.
/s/ EGGLESTON SMITH P.C.

Newport News, Virginia
March 26, 1999

EXHIBIT 25. POWERS OF ATTORNEY

Old Point Financial Corporation

Power of Attorney

I, Russell S. Evans, Jr., do hereby constitute and appoint Robert F. Shuford and Eugene M. Jordan, my true and lawful attorney-in-fact, any of whom acting singly is hereby authorized for me and in my name and on my behalf as a director and/or officer of Old Point Financial Corporation (the "Corporation"), to act and to execute any and all instruments as such attorneys or attorney deem necessary or advisable to enable the Corporation to comply with the Securities Exchange Act of 1934, as amended ("Act"), and any rules, regulations, policies or requirements of the Securities Exchange Commission (the "Commission") in respect thereof in connection with the preparation and filing by the Corporation with the Commission of its Annual Report on Form 10-K for the year ended December 31, 1998 and any and all amendments to such Report, together with such other supplements, statements, instruments and documents as such attorneys or attorney deem necessary or appropriate.

I do hereby ratify and confirm all my said attorneys or attorney shall do or cause to be done by virtue hereof.

WITNESS my execution hereof this 12th day of January, 1999.

/s/Russell S. Evans, Jr. (SEAL)

Old Point Financial Corporation

Power of Attorney

I, Dr. Richard F. Clark, do hereby constitute and appoint Robert F. Shuford and Eugene M. Jordan, my true and lawful attorney-in-fact, any of whom acting singly is hereby authorized for me and in my name and on my behalf as a director and/or officer of Old Point Financial Corporation (the "Corporation"), to act and to execute any and all instruments as such attorneys or attorney deem necessary or advisable to enable the Corporation to comply with the Securities Exchange Act of 1934, as amended ("Act"), and any rules, regulations, policies or requirements of the Securities Exchange Commission (the "Commission") in respect thereof in connection with the preparation and filing by the Corporation with the Commission of its Annual Report on Form 10-K for the year ended December 31, 1998 and any and all amendments to such Report, together with such other supplements, statements, instruments and documents as such attorneys or attorney deem necessary or appropriate.

I do hereby ratify and confirm all my said attorneys or attorney shall do or cause to be done by virtue hereof.

WITNESS my execution hereof this 12th day of January, 1999.

/s/ Dr. Richard F. Clark (SEAL)

Old Point Financial Corporation

Power of Attorney

I, Gertrude S. Dixon, do hereby constitute and appoint Robert F. Shuford and Eugene M. Jordan, my true and lawful attorney-in-fact, any of whom acting singly is hereby authorized for me and in my name and on my behalf as a director and/or officer of Old Point Financial Corporation (the "Corporation"), to act and to execute any and all instruments as such attorneys or attorney deem necessary or advisable to enable the Corporation to comply with the Securities Exchange Act of 1934, as amended ("Act"), and any rules, regulations, policies or requirements of the Securities Exchange Commission (the "Commission") in respect thereof in connection with the preparation and filing by the Corporation with the Commission of its Annual Report on Form 10-K for the year ended December 31, 1998 and any and all amendments to such Report, together with such other supplements, statements, instruments and documents as such attorneys or attorney deem necessary or appropriate.

I do hereby ratify and confirm all my said attorneys or attorney shall do or cause to be done by virtue hereof.

WITNESS my execution hereof this 12th day of January, 1999.

/s/ Gertrude S. Dixon (SEAL)

Old Point Financial Corporation

Power of Attorney

I, Stephen D. Harris, do hereby constitute and appoint Robert F. Shuford and Eugene M. Jordan, my true and lawful attorney-in-fact, any of whom acting singly is hereby authorized for me and in my name and on my behalf as a director and/or officer of Old Point Financial Corporation (the "Corporation"), to act and to execute any and all instruments as such attorneys or attorney deem necessary or advisable to enable the Corporation to comply with the Securities Exchange Act of 1934, as amended ("Act"), and any rules, regulations, policies or requirements of the Securities Exchange Commission (the "Commission") in respect thereof in connection with the preparation and filing by the Corporation with the Commission of its Annual Report on Form 10-K for the year ended December 31, 1998 and any and all amendments to such Report, together with such other supplements, statements, instruments and documents as such attorneys or attorney deem necessary or appropriate.

I do hereby ratify and confirm all my said attorneys or attorney shall do or cause to be done by virtue hereof.

WITNESS my execution hereof this 12th day of January, 1999.

/s/ Stephen D. Harris (SEAL)

Old Point Financial Corporation

Power of Attorney

I, John Cabot Ishon, do hereby constitute and appoint Robert F. Shuford and Eugene M. Jordan, my true and lawful attorney-in-fact, any of whom acting singly is hereby authorized for me and in my name and on my behalf as a director and/or officer of Old Point Financial Corporation (the "Corporation"), to act and to execute any and all instruments as such attorneys or attorney deem necessary or advisable to enable the Corporation to comply with the Securities Exchange Act of 1934, as amended ("Act"), and any rules, regulations, policies or requirements of the Securities Exchange Commission (the "Commission") in respect thereof in connection with the preparation and filing by the Corporation with the Commission of its Annual Report on Form 10-K for the year ended December 31, 1998 and any and all amendments to such Report, together with such other supplements, statements, instruments and documents as such attorneys or attorney deem necessary or appropriate.

I do hereby ratify and confirm all my said attorneys or attorney shall do or cause to be done by virtue hereof.

WITNESS my execution hereof this 12th day of January, 1999.

/s/ John Cabot Ishon (SEAL)

Old Point Financial Corporation

Power of Attorney

I, Eugene M. Jordan, do hereby constitute and appoint Robert F. Shuford and Eugene M. Jordan, my true and lawful attorney-in-fact, any of whom acting singly is hereby authorized for me and in my name and on my behalf as a director and/or officer of Old Point Financial Corporation (the "Corporation"), to act and to execute any and all instruments as such attorneys or attorney deem necessary or advisable to enable the Corporation to comply with the Securities Exchange Act of 1934, as amended ("Act"), and any rules, regulations, policies or requirements of the Securities Exchange Commission (the "Commission") in respect thereof in connection with the preparation and filing by the Corporation with the Commission of its Annual Report on Form 10-K for the year ended December 31, 1998 and any and all amendments to such Report, together with such other supplements, statements, instruments and documents as such attorneys or attorney deem necessary or appropriate.

I do hereby ratify and confirm all my said attorneys or attorney shall do or cause to be done by virtue hereof.

WITNESS my execution hereof this 12th day of January, 1999.

/s/ Eugene M. Jordan (SEAL)

Old Point Financial Corporation

Power of Attorney

I, Robert F. Shuford, do hereby constitute and appoint Robert F. Shuford and Eugene M. Jordan, my true and lawful attorney-in-fact, any of whom acting singly is hereby authorized for me and in my name and on my behalf as a director and/or officer of Old Point Financial Corporation (the "Corporation"), to act and to execute any and all instruments as such attorneys or attorney deem necessary or advisable to enable the Corporation to comply with the Securities Exchange Act of 1934, as amended ("Act"), and any rules, regulations, policies or requirements of the Securities Exchange Commission (the "Commission") in respect thereof in connection with the preparation and filing by the Corporation with the Commission of its Annual Report on Form 10-K for the year ended December 31, 1998 and any and all amendments to such Report, together with such other supplements, statements, instruments and documents as such attorneys or attorney deem necessary or appropriate.

I do hereby ratify and confirm all my said attorneys or attorney shall do or cause to be done by virtue hereof.

WITNESS my execution hereof this 12th day of January, 1999.

/s/ Robert F. Shuford (SEAL)

Old Point Financial Corporation

Power of Attorney

I, Dr. Arthur D. Greene, do hereby constitute and appoint Robert F. Shuford and Eugene M. Jordan, my true and lawful attorney-in-fact, any of whom acting singly is hereby authorized for me and in my name and on my behalf as a director and/or officer of Old Point Financial Corporation (the "Corporation"), to act and to execute any and all instruments as such attorneys or attorney deem necessary or advisable to enable the Corporation to comply with the Securities Exchange Act of 1934, as amended ("Act"), and any rules, regulations, policies or requirements of the Securities Exchange Commission (the "Commission") in respect thereof in connection with the preparation and filing by the Corporation with the Commission of its Annual Report on Form 10-K for the year ended December 31, 1998 and any and all amendments to such Report, together with such other supplements, statements, instruments and documents as such attorneys or attorney deem necessary or appropriate.

I do hereby ratify and confirm all my said attorneys or attorney shall do or cause to be done by virtue hereof.

WITNESS my execution hereof this 12th day of January, 1999.

/s/ Dr. Arthur D. Greene (SEAL)

Old Point Financial Corporation

Power of Attorney

I, John B. Morgan, II, do hereby constitute and appoint Robert F. Shuford and Eugene M. Jordan, my true and lawful attorney-in-fact, any of whom acting singly is hereby authorized for me and in my name and on my behalf as a director and/or officer of Old Point Financial Corporation (the "Corporation"), to act and to execute any and all instruments as such attorneys or attorney deem necessary or advisable to enable the Corporation to comply with the Securities Exchange Act of 1934, as amended ("Act"), and any rules, regulations, policies or requirements of the Securities Exchange Commission (the "Commission") in respect thereof in connection with the preparation and filing by the Corporation with the Commission of its Annual Report on Form 10-K for the year ended December 31, 1998 and any and all amendments to such Report, together with such other supplements, statements, instruments and documents as such attorneys or attorney deem necessary or appropriate.

I do hereby ratify and confirm all my said attorneys or attorney shall do or cause to be done by virtue hereof.

WITNESS my execution hereof this 12th day of January, 1999.

/s/ John B. Morgan, II (SEAL)

Old Point Financial Corporation

Power of Attorney

I, G. Royden Goodson, III, do hereby constitute and appoint Robert F. Shuford and Eugene M. Jordan, my true and lawful attorney-in-fact, any of whom acting singly is hereby authorized for me and in my name and on my behalf as a director and/or officer of Old Point Financial Corporation (the "Corporation"), to act and to execute any and all instruments as such attorneys or attorney deem necessary or advisable to enable the Corporation to comply with the Securities Exchange Act of 1934, as amended ("Act"), and any rules, regulations, policies or requirements of the Securities Exchange Commission (the "Commission") in respect thereof in connection with the preparation and filing by the Corporation with the Commission of its Annual Report on Form 10-K for the year ended December 31, 1998 and any and all amendments to such Report, together with such other supplements, statements, instruments and documents as such attorneys or attorney deem necessary or appropriate.

I do hereby ratify and confirm all my said attorneys or attorney shall do or cause to be done by virtue hereof.

WITNESS my execution hereof this 12th day of January, 1999.

/s/ G. Royden Goodson, III (SEAL)

Old Point Financial Corporation

Power of Attorney

I, Dr. H. Robert Schappert, do hereby constitute and appoint Robert F. Shuford and Eugene M. Jordan, my true and lawful attorney-in-fact, any of whom acting singly is hereby authorized for me and in my name and on my behalf as a director and/or officer of Old Point Financial Corporation (the "Corporation"), to act and to execute any and all instruments as such attorneys or attorney deem necessary or advisable to enable the Corporation to comply with the Securities Exchange Act of 1934, as amended ("Act"), and any rules, regulations, policies or requirements of the Securities Exchange Commission (the "Commission") in respect thereof in connection with the preparation and filing by the Corporation with the Commission of its Annual Report on Form 10-K for the year ended December 31, 1998 and any and all amendments to such Report, together with such other supplements, statements, instruments and documents as such attorneys or attorney deem necessary or appropriate.

I do hereby ratify and confirm all my said attorneys or attorney shall do or cause to be done by virtue hereof.

WITNESS my execution hereof this 12th day of January, 1999.

/s/ Dr. H. Robert Schappert (SEAL)

EXHIBIT 3. ARTICLES OF INCORPORATION AND BYLAWS

AMENDED: 04.25.95
(ART. III-A - ENTIRETY)

ARTICLES OF INCORPORATION

OLD POINT FINANCIAL CORPORATION

I. Name

The name of the Corporation is Old Point Financial Corporation.

II. Purpose

The purpose for which the Corporation is organized is to act as a bank holding company and to transact any and all lawful business, not required to be specifically stated in the Articles of Incorporation, for which corporations may be incorporated under the Virginia Stock Corporation Act.

III. Capital Stock

A. General Authorization. The Corporation shall have authority to issue 6,000,000 shares of Common Stock, par value $5.00 per share.

B. No Preemptive Rights. Shareholders shall have no preemptive rights to acquire any unissued shares of the Corporation.

C. Cumulative Voting. At all elections of directors of the Corporation, each holder of Common Stock shall be entitled to cast as many votes as shall equal the number of votes which he would be entitled to cast for the election of directors with respect to his shares of Common Stock multiplied by the number of directors to be elected, and he may cast all such votes for a single director or may distribute them among as many candidates as he may see fit.

IV. Certain Business Combinations

A. Higher Vote for Certain Business Combinations. The affirmative vote of the holders of not less than 75% of the outstanding shares of Common Stock of the Corporation shall be required for the approval or authorization of a Business Combination (as hereinafter defined). The foregoing shall not apply to a Business Combination, and such Business Combination shall require only such approval as is required by law, if it shall have been approved by the affirmative vote of at least 80% of the entire Board of Directors.

B. Certain Definitions. For purposes of this Article IV:

1. A "Business Combination" shall mean (i) any merger or consolidation of the Corporation of a subsidiary with or into, or the exchange of shares of Common Stock of the Corporation for cash or property of, an Acquiring Person, (ii) any sale, lease, exchange or other disposition of all or substantially all of the assets of the Corporation or a subsidiary to or with an Acquiring Person, (iii) any reclassification of securities (including any reverse stock split), recapitalization or other transaction that would have the effect of increasing the voting power of an Acquiring Person, or (iv) any plan or proposal for the liquidation or dissolution of the Corporation proposed by or on behalf of an Acquiring Person.

2. An "Acquiring Person" shall mean any individual, firm, corporation, trust or any other entity which: (i) beneficially owns, together with its affiliates and associated persons, 5% or more of the outstanding shares of Common Stock of the Corporation; or (ii) though owning less than 5% of such shares, proposes or undertakes to obtain control or exercise a controlling influence over the Corporation as determined by the Board of Directors.

C. Amendment or Repeal. The provisions of this Article shall not be amended or repealed, nor shall any provision of these Articles of Incorporation be adopted that is inconsistent with this Article, unless such action shall have been approved by the affirmative vote of either: (i) the holders of at least 75% of the outstanding shares of Common Stock; or (ii) 80% of the entire Board of Directors and the holders of the requisite number of shares required under Virginia law for the amendment of articles of incorporation.

D. Certain Determinations by the Board of Directors. When evaluating a proposed Business Combination, the Board of Directors of the Corporation shall, in connection with the exercise of its judgment in determining what is in the best interests of the Corporation and its stockholders, give due consideration not only to price or other consideration being offered, but also to all other relevant factors, including, without limitation, (i) the financial and managerial resources and future prospects of the Acquiring Person, (ii) the possible effects on the business, employees, customers and creditors of the Corporation and its subsidiaries. In evaluating any proposed Business Combination, the Board of Directors shall be deemed to be performing their duly authorized duties and acting in good faith and in the best interests of the Corporation and its stockholders.

Any determination made in good faith by the Board of Directors, on the basis of information at the time available to it, whether (i) an individual, firm, corporation or other entity is an Acquiring Person, (ii) the number of shares of Common Stock beneficially owned, directly or indirectly, by such person is more than 5% of the outstanding shares, or (iii) any individual, firm, corporation or other entity is an "affiliate" or "associated person" of an Acquiring Person, shall be conclusive and binding for all purposes of this Article IV.

V. Directors

The number of directors shall be fixed by the Bylaws. Absent any Bylaw fixing the number of directors, that number shall be 25.

VI. Indemnification and Limit on Liability

A. To the full extent permitted by the Virginia Stock Corporation Act, as it exists on the date hereof or may hereafter be amended, each director and officer shall be indemnified by the Corporation against liabilities, fines, penalties and claims imposed upon or asserted against him (including amounts paid in settlement) by reason of having been such director or officer, whether or not then continuing so to be, and against all expenses (including counsel fees) reasonably incurred by him in connection therewith, except in relation to matters as to which he shall have been finally adjudged liable by reason of his willful misconduct or a knowing violation of criminal law in the performance of his duty as such director or officer. The right of indemnification hereby provided shall not be exclusive of any other rights to which any director may be entitled.

B. To the full extent that the Virginia Stock Corporation Act, as it exists on the date hereof or may hereafter be amended, permits the limitation or elimination of the liability of directors or officers, a director or officer of the Corporation shall not be liable to the Corporation or its stockholders for monetary damages.

C. The Board of Directors is hereby empowered, by a majority vote of a quorum of disinterested directors, to indemnify or contract in advance to indemnify any person not specified in subsection (A) of this Article against liabilities, fines, penalties and claims imposed upon or asserted against him (including amounts paid in settlement) by reason of having been an employee, agent or consultant of the Corporation, whether or not then continuing so to be, and against all expenses (including counsel fees) reasonably incurred by him in connection therewith, to the same extent as if such person were specified as one to whom indemnification is granted in subsection (a) of this Article.

D. Every reference in this Article to director, officer, employee, agent or consultant shall include (i) every director, officer, employee, agent or consultant of the Corporation or any consultant of the Corporation or any corporation the majority of the voting stock of which is owned directly or indirectly by the Corporation, (ii) every former director, officer, employee, agent or consultant of the Corporation, (iii) every person who may have served at the request of or on behalf of the Corporation as a director, officer, employee, agent, consultant or trustee of another corporation, partnership, joint venture, trust or other entity, and (iv) in all of such cases, his executors and administrators.

E. The provisions of this Article VI shall be applicable from and after its adoption even though some or all of the underlying conduct or events relating to such a proceeding may have occurred before such adoption. No amendment, modification or repeal of this Article VI shall diminish the rights provided hereunder to any person arising from conduct or events occurring before the adoption of such amendment, modification or repeal.

F. In the event there has been a change in the composition of a majority of the Board of Directors after the date of the alleged act or omission with respect to which indemnification is claimed, any determination as to indemnification and advancement of expenses with respect to any claim for indemnification made pursuant to subsection (A) of this Article VI shall be made by special legal counsel agreed upon by the Board of Directors and the proposed indemnitee are unable to agree upon such special legal counsel, the Board of Directors and the proposed indemnitee each shall select a nominee, and the nominee shall select such special legal counsel.

08.11.92

BYLAWS

OF

OLD POINT FINANCIAL CORPORATION

ARTICLE I.

STOCKHOLDERS

AMENDED: 08/11/92

1.1 Annual Meeting. The annual meeting of the stockholders of the Corporation for the election of directors and for the transaction of such other business authorized or required to be transacted by the stockholders shall be held in Hampton, Virginia, at the main office of the Old Point National Bank, or at any other convenient place authorized by the Board of Directors, on the fourth Tuesday in April of each year, but if no election of directors is held on that day, it may be held on a subsequent date designated by the Board of Directors or stockholders in accordance with law.

1.2 Special Meetings. Special meetings of the stockholders for any purpose or purposes shall be held whenever called by the Chairman of the Board, or by the President if there is no Chairman of the Board, or by the Board of Directors or by the holders of not less than one-tenth of all the shares entitled to vote at the meeting.

1.3 Notice of Meetings. Notice of the annual or any special meeting shall be mailed at least ten days, and not more than fifty days, prior to the date of the meeting to each registered stockholder at his address as the same appears on the books of the Corporation. If the meeting shall be called to act on an amendment to the Articles of Incorporation or on a plan of merger, consolidation or exchange, or on a reduction of stated capital, or upon a proposed sale of all or substantially all of the assets of the Corporation, notice shall be given not less than twenty-five nor more than fifty days before the date of the meeting, and such notice shall be accompanied by a copy of the proposed amendment or plan of merger, consolidation, or exchange, or the proposed plan for reduction of capital.

1.4 Quorum. At any meeting of the stockholders the holders of a majority of the shares issued and outstanding, having voting power (which shall not include any treasury stock held by the Corporation), being present in person or represented by proxy, shall be a quorum for all purposes, including the election of directors.

1.5 Voting. At all meetings of the stockholders, stockholders shall be entitled to vote, either in person or by proxy duly appointed by an instrument in writing, subscribed by such stockholder or by his authorized attorney; at all meetings such stockholder shall have one vote for each share of stock entitled under the provisions of the charter to voting rights which may be registered in his name upon the books of the Corporation on the day preceding that on which the transfer books may be closed by order of the Board of Directors. Treasury stock held by the Corporation shall not be entitled to vote.

ARTICLE II

BOARD OF DIRECTORS

2.1 Number. The business and affairs of the Corporation shall be managed and controlled by a Board of Directors which shall consist of not less than five nor more than twenty-five shareholders, the exact number within such minimum and maximum limits to be fixed and determined from time to time by the Board of Directors or by resolution of the shareholders at any meeting thereof. A director may be removed at any time with or without cause by a vote of the stockholders.

2.2 Term of Office. Each director shall serve for the term of one year and until his successor shall have been duly chosen and qualified.

2.3 Vacancies. Any vacancy occurring in the Board of Directors, including a vacancy resulting from an increase of not more than two in number of directors, may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the Board of Directors.

2.4 Stockholder Nominations of Directors. Subject to the rights of holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation, nominations for the election of Directors shall be made by the Board of Directors or a committee appointed by the Board of Directors or by any stockholder entitled to vote in the election of Directors generally. However, any stockholder entitled to vote in the election of Directors generally may nominate one or more persons for election as Directors at a meeting only if written notice of such stockholder's intent to make such nomination or nominations has been given, either by personal delivery or by United States mail, postage prepaid, to the President of the Corporation not less than 14 days nor more than 50 days in advance of such meeting, provided, however, that if less than 21 days' notice of the meeting is given to stockholders, such nomination shall be mailed or delivered to the President of the Holding Company not later than the close of business on the seventh day following the day on which the notice of the meeting was mailed. Each such notice shall set forth (a) the name and address of the stockholder who intends to make the nomination and of the person or persons to be nominated; (b) a representation that the stockholder is a holder of record of stock of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice; (c) a description of all arrangements or understandings between the stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the stockholder; (d) the principal occupation of each nominee; (e) the total number of shares that to the knowledge of the notifying stockholder will be voted for each of the nominees; and (f) the consent of each nominee to serve as a Director of the Corporation if so elected. The Chairman of the meeting may refuse to acknowledge the nomination of any person not made in compliance with the foregoing procedure.

ARTICLE III

DIRECTORS' MEETINGS

3.1 Regular Meetings. Regular meetings of the Board of Directors shall be held annually, immediately following each annual meeting of stockholders, for the purpose of electing officers and carrying on such other business as may properly come before such meeting, and, if necessary, immediately following each special meeting of stockholders to consider and act upon any matter which may properly come before such meeting. Any such meeting shall be held at the place where the stockholders' meeting was held. The Board of Directors may also adopt a schedule of additional meetings which shall be considered regular meetings, and such meetings shall be held at the time and place, within or without the Commonwealth of Virginia, as the Chairman or, in his absence, the President shall designate.

3.2 Special Meetings. Special meetings of the Board of Directors shall be held on the call of the Chairman, the President, any three members of the Board of Directors or a majority of the Board of Directors at the principal office of the Corporation or at such other place as shall be designated.

3.3 Telephone Meetings. The Board of Directors may participate in a meeting by means of conference telephone or similar communications equipment whereby all persons participating in the meeting can hear each other, and participation by such means shall constitute presence in person at such meeting. When such a meeting is conducted by means of conference telephone or similar communications equipment, a written record shall be made of the action taken at such meeting.

3.4 Notice of Meetings. No notice need be given of regular meetings of the Board of Directors.

Notice of special meetings of the Board of Directors shall be mailed to each director at least three (3) days, or telegraphed at least two (2) days prior to the date of the meeting and must set forth the purpose for which the meeting is called.

3.5 Quorum; Required Vote. A majority of the directors shall constitute a quorum for the transaction of business by the Board of Directors. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors unless the act of a greater number is required by law or these Bylaws.

3.6 Waiver of Notice. Notwithstanding any other provisions of law, the Articles of Incorporation or these Bylaws, whenever notice of any meeting for any purpose is required to be given to any director a waiver thereof in writing, signed by the person entitled to said notice, whether before or after the time stated therein, shall be the equivalent to the giving of such notice.

A director who attends a meeting shall be deemed to have had timely and proper notice of the meeting unless he attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

3.7 Actions by Directors Without Meeting. Any action required to be taken at a meeting of the directors, or any action which may be taken at a meeting of the directors, may be taken without a meeting if a consent in writing, setting forth the action, shall be signed either before or after such action by all of the directors. Such consent shall have the same force and effect as a unanimous vote.

ARTICLE IV

COMMITTEES OF DIRECTORS

4.1 Executive Committee. The Board of Directors, by resolution adopted by a majority of the number of directors fixed by these Bylaws, may designate four or more directors to constitute an Executive Committee. A majority of the members of the Executive Committee shall constitute a quorum. The Executive Committee shall meet on the call of any of its members. Notice of any such meeting shall be given by mail, telephone, telegraph or other means by the close of business on the day before such meeting is to be held. The Executive Committee shall have and may exercise all of the authority of the Board of Directors except to approve (i) an amendment of the Articles of Incorporation; (ii) a plan of merger or consolidation; (iii) a plan of exchange under which the Corporation would be acquired; (iv) the sale, lease or exchange, or the mortgage or pledge for a consideration other than money, of all, or substantially all, the property and assets of the Corporation otherwise than in the usual and regular course of its business; (v) the voluntary dissolution of the Corporation; (vi) revocation of voluntary dissolution proceedings; (vii) any employee benefit plan involving the issuance of common stock; (viii) the compensation paid to a member of the Executive Committee; or (ix) an amendment of these Bylaws.

4.2 Audit Committee. The Board of Directors may appoint an Audit Committee consisting of not less than three directors, none of whom shall be officers, which Committee shall regularly review the adequacy of internal financial controls, review with the Corporation's independent public accountants the annual audit and other financial statements, and recommend the selection of the Corporation's independent public accountants.

The Audit Committee of the Board of Directors of The Old Point National Bank may also serve as the Audit Committee for the Board of Directors of the Corporation.

4.3 Other Committees. The Board of Directors may designate such other committees with limited authority as it may deem advisable.

4.4 Telephone Meetings. Committees may participate in meetings by means of conference telephone or similar communications equipment whereby all persons participating in the meeting can hear each other, and participation by such means shall constitute presence in person at such meeting. When such meeting is conducted by means of a conference telephone or similar communications equipment, a written record shall be made of the action taken at such meeting.

4.5 Actions by Committees Without Meetings. Any action which may be taken at a committee meeting, may be taken without a meeting if a consent in writing, setting forth the action, shall be signed either before or after such action by all of the members of the committee. Such consent shall have the same force and effect as an unanimous vote.

4.6 Committee Rules. Unless the Board of Directors otherwise provides, each committee designated by the Board of Directors may adopt, amend and repeal rules for the conduct of its business. In the absence of direction by the Board of Directors or a provision in the rules of such committee to the contrary, a majority of the entire authorized number of members of such committee shall constitute a quorum for the transaction of business, the vote of a majority of the members present at a meeting at the time of such vote if a quorum is then present shall be the act of such committee. Except to the extent that these Bylaws contain provisions to the contrary, in other respects each committee shall conduct its business in the same manner as the Board of Directors is required to conduct its business.

ARTICLE V

OFFICERS AND EMPLOYEES

5.1 Chairman of the Board. The Board of Directors may appoint one of its members to be Chairman of the Board to serve at the pleasure of the Board. He shall preside at all meetings of the Board of Directors. The Chairman of the Board shall supervise the carrying out of the policies adopted or approved by the Board. He shall have general executive powers, as well as the specific powers conferred by these Bylaws. He shall also have and may exercise such further powers and duties as from time to time may be conferred upon or assigned to him by the Board of Directors.

5.2 President. The Board of Directors shall appoint one of its members to be President of the Corporation. In the absence of the Chairman, he shall preside at any meeting of the Board. The President shall have general executive powers and shall have and may exercise any and all other powers and duties pertaining by law, regulation, or practice, to the Office of President or imposed by these Bylaws. He shall also have and may exercise such further powers and duties as from time to time may be conferred upon or assigned to him by the Board of Directors.

5.3 Vice President. The Board of Directors may appoint one or more Vice Presidents. Each Vice President shall have such powers and duties as may be assigned to him by the Board of Directors. One Vice President shall be designated by the Board of Directors, in the absence of the President, to perform all the duties of the President.

5.4 Secretary. The Board of Directors shall appoint a Secretary or other designated officer who shall be Secretary of the Board and of the Corporation, and shall keep accurate minutes of all meetings. He shall attend to the giving of all notices required by these Bylaws to be given. He shall be custodian of the corporate seal, records, documents and papers of the Corporation. He shall provide for the keeping of proper records of all transactions of the Corporation. He shall have and may exercise any and all other powers and duties pertaining by law, regulation or practice, to the Office of Secretary or imposed by these Bylaws. He shall also perform such other duties as may be assigned to him, from time to time, by the Board of Directors.

5.5 Other Officers. The Board of Directors may appoint such other officers as from time to time may appear to the Board of Directors to be required or desirable to transact the business of the Corporation. Such officers shall respectively exercise such powers and perform such duties as to pertain to their several offices, or as may be conferred upon, or assigned to, them by the Board of Directors, the Chairman of the Board, or the President.

5.6 Clerks and Agents. The Board of Directors may appoint, from time to time, such clerks, agents and employees as it may deem advisable for the prompt and orderly transaction of the business of the Corporation, define their duties, fix the salaries to be paid to them and dismiss them. Subject to the authority of the Board of Directors, the President, or any other officer of the Corporation authorized by him, may appoint and dismiss all or any clerks, agents and employees and prescribe their duties and the conditions of their employment, and from time to time fix their compensation.

5.7 Tenure of Office. The President shall hold his office for the current year for which the Board of which he shall be a member was elected, unless he shall resign, become disqualified, or be removed; and any vacancy occurring in the Office of President shall be filled promptly by the Board of Directors.

ARTICLE VI

CERTIFICATES OF STOCK

6.1 Form and Issuance. Certificates of stock shall be in such form as may be approved by the Board of Directors and shall be signed by the President or any Vice President and the Secretary or an Assistant Secretary or the Treasurer or an Assistant Treasurer, and may (but need not) be sealed with the seal of Corporation or a facsimile thereof. Any such signature may be a facsimile.

6.2 Lost, Stolen or Destroyed Stock Certificates; Issuances of New Certificates. The Corporation may issue a new certificate of stock in the place of any certificate theretofore issued by it, alleged to have been lost, stolen or destroyed, and the Corporation may require the owner of the lost, stolen or destroyed certificate, or his legal representative, to give the Corporation a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate.

6.3 Transfer. The Board of Directors shall have power and authority to make all such rules and regulations as they may deem expedient concerning the issue, registration and transfer of certificates of stock and may appoint transfer agents or clerks and registrars thereof. Unless otherwise provided, transfers of shares of stock by the Corporation shall be made upon its books by surrender of the certificates for the shares transferred accompanied by an assignment in writing by the holder and may be accomplished either by the holder in person or by a duly authorized attorney-in-fact.

6.4 Recognition of Other Stock Certificates. The Corporation will recognize as its own common stock certificates those stock certificates representing shares of common stock of The Old Point National Bank of Phoebus, which certificates have not been heretofore exchanged for certificates representing shares of common stock of the Corporation.

ARTICLE VII

AMENDMENTS

7.1 New Bylaws and Alterations. These Bylaws may be amended or repealed and new Bylaws may be made at any regular or special meeting of the Board of Directors by the vote of a majority thereof. However, Bylaws made by the Board of Directors may be repealed or changed and new Bylaws may be made by the stockholders and the stockholders may prescribe that any Bylaw made by them shall not be altered, amended or repealed by the directors.

ARTICLE VIII

CORPORATE SEAL

8.1 The President, any Vice President, the Secretary or any Assistant Secretary, or other officer thereunto designated by the Board of Directors, shall have the authority to affix the corporate seal to any document requiring such seal, and to attest the same. Such seal shall be substantially in the following form:

ARTICLE IX

MISCELLANEOUS PROVISIONS

9.1 Fiscal Year. The fiscal year of the Corporation shall be the calendar year.

9.2 Execution of Instruments. All agreements, indentures, mortgages, deeds, conveyances, transfers, certificates, declarations, receipts, discharges, releases, satisfactions, settlements, petitions, schedules, accounts, affidavits, bonds, undertakings, proxies and other instruments or documents may be signed, executed, acknowledged, verified, delivered or accepted in behalf of the Corporation by the Chairman of the Board, or the President, or any Vice President, or the Secretary. Any such instruments may also be executed, acknowledged, verified, delivered or accepted in behalf of the Corporation in such other manner and by such other officers as the Board of Directors may from time to time direct. The provisions of this Section 9.2 are supplementary to any other provision of these Bylaws.

9.3 Records. The Articles of Incorporation, the Bylaws and the proceedings of all meetings of the shareholders, the Board of Directors, standing committees of the Board, shall be recorded in appropriate minute books provided for the purpose. The minutes of each meeting shall be signed by the Secretary or other officer appointed to act as Secretary of the meeting.

ARTICLE X

EMERGENCY BYLAWS

10.1 Effect.

The provision of this Article X shall be effective during any emergency resulting from an attack on the United States or any nuclear or atomic disaster (hereinafter called an "Emergency").

10.2 Board of Directors.

During an emergency, the director or directors in attendance at the meeting shall constitute a quorum. A meeting of the Board of Directors may be called by any director or officer of the Corporation. Notice of any meeting during an emergency may be given only to such of the directors as it may be feasible to reach at the time and by such means as may be feasible at the time, including publication or radio. If no director is present, the three most senior officers of the Corporation, as hereinafter defined, present shall be deemed directors for the purpose of such meeting and shall have all of the authority of the Board of Directors. As used in this Article, officers shall take seniority as follows:

President

Executive Vice President (if the Board of Directors has elected such an officer)

Senior Vice President (if the Board of Directors has elected such an officer)

First Vice President (if the Board of Directors has elected such an officer)

Vice President (if the Board of Directors has elected such an officer)

Treasurer

Assistant Vice President (if the Board of Directors has elected such an officer)

Assistant Treasurer (if the Board of Directors has elected such an officer)

Secretary

Within each officer class, officers shall take seniority on the basis of length of service in such office or, in the event of equality, length of service as an officer of the Corporation.

10.3 Executive Authority.

The Board of Directors shall provide lines of succession of executive authority which, until altered by the Board of Directors either before or during an emergency, shall be effective during an emergency.

10.4 Operations.

It shall be the duty of the senior officer present at each office of the Corporation during an emergency when communication with the President is impractical, and he is hereby authorized, to take such action as he shall think necessary or desirable to protect the assets of the Corporation and provide service to its customers.

10.5 Indemnity.

No officer, director or employee acting in accordance with this Article shall be liable except for willful misconduct.

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