



PUBLIC DISCLOSURE

July 8, 2019

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

The Old Point National Bank of Phoebus

Charter Number 12267

1 West Mellen Street
Hampton, Virginia 23663

Office of the Comptroller of the Currency
Roanoke Field Office
4419 Pheasant Ridge Road, Suite 300
Roanoke Virginia, 24014

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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Overall CRA Rating

Institution's CRA Rating: This institution is rated **Outstanding**.

The lending test is rated: Outstanding

The community development test is rated: Outstanding

The major factors that support this rating include:

- Old Point National Bank's (hereinafter referred to as OPNB) average quarterly loan-to-deposit (LTD) ratio is reasonable, given the bank's size, financial condition, and assessment area (AA) credit needs.
- Geographic distribution of home mortgage originations exhibits excellent distribution.
- Lending to small businesses across different geographies exhibits excellent distribution.
- The bank exhibits excellent responsiveness to community development needs in the AA through community development loans, qualified investments, and community development services.
- A majority of loans, by number and dollar volume, originated inside the bank's AA.
- Borrower distribution of home mortgage loans exhibits reasonable disbursement.
- Lending to businesses of different sizes exhibits reasonable distribution.

Loan-to-Deposit Ratio

The bank's LTD is reasonable, considering the bank's size, financial condition, and credit needs of the AA. This meets the standard for satisfactory performance. We reviewed the quarterly LTD ratio for the 12 consecutive quarters since the bank's previous CRA evaluation.

OPNB's average quarterly LTD ratio from March 31, 2016 to December 31, 2018, is reasonable at 85.1 percent. The LTD ratio ranged from a quarterly high of 92.8 percent at December 31, 2017, to a quarterly low of 75.7 percent at December 31, 2016. Our review included LTD comparison of six similarly situated competitor institutions of similar size that serve the same AA. These institutions include TowneBank, Union Bank and Trust, Southern Bank and Trust, Chesapeake Bank, and Farmers Bank. The quarterly average LTD ratio for similarly situated institutions during the same time period was 84.3 percent, ranging from an average high of 98.4 percent, and an average low of 71.8 percent.

Lending in Assessment Area

A majority of the bank's loans are inside the AA. This meets the standard for satisfactory performance.

The bank originated 86.9 percent of the total number of loans and 91.0 percent of the dollar volume of loans inside the bank's AAs during the evaluation period. This analysis is performed at the bank level, rather than the AA level. The following table details the bank's lending activity within the AA and demonstrates that a majority of lending is inside the AA.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgages	383	66.7	191	33.3	574	65,837	77.9	18,661	22.1	84,498
Small Business	1,091	97.2	32	2.8	1,123	224,848	95.7	10,205	4.3	235,053
Total	1,474	86.9	223	13.1	1,697	290,685	91.0	28,866	9.0	319,551

*Source: Evaluation Period: 1/1/2016 - 12/31/2018 Bank Data
Due to rounding, totals may not equal 100.0*

Description of Institution

OPNB is an intrastate bank headquartered in Hampton, Virginia established in 1922. As of December 31, 2018, the bank reported total assets of \$1.0 billion. Old Point Financial Corporation (OPFC), a \$1 billion holding company headquartered in Hampton, Virginia, wholly owns the bank. OPFC also owns Old Point Trust and Financial Services, National Association (Old Point Trust), which is located in Newport News, Virginia. These two entities are affiliates of the bank. Neither OPFC nor Old Point Trust conducts any lending activities. OPFC stock is traded on the NASDAQ Small Cap market under the symbol OPOF. During the prior evaluation period, OPNB had a 49 percent ownership stake in Old Point Mortgage LLC. In April 2017, OPNB became 100 percent owner of Old Point Mortgage, LLC, at which time it was officially dissolved and became Old Point Mortgage (OPM), a division/department of the bank.

OPNB operates eighteen full service branches, two limited service branches, seventeen deposit-taking automated teller machines (ATMs), and four non-deposit taking ATMs throughout the Hampton Roads region of Virginia. One branch is located in a low-income census tract, six branches are located in moderate-income census tracts, six branches are located in middle-income census tracts, six branches are located in upper-income census tracts, and one branch is located in an unknown census tract. OPNB opened one branch in Windsor, Virginia since the prior CRA evaluation resulting from the acquisition of Citizens National Bank of Windsor that took place in May 2018. This branch was located within the bank's existing AA. No branches closed during the evaluation period.

The bank offers traditional commercial and consumer lending and deposit products, with fiduciary services provided by its affiliate, Old Point Trust. Product offerings include business and personal checking accounts, business and personal saving accounts, small business administration loans, construction loans, commercial real estate loans, automobile loans, mortgage loans, home equity loans, business and personal credit cards, private banking, and online banking. Product and service offerings do not differentiate across branches.

As of December 31, 2018, OPNB's gross loans totaled \$774.5 million, deposits totaled \$844.9 million, and Tier 1 Capital totaled \$96.4 million. Gross loans comprise 74 percent of total assets. The table below indicates the dollar amount outstanding and percentage of total loans of each loan category. Based on outstanding loan balances, business loans and mortgage loans are the bank's primary loan products. Conversations with management confirmed these as the primary loan products.

Distribution of Loan Portfolio*		
TYPE OF LOAN	Balance Outstanding (000's)	% of Total Portfolio
Non-Farm/Non-Residential	286,735	37.0
1-4 Family Residential	185,636	24.0
Loans to Individuals	164,082	21.2
Commercial and Industrial	65,125	8.4
Construction & Land Development	31,632	4.1
Multi-family Residential	28,964	3.7
Other Loans	11,400	1.5
Loans to Farmers/Secured by Farmland	914	0.1
Total Gross Loans	774,488	100.0

**Data obtained from Consolidated Reports of Condition and Income for a bank with Domestic Offices only - FFIEC 041 as of December 31, 2018.*

During the evaluation period, OPNB has not undergone any significant changes in its corporate structure. There are no legal or financial impediments to OPNB's ability to meet the credit needs of its assessment area. The bank received an "Outstanding" rating at the last CRA examination dated April 20, 2016.

Scope of the Evaluation

Evaluation Period/Products Evaluated

OPNB was evaluated using Intermediate Small Bank examination procedures, which includes a lending test and a community development (CD) test. The lending test evaluates the bank's record of meeting the credit needs of its AA through its lending activities. The CD test evaluates the bank's responsiveness to CD needs in its AA through CD lending and providing services, donations, and qualified investments. The evaluation period under the lending test covers the bank's performance from January 1, 2016 through December 31, 2018. The evaluation period for the community development test is April 19, 2016 through December 31, 2018.

Our analysis is based on loans to small business and home mortgage originations, as these are the bank's primary loan products. Home mortgage originations accounted for 24.0 percent of total loans while loans to small businesses accounted for 37.0 percent of total loans.

We evaluated the bank's 2017 and 2018 lending performance separately from the bank's 2016 lending performance due to changes in demographic data effective January 1, 2017. The Lending Test analyzed the bank's performance during the evaluation period, using comparative demographic data from the 2010 U.S. Census for loan originations during year 2016. We used comparative demographic data from the 2015 American Community Survey (ACS) U.S. Census for loan originations during years 2017 and 2018.

Selection of Areas for Full-Scope Review

We completed a full-scope review of OPNB's one AA consisting of a portion of the Virginia Beach-Norfolk-Newport News, VA-NC metropolitan statistical area (MSA) [Virginia Beach AA]. This AA consists of all the Virginia counties and census tracts located within the MSA. OPNB does not consider the North Carolina counties or census tracts as part of its AA. The AA meets regulatory requirements and does not arbitrarily exclude any low- or moderate-income census tracts.

Refer to Appendix A, Scope of Examination, for a list of counties and cities in the full-scope AA.

Ratings

The bank's overall rating is based primarily on those areas that received full scope reviews, thus ratings for this CRA evaluation are based primarily on the results of the full scope area the Virginia Beach AA.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c) or 195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Bureau of Consumer Financial Protection, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

State Rating

Commonwealth of Virginia

CRA rating for the Commonwealth of Virginia¹: Outstanding

The Lending Test is rated: Outstanding

The Community Development Test is rated: Outstanding

The major factors that support this rating include:

- The bank exhibits excellent geographic distribution of home mortgage loans and loans to small businesses.
- The bank exhibits reasonable distribution of loans to individuals of different income levels and businesses of different sizes, given the product lines offered by the bank.
- The bank exhibits excellent responsiveness to community development needs in the AA through community development loans, qualified investments, and community development services

Description of Institution's Operations in Commonwealth of Virginia

OPNB is a \$1 billion intrastate community bank, wholly owned OPFC. The bank is headquartered in Hampton, Virginia, and serves the greater Hampton Roads, Virginia region. OPNB operates eighteen full-service branches and two limited-service branches. Full-service branches have lobby and drive-up hours from 9:00 a.m. to 5:00 p.m. Monday-Thursday, and 9:00 a.m. to 6:00 p.m. on Fridays. The Fort Monroe limited service branch has drive-up hours every Wednesday from 9:00 a.m. to noon. The limited service branch located at Old Point Financial Service Center has lobby hours from 9:00 a.m. to 5:00 p.m. Monday-Friday. Services and business hours do not vary in a way that inconvenience certain portions of its assessment area, particularly in low and moderate income geographies.

Customers have 24-hour access to deposits through the bank's ATM network. ATMs are located at the bank's branches throughout Hampton Roads. Additionally, the bank has four non-deposit taking ATMs located in the AA.

The bank did not close any branches in the Virginia Beach AA during the evaluation period. The bank opened the Windsor Branch in May 2018, through the acquisition of Citizens National Bank of Windsor.

OPNB offers a variety of deposit and lending products to meet consumer and business banking needs. The bank's internet website, <https://oldpoint.com/>, provides detailed information on products and services for both consumers and businesses, as well as information on affiliate entities.

¹ This rating reflects performance within the state. The statewide evaluations do not reflect performance in the parts of those states contained within the MMSA.

Community Contact

As part of our evaluation of OPNB, we interviewed community contacts from local nonprofit organizations that serve the AA. The contacts provided insight on the area's economic condition, potential credit needs, and community development needs. The contacts indicated the economy in the AA is improving due to retail trade and health care activities. However, income growth in the AA is sluggish and poverty continues to be an issue. Within the community, this is a need for affordable housing and financial literacy, particularly for low- and moderate-income individuals. The contacts further stated local financial institutions are meeting the needs of the community and involved in community development activities.

Virginia Beach Assessment Area

Demographic Information of the Assessment Area Assessment Area: Virginia Beach AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	411	7.8	27.0	35.3	27.0	2.9
Population by Geography	1,670,662	6.1	26.7	35.8	31.1	0.3
Housing Units by Geography	681,382	6.2	26.6	36.3	30.5	0.4
Owner-Occupied Units by Geography	377,595	2.8	18.1	39.3	39.7	0.2
Occupied Rental Units by Geography	240,002	10.8	39.4	32.2	17.2	0.5
Vacant Units by Geography	63,785	8.8	29.4	34.0	26.8	1.0
Businesses by Geography	106,277	4.2	22.7	37.0	34.8	1.3
Farms by Geography	2,736	2.3	15.5	39.9	41.9	0.4
Family Distribution by Income Level	415,072	21.4	17.6	20.3	40.8	0.0
Household Distribution by Income Level	617,597	22.8	16.7	19.0	41.4	0.0
Median Family Income MSA - 47260 Virginia Beach-Norfolk-Newport News, VA-NC MSA		\$70,501	Median Housing Value			\$237,250
			Median Gross Rent			\$1,097
			Families Below Poverty Level			9.5%
<i>Source: 2015 ACS Census and 2018 D&B Data Due to rounding, totals may not equal 100.0 (* The NA category consists of geographies that have not been assigned an income classification.)</i>						

OPNB identified a portion of the Virginia Beach-Norfolk-Newport News, VA-NC MSA (Virginia Beach AA), as its sole assessment area. The Virginia Beach AA consists of all census tracts located in the counties of Gloucester, Isle of Wight, James City, Mathews, and York, and the cities of Chesapeake, Hampton, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Virginia Beach, and Williamsburg. The bank does not consider the North Carolina counties located within this MSA as part of its assessment area, as the bank has no branches or deposits located in those

counties. Additionally, the bank does not originate a significant volume of loans within those counties. The assessment area meets regulatory requirements and does not arbitrarily exclude any low- or moderate-income census tracts

The table above reports census tract (CT) delineations based on the 2015 ACS US Census, which we used to analyze CT changes in this AA in 2017-2018. Of the 411 CTs located in the AA, 32 (7.8 percent), are low-income geographies, 111 (27.0 percent), are moderate-income geographies, 145 (35.3 percent), are middle-income geographies, 111 (27.0 percent), are upper-income geographies, and 12 (2.9 percent), do not have an assigned income level and classified as unknown. These unknown CTs are bodies of water or designated as small-populated counties. In 2016, the AA consisted of 410 census tracts comprised of with 27 low-income, 100 moderate income, 150 middle-income, 124 upper-income, and 9 unknown tracts based on the 2010 U.S. Census.

The Virginia Beach AA is situated in the southeastern corner of Virginia and commonly referred to as the Hampton Roads region. The Hampton Roads region is known for its large military presence, shipyards, and miles of waterfront property and beaches. Economic drivers in the area include defense, logistics, and tourism. The area benefits from strong port and distribution facilities, low cost of doing business, aggressive development efforts, and labor supply from military spouses. Weaknesses in the area include overdependence on the federal government, per capita income below the state average, and negative net migration.

The Moody's Analytical economic report identified government (federal, state, and local), military personnel, ship and boat building, and restaurants as the primary industries in the MSA. Hampton Roads is home to a number of military bases, including the Norfolk Naval Station and Langley Air Force Base. Each branch of the military has a presence in the Hampton Roads region. The major employers in the area are Huntington Ingalls Industries, Inc. and Sentara Healthcare. Other top employers include local universities and grocery stores. Additionally, the report notes single-family housing will be an underperformer, as the area is dominated by large and growing rental market.

According to the Bureau of Labor Statistics, the unemployment rate for the Virginia Beach MSA was 3.2 percent as of March 31, 2019. This is slightly above the Virginia unemployment rate of 2.9 percent, but below the national unemployment rate of 3.8 percent.

OPNB faces considerable competition from other financial institutions, including some large regional and national institutions. According to the Federal Deposit Insurance Corporation Summary of Deposits Market Share Report as of June 30, 2018, OPNB's deposit market share in the assessment area is 3.4 percent for a total of \$842 million in deposits. There are 23 institutions within the bank's AA, with \$25 billion in total deposits. OPNB ranked seventh out of the 23 institutions. The top six financial competitors are TowneBank, Wells Fargo, SunTrust, Branch Bank & Trust (BB&T), Bank of America, and Union Bank and Trust. These institutions collectively represent 87 percent of the deposit market share. One hundred percent of OPNB's deposits are located within its assessment area.

Scope of Evaluation in Commonwealth of Virginia

The Virginia Beach AA will receive a full-scope review since it is the only AA for the bank. The bank's primary loan products are home mortgage loans and small business loans. These loan products received equal weight when arriving at conclusions.

LENDING TEST

The bank's performance under the Lending Test in Virginia is rated Outstanding.

Based on a full scope review of the Virginia Beach AA, the bank's lending performance in the Commonwealth of Virginia is excellent.

The analysis for borrower and geographic distribution is based on loan originations of home mortgages and loans to small businesses during the evaluation period. We placed more weight on geographic distribution of loans verses lending to borrowers of different income levels, due to the barriers of home ownership for low- and moderate-income families as well as the bank's performance with lending in low- and moderate-income areas.

Distribution of Loans by Income Level of the Geography

The bank exhibits excellent distribution of home mortgage loans and loans to small businesses across geographies of different income levels in the AA. This meets the standard for outstanding performance.

Home mortgage loans and small business loans received equal weight in the overall assessment. There were no conspicuous gaps identified within the institution's assessment area.

Home Mortgage Loans

Please refer to Table A, in Appendix C, for the facts and data used to evaluate the geographic distribution of the bank's mortgage loan originations.

For 2016, the distribution of home mortgage loans in low-income geographies exceeded both the percentage of owner-occupied housing units in low-income tracts, as well as the aggregate peer lending performance. The percentage of home mortgage loans in moderate-income geographies was near to the percentage of owner-occupied housing units and exceeded aggregate peer lending performance.

For 2017-2018, the distribution of home mortgage loans to borrowers in low-income geographies was near to the percentage of owner-occupied housing units and aggregate peer lending. The percentage of home mortgage loans in moderate-income geographies exceeded both the percentage of owner-occupied housing and aggregate peer lending.

We considered the demographic characteristics of low- and moderate-income geographies in evaluating geographic distribution of mortgage loans. We placed more weight on performance in

moderate-income geographies than in low-income geographies because of significantly fewer opportunities to lend in low-income geographies. Low-income CT totaled 6.6 percent of all CTs in 2016 and 7.8 percent of all CTs in the AA in 2017-2018. Only 4.9 percent of the AA's population lived in low-income geographies in 2016, with 1.9 percent of owner occupied housing units located in low-income CTs. In 2017-2018, these percentages slightly increased to 6.1 percent of the AAs population living in low-income CTs and 2.8 percent of the owner-occupied housing units located within this geography. These factors impact the bank's ability to make mortgage loans to individuals residing in these low-income geographies.

Small Loans to Businesses

Please refer to Table C, in Appendix C, for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of loans to small businesses. The geographic distribution of loans to small businesses exhibits excellent dispersion.

In 2016, the percentage of loans to small businesses in low- and moderate-income geographies exceeded both the percentage of businesses in the geography, as well as the aggregate peer lending performance.

The bank's performance of lending to small business across different geographies in 2017-2018 was similar to the performance in 2016. The percentage of loans to small businesses in low- and moderate-income geographies exceeded both the percentage of businesses in the geography, as well as the aggregate peer lending performance.

Distribution of Loans by Income Level of the Borrower

The bank exhibits reasonable distribution of loans to individuals of different income levels and businesses of different sizes, given the product lines offered by the bank and barriers within the AA.

Home Mortgage Loans

Please refer to Table B, in Appendix C, for the facts and data used to evaluate the borrower distribution of the bank's mortgage loan originations. Based on the data presented in Table B for 2016 and 2017-2018, we concluded OPNB's record of lending to borrowers of different income levels is reasonable and meets the standard of satisfactory performance.

In 2016, the percentage of loans to low-income borrowers was well below the percentage of low-income families in the AA. However, the bank's percentage of loans to low-income borrowers exceeded the percentage of aggregate peer lending performance. The percentage of loans to moderate-income borrowers was below the percentage of moderate-income families in the AA and aggregate peer lending performance.

In 2017-2018, the bank's performance was similar to its performance in 2016. The percentage of loans to low-income borrowers was well below the percentage of low-income families in the AA. However, the bank's percentage of loans to low-income borrowers exceeded the percentage of

aggregate peer lending performance. The percentage of loans to moderate-income borrowers was below the percentage of moderate-income families in the AA and aggregate peer lending performance.

Although the portion of loans to low- and moderate-income borrowers is below the portion of low- and moderate-income families for all three years, the bank as well as aggregate peer performance was impacted given the median housing income in the AA and limited affordable housing options. The median housing value in the AA is \$237,250. The median family income is \$70,501, based on the 2015 ACS Census data. Low-income borrowers earn less than \$35,251, making the median housing value six times greater than the maximum income level of low-income borrowers. Additionally, most low- and moderate-income families cannot afford housing in the AA and rent rather than own property. Owner-occupied units in low-income areas only account for only 2.8 of total housing units in the AA, while renter-occupied units in low-income geographies are more than five times the total housing units at 10.2 percent.

Small Loans to Businesses

Please refer to Table D, in Appendix C, for the facts and data used to evaluate the borrower distribution of the bank's originations and purchases of loans to small businesses. Based on the data presented in Table D for 2016 and 2017-2018, we conclude OPNB's record of lending to small business of difference sizes is reasonable and meets the standard of satisfactory performance.

In 2016, the percentage of loans to businesses with gross annual revenues of less than \$1 million was well below the percentage of businesses in the AA. Additionally, the bank's performance of lending to businesses with revenues of less than \$1 million was below the aggregate peer lending performance.

In 2017-2018, the percentage of lending to businesses with gross annual revenues of less than \$1 million was similar to bank's performance in 2016. The percentage of loans to businesses with gross annual revenues of less than \$1 million was well below the percentage of businesses in the AA and below the aggregate peer lending performance.

Although the bank's performance of lending to businesses with gross annual revenues of less \$1 million appears to reflect poor distribution for all three years, we concluded the bank's performance to be reasonable. OPNB reported 9.3 percent of business loans with revenues not available. Revenue was not known for these loans due to the bank not relying on revenue information to make the credit decision. Most, if not all of these loans are to businesses that have gross annual revenues of less than \$1 million. Considering these loans in all three years, the bank's performance would have been similar to the aggregate peer lending performance.

Additionally, the tables below show the bank's performance in lending to small businesses. In 2016, loan originations to small businesses in amounts less than or equal to \$100 thousand, represented 33 percent of all small business originations. The bank's performance in 2018 improved, with 38 percent of all small businesses originations were loans amounts less than or equal to \$100 thousand. This indicates the bank is servicing the needs of small businesses.

2016: Borrower Distribution of Loans to Businesses by Loan Size in Virginia Beach AA				
Loan Size (\$000's)	Number of Loans	Percent of Number	Dollar Volume of Loans (\$000)	Percent of Dollar Volume
\$0 - \$100,000	235	33%	\$7,581	5%
\$100,001 - \$250,000	202	28%	\$26,041	18%
\$250,001 - \$1,000,000	275	39%	\$107,991	76%
Total	712	100%	\$141,613	100%

Data above taken from Call Report schedule RC-C

2018: Borrower Distribution of Loans to Businesses by Loan Size in Virginia Beach AA				
Loan Size (\$000's)	Number of Loans	Percent of Number	Dollar Volume of Loans (\$000)	Percent of Dollar Volume
\$0 - \$100,000	309	38%	\$10,539	7%
\$100,001 - \$250,000	224	27%	\$27,371	18%
\$250,001 - \$1,000,000	289	35%	\$110,501	74%
Total	822	100%	\$148,411	100%

Data above taken from Call Report schedule RC-C

Responses to Complaints

OPNB did not receive any complaints about its performance in helping to meet credit needs in the AA during this evaluation period. This has a neutral impact on the bank's CRA assessment.

COMMUNITY DEVELOPMENT TEST

The bank's performance under the Community Development Test is rated Outstanding.

Based on full-scope review, the bank exhibits excellent responsiveness to community development needs in the AA through community development loans, qualified investments, and community development services, as appropriate, considering the bank's capacity and the need and availability of such opportunities for community development in the bank's AA. The bank's performance is based on the evaluation period beginning April 19, 2016 through December 31, 2018. Our review included community development services from the bank's affiliate, OPFC Services.

Number and Amount of Community Development Loans

OPNB originated a significant level of community development loans in the Virginia Beach AA. During the evaluation period, the bank extended 27 community development loans totaling approximately \$33 million. This activity accounts for 4 percent of total loans and 3 percent of total assets. The loans supported affordable housing for low- and moderate-income (LMI) individuals, community services, and revitalization or stabilization in the assessment area. Notable loans to support community development include:

- \$4.72 million to purchase and renovate an affordable apartment complex.
- \$2.40 million to support the business operations of a company that serves low- and moderate-income families with disabilities.
- \$2.32 million loan to fund the construction of daycare facility.
- \$345 thousand to provide funding to construct affordable family homes in the City of Hampton.

Number and Amount of Qualified Investments

OPNB had a significant level of qualified community development investments. During the evaluation period, the bank had seven qualified investments totaling approximately \$3 million or 3 percent of Tier 1 Capital that provide direct support and services to low- and moderate-income geographies and individuals. The investments were qualified housing bonds issued by the Virginia Community Development Corporation. The bank also made 78 donations totaling \$250 thousand within the AA. Of those 78 donations, three were from OPNB's affiliate OPT totaling \$2,000.

Qualified Investments					
Virginia Beach Assessment Area	Prior Period \$(000's)	Current Period \$(000's)	Total \$(000's)	% of Total Committed	Unfunded Commitments (\$000's)
Virginia Community Development Corporation/Housing Equity Fund of Virginia XII, LLC	\$650	\$350	\$1,000	100%	\$0
Virginia Community Development Corporation/Housing Equity Fund of Virginia XVI, LLC	\$871	\$129	\$1,000	100%	\$0
Virginia Community Development Corporation/Housing Equity Funds of Virginia XVIII, LLC	\$22	\$1,690	\$1,712	86%	\$288
Virginia Community Development Corporation/Housing Equity Funds of Virginia XIX, LLC	\$1	\$859	\$860	86%	\$41

* Prior Period Investments' means investments made in a previous evaluation that are outstanding as of the examination date.

** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Extent to Which the Bank Provides Community Development Services

OPNB provided a significant number of community development services in its AA. Bank officers and employees served in leadership positions in various organizations that provide community services to low-and moderate-income individuals and families in the Virginia Beach AA. During the evaluation period, bank employees provided their financial expertise and technical assistance to 27 different organizations throughout the Virginia Beach AA. In addition to providing financial expertise throughout the AA, the bank hosted several seminars for first-time homebuyers, provided information on affordable housing to homebuyers, and provided two seminars to small businesses.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the MSA(s) and non-MSA(s) that received comprehensive examination review, designated by the term “full-scope,” and those that received a less comprehensive review, designated by the term “limited-scope”.

Time Period Reviewed:	1/1/2016 to 12/31/2018	
Bank Products Reviewed:	Home Mortgage Loans Small Business Loans Community Development Loans, Qualified Investments, Community Development Services	
Affiliate(s)	Affiliate Relationship	Products Reviewed
Old Point Trust Financial Services	Affiliate	Community development services and donations

List of Assessment Areas and Type of Examination

Rating and Assessment Areas	Type of Exam	Other Information
Virginia		
Virginia Beach AA	Full Scope	<i>All CTs within the counties of Gloucester, Isle of Wight, James City, Mathews, and York. All CTs within the cities of Chesapeake, Hampton, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Virginia Beach, and Williamsburg.</i>

Appendix B: Definitions and Common Abbreviations

The following terms and abbreviations are used in this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending (Aggt.): The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

Census Tract (CT): A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

Combined Statistical Area (CSA): A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

Community Development (CD): Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

Community Reinvestment Act (CRA): The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into ‘male householder’ (a family with a male householder’ and no wife present) or ‘female householder’ (a family with a female householder and no husband present).

Full-Scope Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

Home Mortgage Loans: A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited-Scope Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-Income Individual: Individual income that is less than 50 percent of the area median income.

Low Income Geography: A census tract with a median family income that is less than 50 percent.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. The median is the point at which half of the families have income above, and half below, a range of incomes. Also, the median income

determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above, and half below, a range of incomes.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rating Area: A rated area is a state or multi-state metropolitan statistical area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan statistical area, the institution will receive a rating for the multi-state metropolitan statistical area.

Small Loan(s) to Business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

Small Loan(s) to Farm(s): A loan included in ‘loans to small farms’ as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Tier 1 Capital: The total of common shareholders’ equity, perpetual preferred shareholders’ equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Upper-Income: Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

Appendix C: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas (MM SA), if applicable, are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to Appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the assessment area. Deposit data are compiled by the FDIC and are available as of June 30th of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

- Table A. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.
- Table B. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MMSA/assessment area. The table also presents aggregate peer data for the years the data is available.
- Table C. Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses that were originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) in those geographies. Because aggregate small business data are not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank’s assessment area.
- Table D. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue** - Compares the percentage distribution of the number of small loans (loans less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to: 1) the percentage distribution of businesses with revenues of greater than \$1 million; and, 2) the percentage distribution of businesses for which revenues are not available. The table also presents aggregate peer small business data for the years the data is available.

Table A: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2016
Assessment Area	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggt.	% of Owner-Occupied Housing Units	% Bank Loans	Aggt.	% of Owner-Occupied Housing Units	% Bank Loans	Aggt.	% of Owner-Occupied Housing Units	% Bank Loans	Aggt.	% of Owner-Occupied Housing Units	% Bank Loans	Aggt.
VA Beach AA	144	23,951	100.0	68,856	1.9	2.1	1.7	16.8	16.0	15.2	39.5	42.4	38.1	41.8	39.6	45.1	0.0	0.0	0.0
Total	144	23,951	100.0	68,856	1.9	2.1	1.7	16.8	16.0	15.2	39.5	42.4	38.1	41.8	39.6	45.1	0.0	0.0	0.0

Source: 2010 U.S. Census; 1/1/2016 - 12/31/2016 Bank Data, 2016 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0

Table A: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2017-2018
Assessment Area	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggt.	% of Owner-Occupied Housing Units	% Bank Loans	Aggt.	% of Owner-Occupied Housing Units	% Bank Loans	Aggt.	% of Owner-Occupied Housing Units	% Bank Loans	Aggt.	% of Owner-Occupied Housing Units	% Bank Loans	Aggt.
VA Beach AA	239	41,886	100.0	59,667	2.8	1.7	2.7	18.1	24.3	18.5	39.3	36.4	39.2	39.7	37.2	39.4	0.2	0.4	0.2
Total	239	41,886	100.0	59,667	2.8	1.7	2.7	18.1	24.3	18.5	39.3	36.4	39.2	39.7	37.2	39.4	0.2	0.4	0.2

Source: 2015 ACS Census; 1/1/2017 - 12/31/2018 Bank Data, 2017 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0

Table B: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2016	
Assessment Area	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers			
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggt.	% Families	% Bank Loans	Aggt.	% Families	% Bank Loans	Aggt.	% Families	% Bank Loans	Aggt.	% Families	% Bank Loans	Aggt.	
VA Beach AA	144	23,951	100.0	68,856	19.2	5.6	3.9	18.2	11.1	15.1	22.1	11.1	19.5	40.6	47.9	30.4	0.0	24.3	31.1	
Total	144	23,951	100.0	68,856	19.2	5.6	3.9	18.2	11.1	15.1	22.1	11.1	19.5	40.6	47.9	30.4	0.0	24.3	31.1	

Source: 2010 U.S. Census; 1/1/2016 - 12/31/2016 Bank Data, 2016 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.

Table B: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2017-2018	
Assessment Area	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers			
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggt.	% Families	% Bank Loans	Aggt.	% Families	% Bank Loans	Aggt.	% Families	% Bank Loans	Aggt.	% Families	% Bank Loans	Aggt.	
VA Beach AA	239	41,886	100.0	59,667	21.4	9.2	5.2	17.6	11.3	18.7	20.3	18.8	22.4	40.8	44.8	30.8	0.0	15.9	23.0	
Total	239	41,886	100.0	59,667	21.4	9.2	5.2	17.6	11.3	18.7	20.3	18.8	22.4	40.8	44.8	30.8	0.0	15.9	23.0	

Source: 2015 ACS Census; 1/1/2017 - 12/31/2018 Bank Data, 2017 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0

Table C: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																			2016		
Assessment Area	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts				
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggt.	% Businesses	% Bank Loans	Aggt.	% Businesses	% Bank Loans	Aggt.	% Businesses	% Bank Loans	Aggt.	% Businesses	% Bank Loans	Aggt.		
VA Beach AA	340	71,552	100.0	26,708	4.7	13.8	4.3	19.0	23.8	16.4	37.9	34.4	36.1	38.1	27.7	42.8	0.3	0.3	0.4		
Total	340	71,552	100.0	26,708	4.7	13.8	4.3	19.0	23.8	16.4	37.9	34.4	36.1	38.1	27.7	42.8	0.3	0.3	0.4		

Source: 2016 D&B Data; 1/1/2016 - 12/31/2016 Bank Data; 2016 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0

Table C: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																			2017-2018		
Assessment Area	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts				
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggt.	% Businesses	% Bank Loans	Aggt.	% Businesses	% Bank Loans	Aggt.	% Businesses	% Bank Loans	Aggt.	% Businesses	% Bank Loans	Aggt.		
VA Beach AA	751	153,296	100.0	24,172	4.2	6.4	3.5	22.7	30.9	21.6	37.0	30.6	35.3	34.8	26.5	38.1	1.3	5.6	1.4		
Total	751	153,296	100.0	24,172	4.2	6.4	3.5	22.7	30.9	21.6	37.0	30.6	35.3	34.8	26.5	38.1	1.3	5.6	1.4		

Source: 2018 D&B Data; 1/1/2017 - 12/31/2018 Bank Data; 2017 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0

Table D: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues											2016	
Assessment Area	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggt.	% Businesses	% Bank Loans	% Businesses	% Bank Loans	
VA Beach AA	340	71,552	100.0	26,708	83.5	39.7	49.2	5.1	45.3	11.4	11.3	
Total	340	71,552	100.0	26,708	83.5	39.7	49.2	5.1	45.3	11.4	11.3	

Source: 2016 D&B Data; 1/1/2016 - 12/31/2016 Bank Data; 2016 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0

Table D: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues											2017-2018	
Assessment Area	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggt.	% Businesses	% Bank Loans	% Businesses	% Bank Loans	
VA Beach AA	751	153,296	100.0	24,172	83.8	43.7	53.0	5.0	47.0	11.2	9.3	
Total	751	153,296	100.0	24,172	83.8	43.7	53.0	5.0	47.0	11.2	9.3	

Source: 2018 D&B Data; 1/1/2017 - 12/31/2018 Bank Data; 2017 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0