



To Our Shareholders, Customers and Friends:

I am pleased to report that your company's earnings for the third quarter of 2002 have jumped nearly 18% over the figure reported for the same period last year. For the year-to-date, net income is \$13.608 million, a 6.2% increase over the \$12.809 million logged through September 30, 2001. Your cash dividend, \$0.28 per common share, was 3.7% higher than at the third quarter of 2001. You will find details of these and other financial highlights elsewhere in this report.

We are obviously happy with our strong results coming as they do in the face of continued economic uncertainty. We have had solid showings in fee and trust incomes. Additionally, we have managed our net interest margin through carefully setting deposit and loan rates, along with attention to increasing low-cost deposits.

Of course, some of our deposit growth results from the general trend away from high-risk investments by consumers seeking less risky alternatives for their savings. We are working to exploit the trends and retain the deposits even if the stock market heats up again. Great new services such as Courtesy CoverageSM, potentially saving customers the embarrassment of returned checks, and Free Checking, which we introduced late in this quarter, will help us improve our overall market share.

With our increased focus on services that generate fee income and solidify customer relationships, we debuted the Omega Insurance Agency. Our customers have welcomed the competitive quotes that the agency can provide on a full complement of auto, home and business insurance from leading insurance-industry providers. This newest addition to our company will soon be expanding its offerings with annuities, other investment services and long-term care as well as sophisticated life products. All of these initiatives will further enhance Omega's image as the total solution to all of the customer's financial needs.

Finally, Omega has again been recognized for its strength, this time nationally. Every quarter, Weiss Ratings analyzes and independently evaluates more than 15,000 financial institutions, insurance companies, mutual funds and HMOs. With an A+ Weiss rating in October, Omega Bank earned a spot with the 10 Strongest Banks and Thrifts in the country.

Based on similar Weiss ratings over the years and our overall performance, Omega Bank was also one of the banks featured in the recent best-selling book *Conquer the Crash* written by Robert Prechter. The book lists Omega in the "How to Find a Safe Bank" section. We are honored and proud to gain national recognition for the dedication and commitment to excellence of our employees and directors.

Our third quarter results were gratifying and continue to affirm our core strategies. Although the economic outlook remains uncertain for the near term, we remain confident that we are well positioned to seize market opportunities as the economy strengthens.

Sincerely,

David B. Lee
Chairman and Chief Executive Officer

Omega Financial Corporation 2002

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

	September 30, 2002	December 31, 2001
Assets		
Cash and due from banks.....	\$ 43,497	\$ 39,072
Interest bearing deposits with other financial institutions.....	2,638	31,812
Federal funds sold.....	6,780	14,450
Investment securities held to maturity.....	5,051	3,851
Investment securities available for sale.....	258,626	263,501
Total loans.....	791,280	760,395
Less: Unearned discount.....	(15)	(41)
Allowance for loan losses.....	(11,455)	(11,224)
Net loans.....	779,810	749,130
Premises and equipment, net.....	14,716	15,563
Other assets.....	41,322	41,250
TOTAL ASSETS.....	\$ 1,152,440	\$ 1,158,629
 Liabilities and Shareholders' Equity		
Deposits:		
Non-interest bearing.....	\$ 151,952	\$ 138,433
Interest bearing.....	771,453	793,234
Total deposits.....	923,405	931,667
Short-term borrowings.....	38,043	37,572
Other liabilities.....	10,872	12,093
ESOP debt.....	2,903	3,110
Long-term debt.....	16,452	17,234
Other interest bearing liabilities.....	722	703
TOTAL LIABILITIES.....	992,397	1,002,379
TOTAL SHAREHOLDERS' EQUITY.....	160,043	156,250
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY.....	\$ 1,152,440	\$ 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 September 30,		Nine Months Ended September 30,	
	2002	2001	2002	2001
Interest Income:				
Interest and fees on loans.....	\$ 13,353	\$ 15,229	\$ 40,002	\$ 46,812
Interest and dividends on investment securities.....	2,821	3,389	8,973	9,934
Other interest income.....	64	263	314	1,164
TOTAL INTEREST INCOME.....	16,238	18,881	49,289	57,910
Interest Expense:				
Interest on deposits.....	4,257	7,080	13,997	21,989
Interest on short-term borrowings.....	184	350	574	1,332
Interest on long-term debt and other interest-bearing liabilities.....	196	251	601	781
TOTAL INTEREST EXPENSE.....	4,637	7,681	15,172	24,102
NET INTEREST INCOME.....	11,601	11,200	34,117	33,808
Provision for loan losses.....	150	101	630	101
INCOME FROM CREDIT ACTIVITIES.....	11,451	11,099	33,487	33,707
Other Income:				
Service fees on deposit accounts.....	1,423	1,030	3,575	3,077
Trust fees.....	891	787	2,819	2,527
Gain (loss) on sale of loans and other assets.....	5	14	68	14
Net gains on investment securities.....	259	5	409	320
Other.....	1,463	1,337	4,313	3,901
TOTAL OTHER INCOME.....	4,041	3,173	11,184	9,839
Other Expense:				
Salaries and employee benefits.....	4,987	4,956	14,740	14,700
Net occupancy expense.....	564	537	1,690	1,729
Equipment expense.....	664	509	1,882	1,637
Data processing service.....	420	405	1,246	1,196
Other.....	2,305	2,418	7,314	7,235
TOTAL OTHER EXPENSE.....	8,940	8,825	26,872	26,497
Income before taxes.....	6,552	5,447	17,799	17,049
Income tax expense.....	1,652	1,283	4,191	4,240
NET INCOME.....	\$ 4,900	\$ 4,164	\$ 13,608	\$ 12,809
Net income per common share:				
Basic.....	\$.59	\$.49	\$ 1.62	\$ 1.51
Diluted.....	\$.57	\$.48	\$ 1.57	\$ 1.46
Weighted average shares and equivalents:				
Basic.....	8,183,890	8,233,574	8,214,545	8,311,576
Diluted.....	8,627,913	8,677,456	8,651,377	8,743,789
Dividends declared per share:				
Common.....	\$ 0.28	\$.27	\$ 0.84	\$.80
Preferred.....	\$ 0.45	\$.45	\$ 1.35	\$ 1.35

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	\$ 4,900	\$ 4,164	17.7%	\$ 13,608	\$ 12,809	6.2%
Per share statistics: *						
Diluted earnings	\$.57	\$.48	18.8%	\$ 1.57	\$ 1.46	7.5%
Dividends declared - common28	.27	3.7	.84	.80	5.0
Dividends declared - preferred45	.45	-	1.35	1.35	-
Book value - common	19.36	18.44	5.0	19.36	18.44	5.0
Market value - High	35.79	32.60	9.8	36.88	32.60	13.1
Low	32.85	27.70	18.6	30.02	23.25	29.1
Financial position at September 30:						
Assets	\$ 1,152,440	\$ 1,148,119	0.4%	\$ 1,152,440	\$ 1,148,119	0.4%
Deposits	923,405	923,265	0.0	923,405	923,265	0.0
Net loans	779,810	768,001	1.5	779,810	768,001	1.5
Shareholders' equity	160,043	154,254	3.8	160,043	154,254	3.8
Average Balances:						
Assets	\$ 1,148,518	\$ 1,143,236	0.5%	\$ 1,152,176	\$ 1,129,138	2.0%
Deposits	920,194	923,229	(0.3)	924,640	906,075	2.0
Net loans	770,584	772,319	(0.2)	759,874	769,824	(1.3)
Shareholders' equity	161,715	152,971	5.7	159,838	152,468	4.8
Profitability ratios - annualized: *						
Return on average assets	1.71%	1.46%	17.1%	1.57%	1.51%	4.0%
Return on average equity	12.12	10.89	11.3	11.35	11.20	1.3
Net interest margin - fully tax equivalent	4.66	4.52	3.1	4.57	4.57	-
Shares outstanding at September 30: *						
Common	8,108,391	8,211,882	(1.3)%	8,108,391	8,211,882	(1.3)%
Preferred	219,781	219,781	-	219,781	219,781	-

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