UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 31, 1999
Commission File No. 0-20293

UNION BANKSHARES CORPORATION
(Exact name of registrant as specified in its charter)

Virginia	54-1598552
(State of Incorporation)	(I.R.S. Employer I.D. No.)

212 North Main Street
P.O. Box 446
Bowling Green, Virginia 22427
(Address of principal executive officers)

(804) 633-5031
(Registrant's telephone number)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT: NONE
SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: COMMON STOCK, $2 PAR VALUE

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.   X Yes   ________No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.   ( )

The Aggregate Market Value of the Voting Stock Held by Nonaffiliates of the Registrant was $90,612,908 as of February 25, 2000.

As of February 25, 2000, Union Bankshares Corporation had 7,487,829 shares of Common Stock outstanding.

Documents Incorporated By Reference

Portions of the Registrant's Annual Report to Shareholders for the year ended December 31, 1999 are incorporated into Part II of this Form 10-K and portions of the Proxy Statement for the 2000 annual meeting are incorporated into Part III.

UNION BANKSHARES CORPORATION
FORM 10-K
INDEX

PART 1

		Page
Item 1.	Business	1
Item 2.	Properties	9
Item 3.	Legal Proceedings	11
Item 4.	Submission of Matters to a Vote of Security Holders	11

PART II

Item 5.	Market for Registrant's Common Equity and Related Stockholder Matters	12
Item 6.	Selected Financial Data	12
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	12
Item 7A.	Quantitative and Qualitative Disclosures About Market Risk	13
Item 8.	Financial Statements and Supplementary Data	17

Item 9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure....................	17

PART III

Item 10.	Directors and Executive Officers........	18
Item 11.	Executive Compensation..................	18
Item 12.	Security Ownership of Certain Beneficial Owners and Management...................	19
Item 13.	Certain Relationships and Related Transactions............................	19

PART IV

Item 14.	Exhibits, Financial Statements Schedules and Reports on Form 8-K...................	20

PART I

Item 1. - Business

GENERAL

Union Bankshares Corporation (the "Company") is a multi-bank holding company organized under Virginia law which is headquartered in Bowling Green, Virginia. The Company is committed to the delivery of financial services through its four affiliated community banks, Union Bank & Trust Company ("Union Bank"), Northern Neck State Bank ("Northern Neck Bank"), Rappahannock National Bank ("Rappahannock Bank") and the Bank of Williamsburg (collectively, the "Subsidiary Banks") and two non-bank financial services affiliates, Union Investment Services, Inc. ("Union Investment") and Mortgage Capital Investors, Inc. ("MCI").

The Company was formed in connection with the July 12, 1993 merger of Northern Neck Bankshares Corporation with and into Union Bancorp, Inc. On September 1, 1996, King George State Bank and on July 1, 1998, Rappahannock National Bank became wholly-owned subsidiaries of the Company. On February 22, 1999, the Bank of Williamsburg began business as a newly organized bank focused on the Williamsburg market. In June, 1999 King George State Bank was merged into Union Bank and ceased to be a subsidiary bank.

Each of the Subsidiary Banks is a full service retail commercial bank offering a wide range of banking and related financial services, including checking, savings, certificates of deposit and other depository services, and loans for commercial, industrial, residential mortgage and consumer purposes. The Subsidiary Banks also issue credit cards and can deliver automated teller machine services through the use of reciprocally shared ATMs in the MOST, CIRRUS and PLUS networks.

Union Bankshares Corporation had assets of $822 million, deposits of $647 million, and shareholders' equity of $69 million at December 31, 1999. The Company serves, through its Subsidiary Banks, the Virginia counties of Caroline, Hanover, King George, King William, Spotsylvania, Stafford, Richmond, Westmoreland, Essex, Lancaster, Northumberland, the City of Williamsburg, James City County and the City of Fredericksburg. Through its Subsidiary Banks, the Company operated twenty nine branches in its primary trade area at year end.

Union Investment has provided securities brokerage and investment advisory services since February 1993. It is a full service brokerage company which offers a full range of investment services, and sells annuities, mutual funds, bonds and stocks.

On February 22, 1999, the Company opened the Bank of Williamsburg, a full service bank headquartered in Williamsburg, Virginia. The bank was organized and chartered under the laws of Virginia in February 1999. On March 20, 2000, the Bank moved from its temporary location to its headquarters located at 5125 John Tyler Parkway. The Bank's primary trade area is Williamsburg and surrounding James City County.

On February 11, 1999, the Company acquired CMK Corporation t/a "Mortgage Capital Investors," a mortgage loan brokerage company headquartered in Springfield, Virginia, by merger of CMK Corporation into Mortgage Capital Investors, Inc., a wholly owned subsidiary of Union Bank. MCI has offices in Virginia, Maryland, North Carolina, South Carolina, New Jersey and Connecticut. It provides a variety of mortgage products to customers in those states, as well as to customers in the service areas of the Subsidiary Banks. The mortgage loans originated by MCI are generally sold in the secondary market through purchase agreements with institutional investors. MCI also offers insurance services to its customers through a joint venture with an insurance agency. During 1999, Union Mortgage Company, LLC, a mortgage loan brokerage company and subsidiary of Union Bank, merged with and into MCI.

For additional information on the acquisition on MCI, see the discussion below on "Acquisition Program - Purchase of Mortgage Capital Investors, Inc." and Note 1(A) to the Consolidated Financial Statements contained in the Company's 1999 Annual Report to Shareholders.

The Company has two reportable segments: traditional full service community banks and a mortgage loan origination business, each as described above. See Note 17 to the Notes to Consolidated Financial Statements and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" that are included in the Company's 1999 Annual Report to Shareholders for certain financial and other information about each of the Company's operating segments.

ACQUISITION PROGRAM

The Company looks to expand its market area and increase its market share through both internal growth and strategic acquisitions. During 1999, the Company engaged in the following acquisition transactions:

Opening of the Bank of Williamsburg. On February 22, 1999, the Company opened the Bank of Williamsburg in temporary headquarters in the Williamsburg Crossing Shopping Center at 5251 John Tyler Parkway in Williamsburg. On March 20, 2000, Bank of Williamsburg moved to its new headquarters at 5125 John Tyler Parkway. This full service bank puts the Company in a new market area located in a rapidly growing region of Virginia.

Purchase of Mortgage Capital Investors. On February 11, 1999, the Company purchased CMK Corporation t/a "Mortgage Capital Investors" to augment its mortgage origination business. MCI originates and sells mortgage loans in the mortgage market and is strategically designed to increase fee income with limited or no asset quality risk.

COMPETITION

The Company experiences competition in all aspects of its business. In its market area, the Company competes with large regional financial institutions, savings and loans and other independent community banks, as well as credit unions, mutual funds and life insurance companies. Competition has also increasingly come from out-of-state banks through their acquisitions of Virginia-based banks. Competition for deposits and loans is affected by factors such as interest rates offered, the number and location of branches and types of products offered, as well as the reputation of the institution.

SUPERVISION AND REGULATION

Bank holding companies and banks are extensively regulated under both federal and state law. The following description briefly discusses certain provisions of federal and state laws and certain regulations and proposed regulations and the potential impact of such provisions on the Company and its Subsidiary Banks.

Bank Holding Companies

As a bank holding company registered under the Bank Holding Company Act of 1956 (the "BHCA"), the Company is subject to regulation by the Board of Governors of the Federal Reserve System (the "Federal Reserve Board"). The Federal Reserve Board has jurisdiction under the BHCA to approve any bank or non-bank acquisition, merger or consolidation proposed by a bank holding company. The BHCA generally limits the activities of a bank holding company and its subsidiaries to that of banking, managing or controlling banks, or any other activity that is so closely related to banking or to managing or controlling banks as to be a proper incident thereto.

Since September 1995, the BHCA has permitted bank holding companies from any state to acquire banks and bank holding companies located in any other state, subject to certain conditions, including nationwide and state imposed concentration limits. Banks are also able to branch across state lines, provided certain conditions are met, including that applicable state law must expressly permit such interstate branching. Virginia has adopted legislation that permits branching across state lines, provided there is reciprocity with the state in which the out-of-state bank is based.

There are a number of obligations and restrictions imposed on bank holding companies and their depository institution subsidiaries by federal law and regulatory policy that are designed to reduce potential loss exposure to the depositors of such depository institutions and to the Federal Deposit Insurance Corporation (the "FDIC") insurance funds in the event the depository institution becomes in danger of default or is in default. For example, under a policy of the Federal Reserve Board with respect to bank holding company operations, a bank holding company is required to serve as a source of financial strength to its subsidiary depository institutions and to commit resources to support such institutions in circumstances where it might not do so absent such policy. In addition, the "cross-guarantee" provisions of federal law require insured depository institutions under common control to reimburse the FDIC for any loss suffered or reasonably anticipated by either the Savings Association Insurance Fund ("SAIF") or the Bank Insurance Fund ("BIF") as a result of the default of a commonly controlled insured depository institution in danger of default. The FDIC may decline to enforce the cross-guarantee provisions if it determines that a waiver is in the best interest of the SAIF or the BIF or both. The FDIC's claim for damages is superior to claims of stockholders of the insured depository institution or its holding company but is subordinate to claims of depositors, secured creditors and holders of subordinated debt (other than affiliates) of the commonly controlled insured depository institutions.

The Federal Deposit Insurance Act ("FDIA") also provides that amounts received from the liquidation or other resolution of any insured depository institution by any receiver must be distributed (after payment of secured claims) to pay the deposit liabilities of the institution prior to payment of any other general creditor or stockholder. This provision would give depositors a preference over general and subordinated creditors and stockholders in the event a receiver is appointed to distribute the assets of the bank.

The Company is registered under the bank holding company laws of Virginia. Accordingly, the Company and the Subsidiary Banks are subject to regulation and supervision by the State Corporation Commission of Virginia (the "SCC").

Capital Requirements

The Federal Reserve Board, the Office of the Comptroller of the Currency and the FDIC have issued substantially similar risk-based and leverage capital guidelines applicable to United States banking organizations. In addition, those regulatory agencies may from time to time require that a banking organization maintain capital above the minimum levels because of its financial condition or actual or anticipated growth. Under the risk-based capital requirements of these federal bank regulatory agencies, the Company and each of the Subsidiary Banks are required to maintain a minimum ratio of total capital to risk-weighted assets of at least 8%. At least half of the total capital is required to be "Tier 1 capital", which consists principally of common and certain qualifying preferred shareholders' equity, less certain intangibles and other adjustments. The remainder ("Tier 2 capital") consists of a limited amount of subordinated and other qualifying debt (including certain hybrid capital instruments) and a limited amount of the general loan loss allowance. The Tier 1 and total capital to risk-weighted asset ratios of the Company as of December 31, 1999 were 11.11% and 12.21%, respectively, exceeding the minimum requirements.

In addition, each of the federal regulatory agencies has established a minimum leverage capital ratio (Tier 1 capital to average tangible assets). These guidelines provide for a minimum ratio of 3% for banks and bank holding companies that meet certain specified criteria, including that they have the highest regulatory examination rating and are not contemplating significant growth or expansion. All other institutions are expected to maintain a leverage ratio of at least 100 to 200 basis points above the minimum. The leverage ratio of the Company as of December 31, 1999, was 8.35%, which is above the minimum requirements. The guidelines also provide that banking organizations experiencing internal growth or making acquisitions will be expected to maintain strong capital positions substantially above the minimum supervisory levels, without significant reliance on intangible assets.

Limits on Dividends and Other Payments

The Company is a legal entity, separate and distinct from its subsidiary institutions. Substantially all of the revenues of the Company result from dividends paid to it by the Subsidiary Banks. There are various legal limitations applicable to the payment of dividends to the Company, as well as the payment of dividends by the Company to its respective shareholders.

Under federal law, the Subsidiary Banks may not, subject to certain limited exceptions, make loans or extensions of credit to, or investments in the securities of, the Company or take securities of the Company as collateral for loans to any borrower. The Subsidiary Banks are also subject to collateral security requirements for any loans or extensions of credit permitted by such exceptions.

The Subsidiary Banks are subject to various statutory restrictions on their ability to pay dividends to the Company. Under the current supervisory practices of the Subsidiary Banks' regulatory agencies, prior approval from those agencies is required if cash dividends declared in any given year exceed net income for that year plus retained earnings of the two proceeding years. The payment of dividends by the Subsidiary Banks or the Company may also be limited by other factors, such as requirements to maintain capital above regulatory guidelines. Bank regulatory agencies have the authority to prohibit the Subsidiary Banks or the Company from engaging in an unsafe or unsound practice in conducting their business. The payment of dividends, depending on the financial condition of the Subsidiary Banks, or the Company, could be deemed to constitute such an unsafe or unsound practice.

Under the FDIA, insured depository institutions such as the Subsidiary Banks are prohibited from making capital distributions, including the payment of dividends, if, after making such distribution, the institution would become "undercapitalized" (as such term is used in the statute). Based on the Subsidiary Banks' current financial condition, the Company does not expect that this provision will have any impact on its ability to obtain dividends from the Subsidiary Banks.

The Subsidiary Banks

The Subsidiary Banks are supervised and regularly examined by the Federal Reserve Board, OCC for Rappahannock and the SCC. The various laws and regulations administered by the regulatory agencies affect corporate practices, such as the payment of dividends, incurring debt and acquisition of financial institutions and other companies, and affect business practices, such as the payment of interest on deposits, the charging of interest on loans, types of business conducted and location of offices.

The Subsidiary Banks are also subject to the requirements of the Community Reinvestment Act (the "CRA"). The CRA imposes on financial institutions an affirmative and ongoing obligation to meet the credit needs of the local communities, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of those institutions. Each financial institution's efforts in meeting community credit needs currently are evaluated as part of the examination process pursuant to twelve assessment factors. These factors also are considered in evaluating mergers, acquisitions and applications to open a branch or facility.

As an institution with deposits insured by the BIF, the Bank also is subject to insurance assessments imposed by the FDIC. The FDIC has implemented a risk-based assessment schedule, imposing assessments ranging from zero (a minimum of $2,000) to 0.53% of an institution's average assessment base. The actual assessment to be paid by each BIF member is based on the institution's assessment risk classification, which is determined based on whether the institution is considered "well capitalized," "adequately capitalized" or "undercapitalized," as such terms have been defined in applicable federal regulations, and whether such institution is considered by its supervisory agency to be financially sound or to have supervisory concerns. In 1999, the Subsidiary Banks paid $75,316 in deposit insurance premiums.

Other Safety and Soundness Regulations

The federal banking agencies have broad powers under current federal law to make prompt corrective action to resolve problems of insured depository institutions. The extent of these powers depends upon whether the institutions in question are "well capitalized," "adequately capitalized," "undercapitalized," "significantly undercapitalized" or "critically undercapitalized." All such terms are defined under uniform regulations defining such capital levels issued by each of the federal banking agencies.

The Gramm-Leach-Bliley Act of 1999

The Gramm-Leach-Bliley Act of 1999 ("GLBA") was signed into law on November 12, 1999. The main purpose of GLBA is to permit greater affiliations within the financial services industry, primarily banking, securities and insurance. While certain portions of GLBA became effective upon enactment and on March 11, 2000, many other provisions do not become effective until May 2001 and most of the regulations implementing the law have not yet been issued. As a result, the overall impact of GLBA on the Company cannot be predicted at this time. The provisions of GLBA that are believed to be of most significance to the Company are discussed below.

GLBA repeals sections 20 and 32 of the Glass-Steagall Act, which separated commercial banking from investment banking, and substantially amends the BHCA, which limited the ability of bank holding companies to engage in the securities and insurance businesses. To achieve this purpose, GLBA creates a new type of company, the "financial holding company." A financial holding company may engage in or acquire companies that engage in a broad range of financial services, including

- securities activities such as underwriting, dealing, brokerage, investment and merchant banking; and

- insurance underwriting, sales and brokerage activities.

A bank holding company may elect to become a financial holding company only if all of its depository institution subsidiaries are well-capitalized, well-managed and have at least a satisfactory Community Reinvestment Act rating.

GLBA establishes a system of functional regulation under which the federal banking agencies will regulate the banking activities of financial holding companies and banks' financial subsidiaries, the Securities and Exchange Commission ("SEC") will regulate their securities activities and state insurance regulators will regulate their insurance activities.

With regard to Federal securities laws, GLBA removes the blanket exemption for banks from being considered brokers or dealers under the Securities Exchange Act of 1934, and sets out a number of limited activities, including trust and fiduciary activities, in which a bank may engage without being considered a broker, and a set of activities in which a bank may engage without being considered a dealer. The Investment Advisers Act of 1940 also will be amended to eliminate certain provisions exempting banks from the registration requirements of that statute, and the Investment Company Act of 1940 will be amended to provide the SEC with regulatory authority over various bank mutual fund activities.

GLBA also provides new protections against the transfer and use by financial institutions of consumers nonpublic personal information. A financial institution must provide to its customers, at the beginning of the customer relationship and annually thereafter, the institution's policies and procedures regarding the handling of customers' nonpublic personal financial information. The new privacy provisions will generally prohibit a financial institution from providing a customer's personal financial information to unaffiliated third parties unless the institution discloses to the customer that the information may be so provided and the customer is given the opportunity to opt out of such disclosure.

At this time, the Company is unable to predict the impact GLBA may have upon its or its subsidiaries' financial condition or results of operations. The Company is currently reviewing the new law and at this time has not elected to be treated as a financial holding company under GLBA.

Item 2. - Properties

The Company, through its subsidiaries, owns or leases buildings that are used in the normal course of business. The main office is located at 212 N. Main Street, Bowling Green, Virginia, in a building owned by the Company. The Company's subsidiaries own or lease various other offices in the counties and cities in which they operate. See Notes to Consolidated Financial Statements for information with respect to the amounts at which bank premises and equipment are carried and commitments under long-term leases.

The properties on the following page are those owned or leased by the Company and its subsidiaries as of December 31, 1999.

Locations

Corporate Headquarters
212 North Main Street, Bowling Green, Virginia

Banking Offices - Union Bank & Trust Company
211 North Main Street, Bowling Green, Virginia
Route 1, Ladysmith, Virginia
Route 301, Port Royal, Virginia
4540 Lafayette Boulevard, Fredericksburg, Virginia
Route 1 & Ashcake Road, Ashland, Virginia
4210 Plank Road, Fredericksburg, Virginia
10415 Courthouse Road, Fredericksburg, Virginia
10469 Atlee Station Road, Ashland, Virginia
700 Kenmore Avenue, Fredericksburg, Virginia
Route 360, Manquin, Virginia
9534 Chamberlayne Road, Mechanicsville, Virginia
Cambridge & Layhill Road, Falmouth, Virginia
Massaponax Church Road & Route 1, Spotsylvania, Virginia
Brock Road and Route 3, Fredericksburg, Virginia
2811 Fall Hill Avenue, Fredericksburg, Virginia
610 Mechanicsville Turnpike, Mechanicsville, Virginia
10045 Kings Highway, King George, Virginia
840 McKinney Blvd., Colonial Beach, Virginia

Banking Offices - Northern Neck State Bank
5839 Richmond Road, Warsaw, Virginia
4256 Richmond Road, Warsaw, Virginia
Route 3, Kings Highway, Montross, Virginia
Route 17 & Earl Street, Tappahannock, Virginia
1660 Tappahannock Blvd, Tappahannock, Virginia

15043 Northumberland Highway, Burgess, Virginia
284 North Main Street, Kilmarnock, Virginia
876 Main Street, Reedville, Virginia
485 Chesapeake Drive, White Stone, Virginia

Banking Office - Rappahannock National Bank
257 Gay Street, Washington, Virginia

Banking Office - Bank of Williamsburg
5125 John Tyler Parkway, Williamsburg, Virginia

Union Investment Services, Inc.
111 Davis Court, Bowling Green, Virginia
10469 Atlee Station Road, Ashland, Virginia
2811 Fall Hill Avenue, Fredericksburg, Virginia

Mortgage Capital Investors, Inc.
1421 Prince Street #230, Alexandria , Virginia
3012 Mitchellville Road, Bowie, Maryland
5835 Allentown Way, Camp Spring, Maryland
5440 Jeff Davis Highway, #103, Fredericksburg, Virginia
3 Hillcrest Drive #A100, Fredrick, Maryland
7501 Greenway Center, Greenbelt, Maryland
1898 Andell Bluff Boulevard, John's Island, South Carolina
5000 Dearborn Circle, #200, Mount Laurel, New Jersey
7901 N. Ocean Boulevard, Myrtle Beach, South Carolina
6330 Newtown Road, #211, Norfolk, Virginia
15800 Crabbs Branch Way #200, Rockville, Maryland
2600 Post Road, Southport, Connecticut
6571 Edsall Road, Springfield, Virginia

Item 3. - Legal Proceedings

In the ordinary course of its operations, the Company and its subsidiaries are parties to various legal proceedings. Based on the information presently available, and after consultation with legal counsel, management believes that the ultimate outcome in such proceedings, in the aggregate, will not have a material adverse effect on the business or the financial condition or results of operations.

Item 4. - Submission of Matters to a Vote of Security Holders

No matters were submitted to a vote of security holders during the fourth quarter of the year ended December 31, 1999.

PART II

Item 5. - Market for Registrant's Common Equity and Related Stockholder Matters

This information is incorporated herein by reference from the inside back cover of the Annual Report to Shareholders for the year ended December 31, 1999.

Item 6. - Selected Financial Data

This information is incorporated herein by reference from the section captioned "Selected Financial Data" on page 2 in the Annual Report to Shareholders for the year ended December 31, 1999.

Item 7. - Management's Discussion and Analysis of Financial Condition and Results of Operations

With the exception of the information below, the information required under this item is incorporated herein by reference from the section captioned "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 10 through 20 in the Annual Report to Shareholders for the year ended December 31, 1999.

LOAN PORTFOLIO

The following table gives detail of the maturities as of December 31, 1999.

Remaining Maturities of Selected Loans

	December 31, 1999	
	Commercial	Real Estate Construction
Within 1 year	$38,850	$26,888

Variable Rate:		
1 to 5 years		
After 5 years		
	-------	-------
Total	-	-
Fixed Rate:		
1 to 5 years	22,697	4,987
After 5 years	6,102	1,343
	-------	-------
Total	28,799	6,330
	-------	-------
Total maturities	$67,649	$33,218

ASSET QUALITY - ALLOWANCE/PROVISION FOR LOAN LOSS

Union Bankshares maintains a general allowance for loan loss and does not allocate its allowance for loan losses to individual categories for management purposes. The table below shows an allocation among loan categories based upon analysis of the loan portfolio's composition, historical loan loss experience, and other factors and the ratio of the related outstanding loan balances to total loans.

<TABLE>
<CAPTION>

Allocation of Allowance for Loan Losses

	1999		1998		1997		1996		1995	
	Allowance	Percent of Loans in Each Category to Total Loans	Allowance	Percent of Loans in Each Category to Total Loans	Allowance	Percent of Loans in Each Category to Total Loans	Allowance	Percent of Loans in Each Category to Total Loans	Allowance	Percent of Loans in Each Category to Total Loans
December 31:	(Dollars in thousands)									
<S>	<C>									
Commercial, financial and agriculture	$3,215	13.0%	$3,382	13.4%	$2,433	11.8%	$2,338	11.4%	$2,167	12.0%
Real Estate Construction	1,511	6.1%	2,007	7.9%	1,299	7.1%	1,249	3.9%	1,157	5.3%
Real estate mortgage	264	59.7%	189	60.3%	166	61.1%	160	62.2%	148	60.2%
Consumer & other	1,627	21.2%	829	18.4%	900	20.0%	865	22.5%	802	22.5%
	-----	------	-----	------	-----	-----	-----	-----	-----	-----
	$6,617	100.0%	$6,407	100.0%	$4,798	100.0%	$4,612	100.0%	$4,274	100.0%

</TABLE>

Item 7A. - Quantitative and Qualitative Disclosures About Market Risk

Market risk is the risk of loss from adverse changes in market prices and rates. The Company's primary market risk is interest rate risk. The main objective of interest rate risk management is to avoid large fluctuations in net interest income from changes in interest rates on interest-sensitive assets and interest-sensitive liabilities. The Asset/Liability Management Committee of the Company ("ALCO") is responsible for monitoring and limiting exposure to interest rate risk. Management uses balance sheet repositioning as a tool to manage interest rate risk. This is accomplished through pricing of asset and liability accounts. The expected result of pricing is the development of appropriate maturity and repricing opportunities in those accounts to produce consistent net interest income during changing interest rate environments. The ALCO also sets policy guidelines and establishes strategies with respect to interest rate exposures. The ALCO meets quarterly to review the Company's interest rate exposure in relation to present and prospective market and business conditions, and reviews balance sheet management strategies intended to ensure the potential impact of changes in interest rates on earnings is within acceptable standards.

The Company uses three methods to measure interest rate risk; static gap analysis, earnings simulation analysis and market value simulation analysis.

Static Gap Analysis

Gap analysis measures the amount of repricing risk in the balance sheet. It does this by taking the difference between the amount of rate sensitive assets and rate sensitive liabilities which reprice within a specified time period. This is the least reliable measurement of interest rate risk because it only measures rate sensitive assets minus rate sensitive liabilities at one point in time. It does not reflect the different degrees of rate sensitivity each asset and liability account has. An example of this: If prime rate changes by 100 bps, the interest rate change on a money market account might be 25 bps and that of a certificate of deposit might be 75 bps. The best information obtained from a gap report is the amount of assets or liabilities which can be repriced at any one point in the future, not the degree of rate sensitivity.

The following table shows the Company's gap report over the next five years. To reflect anticipated prepayments, mortgage backed securities are included in the table based on estimated rather than contractual maturity dates.

<TABLE>
<CAPTION>

INTEREST SENSITIVITY ANALYSIS
(dollars in thousands)

<S> <C>

	December 31, 1999 (1)				
	Within 90 Days	90-365 Days	1-5 Years	Over 5 Years	Total
Earning Assets:					
Loans, net of unearned income (2)	$ 98,937	$ 33,904	$ 246,399	$162,640	$541,880
Investment securities	615	3,844	3,452	1,667	9,578
Securities available for sale	911	8,340	69,885	122,585	201,721
Other short-term investments	1,115	-	-	-	1,115
Total Earning Assets	101,578	46,088	319,736	286,892	754,294
Interest-Bearing Liabilities:					
Interest checking (3)	-	-	95,882	-	95,882
Regular savings (3)	-	-	58,209	-	58,209
Money market savings	-	63,249	-	-	63,249
Certificates of deposit:					
$100,000 and over	29,335	61,680	16,639	-	107,654
Under $100,000	48,924	122,876	70,795	229	242,824
Short-term borrowings	39,159	-	-	-	39,159
Long-term borrowings	5,320	75	34,025	15,000	54,420

Total Interest-Bearing Liabilities	122,738	247,880	275,550	15,229	661,397
Period Gap	(21,160)	(201,792)	44,186	271,663	
Cumulative Gap	$(21,160)	$(222,952)	$(178,766)	$ 92,897	$ 92,897
Ratio of cumulative gap to total earning assets	(2.81)%	(29.56)%	(23.70)%	12.32%	

</TABLE>

(1) The repricing dates may differ from maturity dates for certain assets due to prepayment assumptions.

(2) Excludes non-accrual loans

(3) The Company has determined that interest-bearing checking deposits and regular savings deposits are not sensitive to changes in related market rates and therefore, it has placed them in the "1-5 Years" column.

Earnings Simulation Analysis

Management uses simulation analysis to measure the sensitivity of net interest income to changes in interest rates. The model calculates an earnings estimate based on current and projected balances and rates. This method is subject to the accuracy of the assumptions that underlie the process, but it provides a better analysis of the sensitivity of earnings to changes in interest rates than other analysis such as the static gap analysis.

Assumptions used in the model rates are derived from historical trends and management's outlook and include loan and deposit growth rates and projected yields and rates. All maturities, calls and prepayments in the securities portfolio are assumed to be reinvested in like instruments. Mortgage loans and mortgage backed securities prepayment assumptions are based on industry estimates of prepayment speeds for portfolios with similar coupon ranges and seasoning. Different interest rate scenarios and yield curves are used to measure the sensitivity of earnings to changing interest rates. Interest rates on different asset and liability accounts move differently when the prime rate changes and are reflected in the different rate scenarios.

The following table represents the interest rate sensitivity on net interest income for the Company using different rate scenarios:

Change in Prime Rate	% Change in Net Interest Income
+200 basis points	-9.02%
Flat	0
-200 basis points	+11.33%

Market Value Simulation

Market value simulation is used to calculate the estimated fair value of assets and liabilities over different interest rate environments. Market values are calculated based on discounted cash flow analysis. The net market value is the market value of all assets minus the market value of all liabilities. The change in net market value over different rate environments is an indication of the larger term repricing risk in the balance sheet. The same assumptions are used in the market value simulation as in the earnings simulation.

The following chart reflects the change in net market value over different rate environments:

Change in Prime Rate	Change in Net Market Value (dollars in thousands)
+200 basis points	$-47,781
+100 basis points	-31,932
Flat	-16,911
-100 basis points	550
-200 basis points	15,970

Item 8. - Financial Statements and Supplementary Data

This information is incorporated herein by reference from the Consolidated Financial Statements on pages 21 through 40 and the Quarterly Earnings Summary on page 7 of the Annual Report to Shareholders for the year ended December 31, 1999.

Item 9. - Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

See Part IV, Item 14(b) of this report for information about the Company's change in its independent public accountants, which was previously reported.

On October 20, 1999, the Company engaged Cherry, Bekaert & Holland, LLP as independent accountants to audit MCI's year ended December 31, 1999.

PART III

Item 10. - Directors and Executive Officers of the Registrant

This information, as applicable to directors, is incorporated herein by reference from pages 2 and 3 of the Proxy Statement for the Annual Meeting of Shareholders to be held April 18, 2000 ("Proxy Statement") from the section titled "Election of Directors." Executive officers of the Company are listed below:

Name (Age)	Title and Principal Occupation During Past Five Years
G. William Beale (50)	President and Chief Executive Officer of the Company since its inception; President of Union Bank since 1991.
D. Anthony Peay (40)	Vice President and Chief Financial Officer of the Company since December 1994.
John C. Neal (50)	Executive Vice President - Union Bank since 1991 and Chief Operating Officer - Union Bank since August 1998.
Myles W. H. Gaythwaite (55)	Vice President - Sales and Marketing since September 1997. During 1995 to September 1997, self-employed executive consultant. During 1994 and 1995, Executive Vice President, Centura Securities, Inc., and Senior Vice President, Centura Insurance Services, Inc., wholly owned subsidiaries of Centura Bank, Inc., Rocky Mount, North Carolina.
David S. Wilson (58)	Senior Vice President - Operations and Technology since January 1999. Vice President - Information Technology Bank of Hudson, Poughkeepsie, N.Y., from January 1987 to January 1999.

Information on Section 16(a) beneficial ownership reporting compliance for the directors and executive officers of the Company is incorporated herein by reference from page 12 of the Proxy Statement from the section titled "Section 16(a) Beneficial Ownership Reporting Compliance."

Item 11. - Executive Compensation

This information is incorporated herein by reference from pages 4 through 11 of the Proxy Statement from the sections titled "Election of Directors--Directors' Fees" and "Executive Compensation."

Item 12. - Security Ownership of Certain Beneficial Owners and Management

This information is incorporated herein by reference from page 4 of the Proxy Statement from section titled "Ownership of Company Common Stock."

Item 13. - Certain Relationships and Related Transactions

This information is incorporated herein by reference from pages 11-12 of the Proxy Statement from the section titled "Interest of Directors and Officers in Certain Transactions."

PART IV

Item 14. - Exhibits, Financial Statement Schedules and Reports on Form 8-K

The following documents are filed as part of this report:

(a) (1) Financial Statements
The following documents are included in the 1999 Annual Report to Shareholders and are incorporated by reference in this report:

Consolidated Balance Sheets
Consolidated Statements of Income
Consolidated Statements of Changes in Stockholders' Equity
Consolidated Statements of Cash Flows
Notes to Consolidated Financial Statements
Independent Auditors' Report

Note: The independent auditors' report for the year ended December 31, 1998 is included in this report as Exhibit 99.0

(a) (2) Financial Statement Schedules
All schedules are omitted since they are not required, are not applicable, or the required information is shown in the consolidated financial statements or notes thereto.

(a)(3) Exhibits

Exhibit No.	Description
3.1	Articles of Incorporation (incorporated by reference to Form S-4 Registration Statement - 33-60458)
3.2	By-Laws (incorporated by reference to Form S-4 Registration Statement - 33-60458)
10.1	Change in Control Employment Agreement of G. William Beale (incorporated by reference to the registrant's Annual Report on Form 10-K for the year ended December 31, 1996)
10.2	Employment Agreement of G. William Beale
11.0	Statement re Computation of Per Share Earnings (incorporated by reference to note 12 of the notes to consolidated financial statements included in the 1999 Annual Report to Shareholders)
13.0	1999 Annual Report to Shareholders
21.0	Subsidiaries of the Registrant
23.1	Consent of Yount, Hyde & Barbour, P.C.
23.2	Consent of KPMG LLP
27.0	Financial Data Schedule
99.0	Report of KPMG LLP, as the Registrant's independent public accountant for the year ended December 31, 1998.

(b) Reports on Form 8-K

On October 4, 1999, the Company filed a Current Report on Form 8-K dated September 27, 1999, disclosing in Item 4 of the report a change in the Company's independent public accountants. The Company filed an amendment to the Form 8-K on October 14, 1999. No financial statements were included in either of the filings.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Union Bankshares Corporation

By: / s/ G. William Beale Date: March 30, 2000
------------------------------ President and Chief Executive Officer
G. William Beale

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on March 30, 2000.

Signature Title

/ s/ G. William Beale G. William Beale	President, Chief Executive Officer and Director
/ s/ D. Anthony Peay D. Anthony Peay	Vice President and Chief Financial Officer
/s/ Ronald L. Hicks Ronald L. Hicks	Chairman of the Board of Directors
/ s/ Charles H. Ryland Charles H. Ryland	Vice Chairman of the Board of Directors
/ s/ W. Tayloe Murphy, Jr. W. Tayloe Murphy, Jr.	Director
/s/ Walton Mahon Walton Mahon	Director
/s/ M. Raymond Piland, III M. Raymond Piland, III	Director
/s/ A.D. Whittaker A.D. Whittaker	Director

Exhibit 10.2

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT is entered into as of the 1st day of April 1999, by and between Union Bankshares Corporation, a Virginia corporation (the "Company"), and G. William Beale (the "Executive").

WITNESSETH

WHEREAS, the Executive has heretofore been employed, and currently is rendering services to the Company as President and Chief Executive Officer;

WHEREAS, the Company considers the continued availability of the Executive's services to be important to the management and conduct of the Company's business and desires to secure for it the continued availability of the Executive's services; and

WHEREAS, the Executive is willing to make his services available to the Company on the terms and subject to the conditions set forth herein.

NOW THEREFORE, in consideration of the premises and the mutual agreements herein contained, the parties hereby agree as follows:

1. Employment. Executive shall be employed as President and Chief Executive Officer of Company. The Executive shall have such duties and responsibilities as are commensurate with such positions and shall also render such other services and duties as may be reasonably assigned to him from time to time by the Company, consistent with his positions as President and Chief Executive Officer of the Company. The Executive hereby accepts and agrees to such employment.

2. Term of Employment. This Agreement is effective April 1, 1999 (the "Commencement Date") and will continue for a two year term to expire on March 31, 2001; provided that beginning on April 1, 2001 and on each April 1st thereafter (each such April 1st is referred to as the "Renewal Date"), the term of this Agreement will be automatically extended for an additional year from such Renewal Date. This Agreement will not, however, be extended if the Company gives written notice to the Executive of its intent not to renew at least twelve months in advance of a Renewal Date. The last day of such term as so extended from time to time is herein sometimes referred to as the "Expiration Date."

3. Compensation and Benefits.

(a) Base Salary. The Company shall pay the Executive an annual base salary of $170,000 subject to adjustment as provided below (the "Base Salary"), which will be payable in accordance with the payroll practices of the Company applicable to all officers. The Base Salary will be reviewed annually by the Board of Directors and may be adjusted upward or downward in the sole discretion of the Board of Directors. In no event, however, will the Base Salary be less than $170,000.

(b) Annual Bonus. During the term of this Agreement, the Executive may be entitled to receive annual cash bonus payments in such amounts and at such times as may be determined by the Board of Directors of the Company.

(c) Benefits. During the term of the Agreement, Executive shall be entitled to participate in and receive the benefits of any pension or other retirement benefit plan, profit sharing, stock option, employee stock ownership, or other plans, benefits and privileges given to employees and executives of the Company, to the extent commensurate with his then duties and responsibilities, as fixed by the Board of Directors of the Company.

(d) Business Expenses. The Company shall reimburse Executive or otherwise provide for or pay for all reasonable expenses incurred by Executive in furtherance of, or in connection with the business of the Company, including, but not by way of limitation, travel expenses car allowance, and memberships in professional organizations, subject to such reasonable documentation and other limitations as may be established by the Board of Directors of the Company.

(e) Vacation. The Executive shall be entitled to such number of weeks of vacation per year as shall be established by the Board of Directors of the Company, as modified from time to time, to be taken at such times and intervals as shall be determined by the Executive with the approval of the Company, which approval shall not be unreasonably withheld.

4. Termination and Termination Benefits.

Notwithstanding the provisions of Section 2, the Executive's employment hereunder shall terminate under the following circumstances and shall be subject to the following provisions:

(a) Death. In the event of the Executive's death during the Executive's employment hereunder, the Executive's employment shall terminate on the date of his death; provided, however, that the Company shall continue to pay an amount equal to the Executive's Base Salary to the Executive's beneficiary designated in writing to the Company prior to his death (or to his estate, if he fails to make such designation) for six (6) months after the date of the Executive's death, at the Base Salary rate in effect on the date of his death, said payments to be made on the same periodic dates as salary payments would have been made to the Executive had he not died.

(b) Disability. The Executive's employment hereunder may be terminated at any time because of the Executive's inability to perform his duties with the Company on a full time basis for 180 consecutive days or a total of at least 240 days in any twelve month period as a result of the Executive's incapacity due to physical or mental illness (as determined by an independent physician selected by the Board); provided, however, that the Company shall provide continued medical insurance in the Company's health plan for the benefit of the Executive for a period of twelve (12) months after the date of such termination.

(c) Termination by the Company for Cause. The Executive's employment may be terminated at any time without further liability on the part of the Company effective immediately by a two-thirds vote of the Board of Directors of the Company for Cause by written notice to the Executive setting forth in reasonable detail the nature of such Cause. Only the following shall constitute "Cause" for such termination:

(i) continued failure by the Executive for reasons other than disability to follow reasonable instructions or policies of the Board of Directors of the Company after being advised in writing of such failure, including specific actions or inaction on the part of the Executive and the particular instruction or policy involved, and being given a reasonable opportunity and period (as determined by the Board of Directors of the Company) to remedy such failure;

(ii) gross incompetence, gross negligence, willful misconduct in office or breach of a material fiduciary duty owed to the Company or any subsidiary or affiliate thereof;

(iii) conviction of a felony or a crime of moral turpitude (or a plea of nolo contendere thereto) or commission of an act of embezzlement or fraud against the Company or any subsidiary or affiliate thereof;

(iv) any breach by the Executive of a material term of this Agreement, including without limitation material failure to perform a substantial portion of his duties and responsibilities hereunder as established from time to time by the Board of Directors of the Company;

(v) dishonesty of the Executive with respect to the Company or any subsidiary or affiliate thereof; or

(vi) the willful engaging by the Executive in conduct that is demonstrably and materially injurious to the Company, monetarily or otherwise, or any conduct deemed by the Board of Directors of the Company to be immoral or which may bring embarrassment or disrepute to the Company, its good name or status.

(d) Termination by the Company without Cause. The Executive's employment may be terminated without Cause by a two-thirds vote of the Board of Directors of the Company effective immediately by written notice to the Executive. In the event of termination without Cause, the Executive shall be entitled to the benefits specified in Section 4(f).

(e) Termination by the Executive. The Executive may terminate his employment hereunder with or without Good Reason (as defined below) by written notice to the Board of Directors of the Company effective 30 days after receipt of such notice by the Board of Directors. In the event the Executive terminates his employment hereunder for Good Reason, the Executive shall be entitled to the benefits specified in Section 4(f). The Executive shall not be required to render any further services to the Company. Upon termination of employment by the Executive without Good Reason, the Executive shall be entitled to no further compensation or benefits under this Agreement. "Good Reason" shall be (i) the failure by the Company to comply with the provisions of Section 3 or material breach by the Company of any other provision of this Agreement, which failure or breach shall continue for more than 30 days after the date on which the Board of Directors of the Company receives such notice, (ii) the assignment of the Executive without his consent to a position, responsibilities, or duties of a materially lesser status or degree of responsibility than his position, responsibilities, or duties at the Commencement Date other than as a direct result of the change in control of the Company (which is otherwise addressed herein), or (iii) the requirement by the Company that the Executive be based at any office that is greater than 50 miles from where the Executive's office is located at the Commencement Date.

(f) Certain Termination Benefits. In the event of termination by the Company without Cause and other than for death or disability, or by the Executive with Good Reason, the Executive shall be entitled to the following benefits:

(i) For the period subsequent to the date of termination until the Expiration Date, the Company shall continue to pay the Executive a Base Salary (not including any bonus other than any unpaid bonus relating to a fiscal year of the Company completed prior to the date of termination) at the rate in effect on the date of termination, such payments to be made on the same periodic dates as salary payments would have been made to the Executive had he not been terminated.

(ii) For the period subsequent to the date of termination until the Expiration Date, the Executive shall continue to receive medical and life insurance benefits pursuant to plans made available by the Company to its employees at the expense of the Company to substantially the same extent the Executive received such benefits on the date of termination (it being acknowledged that the post-termination plans may be different from the plans in effect on the date of termination). For purposes of application of such benefits, the Executive shall be treated as if he had remained in the employ of the Company, with a Base Salary at the rate in effect on the date of termination.

(iii) The Company's obligation to pay the Base Salary to the Executive pursuant to subsection 4(f)(i) above shall terminate thirty (30) days after the Executive obtains full-time employment with another employer that offers an annualized base salary that is at least equal to 75% of the Base Salary being paid by the Company.

(iv) The Company's obligation to provide the Executive with medical and insurance benefits pursuant to subsection 4(f)(ii) hereof shall terminate in the event the Executive becomes employed and has insurance made available to him in connection with such employment.

5. Change in Control of the Company. This Agreement will terminate in the event there is a change in control of the Company, and the Change in Control Agreement, dated October 22, 1996 and as it may hereafter be amended, between the Company and the Executive will become effective and any termination benefits will be determined and paid solely pursuant to such Change in Control Agreement.

6. Mitigation; Exclusivity of Benefits.

(a) The Executive shall not be required to mitigate the amount of any benefits hereunder by seeking other employment or otherwise.

(b) The specific arrangements referred to herein are not intended to exclude any other benefits which may be available to the Executive upon a termination of employment with the Company pursuant to employee benefit plans of the Company or otherwise.

7. Withholding. All payments required to be made by the Company hereunder to the Executive shall be subject to the withholding of such amounts, if any, relating to tax and other payroll deductions as the Company may reasonably determine should be withheld pursuant to any applicable law or regulation.

8. Assignability. The Company may assign this Agreement and its rights and obligations hereunder in whole, but not in part, to any corporation, company or other entity with or into which the Company may hereafter merge or consolidate or to which the Company may transfer all or substantially all of their assets, if in any such case said corporation, company or other entity shall by operation of law or expressly in writing assume all obligations of the Company hereunder as fully as if it had been originally made a party hereto, to the extent that any such transaction does not trigger the operation of Section 5 above. The Executive may not assign or transfer this Agreement or any rights or obligations hereunder.

9. Notice. For the purposes of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by certified or registered mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth below:

To the Company: Chairman of the Board
Union Bankshares Corporation
P. O. Box 446
211 North Main Street
Bowling Green, Virginia 22427
And at the Chairman's home address as shown on the records of the Company.

To the Executive: G. William Beale
16534 Tinder Drive
Woodford, Virginia 22580

10. Amendment; Waiver. No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by the Executive and such officer or officers as may be specifically designated by the Boards of Directors of the Company to sign on their behalf. No waiver by any party hereto at any time of any breach by any other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

11. Entire Agreement. This Agreement, together with the Change in Control Employment Agreement, dated October 22, 1996 and as it may hereafter be amended, entered into between the parties hereto, constitutes the entire agreement between the parties with respect to the subject matter hereof and no agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement or in the Change in Control Employment Agreement. For purposes of this Agreement, the term "Company" includes any subsidiaries of the Company

12. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia.

13. Nature of Obligations. Nothing contained herein shall create or require the Company to create a trust of any kind to fund any benefits which may be payable hereunder, and to the extent that the Executive acquires a right to receive benefits from the Company hereunder, such right shall be no greater than the right of any unsecured general creditor of the Company.

14. Headings. The section headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

15. Validity. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provisions of this Agreement, which shall remain in full force and effect.

16. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, this Agreement has been executed as of the date first above written.

UNION BANKSHARES CORPORATION

By: /s/ Ronald L. Hicks

Ronald L. Hicks
Chairman of the Board

EXECUTIVE

/s / G. William Beale

G. William Beale

[LOGO]
UNION BANKDAHARES CORPORATION
A UNION OF COMMUNITY BANKS

1999 ANNUAL REPORT

BANK OF WILLIAMSBURG . JOHNELLA P. CARTER . JOHN M. JOHNSON . TINA O. LESTER . ALISON MATTOX . MARIE STONE . MORTGAGE CAPITAL INVESTORS . TOBA ABDOLLAHZADEH . PATRICIA A. ADOLPH . KRISTA M. ALEXANDER . JOSEPH A. ANDAHAZY . FLORENCE C. ARMSTRONG . ANGELA M. ATKINSON . CRYSTAL A. AYERS . GAIL E. BAKICH . MICHAEL BARNES . LAURA R. BATCH . MEREDITH R. BATES . VALERIE BEEBE . PATRICE BENTON . BETH ANNE BITTLE . LYNN P. BLATT . JOANN W. BRAVO . BARBARA A. BREEN . CYTHIA BROCKMAN . PATRICIA L. BRODERICK . BONNIE B. BURNS . JANEEN S. CARD . GAIL J. CARR . BARBARA J. CARTER . LORRIE CHILTON . WILLIAM CHRISTOPHER . SHIELA F. CIANCIO . DARCY J. COLES . BERNARD J. CONNOLLY, JR. . DEBRA B. CURWEN . LINDA L. CUSICK . SANDRA E. DARRACOTT . TAMMY L. DAVIDSON . LAWRENCE E. DERX . THOMAS P. DI DONATO . JEANNE DI DONATO . SANDY DIXON . JOHN DORSEY, III . CHRISTINE DOWELL . MARCUS E. EINSTEIN . MARLENE EINSTEIN . THOMAS D. ELDER, JR. . THOMAS L. FONTAINE . CECILIA A. FRAZIER . ROBERT D. FULGHUM . DORSEY R. GALFORD, JR. . REENA S. GARRETT . IRIS M. GAUTIER . SHAWN C. GAVIN . CHRISTOPHER B. GINTER . BEVERLY GIRUC . BARBARA A. GOLDENBERG . RICHARD A. GOODMAN . DARNELL R. GRAY . KIMBERLY D. HARVEY . KIM M. HEYING . JACQUELINE A. HODGES . BOND L. HOLFORD . CONNIE IOANOU . DANIEL G. JAY . TONI H. JONES . KEVIN P. KEEGAN . ELIZABETH A. KEENAN . MARY JO KELLEY . STACEY L. KERRIGAN . ROLLAND D. KILLE . FRAN KOPLOW . FLOSSIE LANCASTER . JEAN P. LIBER . JONI Z. LOVING . BRENTON A. McCALLUM . CLAUDETTE C. McCLUNEY . JANE M. McQUILKIN . RICHARD C. MEEKINS . JOAN M. MILLER . GARY M. MILLS . BRENT D. MOLOVINSKY . SARA J. MONTES . DARNELLA J. MORGAN . KIMBERLEIGH MURRAY . JOHN A. O'BRIEN . BRIAN T. O'REILLY . LEONARD J. OSLAR . EDGAR PACORI . LOUIS M. PELL . EVE H. PENDLETON . REBECCA L. PETERS . PAUL J. PHELPS . JEFFERSON D. PHELPS, III . SHARON A. POWERS . BRADFORD PRATT . ELIZABETH ANN PRITCHARD . DANIEL M. PUTNEY . TERRI H. QUINN . LAURA H. RAJABI . BRENDA S. RAY-STRAIN . ADAM REPASY . LYNN REPASY . ROBERT RESH . PHAN W. ROBINSON . RAYMOND I. J. ROMANICK . EARNEST A. SAHADY . PATRICIA SCHURTZ . ROBERT F. SELDON . BRENDA SISSON . JACOB SISSON . ELIZABETH J. SMALLING . PATRICIA A. SMITH . JENNIFER L. SNYDER . EDWARD SOMA . RAY L. STEIN . JEANNE STEVENS . MICHAEL E. STOLL . ERIC D. THOMAS . DAVID M. THOMPSON . CAROL TOMASI . LESLIE A. VALENTINE . BONNIE G. VICK . JILL A. WAGNER . R. SCOTT WALLACE . DAVIN J. WILLIFORD . GRANT WING . LISA WITKOWSKI . BETTY L. WRIGHT . NORTHERN NECK STATE BANK . ROBIN S. ABERCROMBIE . LINDA H. ASHTON . LASHAY S. BALL . NANCY E. BAUGHAN . MARY ANNETTE BOWLES . MARY L. BOWLES . ANGELA C. BRANN . SHIRLEY T. BROOKS . RUSSELL G. BROWN . BARBARA H. BRYANT . JANET L. CARPENTER . HOLLY D. CARTER . MANLEY L. CHADWICK . TERRY J. CLARK . BRENDA H. CONLEY . THELMA COURTNEY . CYNTHIA E. DAIGER . SHANNON R. DAVIS . BETTY T. DELANO . ALICE V. DIX . WILLIAM A. ESTELL, JR. . BROOK H. EZZELL . ELIZABETH FORREST FRANKLIN . APRIL F. GASKINS . TERESA A. GILL . LAURA L. GORDON . KATHRYN P. GOULDTHORPE . GREGORY A. GRUNER . DORIS C. HALL . LILLIAN S. HAMBLIN . CRISTAL F. HARPER . WILLIAM E. HARRISON . SANDRA D. HAYWOOD . LINDA L. HIXON . SUE W. JETT . WENDY R. JONES . JOSEPHINE F. KING . EDITH FAYE LANGE . BARBARA W. LAWSON . ANGELIA D. LEE . DONNA G. LEWIS . GENEVA B. LOWERY . GLENN A. MORSE . E. PEYTON MOTLEY . LINDA V. MURRAY . N. BYRD NEWTON . DARLENE F. O'BIER . SANDRA K. O'BIER . C. WAYNE PENICK . SUSIE B. PRESCOTT . CHERYL REAMY . MACEL F. ROBINSON . JULIE H. ROGERS . MARION B. ROWE . APRIL R. SANDERS . NANCY A. SANDERS . CAROLYN SANDERS-SMITH . PEGGY S. SANFORD . DEBRA B. SCOTT . MELESSIA F. SELF . PATRICIA P. SETTLE . GLORIA B. SMITH . AMY TAYLOR . MARION W. THOMPSON . SANDRA M. VENEY . BRIDGETT B. WILLIAMS . RAPPAHANNOCK NATIONAL BANK . GEORGIA A. GILPIN . PATRICIA A. GRIGSBY . BETTY L. JEWELL . MICHAEL T. LEAKE . W. F. MOFFETT, III . HELEN I. SEALOCK . SHERRY JO SHAW . UNION BANK & TRUST COMPANY . HELEN M. ACORS . MARGARET ATKINS . ROBERT K. BAILEY, III . AMANDA C. BARLOW . VALERIE BENNETT

. BANK OF WILLIAMSBURG . JOHNELLA P. CARTER . JOHN M. JOHNSON . TINA O. LESTER . ALISON MATTOX . MARIE STONE . MORTGAGE CAPITAL INVESTORS . TOBA ABDOLLAHZADEH . PATRICIA A. ADOLPH . KRISTA M. ALEXANDER . JOSEPH A. ANDAHAZY . FLORENCE C. ARMSTRONG . ANGELA M. ATKINSON . CRYSTAL A.

UNION BANKSHARES CORPORATION

UNION BANK & TRUST COMPANY

ASHLAND
U.S. Route 1 & Ashcake Road
Ashland, Virginia 23005
(804) 798-4488

ATLEE
10469 Atlee Station Road
Ashland, Virginia 23005
(804) 550-2300

BOWLING GREEN
211 North Main Street

Bowling Green, Virginia 22427
(804) 633-5031

BROCK ROAD
Brock Road and Route 3
Spotsylvania, Virginia 22553
(540) 972-2958

CHANCELLOR
4210 Plank Road
Fredericksburg, Virginia 22407
(540) 786-2265

COLONIAL BEACH
840 McKinney Blvd.
Colonial Beach,VA 22443
(804) 224-0101

FALL HILL
2811 Fall Hill Avenue
Fredericksburg, Virginia 22401
(540) 372-7760

FALMOUTH
Cambridge & Layhill Road
Falmouth, Virginia 22405
(540) 374-1300

FOUR MILE FORK
4540 Lafayette Boulevard
Fredericksburg, Virginia 22408
(540) 898-5100

HANOVER COMMONS
9534 Chamberlayne Road
Mechanicsville, Virginia 23111
(804) 730-1700

KENMORE AVENUE
700 Kenmore Avenue
Fredericksburg, Virginia 22401
(540) 371-0108

KING GEORGE
10045 Kings Highway
King George, VA 22485
(540) 775-9300

LADYSMITH
U.S. Route 1
Ladysmith, Virginia 22501
(804) 448-3100

LEAVELLS
10415 Courthouse Road
Spotsylvania, Virginia 22553
(540) 898-2700

PORT ROYAL
U.S. Route 301
Port Royal, Virginia 22535
(804) 742-5546

MANQUIN
U.S. Route 360
Manquin, Virginia 23106
(804) 769-3031

MASSAPONAX
Massaponax Church Road &
U.S. Route 1
Fredericksburg, Virginia 22407
(540) 891-0300

MECHANICSVILLE
610 Mechanicsville Turnpike
Mechanicsville, Virginia 23116
(804) 730-7055

NORTHERN NECK STATE BANK
- ------------------------
BURGESS
15043 Northumberland Highway
Burgess, VA 22432
(804) 453-4181

KILMARNOCK
284 North Main Street
Kilmarnock, VA 22842
(804) 435-2681

MONTROSS
Rt. 3, Kings Hwy.
Montross, VA 22520
(804) 493-9301

REEDVILLE
876 Main Street
Reedville, VA 22539
(804) 453-4151

TAPPAHANNOCK
U.S. Rt. 17 & Earl Street
Tappahannock, VA 22560
(804) 443-4361

WAL*MART IN TAPPAHANNOCK
1660 Tappahannock Blvd.
Tappahannock, VA 22560
(804) 443-9433

WARSAW - MAIN OFFICE
5839 Richmond Road
Warsaw, VA 22572
(804) 333-4066

WARSAW - TIME SQUARE
4256 Richmond Road
Warsaw, VA 22572
(804) 333-3019

WHITE STONE
485 Chesapeake Drive
White Stone, VA 22578
(804) 435-1626

UNION INVESTMENT SERVICES
- -------------------------
ATLEE
(804) 550-7209

BOWLING GREEN
(800) 546-5031

FALL HILL
(540) 371-1000

MORTGAGE CAPITAL INVESTORS
- --------------------------
ALEXANDRIA, VA
BOWIE, MD
CAMP SPRINGS, MD
FREDERICKSBURG, VA
FREDERICK, MD
GREENBELT, MD
JOHN'S ISLAND, SC
MT. LAUREL, NJ
MYRTLE BEACH, SC
NORFOLK, VA
ROCKVILLE, MD
SOUTHPORT, CT
SPRINGFIELD, VA

BANK OF WILLIAMSBURG
- --------------------
5125 John Tyler Parkway
Williamsburg, Virginia 23187
(804) 229-5448

RAPPAHANNOCK NATIONAL BANK
- --------------------------
257 Gay Street
Washington, Virginia 22747
(540) 675-3519

On January 29, 2000, we lost a dear friend and colleague, E. Peyton Motley, after a 6 month battle with cancer.

[PHOTO]

Peyton was a leader within our organization and in the community... he was the community's banker. He was a devoted husband and father, committed

- --
AYERS . GAIL E. BAKICH . MICHAEL BARNES . LAURA R. BATCH . MEREDITH R. BATES o VALERIE BEEBE . PATRICE BENTON . BETH ANNE BITTLE . LYNN P. BLATT . JOANN W. BRAVO . BARBARA A. BREEN . CYTHIA BROCKMAN . PATRICIA L. BRODERICK . BONNIE B. BURNS . JANEEN S. CARD . GAIL J. CARR . BARBARA J.
- --

BUSINESS PROFILE

Union Bankshares Corporation is a multi-bank holding company committed to the delivery of financial services through affiliated independent community banks and other financial services companies. The Company serves the Central and Northern Neck regions of Virginia through its four banking subsidiaries, Union Bank & Trust Company, Northern Neck State Bank, Rappahannock National Bank and Bank of Williamsburg and its non-bank companies, Union Investment Services and Mortgage Capital Investors. The banking subsidiaries are Federal Reserve member banks whose deposits are insured by the Federal Deposit Insurance Corporation. Each is a full-service commercial bank offering commercial and consumer deposit accounts and loans, credit cards, automated teller machines and many other services to its customers. Each is also independently operated by local management and boards of directors enabling them to be responsive to the needs of their communities.

Through its 18 locations, Union Bank & Trust Company serves customers in a primary service area which extends from its headquarters in Bowling Green along the I-95 corridor from greater Fredericksburg to central Hanover County and east to King William County. Northern Neck State Bank serves the Northern Neck and Middle Peninsula regions through nine locations spanning the Northern Neck. Rappahannock National serves the community surrounding Washington, Virginia. The Bank of Williamsburg in its new location at 5125 John Tyler Parkway serves the greater Williamsburg region.

Union Investment Services is a full-service brokerage firm providing a wide variety of investment choices to customers throughout the Company's service area. Mortgage Capital Investors offers a full array of mortgage products to residents of our markets through its 13 origination offices. In addition, it offers insurance products through a joint venture, Union Insurance Group, L.L.C.

As of December 31, 1999, Union Bankshares Corporation and subsidiaries had 439 employees, 2,258 shareholders of record, and assets totaling $822 million.

MISSION STATEMENT

"The primary mission of Union Bankshares Corporation and its subsidiaries is to enhance shareholder value by remaining a strong, independent financial services organization, providing exemplary customer service, a rewarding work environment for its employees and a growing return for its shareholders."

- --
CARTER . LORRIE CHILTON . WILLIAM CHRISTOPHER . SHIELA F. CIANCIO . DARCY J. COLES . BERNARD J. CONNOLLY, JR. . DEBRA B. CURWEN . LINDA L. CUSICK . SANDRA E. DARRACOTT . TAMMY L. DAVIDSON . LAWRENCE E. DERX . THOMAS P. DI DONATO . JEANNE DI DONATO . SANDY DIXON . JOHN DORSEY, III .
- --

UNION BANKSHARES CORPORATION AND SUBSIDIARIES

SELECTED FINANCIAL DATA

<TABLE>
<CAPTION>

	1999	1998	1997	1996	1995
RESULTS OF OPERATIONS	(dollars in thousands, except per share amounts)				
<S>	<C>	<C>	<C>	<C>	<C>
Interest income	$ 55,636	$ 51,062	$ 44,821	$ 42,068	$ 39,154

Interest expense	27,067	24,463	21,057	19,650	18,155
Net interest income	28,569	26,599	23,764	22,418	20,999
Provision for loan losses	2,216	3,044	1,182	895	977
Net interest income after provision for loan losses	26,353	23,555	22,582	21,523	20,022
Noninterest income	13,246	5,567	4,495	3,572	2,763
Noninterest expenses	32,689	20,622	16,628	14,982	13,551
Income before income taxes	6,910	8,500	10,449	10,113	9,234
Income tax expense	636	1,678	2,283	2,374	2,192
Net income	$ 6,274	$ 6,822	$ 8,166	$ 7,739	$ 7,042
KEY PERFORMANCE RATIOS					
Return on average assets (ROA)	0.79%	1.00%	1.41%	1.38%	1.34%
Return on average equity (ROE)	8.74%	9.58%	12.80%	12.62%	12.50%
Efficiency ratio	74.50%	61.24%	56.20%	54.06%	52.77%
PER SHARE DATA					
Net income per share - basic	$ 0.84	$ 0.91	$ 1.10	$ 1.04	$ 0.95
Net income per share - diluted	0.84	0.91	1.09	1.04	0.95
Cash dividends declared	0.40	0.38	0.37	0.32	0.28
Book value at period-end	9.19	9.77	9.16	8.23	7.57
FINANCIAL CONDITION					
Total assets	$ 821,827	$ 733,947	$ 615,716	$ 559,782	$ 523,613
Total deposits	646,866	607,629	489,256	455,718	431,330
Total loans, net of unearned income	543,367	479,822	399,351	356,038	331,452
Stockholders' equity	68,794	73,359	68,427	61,344	56,352
ASSET QUALITY					
Allowance for loan losses	$ 6,617	$ 6,407	$ 4,798	$ 4,612	4,274
Allowance as % of total loans	1.22%	1.33%	1.20%	1.29%	1.28%
OTHER DATA					
Market value per share at period-end	$ 14.75	$ 17.50	$ 21.94	$ 12.50	$ 13.00
Price to earnings ratio	17.6	19.2	19.9	12.0	13.7
Price to book value ratio	161%	179%	240%	152%	172%
Dividend payout ratio	42.62%	41.76%	32.73%	30.76%	$ 29.47%
Weighted average shares outstanding	7,473,869	7,489,873	7,455,369	7,447,637	7,402,485

</TABLE>

PRESIDENT'S LETTER

[PHOTO]

Dear Fellow Shareholders:

Some seven years ago the vision for Union Bankshares was formed in a house overlooking the Rappahannock River: a union of community banks, which would take advantage of the synergies available by spreading its operating expenses and resources over a larger asset base. The Company would grow through affiliation, branch acquisition and de novo branches. Fee based services would be expanded to supplement the Company's income stream. The Company would operate with a long-term vision focused on increasing shareholder value over time.

Each year since then, the Union Bankshares Board has re-affirmed these goals in its strategic plan.

The year 1999 will be remembered as a critical time in the execution of our strategic plan and the development of Union Bankshares. 1999's results reflect the impact of seven key decisions or events that occurred in late 1997 and 1998.

In February 1998, Union Bankshares purchased five branches from Signet/First Union. Our projections indicated that these branches would have a drag on earnings of approximately $250,000 during the first 12 months of operation. Year two would be breakeven. The Company would not begin to see a profit from these branches until year three. The deposit growth of these branches has been above our expectations. Loan growth has been below expectations. Overall the branches are on track to meet our profitability projections.

Union Bank & Trust opened three de novo branches in 1998. New branches typically have an earnings drag of approximately $100,000 per year in their first year of operation. These new branches have prospered and helped to contribute to Union Bank's remarkable growth in deposits and loans over the last eighteen months.

[PHOTO]

FINANCIAL ACCOUNTING:

Planning and Directing Corporate Finance and Reporting

Left to right: Rick Love, John Lane, Lori Newsome, Tony Peay, Ed Worrell, and Mike Harris.

- --

. RICHARD A. GOODMAN . DARNELL R. GRAY . KIMBERLY D. HARVEY . KIM M. HEYING o JACQUELINE A. HODGES . BOND L. HOLFORD . CONNIE IOANOU . DANIEL G. JAY . TONI H. JONES . KEVIN P. KEEGAN . ELIZABETH A. KEENAN . MARY JO KELLEY . STACEY L. KERRIGAN . ROLLAND D. KILLE . FRAN KOPLOW .

- --

Rappahannock National was acquired in late 1998. As with all of our acquisitions, it was priced to be accretive (increase earnings per share) to our shareholders. Under the leadership of a new chief executive, RNB is performing better than our projections.

Bank of Williamsburg opened for business in February 1999. Start up costs and operating losses for this year totaled $229,000. We expect to be in our permanent facility in mid-March. Our projections show that Bank of Williamsburg will become profitable on a monthly basis during the fourth quarter of 2000.

During 1999, Union Bankshares invested over $3.5 million in new technology. Upgrades were focused on teller and deposit platform software and enhancing our ability to consolidate back office functions. The back office consolidation took six months longer than anticipated which resulted in increased personnel costs. The delay was to ensure that our customers experienced minimal impact. The back office consolidation was a tremendous undertaking, but, through teamwork by associates from each bank the project is now complete. Cost savings resulting from the consolidation will begin to appear in the first quarter's numbers.

In 1998 Union Bankshares entered into an agreement to acquire Mortgage Capital Investors (MCI). The transaction was closed in February 1999. Though MCI's performance in 1999 was not as projected, we continue to believe in the viability of this venture. Many factors contributed to the poor performance, including rising interest rates and declines in existing home sales. At this point, MCI has reduced non-commissioned staff by over 30%, closed two marginally producing offices, and is reviewing other offices for possible closing. Additionally, MCI has opened two new offices with high volume producers formerly with another mortgage company and has begun a construction-permanent loan program with Union Bank & Trust. We have also begun offering property and casualty insurance products to MCI's clients through a joint venture, Union Insurance Group L.L.C.

Finally, during 1999 we completed the resolution of the problem loan reported during the third quarter of 1998. Management has been working with the borrower to restructure the loan to minimize any losses to the bank. Results for 1999 reflect an additional $350,000 in loan loss provisions and a partial charge-off of this loan against the loan loss reserve in the fourth quarter.

It has been a difficult two years, as management and the board faced challenges on many fronts. We expect many of the long-range decisions made over this time will begin to show positive results in 2000.

[PHOTO]

OPERATIONS TECHNOLOGY:

Managing Emerging Technology

Left to right: Jim Sanford, Smokey Wilson, Tom Peregoy, and Joe Brown.

[GRAPH]

(in thousands)	1995	1996	1997	1998	1999
ASSETS	523,613	559,782	615,716	733,947	821,827
DEPOSITS	431,330	455,718	489,256	607,629	646,866
LOANS	331,452	356,038	399,351	479,822	543,367

FLOSSIE LANCASTER . JEAN P. LIBER . JONI Z. LOVING . BRENTON A. McCALLUM . CLAUDETTE C. McCLUNEY . JANE M. McQUILKIN . RICHARD C. MEEKINS . JOAN M. MILLER . GARY M. MILLS . BRENT D. MOLOVINSKY . SARA J. MONTES . DARNELLA J. MORGAN . KIMBERLEIGH MURRAY . JOHN A. O'BRIEN . BRIAN T. O'REILLY .

[GRAPH]

	1995	1996	1997	1998	1999
YIELD ON EARNING ASSETS	8.66	8.68	8.64	8.45	8.07
COST OF INTEREST BEARING LIABILITIES	4.63	4.61	4.66	4.62	4.37

There have been many positive things in 1999 as well. While none had the bottom line impact of the seven items listed previously, these successes are an indication of the strength of the team and its ability to accomplish tasks and grow the banks by meeting the customers' needs.

The Company's Y2K team worked for over 18 months to assure that all systems were Y2K compliant. When we read of the large amounts spent by others, we feel fortunate that Union Bankshares Corporation's Y2K expenses were less than $250,000.

The item processing conversion from paper to image processing was successful and well received by our customers. Item processing efficiency and productivity have been increased. The consolidation of our four subsidiary banks' back office operations into one location went extremely well. Data processing conversions for two of our banks were handled without incident. This task could not have been completed without the support and teamwork from all levels of the organizations.

Union Bank & Trust experienced above market growth, solidifying its position as the number two bank in greater Fredericksburg and jumping from fifth to second in market share in the Hanover market. Union's indirect automobile loan department experienced strong growth.

The financial performance of Rappahannock National has been excellent with continued growth and profitability on the horizon. Despite bureaucratic delays in the construction of our permanent site, the Bank of Williamsburg has been well received by the community. We expect strong performance in 2000 as we move from our temporary space to our banking house.

Union Investment Services experienced a record year providing brokerage services and investment advice to its customers.

On a sadder note, in July, Peyton Motley, president of Northern Neck State Bank, was diagnosed with pancreatic cancer. The staff at Northern Neck has done an excellent job of maintaining the pace while Peyton has been away. Peyton lost his fight with cancer on January 29, 2000. Our thoughts and prayers are with Peyton's family.

The future holds much promise for Union Bankshares. Your corporation is positioned to increase shareholder value over the long term. Management is focused on maximizing efficiencies in the consolidated support areas. Continually increasing productivity through our investment in technology is a key to improved financial performance. We have spent the last couple of years putting the systems, people and plans in place to generate cost savings and enhance customer service. The year 2000 will be the year in which we execute those plans.

[PHOTO]

COMMUNITY BANKING:
Focusing on Customers' Financial Needs

Left to right: John Neal, Deborah Usry, and Byrd Newton.

- --
LEONARD J. OSLAR . EDGAR PACORI . LOUIS M. PELL . EVE H. PENDLETON . REBECCA L. PETERS . PAUL J. PHELPS . JEFFERSON D. PHELPS, III . SHARON A. POWERS . BRADFORD PRATT . ELIZABETH ANN PRITCHARD . DANIEL M. PUTNEY. TERRI H. QUINN . LAURA H. RAJABI . BRENDA S. RAY-STRAIN . ADAM REPASY . LYNN
- --

Our concerns for the year 2000 center on the policy of rising interest rates and tightening of liquidity that have been implemented by the Federal Reserve Bank. This policy could impact the corporation's already narrowing margins. Additionally, internally generated growth in deposits and earning assets, a key component for increased profitability, could be impacted. A series of rate increases will negatively impact Mortgage Capital's return to profitability.

[GRAPH]

[PLOT POINTS TO COME]

We will continue to look at affiliations with other community banks as a way to grow, provide geographic diversity, share the high cost of technology and provide management depth. As the largest of Virginia's community bank holding companies, Union Bankshares has a unique opportunity to grow significantly as community banking in Virginia consolidates. While the corporation does own sites for future branch expansion, we do not foresee opening any new branches in 2000.

Our stock price has been a concern to many of you. Like many banks our stock price had reached irrational levels in mid 1998, when compared to the historic price levels of bank stocks. A chart on this page shows our stock price performance over the last two years relative to several other market indices, including the NASDAQ Bank Index. You can see that Union Bankshares Corporation's stock price, while down 18% in 1999 and over 35% over the two year period, is in line with the market decline.

When one considers the markets we serve, the investment that we have already made in infrastructure and our prospects for future growth and profitability, Union Bankshares remains a good long-term investment.

Many of our shareholders are loyal customers of our banks and brokerage firm. We appreciate their continued support. Should you have any questions, I encourage you to contact me either by phone or e-mail at gwbeale@ubsh.com.

/s/ William Beale

G. William Beale

[PHOTO]

CUSTOMER ACCOUNTING:
Serving Retail and Commercial Customers

Left to right: Karen Dewitt, Jeannette Burke, and Carolyn Wiley.

- ---
REPASY . ROBERT RESH . PHAN W. ROBINSON . RAYMOND I. J. ROMANICK . EARNEST A.
SAHADY . PATRICIA SCHURTZ . ROBERT F. SELDON . BRENDA SISSON . JACOB SISSON .
ELIZABETH J. SMALLING . PATRICIA A. SMITH . JENNIFER L. SNYDER . EDWARD SOMA .
RAY L. STEIN . JEANNE STEVENS . MICHAEL E. STOLL . ERIC
- ---

DIRECTORS OF UNION BANKSHARES CORPORATION

Ronald L. Hicks
  Chairman

Charles H. Ryland
  Vice Chairman

G. William Beale

Walton Mahon

E. Peyton Motley
  (deceased)

W. Tayloe Murphy, Jr.

M. Raymond Piland, III

A.D. Whittaker

[PHOTO]

(Standing, l to r): W. Tayloe Murphy, Jr., Ronald L. Hicks, G. William Beale, and E. Peyton Motley. (Seated, l to r): M. Raymond Piland III, Charles H. Ryland, A.D. Whittaker, and Walton Mahon.

QUARTERLY EARNINGS SUMMARY

<TABLE>
<CAPTION>

(in thousands, except per share data)

			1999					1998		
	FOURTH	THIRD	SECOND	FIRST	TOTAL	FOURTH	THIRD	SECOND	FIRST	TOTAL
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Interest income	$14,760	$14,327	$13,409	$13,140	$55,636	$13,199	$12,917	$12,741	$12,205	$51,062
Interest expense	7,048	7,153	6,583	6,283	27,067	6,335	6,238	6,069	5,821	24,463
Net interest income	7,712	7,174	6,826	6,857	28,569	6,864	6,679	6,672	6,384	26,599
Provision for loan losses	190	513	751	762	2,216	650	1,479	480	435	3,044
Noninterest income after provision for loan losses	7,522	6,661	6,075	6,095	26,353	6,214	5,200	6,192	5,949	23,555
Noninterest income	2,488	3,298	3,922	3,538	13,246	1,784	1,350	1,329	1,104	5,567
Noninterest expense	8,399	8,458	8,470	7,362	32,689	5,593	5,347	5,173	4,509	20,622
Income before income taxes	1,611	1,501	1,527	2,271	6,910	2,405	1,203	2,348	2,544	8,500
Income tax expense	(189)	119	195	511	636	637	104	438	499	

										1,678
Net income	$ 1,800	$ 1,382	$ 1,332	$ 1,760	$ 6,274	$ 1,768	$ 1,099	$ 1,910	$ 2,045	$ 6,822
Net income per share										
Basic	$ 0.24	$ 0.18	$ 0.18	$ 0.24	$ 0.84	$ 0.24	$ 0.15	$ 0.25	$ 0.27	$ 0.91
Diluted	$ 0.23	$ 0.18	$ 0.18	$ 0.24	$ 0.84	$ 0.24	$ 0.15	$ 0.25	$ 0.27	$ 0.91

</TABLE>

D. THOMAS . DAVID M. THOMPSON . CAROL TOMASI . LESLIE A. VALENTINE . BONNIE G. VICK . JILL A. WAGNER . R. SCOTT WALLACE . DAVIN J. WILLIFORD . GRANT WING . LISA WITKOWSKI . BETTY L. WRIGHT . NORTHERN NECK STATE BANK . ROBIN S. ABERCROMBIE . LINDA H. ASHTON . LASHAY S. BALL . NANCY E.

UNION BANKSHARES CORPORATION

RETAIL LOCATIONS

[MAP]

BAUGHAN . MARY ANNETTE BOWLES . MARY L. BOWLES . ANGELA C. BRANN . SHIRLEY T. BROOKS . RUSSELL G. BROWN . BARBARA H. BRYANT . JANET L. CARPENTER . HOLLY D. CARTER . MANLEY L. CHADWICK . TERRY J. CLARK . BRENDA H. CONLEY . THELMA COURTNEY . CYNTHIA E. DAIGER . SHANNON R. DAVIS . BETTY T.

DIRECTORY OF UNION BANKSHARES CORPORATION*

BANK OF WILLIAMSBURG

OFFICERS
J. Michael Johnson, President

DIRECTORS
Henry Aceto, Jr.
G. William Beale
A. G. W. Christopher
Randall K. Cooper
L. Mark Griggs
J. Michael Johnson
Christopher A. Mayer
Alison Morrison
D. Anthony Peay
Joseph R. Potter, Jr.

MORTGAGE CAPITAL INVESTORS

OFFICERS
Kevin P. Keegan, President & Chief Executive Officer

DIRECTORS
G. William Beale, Chairman
Kevin P. Keegan
John C. Neal
Brian T. O'Reilly
D. Anthony Peay

RAPPAHANNOCK NATIONAL BANK

OFFICERS
Michael T. Leake, Executive Vice President and Chief Executive Officer

DIRECTORS
Elisabeth J. Jones, Chairman

G. William Beale
Alphaeus F. Cannon
Thomas B. Massie
Mary L. Payne
Thomas G. Taylor
George E. Williams

UNION INVESTMENT SERVICES

OFFICERS
Bernard W. Mahon, Jr., President
Darryl Barnes, Vice President
Randall W. Vaughan, Vice President

DIRECTORS
G. William Beale, Chairman
Russell G. Brown
Ronald L. Hicks
Bernard W. Mahon, Jr.
Michael N. Manns
J.E. Small, III

UNION BANK & TRUST COMPANY

OFFICERS
G. William Beale, President & Chief Executive Officer
John C. Neal, Executive Vice President & Chief Operating Officer
Robert K. Bailey, III, Senior Vice President
William H. Hutton, Senior Vice President
John M. Randolph, Senior Vice President
R. Tyler Ware, Senior Vice President
David K. Bohmke, Vice President
Sylvia Buffkin, Vice President
Travis Bullock, Vice President
David Clare, Vice President
F. Kent Cox, Vice President
Maria Franklin, Vice President
Charles Gravatt, Vice President
Sherry C. Gravatt, Vice President
Tom Parcell, Vice President
Doug Ransone, Vice President
Raymond C. Ratcliffe, Jr., Vice President
Michael Torosian, Vice President

DIRECTORS
Ronald L. Hicks, Chairman
Walton Mahon, Vice Chairman
G. William Beale
John S. Cheadle
William B. Gallahan
Daniel I. Hansen
Michael N. Manns
John C. Neal
M. Raymond Piland, III
J.E. Small, III
A.D. Whittaker

HONORARY DIRECTORS
Estelle H. Kay
Guy C. Lewis, Jr.
H. Ashton Taylor
R.F. Upshaw, Jr.

KING GEORGE ADVISORY BOARD
Michael C. Mayo
E.R. Morris, Jr.
William Storke
A.B. Walker, Jr.
E.P. Woodworth

NORTHERN NECK STATE BANK

OFFICERS
N. Byrd Newton, President
Russell G. Brown, Vice President
William E. Harrison, Vice President & Cashier
C. Wayne Penick, Vice President
Marion B. Rowe, Vice President
William M. Wright, Vice President

DIRECTORS
William E. Bowen
S. Bryan Chandler
Richard A. Farmar, Jr.

W.D. Gray
Edward L. Hammond
William H. Hughes
W. Tayloe Murphy, Jr.
N. Byrd Newton
Dexter C. Rumsey, III
Charles H. Ryland
Charles H. Williams, III
William M. Wright

HONORARY DIRECTORS
Robert B. Delano
James V. Garland, Jr.
Thomas S. Herbert
Louis G. Packett

LANCASTER/NORTHUMBERLAND
ADVISORY BOARD
Nancy T. Cockrell
Robert E. Crowther, III
William B. Graham
Lloyd B. Hubbard
David Jones
Burton D. Reed, Jr.
H. Chilton Treakle, Sr.
Herbert E. Vaughan

UNION BANKSHARES CORPORATION

OFFICERS
G. William Beale, President & Chief Executive Officer
D. Anthony Peay, Vice President, Chief Financial Officer & Corporate Secretary
David "Smokey" Wilson, Senior Vice President
Thomas Boyd III, Vice President
Jeannette Burke, Vice President
Myles W. H. Gaythwaite, Vice President
John A. Lane, Vice President
Scott Nininger, Vice President
George Washington, Vice President

DIRECTORS
Ronald L. Hicks, Chairman
Charles H. Ryland, Vice Chairman
G. William Beale
Walton Mahon
W. Tayloe Murphy, Jr.
M. Raymond Piland, III
A.D. Whittaker

* As of February 29, 2000

DELANO . ALICE V. DIX . WILLIAM A. ESTELL, JR. . BROOK H. EZZELL . ELIZABETH FORREST FRANKLIN . APRIL F. GASKINS . TERESA A. GILL. LAURA L. GORDON . KATHRYN P. GOULDTHORPE . GREGORY A. GRUNER

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion provides information about the major components of the results of operations and financial condition, liquidity and capital resources of Union Bankshares Corporation and subsidiaries (the "Company" or "Union Bankshares"). This discussion and analysis should be read in conjunction with the Consolidated Financial Statements and the Notes to the Consolidated Financial Statements presented elsewhere in this Annual Report.

OVERVIEW

Union Bankshares Corporation's net income for 1999 totaled $6.3 million or $0.84 per share on a diluted basis, down 7.4% from $6.8 million or $0.91 per share on a diluted basis for 1998. Profitability as measured by return on average assets (ROA) for 1999 was 0.79% as compared to 1.00% a year earlier, while return on average equity (ROE) for 1999 was 8.74% as compared to 9.58% in 1998. Core profitability continued to improve as net interest income increased by 7.4% and service fees on deposit accounts by 6.4%.

Union Bankshares Corporation's financial performance in 1999 was impacted by the changing interest rate environment and its effect on the net interest margin and mortgage origination business. Increased volumes helped interest income rise over the previous year in the core banking business. Rising mortgage rates lowered mortgage loan production by 39% and adversely affected profitability of the mortgage origination business. The Company's performance in 1999 was also impacted by the Company's expansion over the last two years, including five acquired branches and three de novo branches. In addition, the opening of the Bank of Williamsburg created an earnings drag which will continue into the fall of 2000 when it should reach monthly profitability. The Company also completed consolidation of its accounting and operations functions and continued its commitment to invest in improved technology. With these initiatives, the Company's profit was only slightly below the previous year.

The Company's performance was also impacted by continued compression of the net interest margin. Competitive pricing for loan products and alternative deposit options for consumers impacted all financial services companies in 1999 and will likely continue to have a negative impact in 2000. Our net interest margin, on a taxable equivalent basis, declined from 4.55% in 1998 to 4.30% during 1999.

The financial services industry has increasingly focused on noninterest income as interest margins have compressed. Our investment brokerage operations contributed $679,000 in noninterest income in 1999, up from $555,000 in 1998. The mortgage brokerage business, with the addition of Mortgage Capital Investors, had nonin-terest income of $7,495,000 in 1999. In addition, our focus on providing competitive products and customer service has provided additional sources of fee income.

Assets grew to $821.8 million at December 31, 1999, up 12.0% from $733.9 million a year ago. Loans grew to $543.4 million, up 13.3% over year end 1998 totals. Deposits increased from $607.6 million at December 31, 1998 to $646.9 million at December 31, 1999, a 6.5% increase. The Company's capital position remains strong with an equity to assets ratio of 8.4%.

NET INTEREST INCOME

Net interest income represents the principal source of earnings for the Company. Net interest income equals the amount by which interest income exceeds interest expense. The net interest margin is net interest income expressed as a percentage of interest-earning assets. Changes in the volume and mix of earning assets and interest-bearing liabilities, as well as their respective yields and rates, have a significant impact on the level of net interest income and the net interest margin.

During 1999, net interest income, on a taxable equivalent basis, totaled $31.0 million, an increase of 8.8% from $28.5 million in 1998. The Company's net interest margin declined to 4.30% in 1999, as compared to 4.55% in 1998 and 4.73% in 1997. This 25 basis point decline, when applied to average earning assets, represented nearly $1.7 million in potential net interest income. Despite this net interest margin decline, the impact of increases in the volume of earning assets exceeded the impact of declining rates, resulting in a net increase of $5.0 million in interest income on a taxable equivalent basis. The yield on earning assets declined to 8.07% from 8.45% in 1998 while the cost of interest-bearing liabilities also declined from 4.62% in 1998 to 4.37% in 1999. Average interest-bearing liabilities increased by $89.8 million, or 16.9% while average earning assets grew by $92.0 million, or 14.7%. As a result, the Company was able to realize an increase of $2.5 million in net interest income on a taxable equivalent basis compared to 1998 (see Volume and Rate Analysis table).

. DORIS C. HALL . LILLIAN S. HAMBLIN . CRISTAL F. HARPER . WILLIAM E. HARRISON . SANDRA D. HAYWOOD . LINDA L. HIXON . SUE W. JETT . WENDY R. JONES . JOSEPHINE F. KING . EDITH FAYE LANGE . BARBARA W.

The following table depicts interest income on earning assets and related average yields, as well as interest expense on interest-bearing liabilities and related average rates paid for the periods indicated.

AVERAGE BALANCES, INCOME AND EXPENSES, YIELDS AND RATES (TAXABLE EQUIVALENT BASIS)

<TABLE>
<CAPTION>

	YEARS ENDED DECEMBER 31,		
	1999	1998	1997

(dollars in thousands)

	AVERAGE BALANCE	INTEREST INCOME/ EXPENSE	YIELD/ RATE	AVERAGE BALANCE	INTEREST INCOME/ EXPENSE	YIELD/ RATE	AVERAGE BALANCE	INTEREST INCOME/ EXPENSE	YIELD/ RATE
ASSETS:									
Securities:									
Taxable	$ 117,938	$ 7,567	6.42%	$ 94,814	$ 6,107	6.44%	$ 87,272	$ 5,622	6.44%
Tax-exempt(1)	89,211	6,941	7.78%	74,068	5,847	7.89%	68,361	5,569	8.15%
Total securities	207,149	14,508	7.00%	168,882	11,954	7.08%	155,633	11,191	7.19%
Loans, net	507,658	43,220	8.51%	444,463	40,395	9.09%	375,328	34,939	9.31%
Federal funds sold	3,004	209	6.96%	12,549	581	4.63%	7,148	384	5.37%
Interest-bearing deposits in other banks	1,165	56	4.81%	1,058	71	6.71%	702	53	7.55%
Total earning assets	718,976	57,993	8.07%	626,952	53,001	8.45%	538,811	46,567	8.64%
Allowance for loan losses	(7,270)			(5,339)			(4,693)		
Total non-earning assets	79,829			59,942			48,049		
Total assets	$ 791,535			$ 681,555			$ 582,167		
LIABILITIES & STOCKHOLDERS' EQUITY:									
Interest-bearing deposits:									
Checking	$ 88,806	1,845	2.08%	$ 73,263	$ 1,745	2.38%	$ 56,495	$ 1,452	2.57%
Regular savings	59,897	1,576	2.63%	58,490	1,749	2.99%	53,200	1,638	3.08%
Money market savings	63,452	2,070	3.26%	60,674	2,065	3.40%	51,119	1,723	3.37%
Certificates of deposit:									
$100,000 and over	92,123	4,669	5.07%	68,703	3,789	5.52%	56,481	2,967	5.25%
Under $100,000	237,734	12,609	5.30%	223,362	12,559	5.62%	192,441	10,949	5.69%
Total interest-bearing deposits	542,012	22,769	4.20%	484,492	21,907	4.52%	409,736	18,729	4.57%
Other borrowings	77,497	4,298	5.55%	45,236	2,556	5.65%	42,449	2,328	5.48%
Total interest-bearing liabilities	619,509	27,067	4.37%	529,728	24,463	4.62%	452,185	21,057	4.66%
Non-interest bearing liabilities:									
Demand deposits	85,017			75,278			60,512		
Other liabilities	15,242			4,937			5,005		
Total liabilities	719,768			609,943			517,702		
Stockholders' equity	71,767			71,612			64,465		
Total liabilities and stockholders' equity	$ 791,535			$ 681,555			$ 582,167		
Net interest income		$ 30,926			$ 28,538			$ 25,510	
Interest rate spread			3.70%			3.83%			3.98%

Interest expense as a percent of average earning assets.........	3.76%	3.92%	3.91%
Net interest margin.................	4.30%	4.55%	4.73%

</TABLE>

(1) Income and yields are reported on a taxable equivalent basis.

The following table analyzes changes in net interest income attributable to changes in the volume of interest-bearing assets and liabilities compared to changes in interest rates. Nonaccrual loans are included in average loans outstanding.

VOLUME AND RATE ANALYSIS*
(TAXABLE EQUIVALENT BASIS)
<TABLE>
<CAPTION>

	YEARS ENDED DECEMBER 31,					
	1999 VS. 1998 INCREASE (DECREASE) DUE TO CHANGES IN:			1998 VS. 1997 INCREASE (DECREASE) DUE TO CHANGES IN:		
	VOLUME	RATE	TOTAL	VOLUME	RATE	TOTAL
	(in thousands)					
EARNING ASSETS:						
Securities:						
Taxable	$ 1,479	$ (19)	$ 1,460	$ 485	$ --	$ 485
Tax-exempt	1,176	(82)	1,094	454	(176)	278
Loans, net	5,420	(2,595)	2,825	6,300	(844)	5,456
Federal funds sold	(575)	203	(372)	256	(59)	197
Interest-bearing deposits in other banks	6	(21)	(15)	24	(6)	18
Total earning assets	7,506	(2,514)	4,992	7,519	(1,085)	6,434
INTEREST-BEARING LIABILITIES:						
Interest checking	337	(237)	100	405	(112)	293
Regular savings	41	(214)	(173)	159	(48)	111
Money market savings	91	(86)	5	327	15	342
CDs $100,000 and over	1,209	(329)	880	669	153	822
CDs less than $100,000	786	(736)	50	1,742	(132)	1,610
Total interest-bearing deposits	2,464	(1,602)	862	3,302	(124)	3,178
Other borrowings	1,788	(46)	1,742	157	71	228
Total interest-bearing liabilities	4,252	(1,648)	2,604	3,459	(53)	3,406
Change in net interest income	$ 3,254	$ (866)	$ 2,388	$ 4,060	$(1,032)	$ 3,028

</TABLE>

* The change in interest, due to both rate and volume, has been allocated to change due to volume and change due to rate in proportion to the relationship of the absolute dollar amounts of the change in each.

INTEREST SENSITIVITY

An important element of earnings performance and the maintenance of sufficient liquidity is proper management of the interest sensitivity gap. The interest sensitivity gap is the difference between interest sensitive assets and interest sensitive liabilities in a specific time interval. This gap can be managed by repricing assets or liabilities, which can be effected by replacing an asset or liability at maturity or by adjusting the interest rate during the life of the asset or liability. Matching the amounts of assets and liabilities maturing in the same time interval helps to hedge interest rate risk and to minimize the impact on net interest income in periods of rising or falling interest rates.

The Company determines the overall magnitude of interest sensitivity risk and then formulates policies governing asset generation and pricing, funding sources and pricing, and off-balance sheet commitments. These decisions are based on management's expectations regarding future interest rate movements, the state of the national and regional economy, and other financial and business risk factors. The Company uses computer simulations to measure the effect of various interest rate scenarios on net interest income. This modeling reflects interest rate changes and the related impact on net income over specified time horizons.

At December 31, 1999, the Company had $223.0 million more liabilities than assets subject to repricing within one year and was, therefore, in a liability-sensitive position. A liability-sensitive company's net interest margin and net interest income generally will be impacted favorably by declining interest rates, while that of an asset-sensitive Company generally will be impacted favorably by increasing interest rates.

Although the gap report shows the Company to be liability sensitive, computer simulation shows the Company's net interest income tends to increase when interest rates rise and fall when interest rates decline. The explanation for this is interest rate changes affect bank products differently. For example: if the prime rate changes by 1.0% (100 basis points or bps), the change on certificates of deposit may only be around 0.75% (75 bps), while other interest bearing deposit accounts may only change 0.1% (10 bps). Also, despite their fixed terms, loan products are often refinanced as rates decline. Recently, increased deposit competition and the inverted yield curve have resulted in more rapid deposit rate movement than for loans.

INTEREST SENSITIVITY ANALYSIS
<TABLE>
<CAPTION>

	DECEMBER 31, 1999(1)				
	WITHIN 90 DAYS	90-365 DAYS	1-5 YEARS	OVER 5 YEARS	TOTAL
			(in thousands)		
<S> <C>	<C>	<C>	<C>	<C>	<C>
EARNING ASSETS:					
Loans, net of unearned income (3)	$ 98,937	$ 33,904	$ 246,399	$ 162,640	$ 541,880
Investment securities	615	3,844	3,452	1,667	9,578
Securities available for sale ...	911	8,340	69,885	122,585	201,721
Federal funds sold	248	--	--	--	248
Other short-term investments	867	--	--	--	867
Total earning assets	101,578	46,088	319,736	286,892	754,294
INTEREST-BEARING LIABILITIES:					
Interest checking (2)	--	--	95,882	--	95,882
Regular savings (2)	--	--	58,209	--	58,209
Money market savings	--	63,249	--	--	63,249
Certificates of deposit:					
$100,000 and over	29,335	61,680	16,639	--	107,654
Under $100,000	48,924	122,876	70,795	229	242,824
Short-term borrowings	39,159	--	--	--	39,159
Long-term borrowings	5,320	75	34,025	15,000	54,420
Total interest-bearing liabilities	122,738	247,880	275,550	15,229	661,397
Period gap	(21,160)	(201,792)	44,186	271,663	--
Cumulative gap	$ (21,160)	$(222,952)	$(178,766)	$ 92,897	$ 92,897
Ratio of cumulative gap to total earning assets	-2.81%	-29.56%	-23.70%	12.32%	

</TABLE>

(1) The repricing dates may differ from maturity dates for certain assets due to prepayment assumptions.

(2) The Company has determined that interest-bearing checking deposits and regular savings deposits are not sensitive to changes in related market rates and therefore, it has placed them predominantly in the "1 - 5 Years" column.

(3) Excludes non-accrual loans.

NONINTEREST INCOME

Non interest income increased by 136.4 % from $5.6 million in 1998 to $13.2 in 1999. This increase is largely due to the addition of Mortgage Capital Investors which contributed $7.5 million in gains on sales of mortgage loans. Excluding such gains noninterest income was up slightly to $5.7 million. Deposit service charges were up $184,000 over 1998. Other service charges were up $412,000, including an increase of $124,000 in brokerage fees from Union Investment Services.

In 1998, noninterest income increased by 23.9% from $4.5 million in 1997 to $5.6 million. This increase was largely attributable to the gains in deposit service charges and other service charges of $721,000 and $613,000, respectively. The latter charges were fueled by continued growth in mortgage income of $272,640 over 1997 and Union Investment's increase of $194,143 over 1997.

NONINTEREST EXPENSES

Noninterest expenses totaled $32.7 million in 1999, up $12.1 million or 58.7% over $20.6 million in 1998. Mortgage Capital Investors accounted for $8.9 million of this increase, including $6.9 million in salaries and loan commissions, $900,000 in occupancy and equipment and $1.1 million in other operating expenses. The new Bank of Williamsburg also added $550,000 in noninterest expense in 1999. The remaining increase came from the core business with a $1.4 million increase in personnel and a $1.0 million increase in other operating expenses. In 1999, the Company incurred the full expense impact of the branches purchased and opened in 1998. It also implemented major technology enhancements, including teller/platform automation and check imaging, and consolidated remaining back office functions. All these activities added costs to the normal inflationary rise and, as expected, created a short term drag on earnings.

Noninterest expenses totaled $20.6 million in 1998, up 24.0% over 16.6 million in 1997. Most of this increase was the result of purchasing 5 branches from Signet/ First Union bank and opening 3 de novo branches.

LOAN PORTFOLIO

Loans, net of unearned income, totaled $543.4 million at December 31, 1999, an increase of 13.3% over $479.8 million at December 31, 1998. Union Bankshares has achieved a rate of growth consistent with the economies of the markets within which it operates and has maintained or increased its market share in each. Loans secured by real estate comprised 66.3% of the total loan portfolio at December 31, 1999. Of this total, single-family, residential loans, not including home equity lines, comprised 33.0% of the total loan portfolio at December 31, 1999, up slightly from 32.5% in 1998. Loans secured by commercial real estate comprised 22.1% of the total loan portfolio at December 31, 1999, as compared to 22.5% in 1998, and consist principally of commercial and industrial loans where real estate constitutes a secondary source of collateral. The Company attempts to reduce its exposure to the risk of the local real estate markets by limiting the aggregate size of its commercial real estate portfolio, and by making such loans primarily on owner-occupied properties. Real estate construction loans accounted for 6.1% of total loans outstanding at December 31, 1999. The Company's charge-off rate for all loans secured by real estate has historically been low.

LOAN PORTFOLIO
<TABLE>
<CAPTION>

	DECEMBER 31,				
	1999	1998	1997	1996	1995
	(in thousands)				
<S>	<C>	<C>	<C>	<C>	<C>
Commercial	$ 67,649	$ 61,678	$ 45,541	$ 37,375	$ 37,041
Loans to finance agriculture production					

and other loans to farmers	3,015	2,595	1,590	3,080	2,894
Real estate:					
Real estate construction	33,218	38,128	28,206	13,961	17,479
Real estate mortgage:					
Residential (1 - 4 family)	179,246	155,843	125,205	114,945	99,821
Home equity lines	20,987	18,737	21,061	21,964	22,561
Multi-family	4,592	3,979	1,905	1,501	1,440
Commercial(1)	120,490	108,063	93,568	80,830	72,992
Agricultural	2,373	2,536	2,292	2,262	2,776
Total real estate	360,906	327,286	272,237	235,463	217,069
Loans to individuals:					
Consumer	102,713	79,492	77,505	76,826	70,788
Credit card	4,346	3,232	2,682	2,567	2,235
Total loans to individuals	107,059	82,724	80,187	79,393	73,023
All other loans	5,855	6,559	879	2,125	2,619
Total loans	544,484	480,842	400,434	357,436	332,646
Less unearned income	1,117	1,020	1,083	1,398	1,194
Total net loans	$543,367	$479,822	$399,351	$356,038	$331,452

</TABLE>

(1) This category generally consists of commercial and industrial loans where real estate constitutes a secondary source of collateral.

The Company's consumer loan portfolio, its second largest category, consists principally of installment loans. Total loans to individuals for household, family and other personal expenditures totaled 18.9% of total loans at December 31, 1999, up from 16.5% in 1998. Commercial loans, secured by non-real estate business assets comprised 12.4% of total loans at the end of 1999, a slight decrease from 12.9% at the end of 1998. Loans to the agricultural industry totaled less than 1.0% of the loan portfolio in each of the last five years.

MATURITY SCHEDULE OF LOANS

<TABLE>
<CAPTION>

	1 YEAR OR LESS	1 - 5 YEARS	AFTER 5 YEARS	TOTAL
		(in thousands)		
<S>	<C>	<C>	<C>	<C>
December 31, 1999	$148,951	$241,795	$153,738	$544,484
December 31, 1998	155,160	179,068	146,614	480,842
December 31, 1997	138,935	144,220	117,279	400,434

</TABLE>

Loans, net of unearned income, totaled $479.8 million at December 31, 1998, an increase of 20.1% over $399.3 million at December 31, 1997, fueled largely by residential mortgage growth.

The Company is focused on providing community-based financial services and discourages the origination of portfolio loans outside of its principal trade area. The Company maintains a policy not to originate or purchase loans to foreign entities or loans classified by regulators as highly leveraged transactions. To manage the growth of the real estate loans in the loan portfolio, facilitate asset/liability management and generate additional fee income, the Company sells a portion of conforming first mortgage residential real estate loans to the secondary market as they are originated. Mortgage Capital Investors serves as a mortgage brokerage operation, selling the majority of its loan production in the secondary market while retaining loans meeting the banks' current asset/liability management needs. This venture has provided the banks' customers with enhanced mortgage products and the Company with improved efficiencies through the consolidation of this function.

ASSET QUALITY - ALLOWANCE/PROVISION FOR LOAN LOSSES

The allowance for loan losses represents management's estimate of the amount adequate to provide for potential losses inherent in the loan portfolio. Among other factors, management considers the Company's historical loss experience, the size and composition of the loan portfolio, the value and adequacy of collateral and guarantors, non-performing credits and current and anticipated economic conditions. There are additional risks of future loan losses which cannot be precisely quantified nor attributed to particular loans or classes of loans. Because those risks include general economic trends as well as conditions affecting individual borrowers, the allowance for loan losses is an estimate. The allowance is also subject to regulatory examinations and determination as to adequacy, which may take into account such factors as the methodology used to calculate the allowance and size of the allowance in comparison to peer companies identified by regulatory agencies.

Management maintains a list of loans which have a potential weakness that may need special attention. This list is used to monitor such loans and is used in the determination of the sufficiency of the Company's allowance for loan losses. As of December 31, 1999, the allowance for loan losses was $6.6 million, or 1.22% of total loans as compared to $6.4 million, or 1.33% in 1998. The provision for loan losses decreased from $3.0 million in 1998 to $2.2 million due largely to a special provision against a single credit in 1998 (see Non-Performing Assets).

The allowance for loan losses as of December 31, 1998 was $6.4 million, or 1.33% of total loans as compared to $4.8 million, or 1.20% in 1997. The provision for loan losses in 1998 totaled $3,044,000 as compared to $1,182,000 in 1997.

<TABLE>
<CAPTION>

AMANDA C. BARLOW . VALERIE BENNETT . DEBBIE A. BLAZEK . MARGARET V. BLAZEK . NICOLE S. BOCLAIR . DAVID K. BOHMKE . BETTY L. BOLTON . ALEXIS C. BOYD . MELINDA B. BRADMAN . DONNA L. BREHM .

UNION BANKSHARES CORPORATION

ALLOWANCE FOR LOAN LOSSES

	DECEMBER 31,				
	1999	1998	1997	1996	1995
	(dollars in thousands)				
<S>	<C>	<C>	<C>	<C>	<C>
Balance, beginning of year	$ 6,407	$ 4,798	$ 4,612	$ 4,274	$ 4,320
Loans charged-off:					
Commercial	1,544	597	247	114	643
Real estate	62	34	4	59	185
Consumer	746	1,078	958	795	429
Total loans charged-off	2,352	1,709	1,209	968	1,257
Recoveries:					
Commercial	12	126	8	275	112
Real estate	8	18	49	10	16
Consumer	326	130	156	126	106
Total recoveries	346	274	213	411	234
Net loans charged-off	2,006	1,435	996	557	1,023
Provision for loan losses	2,216	3,044	1,182	895	977
Balance, end of year	$ 6,617	$ 6,407	$ 4,798	$ 4,612	$ 4,274
Ratio of allowance for loan losses to total loans outstanding at end of year	1.22%	1.33%	1.20%	1.29%	1.28%
Ratio of net charge-offs to average loans outstanding during year	0.40%	0.32%	0.27%	0.16%	0.32%

</TABLE>

NONPERFORMING ASSETS

Nonperforming assets were $3.5 million at December 31, 1999, down from $4.6 million at December 31, 1998. Non-accrual loans decreased from $2.8 million in 1998 to $1.5 million in 1999. Contributing to the decline in these figures was the charge-off of a portion of a problem loan reported during the third quarter of 1998. The Company recorded provisions for loan losses related to this loan of $975,000 in 1998 and $350,000 in 1999 and charged off 1.1 million in 1999. The Company is still working with the borrower to resolve this situation and is aggressively pursuing collection on this credit. The collateral supporting the credit has been appraised and should protect the Company from any further loss.

NONPERFORMING ASSETS
<TABLE>
<CAPTION>

DECEMBER 31,				
1999	1998	1997	1996	1995

	(dollars in thousands)				
Nonaccrual loans	$ 1,487	$ 2,813	$ 2,244	$ 523	$ 669
Foreclosed properties	1,113	1,101	1,746	4,056	3,620
Real estate investment	903	730	1,050	2,970	--
Total nonperforming assets	$ 3,503	$ 4,644	$ 5,040	$ 7,549	$ 4,289
Loans past due 90 days and accruing interest	$ 980	$ 2,979	$ 2,675	$ 3,165	$ 3,126
Nonperforming assets to year-end loans, foreclosed properties and real estate investment	0.64%	0.97%	1.26%	2.10%	1.28%
Allowance for loan losses to nonaccrual loans	444.99%	227.73%	213.81%	881.84%	638.86%

As of December 31, 1999, nonperforming assets includes approximately $903,000 representing an investment in income-producing property and included in other assets. This property consists of 11 single family homes which are either rented or listed for sale and are located near Fredericksburg, Virginia. The Company had previously acquired a limited interest in this property through settlement of a loan and, in 1996, acquired the

remaining ownership and control from the general partner. The carrying value of this investment in real estate is supported by residential appraisals of the homes which are being sold in an orderly manner, and management expects no loss on this investment. Because the initial downpayment on many of these houses was insufficient to qualify for full accrual sale treatment, they are being carried as nonaccrual loans until such time as the borrowers' investment in the property exceeds the required threshold.

Most of the nonperforming assets are secured by real estate within the Company's trade area. Based on the estimated fair values of the related real estate, management considers these amounts to be recoverable, with any individual deficiency considered in the allowance for loan losses.

At December 31, 1998, nonaccrual loans and foreclosed properties totaled $3.9 million, down from $4.0 million at December 31, 1997. Nonaccrual loans increased by $569,000 in 1998 while other real estate owned decreased from $1.7 million to $1.1 million.

SECURITIES

At December 31, 1999, $201.7 million, or over 95%, of the Company's securities were classified as available for sale, as compared to $161.2 million at December 31, 1998. Investment securities totaled $9.6 million at December 31, 1999 and consists of securities which management intends to hold to maturity.

At December 31, 1998, $161.2 million, or over 90%, of the Company's securities were classified as available for sale, as compared to $143.7 million at December 31, 1997. Investment securities totaled $16.1 million at December 31, 1998 and consists of securities which management intends to hold to maturity.

The Company seeks to diversify its portfolio to minimize risk and to maintain a large amount of securities issued by states and political subdivisions due to the tax benefits such securities provide. It also purchases mortgage backed securities because of the reinvestment opportunities from the cashflows and the higher yield offered from these securities. The investment portfolio has a high percentage of municipals and mortgage backed securities which is the main reason for the high yield the portfolio attains compared to its peers.

MATURITIES OF INVESTMENT SECURITIES AND SECURITIES AVAILABLE FOR SALE

	DECEMBER 31, 1999				
	1 YEAR OR LESS	1 - 5 YEARS	5 - 10 YEARS	OVER 10 YEARS & EQUITY SECURITIES	TOTAL

	(dollars in thousands)				
<S>	<C>	<C>	<C>	<C>	<C>
U.S. government and agency securities:					
Amortized cost	$ 1,595	$ 3,701	$ --	$ 17,998	$ 23,294
Fair value	1,585	3,650	--	16,649	21,884
Weighted average yield(1)	5.34%	5.88%	--	6.97%	6.69%
Mortgage backed securities:					
Amortized cost	$ 1,699	$ 28,378	$ 35,365	$ 4,605	$ 70,047
Fair value	1,698	27,595	33,831	4,389	67,513
Weighted average yield(1)	5.15%	6.59%	6.48%	6.10%	6.43%
Municipal bonds:					
Amortized cost	$ 4,280	$ 18,736	$ 33,327	$ 46,528	$102,871
Fair value	4,300	18,828	33,624	43,257	100,009
Weighted average yield(1)	7.95%	7.71%	7.84%	7.16%	7.51%
Other securities:					
Amortized cost	$ 795	$ 3,209	$ 199	$ 18,381	$ 22,584
Fair value	794	3,123	189	17,727	21,833
Weighted average yield(1)	6.46%	6,12%	6.28%	8.30%	6.01%
Total securities:					
Amortized cost	$ 8,369	$ 54,024	$ 68,891	$ 87,512	$218,796
Fair value	8,377	53,196	67,644	82,022	211,239
Weighted average yield(1)	6.74%	6.49%	7.14%	7.04%	6.92%

</TABLE>

(1) Yields on tax-exempt securities have been computed on a tax-equivalent basis.

DEPOSITS

Total deposits grew $39 million or 6.5% in 1999 with deposits in existing branches accounting for 5.8% of that growth, compared to 9.2% existing branch deposit growth in 1998. Increased competition for customer deposits continues to be a challenge for the Company, as reflected by the continual rise in other borrowings in 1999. The Company continues to focus on customer relationships and delivery of products and services that attract deposit customers.

Total deposits increased from $607.6 million at December 31, 1998 to $646.9 million at December 31, 1999. Over this same period, average interest-bearing deposits were $542 million, or 11.8% over the 1998 average of $484.5 million. The majority of the increase in average deposits is represented by a $37.8 million increase in certificates of deposit and a $4.2 million increase in savings accounts. In 1999, the Company's lowest cost source of funds, non-interest-bearing demand deposits increased by a total of $9.7 million. The Company has no brokered deposits.

AVERAGE DEPOSITS AND RATES PAID
<TABLE>
<CAPTION>

	YEARS ENDED DECEMBER 31,					
	1999		1998		1997	
	AMOUNT	RATE	AMOUNT	RATE	AMOUNT	RATE
			(dollars in thousands)			
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Non-interest-bearing accounts	$ 85,017	--	$ 75,278	--	$ 60,512	--
Interest-bearing accounts:						
Interest checking	88,806	2.08%	73,263	2.38%	56,495	2.57%
Money market	63,452	3.26%	60,674	3.40%	51,119	3.37%
Regular savings	59,897	2.63%	58,490	2.99%	53,200	3.08%
Certificates of deposit:						
Less than $100,000	237,734	5.30%	223,362	5.62%	192,441	5.69%
$100,000 and over .	92,123	5.07%	68,703	5.52%	56,481	5.25%
Total interest-bearing	542,012	4.20%	484,492	4.51%	409,736	4.57%
Total average deposits.	$627,029		$559,770		$470,248	

</TABLE>

MATURITIES OF CERTIFICATES OF DEPOSIT OF $100,000 AND OVER
<TABLE>

<CAPTION>

	WITHIN 3 MONTHS	3 - 6 MONTHS	6 - 12 MONTHS	OVER 12 MONTHS	TOTAL	PERCENT OF TOTAL DEPOSITS
			(dollars in thousands)			
<S>	<C>	<C>	<C>	<C>	<C>	<C>
At December 31, 1999......	$ 29,141	$ 21,405	$ 39,851	$ 17,257	$107,654	16.64%
At December 31, 1998......	26,974	16,014	19,005	18,933	80,926	13.32%
At December 31, 1997......	14,116	29,408	13,924	3,723	61,171	12.94%

</TABLE>

Total deposits grew from $489.3 million at December 31, 1997 to $607.6 million at December 31, 1998. Over this same period, average interest-bearing deposits were $484.5 million, or 18% over the 1997 average of $409.7 million.

CAPITAL RESOURCES

Capital resources represents funds, earned or obtained, over which financial institutions can exercise greater or longer control in comparison with deposits and borrowed funds. The adequacy of the Company's capital is reviewed by management on an ongoing basis with reference to size, composition, and quality of the Company's resources and consistency with regulatory requirements and industry standards. Management seeks to maintain a capital structure that will assure an adequate level of capital to support anticipated asset growth and to absorb potential losses, yet allow management to effectively leverage its capital to maximize return to shareholders.

The Federal Reserve, along with the Comptroller of the Currency and the Federal Deposit Insurance Corporation, has adopted capital guidelines to supplement the existing definitions of capital for regulatory purposes and to establish minimum capital standards. Specifically, the guidelines categorize assets and off-balance sheet items into four risk-weighed categories. The minimum ratio of qualifying total assets is 8.0%, of which 4.0% must be Tier 1 capital, consisting of common equity, retained earnings and a limited amount of perpetual preferred stock, less certain goodwill items. The Company had a ratio of risk-weighted assets to total capital of 12.21% and 13.70% on December 31, 1999 and 1998, respectively. The Company's ratio of risk-weighted assets to Tier 1 capital was 11.11% and 12.47% at December 31, 1999 and 1998, respectively. Both of these ratios exceeded the fully phased-in capital requirements in 1999 and 1998.

The Company's strategic plan includes targeted capital levels between 8% and 9%.

ANALYSIS OF CAPITAL

	DECEMBER 31, 1999	DECEMBER 31, 1998
	(dollars in thousands)	
Tier 1 capital:		
Common stock	$ 14,976	$ 15,015
Surplus	163	311
Retained earnings	58,603	55,690
Total equity	73,742	71,016
Less: core deposit intangibles/goodwill	(6,569)	(5,846)
Total Tier 1 capital	67,173	65,170
Tier 2 capital:		
Allowance for loan losses	6,617	6,407
Allowable long-term debt	--	--
Total Tier 2 capital	6,617	6,407
Total risk-based capital	$ 73,790	$ 71,577
Risk-weighted assets	$ 604,525	$ 522,533
Capital ratios:		
Tier 1 risk-based capital ratio	11.11%	12.47%
Total risk-based capital ratio	12.21%	13.70%
Tier 1 capital to average adjusted total assets	8.35%	9.06%

Equity to total assets	8.37%	10.00%

LIQUIDITY

Liquidity represents an institution's ability to meet present and future financial obligations through either the sale or maturity of existing assets or the acquisition of additional funds through liability management. Liquid assets include cash, interest bearing deposits with banks, federal funds sold, investments and loans maturing within one year. The Company's ability to obtain deposits and purchase funds at favorable rates determines its liability liquidity. As a result of the Company's management of liquid assets and the ability to generate liquidity through liability funding, management believes that the Company maintains overall liquidity which is sufficient to satisfy its depositors' requirements and to meet it customers' credit needs.

At December 31, 1999, cash and cash equivalents and securities classified as available for sale were 26.9% of total assets, compared to 27.6% at December 31, 1998. Asset liquidity is also provided by managing loan and

securities maturities and cash flows.

Additional sources of liquidity available to the Company include its capacity to borrow additional funds when necessary. The subsidiary banks maintain federal funds lines with several regional banks totaling approximately $52 million at December 31, 1999. At year end 1999, the Banks had outstanding $16.8 million of borrowings pursuant to securities sold under agreements to repurchase transactions with a maturity of one day. The Company also had a line of credit with the Federal Home Loan Bank of Atlanta for $100 million at December 31, 1999.

RECENT ACCOUNTING PRONOUNCEMENTS

In June 1998, the FASB issued Statement No. 133, Accounting for Derivative Instruments and Hedging Activities, which is required to be adopted no later than January 1, 2001. The Statement will require the Company to recognize all derivatives on the balance sheet at fair value. Derivatives that are not hedges must be adjusted to fair value through income. If a derivative is a hedge, depending on the nature of the hedge, changes in the fair value of the derivative will either be offset against the change in fair value of the hedged asset, liability, or firm commitment through earnings, or recognized in other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in fair value will be immediately recognized in earnings. The Company does not anticipate that the adoption of this Statement will have a significant effect on its results of operations or financial position.

FORWARD-LOOKING STATEMENTS

Certain statements in this report may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Although the Company believes that its expectations with respect to certain forward-looking statements are based upon reasonable assumptions within the bounds of its knowledge of its business and operations, there can be no assurance that actual results, performance or achievements of the Company will not differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements.

INDEPENDENT AUDITOR'S REPORT

[LOGO OF YOUNT, HYDE & BARBOUR, P.C.]

YOUNT, HYDE & BARBOUR, P.C.

Certified Public Accountants INDEPENDENT AUDITOR'S REPORT
and Consultants

To the Stockholders and Directors
Union Bankshares Corporation
Bowling Green, Virginia

We have audited the accompanying consolidated balance sheet of Union Bankshares Corporation and subsidiaries as of December 31, 1999, and the related consolidated statements of income, stockholders' equity and cash flows for the year ended December 31, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of Mortgage Capital Investors, a consolidated subsidiary, which statements reflect total assets and revenue constituting 1% and 11%, respectively, in 1999, of the related consolidated totals. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Mortgage Capital Investors, is based solely on the report of the other auditors. The financial statements of Union Bankshares Corporation for the years ended December 31, 1998 and 1997 were audited by other auditors whose report, dated February 9, 1999, except as to Note 14, which is as of February 11, 1999, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provides a reasonable basis for our opinion.

In our opinion, based on our audit and the report of the other auditors, the 1999 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Union Bankshares Corporation and subsidiaries as of December 31, 1999, and the results of their operations and their cash flows for the year ended December 31, 1999 in conformity with generally accepted accounting principles.

/s/ Yount, Hyde & Barbour, P.C.

Winchester, Virginia
January 28, 2000

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CAROLYN R. GULLETT . JAMMIE HAIRFIELD . VALERIE HALEY . MARIE T. HARRISON . SUSAN N. HARTSOOK . NANCY B. HAUN . JULI A. HAWKINS . JENNIFER HAYDEN . CATHY J. HOLMAN . KRISTI L. HURD . WILLIAM H.
- --

UNION BANKSHARES CORPORATION

CONSOLIDATED BALANCE SHEETS

UNION BANKSHARES CORPORATION AND SUBSIDIARIES
DECEMBER 31, 1999 AND 1998
(dollars in thousands)
<TABLE>
<CAPTION>

ASSETS	1999	1998
<S>	<C>	<C>
Cash and cash equivalents:		
Cash and due from banks	$ 18,804	$ 39,607
Interest-bearing deposits in other banks	867	1,413
Federal funds sold	248	-
Total cash and cash equivalents	19,919	41,020
Securities available for sale, at fair value	201,721	

		161,228
Investment securities, at amortized cost		
Fair value of $9,518 and $16,452, respectively	9,578	16,142
Total securities	211,299	177,370
Loans held for sale	6,680	-
Loans, net of unearned income	543,367	479,822
Less allowance for loan losses	6,617	6,407
Net loans	536,750	473,415
Bank premises and equipment, net	21,458	21,057
Other real estate owned	2,016	1,101
Other assets	23,705	19,984
Total assets	$ 821,827	$ 733,947
LIABILITIES AND STOCKHOLDERS' EQUITY		
Non-interest-bearing demand deposits	$ 79,048	$ 81,329
Interest-bearing deposits:		
Savings accounts	58,209	61,281
NOW accounts	95,882	81,514
Money market accounts	63,249	64,331
Time deposits of $100,000 and over	107,654	80,926
Other time deposits	242,824	238,248
Total interest-bearing deposits	567,818	526,300
Total deposits	646,866	607,629
Short-term borrowings	39,159	19,476
Long-term borrowings	54,420	28,325
Other liabilities	12,588	5,158
Total liabilities	753,033	660,588
Commitments and contingencies		
Stockholders' equity:		
Common stock, $2 par value. Authorized 24,000,000 shares; issued and outstanding, 7,487,829 shares in 1999 and 7,507,394 shares in 1998	14,976	15,015
Surplus	163	311
Retained earnings	58,603	55,690
Accumulated other comprehensive income (loss)	(4,948)	2,343

Total stockholders' equity	68,794	73,359
Total liabilities and stockholders' equity	$ 821,827	$ 733,947

</TABLE>
See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

UNION BANKSHARES CORPORATION AND SUBSIDIARIES
YEARS ENDED DECEMBER 31, 1999, 1998 AND 1997
(dollars in thousands, except per share amounts)

<TABLE>
<CAPTION>

<S>	1999 <C>	1998 <C>	1997 <C>
Interest and dividend income:			
Interest and fees on loans	$ 43,220	$ 40,395	$ 34,939
Interest and dividends on securities:			
U.S. government and agency securities	1,584	1,505	3,569
Obligations of states and political subdivisions	4,917	4,145	3,954
Other securities	5,650	4,365	1,922
Interest on Federal funds sold	209	581	384
Interest on interest-bearing deposits in other banks	56	71	53
Total interest income	55,636	51,062	44,821
Interest expense:			
Interest on deposits	22,769	21,907	18,729
Interest on other borrowings	4,298	2,556	2,328
Total interest expense	27,067	24,463	21,057
Net interest income	28,569	26,599	23,764
Provision for loan losses	2,216	3,044	1,182
Net interest income after provision for loan losses	26,353	23,555	22,582
Noninterest income:			
Service charges on deposit accounts	3,078	2,894	2,173
Other service charges and fees	1,716	1,304	1,001
Gains (losses) on securities transactions, net	16	71	(29)
Gains on sales of loans	7,581	-	

-

Gains (losses) on sales of other real estate owned and bank premises, net	312	297	446
Other operating income	543	1,001	904
Total noninterest income	13,246	5,567	4,495
Noninterest expenses:			
Salaries and benefits	18,844	10,902	8,990
Occupancy expenses	2,149	1,280	971
Furniture and equipment expenses	2,411	1,617	1,435
Other operating expenses	9,285	6,823	5,232
Total noninterest expenses	32,689	20,622	16,628
Income before income taxes	6,910	8,500	10,449
Income tax expense	636	1,678	2,283
Net income	$ 6,274	$ 6,822	$ 8,166
Basic net income per share	$ 0.84	$ 0.91	$ 1.10
Diluted net income per share	$ 0.84	$ 0.91	$ 1.09

</TABLE>

See accompanying notes to consolidated financial statements.

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LECARPENTIER . KATHRYN S. LEE . BARBARA B. LEWIS . SHEILA Y. LONG . DEBBIE C. LOVING . HELEN K. MANOS . BARBARA MARCH . S. RENEE MARKS . TERRI MASSIE . CHRISTOPHER MAYDEN . DONNA R.
- ---

UNION BANKSHARES CORPORATION

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

UNION BANKSHARES CORPORATION AND SUBSIDIARIES
YEARS ENDED DECEMBER 31, 1999, 1998 and 1997

(dollars in thousands)

<TABLE>
<CAPTION>

	COMMON STOCK	SURPLUS	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	COMPREHENSIVE INCOME (LOSS)	TOTAL
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balance - December 31, 1996	$ 14,900	$ (173)	$ 46,203	$ 272		$ 61,202
Comprehensive income:						
Net income - 1997			8,166		$ 8,166	8,166
Unrealized holding gains arising during the period (net of tax, $738)					1,416	
Reclassification adjustment for losses included in net income (net of tax, $10)						

Other comprehensive income (net of tax, $728)				1,435	1,435	1,435
Total comprehensive income						$ 9,601
Cash dividends - 1997 ($.37 per share)			(2,641)		(2,641)	
Issuance of common stock under Dividend Reinvestment Plan (21,044 shares)	43	261			304	
Stock repurchased under Stock Repurchase Plan (3,000 shares)	(6)	(33)			(39)	
Balance - December 31, 1997	$ 14,937	$ 55	$ 51,728	$ 1,707	$ 68,427	
Comprehensive income:						
Net income - 1998			6,822		6,822	$ 6,822
Unrealized holding gains arising during the period (net of tax, $352)						683
Reclassification adjustment for gains included in net income (net of tax, $24)						(47)
Other comprehensive income (net of tax, $328)				636	636	636
Total comprehensive income						$ 7,458
Cash dividends - 1998 ($.38 per share)			(2,860)		(2,860)	
Issuance of common stock under Dividend Reinvestment Plan (17,326 shares)	35	289			324	
Issuance of common stock under Incentive Stock Option Plan (21,776 shares)	43	(33)			10	
Balance - December 31, 1998	$ 15,015	$ 311	$ 55,690	$ 2,343	$ 73,359	
Comprehensive income:						
Net income - 1999			6,274		6,274	$ 6,274
Unrealized holding losses arising during the period (net of tax, $3,764)						(7,280)
Reclassification adjustment for gains included in net income (net of tax, $5)						(11)
Other comprehensive income (net of tax, $3,756)				(7,291)	(7,291)	(7,291)
Total comprehensive (loss)						$ (1,017)
Cash dividends - 1999 ($.40 per share)			(2,994)		(2,994)	
Issuance of common stock under Dividend Reinvestment Plan (22,257 shares)	45	291			336	
Stock repurchased under Stock Repurchase Plan (104,912 shares)	(210)	(1,705)	-		(1,915)	
Discretionary transfer of retained earnings to surplus		367	(367)		-	
Issuance of common stock under Incentive Stock Option Plan (400 shares)	1	4	-			

5

Issuance of common stock for services rendered (1,200 shares)	2	18			20
Issuance of common stock in exchange for net assets in acquisition (61,490 shares)	123	877			1,000
Balance - December 31, 1999	$ 14,976	$ 163	$ 58,603	$ (4,948)	$ 68,794

</TABLE>

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

UNION BANKSHARES CORPORATION AND SUBSIDIARIES
YEARS ENDED DECEMBER 31, 1999, 1998 AND 1997

(dollars in thousands)

<TABLE>
<CAPTION>

	1999	1998	1997
Operating activities:			
Net income	$ 6,274	$ 6,822	$ 8,166
Adjustments to reconcile net income to net cash and cash equivalents provided by operating activities:			
Depreciation of bank premises and equipment	1,683	1,472	1,359
Amortization	1,082	10	-
Provision for loan losses	2,216	3,044	1,182
(Gains) losses on securities transactions, net	(16)	(71)	29
Origination of loans held for sale	(65,076)	-	-
Proceeds from sales of loans held for sale	58,396	-	-
Gains (losses) on sales of other real estate owned and fixed assets, net	(312)	(297)	(446)
Deferred income tax (benefit)	(397)	(567)	(173)
Decrease (increase) in accrued interest receivable	(812)	114	(292)
Other, net	9,048	(8,902)	2,188
Net cash and cash equivalents provided by operating activities	12,086	1,625	12,013
Investing activities:			
Purchases of investment securities	(199)	(1,646)	(8,949)
Proceeds from maturities of investment securities	3,697	3,269	6,695
Purchases of securities available for sale	(77,484)	(82,381)	(37,565)
Proceeds from sales of securities available for sale	14,259	56,472	2,857
Proceeds from maturities of securities available for sale	13,387	8,838	26,662
Net increase in loans	(65,862)	(82,056)	

			(45,164)
Purchases of bank premises and equipment	(1,732)	(5,642)	(4,003)
Proceeds from sales of other real estate owned	300	1,092	3,611
Net cash and cash equivalents used in investing activities	(113,634)	(101,974)	(55,856)
Financing activities:			
Net increase (decrease) in noninterest-bearing deposits	(2,281)	15,623	6,242
Net increase in interest-bearing deposits	41,518	102,750	27,440
Net increase (decrease) in short-term borrowings	19,683	(7,769)	(158)
Proceeds from long-term borrowings	26,500	4,745	12,800
Repayment of long-term borrowings	(405)	(135)	(210)
Cash dividends paid	(2,994)	(2,860)	(2,791)
Issuance of common stock	341	334	304
Purchases of common stock	(1,915)	-	(39)
Net cash and cash equivalents provided by financing activities	80,447	112,688	43,588
Increase (decrease) in cash and cash equivalents	(21,101)	12,339	(255)
Cash and cash equivalents at beginning of year	41,020	28,681	28,936
Cash and cash equivalents at end of year	$ 19,919	$ 41,020	$ 28,681
Supplemental Disclosures of Cash Flow Information			
Cash payments for:			
Interest	$ 27,566	$ 24,267	$ 21,053
Income taxes	$ 1,840	$ 2,747	$ 2,517
Supplemental schedule of noncash investing and financing activities:			
Loan balances transferred to foreclosed properties	$ 311	$ 50	$ 475
Unrealized gain (loss) on securities available for sale	$ (11,047)	$ 964	$ 2,163
Issuance of common stock in exchange for net assets in acquisition	$ 1,000	$ -	$ -
Issuance of common stock for services rendered	$ 20	$ -	$ -

</TABLE>

See accompanying notes to consolidated financial statements.

. SUSAN NEPRUD . GERRY P. NEWTON . RENEE NEWTON . JENNY NORRIS . DONNA A. NORTON . JEANNA M. OTT . JOYCE S. OTTO . MICHELLE C. PAGE . DARLENE M. PALMER . C. THOMAS PARCELL, III . MARY J. PARKER

UNION BANKSHARES CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

UNION BANKSHARES CORPORATION AND SUBSIDIARIES
YEARS ENDED DECEMBER 31, 1999, 1998 AND 1997

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and practices of Union Bankshares Corporation and subsidiaries (the "Company") conform to generally accepted accounting principles and to general practice within the banking industry. Major policies and practices are described below:

(A) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of Union Bankshares Corporation and its wholly-owned subsidiaries. Union Bankshares Corporation is a bank holding company that owns all of the outstanding common stock of its banking subsidiaries, Union Bank and Trust Company, Northern Neck State Bank, Rappahannock National Bank, Bank of Williamsburg and its non-banking subsidiaries, Union Investment Services and Mortgage Capital Investors ("MCI"). During 1999 King George State Bank was merged into Union Bank and Trust Company with King George State Bank ceasing to exist. All significant intercompany balances and transactions have been eliminated. The accompanying consolidated financial statements for prior periods reflect certain reclassifications in order to conform with the 1999 presentation.

On February 11, 1999 the Company completed the purchase of Mortgage Capital Investors, a mortgage origination business headquartered in Springfield, Virginia with locations in the states of Virginia, Maryland, North Carolina, South Carolina, New Jersey and Connecticut. This business was purchased to enhance the Company's existing mortgage operations (which was merged into MCI) and increase noninterest income. This acquisition was accounted for under the purchase method of accounting. The final purchase price was $3,560,000. At closing the Company paid $1,000,000 in cash and $1,000,000 in common stock totaling 61,490 shares. In addition, a total of $1,560,000 in cash and common stock is to be distributed over the next three anniversary dates. As a result of this transaction, goodwill in the amount of $1,211,000 was recorded and is being amortized using the straight line method over 10 years.

(B) INVESTMENT SECURITIES AND SECURITIES AVAILABLE FOR SALE

When securities are purchased, they are classified as investment securities when management has the intent and the Company has the ability to hold them to maturity. Investment securities are carried at cost, adjusted for amortization of premiums and accretion of discounts, which are recognized as adjustments to interest income using a method that approximates the interest method.

Securities available for sale are those that management intends to hold for an indefinite period of time, including securities used as part of the Company's asset/liability strategy, and that may be sold in response to changes in interest rates, liquidity needs or other similar factors. Securities available for sale are recorded at estimated fair value. The net unrealized gains or losses on securities available for sale, net of deferred taxes, are included in accumulated other comprehensive income (loss) in stockholders' equity. Gains and losses on the sale of securities are determined using the specific identification method.

Purchased premiums and discounts are recognized in interest income using the interest method over the terms of the securities. Declines in the fair value of held-to-maturity and available-for-sale securities below their cost that are deemed to be other than temporary are reflected in earnings as realized losses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

(C) LOANS HELD FOR SALE

Loans originated and intended for sale in the secondary market are carried at the lower of cost or estimated fair value in the aggregate. Net unrealized losses, if any, are recognized through a valuation allowance by charges to income.

(D) LOANS

Interest on loans is calculated using principally the simple interest method on daily balances of principal amounts outstanding. The accrual of interest is discontinued when the collection of principal and/or interest is legally barred or considered by management to be highly unlikely. After a loan is classified as nonaccrual, interest income is generally recognized only when collected.

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. DEBORAH A. PAULEY . LORI PAYNE . ARTHUR E. PEARSON . MARJORIE S. PERKINS . JOYCE S. PITTS . KAREN POATES . TAMARA D. PRITCHARD . KIMBERLY PUGH . JOHN M. RANDOLPH . DOUGLAS M. RANSONE .

Loan origination fees and direct loan origination costs for completed loans are netted and then deferred and amortized into interest income as an adjustment of yield.

(E) ALLOWANCE FOR LOAN LOSSES

The provision for loan losses charged to operations is an amount sufficient to bring the allowance for loan losses to an estimated balance that management considers adequate to absorb potential losses in the portfolio. Loans are charged against the allowance when management believes the collectibility of the principal is unlikely. Recoveries of amounts previously charged off are credited to the allowance. Management's determination of the adequacy of the allowance is based on an evaluation of the composition of the loan portfolio, the value and adequacy of collateral, current economic conditions, historical loan loss experience, and other risk factors. Management believes that the allowance for loan losses is adequate. While management uses available information to recognize losses on loans, future additions to the allowance may be necessary based on changes in economic conditions, particularly those affecting real estate values. In addition, regulatory agencies, as an integral part of their examination process, periodically review the Company's allowance for loan losses. Such agencies may require the Company to recognize additions to the allowance based on their judgments about information available to them at the time of their examination.

A loan is considered impaired when, based on current information and events, it is probable that the Company will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed. Impairment is measured on a loan by loan basis for commercial and construction loans by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price, or the fair value of the collateral if the loan is collateral dependent. The Company includes, as a component of its allowance for loan losses, amounts it deems adequate to cover estimated losses related to impaired loans. Interest income on impaired loans is recognized on a cash basis.

(F) BANK PREMISES AND EQUIPMENT

Bank premises and equipment is stated at cost less accumulated depreciation and amortization. Depreciation and amortization are computed using either the straight-line or accelerated method based on the type of asset involved. It is the policy of the Company to capitalize additions and improvements and to depreciate the cost thereof over their estimated useful lives. Maintenance, repairs and renewals are expensed as they are incurred.

(G) INTANGIBLE ASSETS

Core deposit intangibles are included in other assets and are being amortized on a straight-line basis over the period of expected benefit, which approximates 15 years. Core deposits, net of amortization amounted to $5,465,000 and $5,846,000 at December 31, 1999 and 1998, respectively. Other assets also includes goodwill, which is being amortized on a straight line basis over the period of expected benefit, approximately ten years. Goodwill, net of amortization, totaled $1,111,000 at December 31, 1999.

(H) INCOME TAXES

Deferred income tax assets and liabilities are determined using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is determined based on the tax effects of the temporary differences between the book and tax bases of the various balance sheet assets and liabilities and gives current recognition to changes in tax rates and laws.

(I) OTHER REAL ESTATE OWNED

Foreclosed assets are carried at the lower of (a) fair value minus estimated costs to sell or (b) cost at the time of foreclosure. Such determination is made on an individual asset basis. If the fair value of the asset minus the estimated costs to sell the asset is less than the cost of the asset, the deficiency is recognized as a valuation allowance. If the fair value of the asset minus the estimated costs to sell the asset subsequently increases and is more than its carrying amount, the valuation allowance is

reduced, but not below zero. Increases or decreases in the valuation allowance are charged or credited to income. Recovery of the carrying value of such real estate is dependent to a great extent on economic, operating and other conditions that may be beyond the Company's control.

(J) CONSOLIDATED STATEMENTS OF CASH FLOWS

For purposes of reporting cash flows, the Company defines cash and cash equivalents as cash, due from banks, interest-bearing deposits in other banks and Federal funds sold.

(K) PENSION PLAN

The Company computes the net periodic pension cost of its pension plan in accordance with Statement of Financial Accounting Standards No. 87, "Employers' Accounting for Pensions." Costs of the plan are determined by independent actuaries. Termination of this plan is in process and is anticipated to be completed in 2000.

(L) EARNINGS PER SHARE

Basic earnings per share (EPS) is computed by dividing net income by the weighted average number of common shares outstanding during the year. Diluted EPS is computed using the weighted average number of common shares outstanding during the year, including the dilutive effect of stock options.

(M) COMPREHENSIVE INCOME (LOSS)

Comprehensive income (loss) represents all changes in equity of an enterprise that result from recognized transactions and other economic events of the period. Other comprehensive income (loss) refers to revenues, expenses, gains and losses that under generally accepted accounting principles are included in comprehensive income but excluded from net income, such as unrealized gains and losses on certain investments in debt and equity securities.

(N) USE OF ESTIMATES

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions of certain amounts in the financial statements. Actual results could differ from these estimates. Material estimates that are particularly susceptible to significant change in the near term include the allowance for loan losses and the valuation of foreclosed real estate and deferred tax assets.

2 INVESTMENT SECURITIES AND SECURITIES AVAILABLE FOR SALE

The amortized cost, gross unrealized gains and losses of investment securities and estimated fair value at December 31, 1999 and 1998 are summarized as follows (in thousands):

<TABLE>
<CAPTION>

	1999		
		GROSS	GROSS
ESTIMATED			

	AMORTIZED COST	UNREALIZED GAINS	UNREALIZED (LOSSES)	FAIR VALUE
U.S. government and agency securities	$ 1,300	$ 1	$ (6)	$ 1,295
Obligations of states and political subdivisions	7,260	33	(85)	7,208
Corporate and other bonds	1,018	-	(3)	1,015
	$ 9,578	$ 34	$ (94)	$ 9,518

	1998			
	AMORTIZED COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED (LOSSES)	ESTIMATED FAIR VALUE
U.S. government and agency securities	$ 5,747	$ 40	$ -	$ 5,787
Obligations of states and political subdivisions	8,765	241	-	9,006
Corporate and other bonds	1,630	29	-	1,659
	$ 16,142	$ 310	$ -	$ 16,452

</TABLE>

The amortized cost, estimated fair value and gross unrealized gains and losses of securities available for sale at December 31, 1999 and 1998 are summarized as follows (in thousands):

<TABLE>
<CAPTION>

	1999			
	AMORTIZED COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED (LOSSES)	ESTIMATED FAIR VALUE
U.S. government and agency securities	$ 21,994	$ -	$ (1,405)	$ 20,589
Obligations of states and political subdivisions	95,611	720	(3,530)	92,801
Corporate and other bonds	16,257	34	(805)	15,486
Mortgage-backed securities	70,047	34	(2,568)	67,513
Federal Reserve Bank stock	706	-	-	706

Federal Home Loan Bank stock	3,923	-	-	3,923
Other securities	680	43	(20)	703
	$ 209,218	$ 831	$ (8,328)	$ 201,721

<CAPTION>

	1998			
	AMORTIZED COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED (LOSSES)	ESTIMATED FAIR VALUE
<S>	<C>	<C>	<C>	<C>
U.S. government and agency securities	$ 7,647	$ 64	$ -	$ 7,711
Obligations of states and political subdivisions	73,523	2,979	(39)	76,463
Corporate and other bonds	4,175	98	-	4,273
Mortgage-backed securities	69,015	489	(108)	69,396
Federal Reserve Bank stock	484	-	-	484
Federal Home Loan Bank stock	2,517	-	-	2,517
Other securities	317	67	-	384
	$ 157,678	$ 3,697	$ (147)	$ 161,228

</TABLE>

The amortized cost and estimated fair value (in thousands) of investment securities and securities available for sale at December 31, 1999, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

<TABLE>
<CAPTION>

	INVESTMENT SECURITIES		SECURITIES AVAILABLE FOR SALE	
	AMORTIZED COST	ESTIMATED FAIR VALUE	AMORTIZED COST	ESTIMATED FAIR VALUE
<S>	<C>	<C>	<C>	<C>
Due in one year or less	$ 4,207	$ 4,215	$ 33,820	$ 32,958
Due after one year through five years	5,371	5,303	125,439	120,900
Due after five years through ten years	-	-	35,365	33,832
Due after ten years	-	-	9,285	8,699
	9,578	9,518	203,909	196,389
Federal Reserve Bank stock	-	-	706	706
Federal Home Loan Bank stock	-	-	3,923	3,923
Other securities	-	-	680	703

	$ 9,578	$ 9,518	$ 209,218	$ 201,721
	============	===========	============	===========

</TABLE>

Securities with an amortized cost of approximately $67,691,000 and $43,297,000 at December 31, 1999 and 1998 were pledged to secure public deposits, repurchase agreements and for other purposes.

Sales of securities available for sale produced the following results for the years ended December 31, 1999, 1998 and 1997 (in thousands):

<TABLE>
<CAPTION>

<S>	1999 <C>	1998 <C>	1997 <C>
Proceeds	$ 14,259	$ 56,472	$ 2,857
	============	===========	============
Gross realized gains	$ 20	$ 195	$ 58
Gross realized (losses)	(4)	(124)	(87)
	------------	-----------	------------
Net realized gains (losses)	$ 16	$ 71	$ (29)
	============	===========	============

</TABLE>

3 LOANS

Loans are stated at their face amount, net of unearned income, and consist of the following at December 31, 1999 and 1998 (in thousands):

<TABLE>
<CAPTION>

<S>	1999 <C>	1998 <C>
Real estate loans		
Residential 1 - 4 family	$ 167,801	$ 144,778
Commercial	120,490	108,063
Construction	33,218	38,128
Second Mortgages	11,445	11,065
Equity lines of credit	20,987	18,737
Multifamily	4,592	5,521
Agriculture	2,373	994
	-----------	-----------
Total real estate loans	360,906	327,286
	-----------	-----------
Commercial loans	67,649	61,678
	-----------	-----------
Consumer installment loans		
Personal	102,713	79,492
Credit cards	4,346	3,232
	-----------	-----------
Total consumer installment loans	107,059	82,724
	-----------	-----------
All other loans and agriculture loans	8,870	9,154
	-----------	-----------
Gross loans	544,484	480,842
Less unearned income on loans	1,117	1,020
	-----------	-----------
Loans, net of unearned income	$ 543,367	$ 479,822
	===========	===========

</TABLE>

At December 31, 1999 and 1998, the recorded investment in loans which have been identified as impaired loans, in accordance with Statement of Financial Accounting Standards No. 114, "Accounting by Creditors for Impairment of a Loan" (SFAS 114), totaled $1,487,000 and $2,813,000, respectively. The valuation allowance related to impaired loans on December 31, 1999 is $513,000 and $1,436,000, respectively. At December 31, 1999, 1998 and 1997, the average investment on impaired loans was $2,418,000, $3,054,000 and $1,357,000, respectively. The amount of interest income recorded by the Company during 1999, 1998 and 1997 on impaired loans was approximately $9,000, $61,000 and $102,000, respectively.

4 ALLOWANCE FOR LOAN LOSSES

Changes in the allowance for loan losses for the years ended December 31, 1999, 1998 and 1997 are summarized below (in thousands):

	1999	1998	1997
Balance, beginning of year	$ 6,407	$ 4,798	$ 4,612
Provision charged to operations	2,216	3,044	1,182
Recoveries credited to allowance	346	274	213
Total	8,969	8,116	6,007
Loans charged off	2,352	1,709	1,209
Balance, end of year	$ 6,617	$ 6,407	$ 4,798

5 BANK PREMISES AND EQUIPMENT

Bank premises and equipment as of December 31, 1999 and 1998 are as follows (in thousands):

	1999	1998
Land	$ 5,187	$ 5,386
Land improvements and buildings	13,896	13,328
Leasehold improvements	503	383
Furniture and equipment	12,607	11,031
Construction in progress	613	762
	32,806	30,890
Less accumulated depreciation and amortization	11,348	9,833
Bank premises and equipment, net	$ 21,458	$ 21,057

Depreciation expense for 1999, 1998 and 1997 was $1,683,000, $1,472,000 and $1,359,000 respectively. Future minimum rental payments required under non-cancelable operating leases that have initial or remaining terms in excess of one year as of December 31, 1999 are approximately $851,000 for 2000, $692,000 for 2001, $453,000 for 2002, $425,000 for 2003, $360,000 for 2004, and $2,417,000 thereafter. Rental expense for years ended December 31, 1999, 1998 and 1997 totaled $980,000, $218,000 and $193,000 respectively.

6 DEPOSITS

The aggregate amount of time deposits in denominations of $100,000 or more at December 31, 1999 and 1998 was $107,654,000 and $80,926,000, respectively. At December 31, 1999, the scheduled maturities of time deposits are as follows (in thousands):

2000	$ 262,815
2001	33,551
2002	16,820
2003	29,693
2004	7,359
Thereafter	240
	$ 350,478

7 Other Borrowings

Short-term borrowings consist of the following at December 31, 1999 and 1998 (dollars in thousands):

<TABLE>
<CAPTION>

<S>	1999 <C>	1998 <C>
Federal funds purchased	$ 750	$ 4,500
Securities sold under agreements to repurchase	16,789	14,856
Other short-term borrowings	21,620	120
Total	$ 39,159	$ 19,476
Weighted interest rate	5.37%	3.92%
Average for the year ended December 31:		
Outstanding	$ 36,545	$ 15,150
Interest rate	5.18%	5.26%
Maximum month-end outstanding	$ 53,363	$ 41,621

</TABLE>

The subsidiary banks maintain Federal funds lines with several regional banks totaling approximately $52 million at December 31, 1999. The Company also had a line of credit with the Federal Home Loan Bank of Atlanta for $100 million at December 31, 1999.

Short-term borrowings consist of securities sold under agreements to repurchase which are secured transactions with customers and generally mature the day following the date sold. Short-term borrowings also include federal funds purchased, which are unsecured overnight borrowings from other financial institutions, and advances from the Federal Home Loan Bank of Atlanta, which are secured by mortgage-related assets.

At December 31, 1999, the Company's fixed-rate long-term debt totals $49,175,000 and matures through December 6, 2009. The interest rate on the fixed-rate note payable ranges from 5.12% to 6.61%. At December 31, 1998, the Company had long-term debt totaling $28,325,000, maturing through 2008. The

interest rate on the notes payable ranged from 5.51% to 6.61% at December 31, 1998.

At December 31, 1999, the Company's floating-rate long-term debt totals $5,245,000 and matures through July 1, 2004. The floating rates are based on the 90 day LIBOR plus 95 basis points and the 90 day LIBOR plus 100 basis points. The interest rate on floating-rate long-term debt ranged from 5.95% to 6.25% during 1999.

The contractual maturities of long-term debt are as follows (dollars in thousands):

<TABLE>
<CAPTION>

	1999		
	FIXED RATE	FLOATING RATE	TOTAL
<S>	<C>	<C>	<C>
Due in 2000	$ 150	$ 300	$ 450
Due in 2001	10,150	320	10,470
Due in 2002	6,150	3,605	9,755
Due in 2003	150	120	270
Due in 2004	17,575	900	18,475
Thereafter	15,000	-	15,000
Total long-term debt	$ 49,175	$ 5,245	$ 54,420

</TABLE>

8 INCOME TAXES

Net deferred tax assets consist of the following components as of December 31, 1999 and 1998 (in thousands):

<TABLE>
<CAPTION>

<S>	1999 <C>	1998 <C>

Deferred tax assets:		
Allowance for loan losses	$ 2,071	$ 1,799
Benefit plans	730	484
Other	221	135
Securities available for sale	2,567	-
Total deferred tax assets	5,589	2,418
Deferred tax liabilities:		
Depreciation	503	326
Other	127	96
Securities available for sale	-	1,207
Total deferred tax liabilities	630	1,629
Net deferred tax asset (included in other assets)	$ 4,959	$ 789

</TABLE>

In assessing the realizability of deferred tax assets, management considers the scheduled reversal of temporary differences, projected future taxable income, and tax planning strategies. Management believes it is more likely than not the Company will realize its deferred tax assets and, accordingly, no valuation allowance has been established.

The provision for income taxes charged to operations for the years ended December 31, 1999, 1998 and 1997 consists of the following (in thousands):

<TABLE>
<CAPTION>

<S>	1999 <C>	1998 <C>	1997 <C>
Current tax expense	$ 1,033	$ 2,245	$ 2,456
Deferred tax (benefit)	(397)	(567)	(173)
Income tax expense	$ 636	$ 1,678	$ 2,283

</TABLE>

The income tax provisions differs from the amount of income tax determined by applying the U.S. federal income tax rate to pretax income for the years ended December 31, 1999, 1998 and 1997, due to the following (in thousands):

<TABLE>
<CAPTION>

<S>	1999 <C>	1998 <C>	1997 <C>
Computed "expected" tax expense	$ 2,350	$ 2,890	$ 3,553
(Decrease) in taxes resulting from:			
Tax-exempt interest income	(1,485)	(1,203)	(1,181)
Other, net	(229)	(9)	(89)
Income tax expense	$ 636	$ 1,678	$ 2,283

</TABLE>

Low income housing credits totaled $72,425, $72,425 and $60,557 for the years ended December 31, 1999, 1998 and 1997, respectively.

9 EMPLOYEE BENEFITS

The Company had a noncontributory, defined benefit pension plan covering all full-time employees. Termination of this plan is in process and should be completed in 2000. Significant assumptions used in determining net periodic pension cost and projected benefit obligation for 1999, 1998 and 1997 were:

<TABLE>
<CAPTION>

<S>	1999 <C>	1998 <C>	1997 <C>

Expected long-term rate of return on assets	9.0%	9.0%	9.0%
Discount rate	5.0%	7.5%	7.5%
Salary increase rate	5.0%	5.0%	5.0%
Average remaining service	20 years	21 years	22 years

</TABLE>

The following table sets forth the plan's funded status as calculated at September 30, 1999, 1998 and 1997 and amounts recognized in the Company's consolidated balance sheets at December 31, 1999, 1998 and 1997 (in thousands):

<TABLE>
<CAPTION>

<S>	1999 <C>	1998 <C>	1997 <C>
Change in benefit obligation			
Benefit obligation at beginning of year	$ 4,120	$ 3,756	$ 3,179
Service cost	544	384	323
Interest cost	325	281	237
Actuarial (gain) loss	(568)	(275)	43
Benefits paid	(468)	(26)	(26)
Benefit obligation at end of year	3,953	4,120	3,756
Change in plan assets			
Fair value of plan assets at beginning of year	3,109	3,271	2,723
Actual return on plan assets	524	(136)	394
Employer contribution	788	-	180
Benefits paid	(468)	(26)	(26)
Fair value of plan assets at end of year	3,953	3,109	3,271
Funded status	-	(1,011)	(485)
Unrecognized net obligation at transition	6	6	8
Unrecognized actuarial (gain)	(1,447)	(692)	(872)
Unrecognized prior service cost	257	279	300
Accrued pension liability (included in other liabilities)	$ (1,184)	$ (1,418)	$ (1,049)

</TABLE>

Net periodic pension cost for 1999, 1998 and 1997 included the following components (in thousands):

<TABLE>
<CAPTION>

<S>	1999 <C>	1998 <C>	1997 <C>
Service cost	$ 544	$ 384	$ 323
Interest cost	326	281	238
Expected return on assets	(329)	(293)	(281)
Net amortization and deferral	13	(3)	33
Net periodic pension cost	$ 554	$ 369	$

313

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</TABLE>

The Company also contributes to an employees' profit-sharing plan which covers all full-time employees with vesting at various intervals over seven years. Contributions are made annually at the discretion of the subsidiary banks' Board of Directors. The payments to the plan for the years 1999, 1998 and 1997 were approximately $553,000, $567,000 and $621,000, respectively.

The Company has an obligation to certain members of the subsidiary banks' Boards of Directors under deferred compensation plans in the amount of $1,005,000 and $1,033,000 at December 31, 1999 and 1998, respectively. A portion of the benefits will be funded by life insurance.

The Company has a stock option plan (the "Plan") adopted in 1993 that authorizes the reservation of up to 400,000 shares of common stock and provides for the granting of incentive options to certain employees. Under the Plan, the option price cannot be less than the fair market value of the stock on the date granted. An option's maximum term is ten years from the date of grant. Options granted under the Plan may be subject to a graded vesting schedule. A summary of changes for the Plan for the years 1999, 1998 and 1997 follows:

<TABLE>
<CAPTION>

	SHARES	WEIGHTED AVERAGE EXERCISE PRICE	SHARES	WEIGHTED AVERAGE EXERCISE PRICE	SHARES	WEIGHTED AVERAGE EXERCISE PRICE
Year ended December 31,	1999		1998		1997	
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Options outstanding, January 1	146,132	$ 17.25	73,240	$ 8.66	63,240	$ 8.06
Granted	7,500	16.00	98,940	20.13	10,000	12.50
Exercised	(400)	12.50	(26,048)	8.03	-	-
Options outstanding, December 31	153,232	$ 17.20	146,132	$ 17.25	73,240	$ 8.66
Weighted average fair value per option of options granted during year		$ 5.71		$ 4.25		$ 3.59

</TABLE>

A summary of options outstanding at December 31, 1999 follows:

<TABLE>
<CAPTION>

	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE		
RANGE OF EXERCISE PRICE	NUMBER OUTSTANDING	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER EXERCISABLE	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE	WEIGHTED AVERAGE EXERCISE PRICE

<S>	<C>	<C>	<C>	<C>	<C>	<C>
$ 7.46 - 6.53	5,040	.27 yrs.	$ 6.53	5,040	.27 yrs.	$ 6.53
7.46 - 11.00	20,000	5.05	11.00	16,000	4.05	11.00
22.00 - 12.50	21,752	6.49	12.50	12,491	6.46	12.50
22.00 - 16.00	7,500	9.06	16.00	-	-	-
22.00 - 20.13	98,940	8.06	20.13	19,788	8.06	20.13
$ 6.53 - 20.13	153,232	7.24	$ 17.24	53,319	6.05	$ 14.31

</TABLE>

The Company applies Accounting Principles Board Opinion No. 25 and related interpretations in accounting for its stock option plan. Accordingly, no compensation cost has been recognized for the Company's stock options. Proforma adjustment of compensation cost for the stock-based compensation plans are determined based on the grant date fair values of awards (the method described in SFAS No. 123, "Accounting for Stock-Based Compensation"). For the purpose of computing the proforma amount, the fair value of each option on the date of grant is estimated using the Black-Scholes option-pricing model with the following weighted average assumptions used for grants in 1999, 1998 and 1997, respectively: dividend yields of 2.24%, 2.40% and 2.40%; expected volatility of 25.45%, 23.00% and 23.00%; a risk free interest rate of 6.50%, 4.99% and 4.99%; and an expected option life of 9.06 years. For 1999, proforma net income was $6,183,000; proforma and diluted earnings per share were $0.83 and $0.82, respectively. For 1998 and 1997 the Company's net income and earnings per share as reported would not have been impacted by a material amount based on the above assumptions..

10 FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

The Company is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers and to reduce its own exposure to fluctuations in interest rates. These financial instruments include commitments to extend credit and standby letters of credit. These instruments involve elements of credit and interest rate risk in excess of the amount recognized in the consolidated balance sheets. The contractual amounts of these instruments reflect the extent of the Company's involvement in particular classes of financial instruments.

The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instruments for commitments to extend credit and standby letters of credit written is represented by the contractual amount of these instruments. The Company uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments. Unless noted otherwise, the Company does not require collateral or other security to support financial instruments with credit risk.

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments may expire without being completely drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Company evaluates each customer's creditworthiness on a case-by-case basis. At December 31, 1999 and 1998, the Company had outstanding loan commitments approximating $114,915,000 and $80,404,000, respectively.

Standby letters of credit written are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loans to customers. The amount of standby letters of credit whose contract amounts represent credit risk totaled approximately $8,495,000 and $5,962,000 at December 31, 1999 and 1998, respectively.

A geographic concentration exists within the Company's loan portfolio as most of the Bank's business activity is with customers located in areas from Rappahannock to Hanover County, Virginia and in the Northern Neck area of Virginia.

11 RELATED PARTY TRANSACTIONS

The Company has entered into transactions with its directors, principal officers and affiliated companies in which they are principal stockholders. Such transactions were made in the ordinary course of business on substantially the same terms, including interest rates and collateral, as those prevailing at the same time for comparable transactions with other customers, and did not, in the opinion of management, involve more than normal credit risk or present other unfavorable features. The aggregate amount of loans to such related parties totaled $9,591,000 and $8,847,000 as of December 31, 1999 and 1998, respectively. During 1999 new advances to such related parties amounted to $11,220,000 and repayments amounted to $10,476,000.

12 EARNINGS PER SHARE

The following is a reconciliation of the denominators of the basic and diluted EPS computations for December 31, 1999, 1998 and 1997:

<TABLE>
<CAPTION>

	INCOME (NUMERATOR)	WEIGHTED AVERAGE SHARES (DENOMINATOR)	PER-SHARE AMOUNT
	(dollars and shares information in thousands)		
For the Year Ended December 31, 1999			
Basic EPS	$ 6,274	7,474	$ .84
Effect of dilutive stock options	-	24	-
Diluted EPS	$ 6,274	7,498	$ .84
For the Year Ended December 31, 1998			
Basic EPS	$ 6,822	7,490	$ .91
Effect of dilutive stock options	-	26	-
Diluted EPS	$ 6,822	7,516	$ .91
For the Year Ended December 31, 1997			
Basic EPS	$ 8,166	7,455	$ 1.10
Effect of dilutive stock option	-	27	-
Diluted EPS	$ 8,166	7,482	$ 1.09

</TABLE>

In 1999, stock options representing 98,940 shares were not included in the calculation of earnings per share as their effect would have been antidilutive.

13 LEGAL CONTINGENCIES

Various legal claims also arise from time to time in the normal course of business which, in the opinion of management, will have no material effect on the Corporation's consolidated financial statements.

14 REGULATORY MATTERS

The Corporation and its subsidiary banks are subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory - and possibly additional discretionary - actions by regulators that, if undertaken, could have

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a direct material effect on the Company's and Banks' financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company and Banks must meet specific capital guidelines that involve quantitative measures of their assets, liabilities and certain off-balance sheet items as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings and other factors. Prompt corrective action provisions are not applicable to bank holding companies.

Quantitative measures established by regulation to ensure capital adequacy require the Company and Banks to maintain minimum amounts and ratios of total and Tier I capital (as defined) to average assets (as defined). Management believes, as of December 31, 1999, that the Company and Banks meet all capital adequacy requirements to which they are subject.

The most recent notification from the Federal Reserve Bank as of December 31, 1999, categorized the Banks as well capitalized under the regulatory framework for prompt corrective action (PCA). To be categorized as adequately capitalized, an institution must maintain minimum total risk-based, Tier I risk-based and Tier I leverage ratios as set forth in the table. There are no conditions or events since that notification that management believes have changed the Banks' category.

The Company's and principal banking subsidiaries' actual capital amounts and ratios are also presented in the table.

<TABLE>
<CAPTION>

	ACTUAL		MINIMUM CAPITAL REQUIREMENT		MINIMUM TO BE WELL CAPITALIZED UNDER PROMPT CORRECTIVE ACTION PROVISIONS	
	AMOUNT	RATIO	AMOUNT	RATIO	AMOUNT	RATIO
<S>	<C>	<C>	<C>	<C>	<C>	<C>
As of December 31, 1999						
Total capital to risk weighted assets						
Consolidated	$ 73,790	12.21%	$ 48,362	8.00%	$ NA	NA
Union Bank & Trust	46,417	10.38%	35,780	8.00%	44,726	10.00%
Northern Neck State Bank	18,376	13.04%	11,273	8.00%	14,091	10.00%
Tier 1 capital to risk weighted assets						
Consolidated	67,173	11.11%	24,181	4.00%	NA	NA
Union Bank & Trust	41,513	9.28%	17,890	4.00%	26,835	6.00%
Northern Neck State Bank	16,813	11.93%	5,636	4.00%	8,455	6.00%
Tier 1 capital to average adjusted assets						
Consolidated	67,172	8.35%	32,191	4.00%	NA	NA
Union Bank & Trust	41,513	7.16%	23,192	4.00%	28,990	5.00%
Northern Neck State Bank	16,813	7.97%	8,434	4.00%	10,542	5.00%
As of December 31, 1998						
Total capital to risk weighted assets						
Consolidated	$ 71,577	13.70%	$ 41,797	8.00%	$ NA	NA
Union Bank & Trust	44,576	11.64%	30,636	8.00%	38,296	10.00%
Northern Neck State Bank	17,247	13.30%	10,374	8.00%	12,967	10.00%
Tier 1 capital to risk weighted assets						
Consolidated	65,170	12.47%	20,905	4.00%	NA	NA
Union Bank & Trust	39,819	10.40%	15,315	4.00%	22,973	6.00%
Northern Neck State Bank	15,739	12.14%	5,187	4.00%	7,780	6.00%
Tier 1 capital to average adjusted assets						
Consolidated	65,170	9.06%	28,773	4.00%	NA	NA
Union Bank & Trust	39,819	7.64%	20,848	4.00%	26,060	5.00%
Northern Neck State Bank	15,739	8.31%	7,578	4.00%	9,473	5.00%

</TABLE>

15 DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the current amount that would be exchanged between willing parties, other than in a forced liquidation. Fair value is best determined based on quoted market prices. However, in many instances, there are no quoted market prices for the Company's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instruments. SFAS 107 excludes certain financial

instruments and all nonfinancial instruments from its disclosure requirements. Accordingly, the aggregate fair value amounts presented may not necessarily represent the underlying fair value of the Company.

CASH AND CASH EQUIVALENTS

For those short-term instruments, the carrying amount is a reasonable estimate of fair value.

INVESTMENT SECURITIES AND SECURITIES AVAILABLE FOR SALE

For investment securities and securities available for sale, fair value is determined by quoted market price. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities.

LOANS HELD FOR SALE

Fair values of mortgage loans held for sale are based on commitments on hand from investors or prevailing market prices.

LOANS

The fair value of performing loans is estimated by discounting the future cash flows using the current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities. Fair value for significant nonperforming loans is based on recent external appraisals. If appraisals are not available, estimated cash flows are discounted using a rate commensurate with the risk associated with the estimated cash flows.

DEPOSITS

The fair value of demand deposits, savings accounts, and certain money market deposits is the amount payable on demand at the reporting date. The fair value of fixed-maturity certificates of deposit is estimated by discounting the future cash flows using the rates currently offered for deposits of similar remaining maturities.

BORROWINGS

The carrying value of short-term borrowings are reasonable estimates of fair value. The fair value of long-term borrowings is estimated based on interest rates currently available for debt with similar terms and remaining maturities.

ACCRUED INTEREST

The carrying amounts of accrued interest approximate fair value.

COMMITMENTS TO EXTEND CREDIT AND STANDBY LETTERS OF CREDIT

The fair value of commitments is estimated using the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the present creditworthiness of the counterparties. For fixed-rate loan commitments, fair value also considers the difference between current levels of interest rates and the committed rates. The fair value of letters of credit is based on fees currently charged for similar agreements or on the estimated cost to terminate them or otherwise settle the obligations with the counterparties at the reporting date. At December 31, 1999 and 1998, the carrying amount and fair value of loan commitments and standby letters of credit were immaterial.

The carrying amounts and estimated fair values of the Company's financial instruments as of December 31, 1999 and 1998 are as follows:

	1999		1998	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Cash and cash equivalents	$ 19,919	$ 19,919	$ 41,020	$ 41,020
Investment securities	9,578	9,518	16,142	16,452
Securities available for sale	201,721	201,721	161,228	161,228
Net loans	536,750	529,377	473,415	476,606
Loans held for sale	6,680	6,680	-	-
Accrued interest receivable	5,527	5,527	4,715	4,715
Financial liabilities:				
Deposits	646,866	648,928	607,629	611,834
Borrowings	93,579	93,840	47,801	48,145
Accrued interest payable	1,891	1,891	1,451	1,451

16 PARENT COMPANY FINANCIAL INFORMATION

The primary source of funds for the dividends paid by Union Bankshares Corporation (the "Parent Company") is dividends received from its subsidiary banks. The payment of such dividends by the subsidiary banks and the ability of the banks to loan or advance funds to the Parent Company are subject to certain statutory limitations which contemplate that the current year earnings and earnings retained for the two preceding years may be paid to the Parent Company without regulatory approval. As of December 31, 1999 the aggregate amount of unrestricted funds which could be transferred from the Company's subsidiaries to the Parent Company, without prior regulatory approval, totaled $7,965,000 or 13.6% of the consolidated net assets. Financial information for the Parent Company follows:

UNION BANKSHARES CORPORATION ("PARENT COMPANY ONLY")
BALANCE SHEETS
DECEMBER 31, 1999 AND 1998
(dollars in thousands)

	1999	1998
Assets:		
Cash	$ 221	$ 1,927
Certificates of deposit	-	29
Securities available for sale	306	273
Premises and equipment, net	3,652	3,809
Other assets	3,162	2,239
Due from subsidiaries	-	115
Investment in subsidiaries	66,818	66,765

Total assets	$ 74,159	$ 75,157
Liabilities and Stockholders' equity:		
Long-term debt	$ 5,365	$ 1,620
Other liabilities	-	178
Total liabilities	5,365	1,798
Common stock	14,976	15,015
Surplus	163	311
Retained earnings	58,603	55,690
Accumulated other comprehensive income (loss)	(4,948)	2,343
Total stockholders' equity	68,794	73,359
Total liabilities and stockholders' equity	$ 74,159	$ 75,157

</TABLE>

CONDENSED STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 1999, 1998 AND 1997

<TABLE>
<CAPTION>

<S>	1999 <C>	1998 <C>	1997 <C>
Income:			
Interest income	$ 9	$ 11	$ 11
Dividends received from subsidiaries	5,488	7,250	3,434
Equity in undistributed net income of subsidiaries	2,402	511	5,052
Other income	626	-	62
Total income	8,525	7,772	8,559
Expense:			
Interest expense	305	115	64
Operating expenses	1,946	835	329
Total expense	2,251	950	393
Net income	$ 6,274	$ 6,822	$ 8,166

</TABLE>

ROLLINS . JAMES SANFORD . RUSSELL M. SCHOOLS, JR. . LORRELL T. SHABAZZ . STACY G. SIMS . ALICE D. SKINNER . GAIL S. SMITH . VIOLA SMITH . KAREN E. SORRELL . SHARON L. SULLIVAN . PANDORA SWIFT .

CONDENSED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 1999, 1998 AND 1997

<TABLE>
<CAPTION>

<S>	1999 <C>	1998 <C>	1997 <C>
Operating activities:			
Net income	$ 6,274	$ 6,822	$ 8,166
Adjustments to reconcile net income to net cash provided by operating activities:			
Equity in undistributed net income of subsidiaries	(2,402)	(511)	

			(4,902)
Decrease (increase) in other assets	913	(1,312)	(144)
Other, net	(1,038)	299	(162)
Net cash provided by operating activities	3,747	5,298	2,958
Investing activities:			
Purchase of securities	(89)	-	-
Proceeds from maturity of securities	38	-	55
Purchase of equipment	(691)	(894)	(2,585)
Increase in investment in subsidiary	(4,000)	-	-
Decrease in investment in subsidiary	83	-	-
Net cash used by investing activities	(4,659)	(894)	(2,530)
Financing activities:			
Net increase (decrease) in borrowings	4,000	(120)	1,740
Repayment of long-term borrowings	(255)	-	-
Cash dividends paid	(2,994)	(2,860)	(2,791)
Issuance of common stock under plans	341	334	304
Repurchase of common stock under plans	(1,915)	-	(39)
Net cash used in financing activities	(823)	(2,646)	(786)
Increase (decrease) in cash and cash equivalents	(1,735)	1,758	(358)
Cash and cash equivalents at beginning of year	1,956	198	556
Cash and cash equivalents at end of year	$ 221	$ 1,956	$ 198

</TABLE>

17 SEGMENT REPORTING

Union Bankshares Corporation has two reportable segments: traditional full service community banks and a mortgage loan origination business. The community bank business includes four banks which provide loan, deposit, investment, and trust services to retail and commercial customers throughout their locations in Virginia. The mortgage company provides a variety of mortgage loan products in a multi-state market. These loans are originated and sold principally in the secondary market through purchase commitments from investors which subject the company to only de minimis market risk.

Profit and loss is measured by net income after taxes including realized gains and losses on the Company's investment portfolio. The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies. Intersegment transactions are recorded at cost and eliminated as part of the consolidation process.

Both of the Company's reportable segments are service based. While the banks offer a distribution and referral network for the mortgage services, the mortgage company does not offer a similar network for the banks due largely to the lack of overlapping geographic markets. Another major distinction is the source of income. The mortgage business is a fee based business while the banks are driven principally by net interest income.

LISA L. TALLENT . FRANKLYN TAYLOR . THOMAS W. THOMPSON, III . DEBORAH USRY . GEORGE WASHINGTON, JR. . DARRELL A. WATSON . SONYA WEINS . AIMEE WHITTAKER . CAROLYN A. WILEY . DAVID S. WILSON .

UNION BANKSHARES CORPORATION

Information about reportable segments and reconciliation of such information to the consolidated financial statements as of and for the year ended December 31, 1999 follows. Segment information for periods prior to 1999 are not presented, as the Company's mortgage banking operation was acquired during the current year:

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	BANKS	MORTGAGE	INTERSEGMENT ELIMINATION	OTHER	CONSOLIDATED TOTALS
<S>	<C>	<C>	<C>	<C>	<C>
Net interest income	$ 28,855	$ -	$ -	$ (286)	$ 28,569
Provision for loan losses	2,216	-	-	-	2,216
Net interest income after provision for loan losses	26,639	-	-	(286)	26,353
Noninterest income	4,931	7,581	(51)	785	13,246
Noninterest expense	20,892	8,909	-	2,888	32,689
Income before income taxes	10,678	(1,328)	(51)	(2,389)	6,910
Income taxes (benefits)	1,996	(450)	-	(910)	636
Net income (loss)	$ 8,682	$ (878)	$ (51)	$ (1,479)	$ 6,274
Assets	$ 817,270	$ 8,598	$ (77,309)	$ 73,268	$ 821,827
Capital expenditures	$ 1,015	$ 26	$ -	$ 691	$ 1,732

</TABLE>

JOHN E. WORRELL . DARE W. WRIGHT . PATRICIA A. ZIMMERMAN . UNION INVESTMENT SERVICES . DARRYL BARNES . JULIET T. COLEMAN . BERNARD W. MAHON, JR. . ARIANE SHAGENA . RANDALL W. VAUGHAN, JR.

UNION BANKSHARES CORPORATION

STOCKHOLDER INFORMATION

CORPORATE HEADQUARTERS

Union Bankshares Corporation
P.O. Box 446
212 North Main Street
Bowling Green, Virginia 22427-0446
(804) 633-5031

ANNUAL MEETING

The Annual Meeting of Stockholders will be held at 6:30 p.m. on Tuesday, April 18, 2000, at the Richmond County Elementary School, Warsaw, Virginia. All shareholders are cordially invited to attend.

COMMON STOCK

Union Bankshares' Common Stock is quoted on the NASDAQ National Market where our symbol is UBSH. (CUSIP # 905399101)

Union Bankshares is also listed in some newspapers under the NASDAQ National Market heading "UnBkCp" or "UnionBS".

COMMON STOCK PRICES AND DIVIDENDS

Union Bankshares Corporation began trading its stock via NASDAQ in October 1993. Dividends are typically paid semi-annually on June 1st and December 1st of each year.

There were 7,487,829 shares of stock outstanding on December 31, 1999, held by 2,258 shareholders of record. The most recent trades at February 25, 2000 were $13.25 per share which compares to a year earlier trading price of $19.00.

The following schedule summarizes the high and low sales prices and dividends declared for the two years ended December 31, 1999.

	Market Values				Dividends Declared	
	1999		1998			
	High	Low	High	Low	1999	1998
First Quarter	$19.00	$ 14.37	$22.38	$19.88	$ -	$ -
Second Quarter	20.00	15.75	22.75	20.75	0.20	.0.19
Third Quarter	19.00	14.63	23.00	17.50	-	-
Fourth Quarter	16.00	13.25	20.25	14.50	0.20	0.19
					$0.40	$0.38

DIVIDEND REINVESTMENT PLAN

Union Bankshares' dividend reinvestment plan provides each registered shareholder with an economical and convenient method of investing cash dividends in additional shares of the Company's common stock without fees and at a 5% discount from the prevailing market price. For a prospectus on the Dividend Reinvestment Plan, contact our Transfer Agent at the address indicated below.

INVESTOR RELATIONS

Union Bankshares' Annual Report, Form 10-K, and other corporate publications are available to shareholders on request, without charge, by writing:

D. Anthony Peay
Vice President and Chief Financial Officer
Union Bankshares Corporation
P.O. Box 446
Bowling Green, Virginia 22427-0446
(804) 632-2112 e-mail: tpeay@ubsh.com

INDEPENDENT AUDITORS

Yount, Hyde & Barbour, P.C.
50 South Cameron Street
Winchester, VA 22601

TRANSFER AGENT

Shareholders requiring information on stock transfer requirements, lost certificates, dividends and other shareholder matters should contact our transfer agent:

Registrar and Transfer Company
10 Commerce Drive
Cranford, NJ 07016-3572
(800) 368-5948

Exhibit 21.0

Subsidiaries of Union Bankshares Corporation

Subsidiary	State of Incorporation
Union Bank & Trust Company	Virginia
Northern Neck State Bank	Virginia
Rappahannock National Bank	Federally Chartered
Union Investment Services, Inc.	Virginia
Bank of Williamsburg	Virginia
Mortgage Capital Investors, Inc.	Virginia

Exhibit 23.1

Consent of Independent Auditors

The Board of Directors
Union Bankshares Corporation

We consent to incorporation by reference in Registration Statements No. 33-78060 on Form S-3, No. 333-81199 on Form S-3, and No. 33-99900 on Form S-8 of Union Bankshares Corporation of our report dated January 28, 2000, relating to the consolidated balance sheet of Union Bankshares Corporation and subsidiaries (the Company) as of December 31, 1999, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for the year ended December 31, 1999, which report appears in the Company's 1999 Form 10-K.

/s/ Yount, Hyde & Barbour, P.C.

Winchester, Virginia
March 30, 2000

Exhibit 23.2

Consent of Independent Auditors

The Board of Directors
Union Bankshares Corporation

We consent to incorporation by reference in Registration Statements No. 333-81199 and 33-78060 on Form S-3 and No. 33-99900 on Form S-8 of Union Bankshares Corporation of our report dated February 9, 1999, except as to Note 14, which is as of February 11, 1999, relating to the consolidated balance sheet of Union Bankshares Corporation and subsidiaries (the Company) as of December 31, 1998, and the related consolidated statements of income and comprehensive income, changes in stockholders' equity and cash flows for each of the years in the two-year period ended December 31, 1998, which report appears in the Company's 1999 Form 10-K for the year ended December 31, 1999.

/s/ KPMG LLP

Richmond, Virginia
March 30, 2000

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</TABLE>

Exhibit 99.0

Independent Auditors' Report

The Board of Directors
Union Bankshares Corporation

We have audited the consolidated balance sheet of Union Bankshares Corporation and subsidiaries as of December 31, 1998, and the related consolidated statements of income and comprehensive income, changes in stockholders' equity and cash flows for each of the years in the two-year period ended December 31, 1998. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Union Bankshares Corporation and subsidiaries as of December 31, 1998, and the results of their operations and their cash flows for each of the years in the two-year period ended December 31, 1998 in conformity with generally accepted accounting principles.

/s/ KPMG LLP

Richmond, Virginia
February 9, 1999, except as to Note 14, which is as of February 11, 1999