



To Our Shareholders, Customers and Friends:

Your Company recorded increases of 2.0% in diluted earnings per share for both the second quarter and the year to date. Diluted earnings were \$0.51 per share and \$1.00 per share for the quarter and year to date respectively, up from \$0.50 and \$0.98. Basic earnings per share were \$0.53 for the quarter and \$1.03 for the year to date. You'll find these and other financial highlights summarized elsewhere in this report. Although a lagging economy affected loan volumes and our net interest margin continues to narrow, we have pursued several methods to position your Company for growth in an often rapidly changing industry.

A crucial step is to increase non-interest income. To reduce our reliance on interest margins, we have recently focused increasing attention on those services that generate fee income and solidify customer relationships, such as trust services, online banking and ancillary account services.

We have completed the latest step in this strategy with the opening this month of the Omega Insurance Agency -- the newest subsidiary of your Company. Working on a proven business model, we will generate insurance sales from a variety of sources, including our current retail, commercial and trust customers as well as our website.

Omega Insurance Agency provides a full complement of auto, home and business insurance, as well as life, disability and long-term care insurance. Consumers increasingly want their bank to be a source of a variety of financial products beyond the traditional offerings and the Omega Insurance Agency will expand our product roster with insurance, investment and commercial services while providing the same outstanding customer service.

We have also moved to provide additional services that enhance customer convenience while generating fee income. One of these services is Courtesy CoverageSM, potentially saving customers embarrassment and merchant fees from returned checks. Another innovation is CheckView, which is both a consumer benefit and a means of controlling costs. With CheckView, customers receive images of paid checks with their monthly statements. This gives us a competitive advantage over other institutions that have stopped returning checks while reducing the cost of this benefit.

Of course, the streamlining of all our operations is an ongoing process that seeks to use technology and other means to drive down the costs of providing the excellent customer service that distinguishes us in the marketplace.

As the lines between financial service providers continue to blur and the definition of "traditional" banking services constantly shifts, we feel that these strategies have positioned your Company to take full advantage of new market opportunities while remaining strong in those areas of conventional banking that promise profitable growth. With indications pointing to a gradual strengthening of the economy in the months ahead, we are cautiously optimistic that this combination of strategies will continue to spell solid performance for your Company.

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)
Unaudited

	June 30, 2002	December 31, 2001
Assets		
Cash and due from banks.....	\$ 35,784	\$ 39,072
Interest bearing deposits with other financial institutions.....	2,582	31,812
Federal funds sold.....	18,850	14,450
Investment securities held to maturity.....	5,054	3,851
Investment securities available for sale.....	278,035	283,501
Total loans.....	777,412	760,395
Less: Unearned discount.....	(21)	(41)
Allowance for loan losses.....	(11,436)	(11,224)
Net loans.....	765,955	749,130
Premises and equipment, net.....	15,045	15,563
Other assets.....	42,132	41,250
TOTAL ASSETS.....	\$ 1,163,437	\$ 1,158,629
Liabilities and Shareholders' Equity		
Deposits:		
Non-interest bearing.....	\$ 148,728	\$ 138,433
Interest bearing.....	784,159	793,234
Total deposits.....	932,887	931,667
Short-term borrowings.....	39,740	37,572
Other liabilities.....	10,656	12,093
ESOP debt.....	2,973	3,110
Long-term debt.....	16,716	17,234
Other interest bearing liabilities.....	698	703
TOTAL LIABILITIES.....	1,003,670	1,002,379
TOTAL SHAREHOLDERS' EQUITY.....	159,767	156,250
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY.....	\$ 1,163,437	\$ 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)

Unaudited

	Three Months Ended June 30,		Six Months Ended June 30,	
	2002	2001	2002	2001
Interest Income:				
Interest and fees on loans.....	\$ 13,294	\$ 15,726	\$ 26,649	\$ 31,583
Interest and dividends on investment securities.....	3,050	3,342	6,152	6,545
Other interest income.....	80	313	250	901
TOTAL INTEREST INCOME.....	16,424	19,381	33,051	39,029
Interest Expense:				
Interest on deposits.....	4,641	7,364	9,740	14,909
Interest on short-term borrowings.....	199	456	390	982
Interest on long-term debt and other interest bearing liabilities.....	200	270	405	530
TOTAL INTEREST EXPENSE.....	5,040	8,090	10,535	16,421
NET INTEREST INCOME.....	11,384	11,291	22,516	22,608
Provision for loan losses.....	250	-	480	-
INCOME FROM CREDIT ACTIVITIES.....	11,134	11,291	22,036	22,608
Other Income:				
Service fees on deposit accounts.....	1,171	1,050	2,152	2,047
Trust fees.....	877	853	1,928	1,740
Gain on sale of loans and other assets.....	(1)	9	63	-
Net gains on investment securities.....	58	255	150	315
Other.....	1,423	1,304	2,850	2,564
TOTAL OTHER INCOME.....	3,528	3,471	7,143	6,666
Other Expense:				
Salaries and employee benefits.....	4,869	4,864	9,753	9,744
Net occupancy expense.....	566	600	1,126	1,192
Equipment expense.....	648	535	1,218	1,128
Data processing service.....	419	397	826	791
Other.....	2,486	2,484	5,009	4,817
TOTAL OTHER EXPENSE.....	8,988	8,880	17,932	17,672
Income before taxes.....	5,674	5,882	11,247	11,602
Income tax expense.....	1,215	1,482	2,539	2,957
NET INCOME.....	\$ 4,459	\$ 4,400	\$ 8,708	\$ 8,645
Net income per common share:				
Basic.....	\$ 0.53	\$.52	\$ 1.03	\$ 1.01
Diluted.....	\$ 0.51	\$.50	\$ 1.00	\$.97
Weighted average shares and equivalents:				
Basic.....	8,226,527	8,267,681	8,230,127	8,351,223
Diluted.....	8,687,300	8,731,957	8,676,669	8,788,204
Dividends declared per share:				
Common.....	\$ 0.28	\$.27	\$ 0.56	\$.53
Preferred.....	\$ 0.45	\$.45	\$ 0.90	\$.90

Omega Financial Corporation 2002

OMEGA FINANCIAL CORPORATION AND SUBSIDIARIES CONSOLIDATED FINANCIAL HIGHLIGHTS

(Unaudited)

(In thousands, except as indicated *)

	For the Quarter			Year to Date		
	2002	2001	% Change	2002	2001	% Change
Earnings:						
Net income	\$ 4,459	\$ 4,400	1.3%	\$ 8,708	\$ 8,645	0.7%
Per share statistics: *						
Diluted earnings	\$.51	\$.50	2.0%	\$ 1.00	\$.97	3.1%
Dividends declared - common28	.27	3.7	.56	.53	5.7
Dividends declared - preferred45	.45	--	.90	.90	--
Book value - common	19.13	17.98	6.4	19.13	17.98	6.4
Market value - High	36.88	32.30	14.2	36.88	32.30	14.2
Low	32.50	26.88	20.9	30.02	23.25	29.1
Financial position at June 30:						
Assets	\$ 1,163,437	\$ 1,142,179	1.9%	\$ 1,163,437	\$ 1,142,179	1.9%
Deposits	932,887	920,868	1.3	932,887	920,868	1.3
Net loans	765,955	762,113	0.5	765,955	762,113	0.5
Shareholders' equity	159,767	150,621	6.1	159,767	150,621	6.1
Average Balances:						
Assets	\$ 1,159,314	\$ 1,133,466	2.3%	\$ 1,154,038	\$ 1,120,945	3.0%
Deposits	930,881	909,831	2.3	926,899	897,356	3.3
Net loans	762,482	764,027	(0.2)	754,429	756,903	(0.3)
Shareholders' equity	159,104	151,695	4.9	158,886	152,211	4.4
Profitability ratios - annualized: *						
Return on average assets	1.54%	1.55%	(0.6)%	1.51%	1.54%	(1.9)%
Return on average equity	11.21	11.60	(3.4)	10.96	11.36	(3.5)
Net interest margin - fully tax equivalent	4.55	4.58	(0.7)	4.52	4.61	(2.0)
Shares outstanding at June 30: *						
Common	8,195,130	8,225,574	(0.4)%	8,195,130	8,225,574	(0.4)%
Preferred	219,781	219,781	--	219,781	219,781	--

Omega Financial Corporation
366 Walker Drive
P.O. Box 619
State College, PA 16804 - 0619
814-231-7680

(NASDAQ - OMEF)
www.omegafinancial.com

Principal Subsidiary
Omega Bank, N.A.
and its divisions
Hollidaysburg Trust Company
Penn Central National Bank