



OMEGA FINANCIAL CORPORATION

1st Quarter

To Our Shareholders, Customers and Friends:

I am pleased to report that your company's first quarter earnings of \$4.245 million in net income represent a gain of 6.8% over the same period last year. At a time when the overall economy is showing some strains, this strong performance not only provides a solid start for the year but also affirms our strategy of knowing our local markets and monitoring them for profitable growth opportunities.

In spite of a continued narrowing of our net interest margin, income from credit activities was up by 2.5%. We finished the quarter at \$11.317 million, compared to \$11.042 million for first quarter 2000.

On a per-share basis, quarterly earnings rose strongly. The \$0.49 per share in basic earnings represents an 11.4% increase over the \$0.44 reported for the first quarter of 2000, while diluted earnings per share were \$0.48, an 11.6% rise from \$0.43 last year.

We again raised common share dividends by 4.0% to \$0.26 from \$0.25. We take pride that, with this dividend, Omega Financial has increased dividends in 14 of the 15 years since the Corporation's founding in 1986.

Our key profitability ratios have also increased. Comparing the first quarter of 2001 with the same period in 2000, Return on Average Assets (ROA) increased to 1.53% from 1.50%, a 2.0% gain, while Return on Average Equity (ROE) rose to 11.12% from 10.35%, representing a 7.4% climb.

Having completed the 5% buy-back begun last May, we began a new share repurchase program in February. We plan to buy back up to 10% of our common stock, some of which will be used to fund employee stock options and stock purchase plans. This repurchase program will run through December 31 or until we reach the 10% goal.

Omega Financial Corporation continues to attract favorable coverage from investment analysts. During the quarter, the investment firm of Janney Montgomery Scott initiated coverage of our stock, noting our history of delivering solid earnings. In its announcement, Janney commented that Omega is "a conservatively managed institution distinguished by its track record of maintaining high capital levels and strong loan loss reserves while recording steady profits."

We are also enthusiastic about a new office Omega Bank is completing on Zion Road in Bellefonte. This new facility, located in the Parkview Center, will be our second in Bellefonte. It joins our existing office at 137 North Allegheny Street in a market that has always been important to Omega Bank.

Bellefonte is the county seat of the growing Centre County market. While our downtown Bellefonte location remains strong, Omega Bank felt the need to increase convenience to customers and potential customers in nearby residential developments.

The new office, scheduled to open this month, will be located in what we anticipate to be a high-traffic area. The plaza, well designed with good access and ample parking, is near the new interstate system that will have important impacts on transportation efficiency for both Blair and Centre counties. In addition to the potential for attracting new customers and the added convenience of another office for current customers, the office represents another opportunity for our staff to demonstrate the outstanding service that is the hallmark of all of our community offices.

We have begun this year with strong performance in the face of an uncertain national economy. While economists are still divided as to the general course of the remainder of this year, we believe that, with our customer-oriented staff and our local focus, we will continue to perform well.

Sincerely,

David B. Lee
Chairman and Chief Executive Officer

D. Stephen Martz
President and Chief Operations Officer

Omega Financial Corporation 2001

OMEGA FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands)

Assets	March 31, 2001	December 31, 2000
Cash and due from banks.....	\$ 37,582	\$ 40,340
Interest bearing deposits with other financial institutions.....	2,721	1,095
Federal funds sold.....	48,450	39,750
Investment securities held to maturity.....	5,119	5,044
Investment securities available for sale.....	242,560	237,335
Total loans.....	767,904	752,108
Less: Unearned discount.....	(96)	(123)
Allowance for loan losses.....	(11,536)	(11,622)
Net loans.....	756,272	740,363
Premises and equipment, net.....	14,607	14,284
Other assets.....	35,620	35,625
TOTAL ASSETS.....	\$ 1,142,931	\$ 1,113,836
Liabilities and Shareholders' Equity		
Deposits:		
Non-interest bearing.....	\$ 124,840	\$ 129,444
Interest bearing.....	780,829	760,057
Total deposits.....	905,669	889,501
Short-term borrowings.....	45,690	45,754
Other liabilities.....	23,926	12,463
ESOP debt.....	3,306	3,369
Long-term debt.....	12,980	6,895
Other interest bearing liabilities.....	634	650
TOTAL LIABILITIES.....	992,205	958,632
TOTAL SHAREHOLDERS' EQUITY.....	150,726	155,204
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY.....	\$ 1,142,931	\$ 1,113,836

Omega Financial news releases are available by fax 24 hours a day through Company News On-Call at (800) 758-5804, extension 653250. The On-Call information, quarterly and annual reports, a corporate profile, stock quotes, and other financial data are also posted on the Internet's World Wide Web at <http://www.omegafinancial.com>.

OMEGA FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except share data)

	Three Months Ended March 31,	
	2001	2000
Interest Income:		
Interest and fees on loans.....	\$ 15,857	\$ 14,602
Interest and dividends on investment securities.....	3,203	3,576
Other interest income.....	588	191
TOTAL INTEREST INCOME.....	19,648	18,369
Interest Expense:		
Interest on deposits.....	7,545	6,655
Interest on short-term borrowings.....	526	411
Interest on long-term debt and other interest bearing liabilities.....	260	118
TOTAL INTEREST EXPENSE.....	8,331	7,184
NET INTEREST INCOME.....	11,317	11,185
Provision for loan losses.....	-	143
INCOME FROM CREDIT ACTIVITIES.....	11,317	11,042
Other Income:		
Service fees on deposit accounts.....	997	877
Trust fees.....	887	903
Gain on sale of loans and other assets.....	(9)	(29)
Net gains on investment securities.....	60	-
Other.....	1,260	1,142
TOTAL OTHER INCOME.....	3,195	2,893
Other Expense:		
Salaries and employee benefits.....	4,880	4,747
Net occupancy expense.....	592	554
Equipment expense.....	593	567
Data processing service.....	394	363
Other.....	2,333	2,351
TOTAL OTHER EXPENSE.....	8,792	8,582
Income before taxes.....	5,720	5,353
Income tax expense.....	1,475	1,379
NET INCOME.....	\$ 4,245	\$ 3,974
Net income per common share:		
Basic.....	\$.49	\$.44
Diluted.....	\$.48	\$.43
Weighted average shares and equivalents:		
Basic.....	8,435,694	8,789,153
Diluted.....	8,856,264	9,220,930

OMEGA FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED FINANCIAL HIGHLIGHTS

(Unaudited)

(In thousands, except as indicated *)

	For the Quarter		
	2001	2000	% Change
Earnings:			
Net income	\$ 4,245	\$ 3,974	6.8%
Per share statistics:			
Diluted earnings.....	\$.48	\$.43	11.6
Dividends declared - common.....	.26	.25	4.0
Dividends declared - preferred.....	.45	.45	--
Book value - common.....	17.82	17.00	4.8
Market value - High.....	29.50	29.38	0.4
Low.....	23.75	23.00	3.3
Financial position at March 31:			
Assets.....	\$ 1,142,931	\$ 1,081,008	5.7%
Deposits.....	905,669	865,282	4.7
Net loans.....	756,272	702,348	7.7
Shareholders' equity.....	150,726	152,107	(0.9)
Average Balances:			
Assets.....	\$ 1,108,293	\$ 1,057,483	4.8%
Deposits.....	884,751	852,268	3.8
Net loans.....	749,698	699,245	7.2
Shareholders' equity.....	152,735	153,534	(0.5)
Profitability ratios - annualized: *			
Return on average assets.....	1.53%	1.50%	2.0%
Return on average equity	11.12	10.35	7.4
Net interest margin - fully tax equivalent.....	4.65	4.80	(3.1)
Shares outstanding at March 31: *			
Common.....	8,307,176	8,802,624	(5.6)%
Preferred.....	219,781	219,781	--
Number of shareholders at March 31: *			
Common.....	2,609	2,771	(5.8)%

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(NASDAQ - OMEF)
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Principal Subsidiaries
Omega Bank, N.A.
Holidaysburg Trust Company
Penn Central National Bank