



OMEGA FINANCIAL CORPORATION

2nd Quarter

To Our Shareholders, Customers and Friends:

We are pleased to report that year-to-date earnings for your company rose by 5.0% over last year. Omega's net income was \$8.645 million, compared to \$8.236 million for the first six months of 2000. The company's net income for the second quarter of this year rose by 3.2%, as we recorded net income of \$4.400 million compared to \$4.262 million in the second quarter of 2000.

On a per-share basis, basic earnings rose by 11.0% and 10.6% for the year-to-date and the second quarter, respectively, while diluted earnings were up 10.1% and 8.7% for the same periods.

In other year-to-date financial highlights, the company's cash dividend for common stock rose by 3.9%, to \$0.53 from \$0.51. Return on average equity (ROE) grew to 11.36% from 10.73%. Return on average assets (ROA) remained unchanged at 1.54%, while income from credit activities increased by 1.5% to \$22.608 million from \$22.284 million.

Like many banks in these times of falling rates, we face growing pressure on our net interest margin. But at the same time, we have been able to increase our non-interest income and maintain a focus on cost control. In addition, we are building core deposits. Our demand, time, and savings deposits all grew over last year, resulting in a 5.3% rise in the company's total deposits for the year to date.

During the quarter, CIBC World Markets, the investment subsidiary of the Canadian Imperial Bank of Commerce, initiated coverage of Omega Financial stock. The CIBC equity research report noted Omega Financial's "...strong deposit market share, pristine credit quality, solid balance sheet and its advanced technology capabilities."

CIBC joins the investment firm of Janney Montgomery Scott, which initiated coverage of Omega's stock during the first quarter of this year. This positive recognition of our performance by the investor community is another affirmation of the success of our core strategies.

We would like to take this opportunity to acknowledge the passing of director emeritus Nathan H. Krauss, who served on the boards of Omega Financial affiliate Omega Bank and its predecessor, the Peoples National Bank of Central Pennsylvania for 29 years. Active in business, civic and governmental affairs, Mr. Krauss provided this institution and this region with wise counsel and a giving spirit.

Although we are pleased with our results thus far in 2001, declining rates and the general economic outlook will continue to pose a challenge for us. We remain confident, however, that our core strategies are sound and will continue to form the basis for solid performance for the remainder of the year.

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)

	June 30, 2001	December 31, 2000
Assets		
Cash and due from banks.....	\$ 39,247	\$ 40,340
Interest bearing deposits with other financial institutions.....	1,200	1,095
Federal funds sold.....	22,450	39,750
Investment securities held to maturity.....	5,194	5,044
Investment securities available for sale.....	261,704	237,335
Total loans.....	773,676	752,108
Less: Unearned discount.....	(77)	(123)
Allowance for loan losses.....	(11,486)	(11,622)
Net loans.....	762,113	740,363
Premises and equipment, net.....	14,918	14,284
Other assets.....	35,353	35,625
TOTAL ASSETS.....	\$ 1,142,179	\$ 1,113,836
Liabilities and Shareholders' Equity		
Deposits:		
Non-interest bearing.....	\$ 134,420	\$ 129,444
Interest bearing.....	786,448	760,057
Total deposits.....	920,868	889,501
Short-term borrowings.....	35,869	45,754
Other liabilities.....	13,193	12,463
ESOP debt.....	3,242	3,369
Long-term debt.....	17,735	6,895
Other interest bearing liabilities.....	651	650
TOTAL LIABILITIES.....	991,558	958,632
TOTAL SHAREHOLDERS' EQUITY.....	150,621	155,204
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY.....	\$ 1,142,179	\$ 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 June 30,		Six Months Ended June 30,	
	2001	2000	2001	2000
Interest Income:				
Interest and fees on loans.....	\$ 15,726	\$ 14,969	\$ 31,583	\$ 29,571
Interest and dividends on investment securities.....	3,342	3,599	6,545	7,175
Other interest income.....	313	412	901	603
TOTAL INTEREST INCOME.....	19,381	18,980	39,029	37,349
Interest Expense:				
Interest on deposits.....	7,364	6,898	14,909	13,553
Interest on short-term borrowings.....	456	570	982	981
Interest on long-term debt and other interest bearing liabilities.....	270	128	530	246
TOTAL INTEREST EXPENSE.....	8,090	7,596	16,421	14,780
NET INTEREST INCOME.....	11,291	11,384	22,608	22,569
Provision for loan losses.....	-	142	-	285
INCOME FROM CREDIT ACTIVITIES.....	11,291	11,242	22,608	22,284
Other Income:				
Service fees on deposit accounts.....	1,050	907	2,047	1,784
Trust fees.....	853	710	1,740	1,613
Gain on sale of loans and other assets.....	9	(6)	-	(35)
Net gains on investment securities.....	255	194	315	194
Other.....	1,304	1,342	2,564	2,484
TOTAL OTHER INCOME.....	3,471	3,147	6,666	6,040
Other Expense:				
Salaries and employee benefits.....	4,864	4,769	9,744	9,516
Net occupancy expense.....	600	523	1,192	1,077
Equipment expense.....	535	561	1,128	1,128
Data processing service.....	397	365	791	728
Other.....	2,484	2,433	4,817	4,784
TOTAL OTHER EXPENSE.....	8,880	8,651	17,672	17,233
Income before taxes.....	5,882	5,738	11,602	11,091
Income tax expense.....	1,482	1,476	2,957	2,855
NET INCOME.....	\$ 4,400	\$ 4,262	\$ 8,645	\$ 8,236
Net income per common share:				
Basic.....	\$ 0.52	\$.47	\$ 1.01	\$.91
Diluted.....	\$ 0.50	\$.46	\$ 0.98	\$.89
Weighted average shares and equivalents:				
Basic.....	8,267,681	8,802,849	8,351,223	8,796,001
Diluted.....	8,731,957	9,204,097	8,788,204	9,209,119

OMEGA FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED FINANCIAL HIGHLIGHTS

(Unaudited)

(In thousands, except as indicated *)

	For the Quarter			Year to Date		
	2001	2000	% Change	2001	2000	% Change
Earnings:						
Net income	\$ 4,400	\$ 4,262	3.2%	\$ 8,645	\$ 8,236	5.0%
Per share statistics: *						
Diluted earnings.....	\$.50	\$.46	8.7	\$.98	\$.89	10.1%
Dividends declared - common.....	.27	.26	3.8	.53	.51	3.9
Dividends declared - preferred.....	.45	.45	--	.90	.90	--
Book value - common.....	17.98	17.18	4.7	17.98	17.18	4.7
Market value - High.....	32.30	26.50	21.9	32.30	29.38	9.9
Low.....	26.88	20.56	30.7	23.25	20.56	13.1
Financial position at June 30:						
Assets.....	\$ 1,142,179	\$ 1,090,476	4.7%	\$ 1,142,179	\$ 1,090,476	4.7%
Deposits.....	920,868	874,419	5.3	920,868	874,419	5.3
Net loans.....	762,113	711,163	7.2	762,113	711,163	7.2
Shareholders' equity.....	150,621	152,531	(1.3)	150,621	152,531	(1.3)
Average Balances:						
Assets.....	\$ 1,133,466	\$ 1,077,714	5.2%	\$ 1,120,945	\$ 1,067,598	5.0%
Deposits.....	909,831	863,891	5.3	897,356	858,079	4.6
Net loans.....	764,027	707,073	8.1	756,903	703,158	7.6
Shareholders' equity.....	151,695	153,559	(1.2)	152,211	153,546	(0.9)
Profitability ratios - annualized: *						
Return on average assets.....	1.55%	1.58%	(1.9)%	1.54%	1.54%	0.0%
Return on average equity	11.60	11.10	4.5	11.36	10.73	5.9
Net interest margin - fully tax equivalent.....	4.58	4.79	(4.4)	4.61	4.79	(3.8)
Shares outstanding at June 30: *						
Common.....	8,225,574	8,734,757	(5.8)%	8,225,574	8,734,757	(5.8)%
Preferred.....	219,781	219,781	--	219,781	219,781	--

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Principal Subsidiaries
Omega Bank, N.A.
Hollidaysburg Trust Company
Penn Central National Bank