



To Our Shareholders, Customers and Friends:

Though the lingering effects of last year's economic downturn impacted performance, we nevertheless delivered a 4.3% increase in diluted earnings per share for the quarter over the same period last year.

Omega Financial's annualized Return on Average Assets (ROA) was 1.48%, compared to 1.53% for the same quarter last year. Annualized Return on Average Equity (ROE) was 10.71%, compared to 11.12% for the same quarter last year. At the same time, diluted earnings per share were \$0.49, increasing from \$0.47. The increase resulted from stable net income for the quarter of \$4.249 million compared to \$4.245 million for the same period last year and from our successful stock buy back program.

Gains in non-interest income such as loan and trust fees helped to offset declines in consumer and business lending volumes that, along with falling rates, depressed the net interest margin. Cost controls that have always been primary concerns, particularly in uncertain economic times, also contributed to sustaining the company's performance. We have continued to streamline operations wherever possible while maintaining our commitment to customer service – a commitment that customers affirm in comments and surveys.

In addition, we are pleased to report another improvement in our common share dividends. The rise to \$0.28 in the first quarter of 2002 from \$0.26 during the first quarter of 2001 represents a 7.7% increase. We have been able to raise our dividend in 15 of the 16 years since the Omega Financial Corporation's founding in 1986.

During the quarter, a First Call report by the investment firm of Janney Montgomery Scott noted that Omega Financial beat Janney's fourth quarter earnings forecast. Janney, which initiated coverage of Omega stock last year, noted that the company "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 gratified that our performance has been increasingly noted by the investment community.

Indications are mounting that more positive economic conditions lie ahead, and we are cautiously optimistic that we will see increases in consumer and business lending in the balance of this year. Although the effects of the economic downturn have remained with us during the first quarter, our core strategies have remained unchanged. By emphasizing profitable asset growth and expense control, we continue to maintain the conservative approach that has served us well. With the most recent economic indicators showing positive trends, we are ready to capitalize on increased economic activity as the year progresses.

Sincerely,

David B. Lee
Chairman and Chief Executive Officer

D. Stephen Martz
President and Chief Operations Officer

Omega Financial Corporation 2002

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

	March 31, 2002	December 31, 2001
Assets		
Cash and due from banks.....	\$ 30,077	\$ 39,072
Interest bearing deposits with other financial institutions.....	8,427	31,812
Federal funds sold.....	26,000	14,450
Investment securities held to maturity.....	3,848	3,851
Investment securities available for sale.....	295,162	263,501
Total loans.....	751,846	760,395
Less: Unearned discount.....	(29)	(41)
Allowance for loan losses.....	(11,271)	(11,224)
Net loans.....	740,546	749,130
Premises and equipment, net.....	15,332	15,563
Other assets.....	43,820	41,250
TOTAL ASSETS.....	\$ 1,163,212	\$ 1,158,629
 Liabilities and Shareholders' Equity		
Deposits:		
Non-interest bearing.....	\$ 139,778	\$ 138,433
Interest bearing.....	793,671	793,234
Total deposits.....	933,449	931,667
Short-term borrowings.....	36,989	37,572
Other liabilities.....	14,072	12,093
ESOP debt.....	3,042	3,110
Long-term debt.....	16,977	17,234
Other interest bearing liabilities.....	698	703
TOTAL LIABILITIES.....	1,005,227	1,002,379
 TOTAL SHAREHOLDERS' EQUITY.....	 157,985	 156,250
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY.....	\$ 1,163,212	\$ 1,158,629

Omega Financial news releases, quarterly and annual reports, a corporate profile, stock quotes, and other financial data are available on the internet at <http://www.omegafinancial.com>.

OMEGA FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except share data)

	Three Months Ended March 31,	
	2002	2001
Interest Income:		
Interest and fees on loans.....	\$ 13,355	\$ 15,857
Interest and dividends on investment securities.....	3,102	3,203
Other interest income.....	170	588
TOTAL INTEREST INCOME.....	16,627	19,648
Interest Expense:		
Interest on deposits.....	5,099	7,545
Interest on short-term borrowings.....	191	526
Interest on long-term debt and other interest bearing liabilities.....	205	260
TOTAL INTEREST EXPENSE.....	5,495	8,331
NET INTEREST INCOME.....	11,132	11,317
Provision for loan losses.....	230	-
INCOME FROM CREDIT ACTIVITIES.....	10,902	11,317
Other Income:		
Service fees on deposit accounts.....	981	997
Trust fees.....	1,051	887
Gain on sale of loans and other assets.....	64	(9)
Net gains on investment securities.....	92	60
Other.....	1,427	1,260
TOTAL OTHER INCOME.....	3,615	3,195
Other Expense:		
Salaries and employee benefits.....	4,884	4,880
Net occupancy expense.....	560	592
Equipment expense.....	570	593
Data processing service.....	407	394
Other.....	2,523	2,333
TOTAL OTHER EXPENSE.....	8,944	8,792
Income before taxes.....	5,573	5,720
Income tax expense.....	1,324	1,475
NET INCOME.....	\$ 4,249	\$ 4,245
Net income per common share:		
Basic.....	\$.50	\$.49
Diluted.....	\$.49	\$.47
Weighted average shares and equivalents:		
Basic.....	8,233,767	8,435,694
Diluted.....	8,681,610	8,856,264

Omega Financial Corporation 2002

OMEGA FINANCIAL CORPORATION AND SUBSIDIARIES CONSOLIDATED FINANCIAL HIGHLIGHTS

(Unaudited)

(In thousands, except as indicated *)

	For the Quarter		
	2002	2001	% Change
Earnings:			
Net income	\$ 4,249	\$ 4,245	0.1%
Per share statistics:			
Diluted earnings	\$.49	\$.47	4.3
Dividends declared - common28	.26	7.7
Dividends declared - preferred45	.45	--
Book value - common	18.79	17.82	5.4
Market value - High	32.95	29.50	11.7
Low	30.02	23.25	29.1
Financial position at March 31:			
Assets	\$ 1,163,212	\$ 1,142,931	1.8%
Deposits	933,449	905,669	3.1
Net loans	740,546	756,272	(2.1)
Shareholders' equity	157,985	150,726	4.8
Average Balances:			
Assets	\$ 1,148,703	\$ 1,108,293	3.6%
Deposits	922,873	884,751	4.3
Net loans	746,289	749,698	(0.5)
Shareholders' equity	158,665	152,735	3.9
Profitability ratios - annualized: *			
Return on average assets	1.48%	1.53%	(3.3)%
Return on average equity	10.71	11.12	(3.7)
Net interest margin - fully tax equivalent	4.48	4.65	(3.7)
Shares outstanding at March 31: *			
Common	8,252,468	8,307,176	(0.7)%
Preferred	219,781	219,781	--

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(NASDAQ - OMEF)
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Principal Subsidiary
Omega Bank, N.A.
and its divisions
Hollidaysburg Trust Company
Penn Central National Bank