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, 2000

Commission file number: 0-20293

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

VIRGINIA	54-1598552
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employee Identification No.)

212 North Main Street, P.O. Box 446, Bowling Green, Virginia 22427
(Address or principal executive offices) (Zip code)

(804) 633-5031
(Registrant's telephone number including area code)

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. Yes [X] 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 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. [X]

Aggregate market value of voting stock held by non-affiliates of the registrant as of February 24, 2001 was $84,626,521.

Number of shares of common stock outstanding as of February 24, 2000 was 7,516,449.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Annual Report to Shareholders for the year ended December 31, 2000 are incorporated into Part II of this Form 10-K and portions of the Proxy Statement for the 2001 Annual Meeting of Shareholders are incorporated into Part III of this Form 10-K.

UNION BANKSHARES CORPORATION
FORM 10-K
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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 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 STAR, CIRRUS and PLUS networks.

Union Bankshares Corporation had assets of $882 million, deposits of $692 million, and shareholders' equity of $78 million at December 31, 2000. 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 wide 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 of Williamsburg moved into its headquarters located at 5125 John Tyler Parkway in

Williamsburg. The Bank of Williamsburg'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 and South Carolina and is also licensed to do business in Connecticut, New Jersey, North Carolina and Washington, D.C. MCI provides a variety of mortgage products to customers in those states. The mortgage loans originated by MCI are generally sold in the secondary market through purchase agreements with institutional investors. In addition, some originated loans are sold to one or more of the Subsidiary Banks to meet a bank's current asset/liability management needs and the current credit quality standards. MCI also offers insurance services to its customers through a joint venture with an insurance agency.

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 2000 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 internal growth, de novo expansion and strategic acquisitions. During 2000, the Company purchased $3.0 million in deposits from Bank of Lancaster in a divestiture sale involving First Virginia Bank - Tidewater. This deposit acquisition, which was consummated on November 11, 2000, represented an opportunity to increase the Company's market share in the Kilmarnock market.

COMPETITION

The Company experiences competition in all aspects of its business. In its market area, the Company competes with large national and regional financial institutions, savings and loans and other independent community banks, as well as credit unions, mutual funds and life insurance companies. Competition has 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 addresses 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. To the extent statutory or regulatory provisions or proposals are described, the description is qualified in its entirety by reference to the particular statutory or regulatory provisions or proposals.

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 (the "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 (the "OCC") 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, 2000 were 10.72% and 11.82%, 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) ("Tier 1 leverage ratio"). These guidelines provide for a minimum Tier 1 leverage 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 minimum Tier 1 leverage ratio of 3%, plus an additional cushion of 100 to 200 basis points above the minimum. The leverage ratio of the Company as of December 31, 2000, was 8.46%, 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 net profits 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 0.27% 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 2000, the Subsidiary Banks paid $128,694 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. 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. For various reasons, the Company has not elected to be treated as a financial holding company under GLBA.

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.

Many of GLBA's provisions, including the customer privacy protection provisions, require the Federal bank regulatory agencies and other regulatory bodies to adopt regulations to implement those respective provisions. Most of the required implementing regulations have been proposed and/or adopted by the bank regulatory agencies as of December 31, 2000. Neither the provisions of GLBA nor the act's implementing regulations as proposed or adopted have had a material impact on the Company's or the Subsidiary Banks' regulatory capital ratios (as discussed above) or ability to continue to operate in a safe and sound manner.

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, 2000.

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 and 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 and Layhill Road, Falmouth, Virginia
Massaponax Church Road and 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 and 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.
5835 Allentown Way, Camp Spring, Maryland
5440 Jeff Davis Highway, #103, Fredericksburg, Virginia
3 Hillcrest Drive #A100, Frederick, Maryland
7501 Greenway Center, Greenbelt, Maryland
7901 N. Ocean Boulevard, Myrtle Beach, South Carolina
6330 Newtown Road, #211, Norfolk, Virginia
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, 2000.

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, 2000.

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, 2000.

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, 2000.

LOAN PORTFOLIO

The following table gives detail of the Company's loan maturities as of December 31, 2000.

Remaining Maturities of Selected Loans

<TABLE>
<CAPTION>

	December 31, 2000	
	Commercial	Real Estate Construction
<S>	<C>	<C>
Within 1 year	$37,918	$28,089

Variable Rate:		
1 to 5 years	749	857
Total	749	857
Fixed Rate:		
1 to 5 years	30,793	3,574
After 5 years	4,801	1,040
Total	35,594	4,614
Total maturities	$74,261	$33,560

</TABLE>

ASSET QUALITY - ALLOWANCE/PROVISION FOR LOAN LOSSES

Union Bankshares maintains a general allowance for loan losses 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

	2000		1999		1998		1997		1996	
	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
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
December 31:							(Dollars in thousands)			
Commercial, financial and agriculture	$3,369	13.3%	$3,215	13.0%	$3,382	13.4%	$2,433	11.8%	$2,338	11.4%
Real Estate Construction	1,467	5.8%	1,511	6.1%	2,007	7.9%	1,299	7.1%	1,249	3.9%
Real estate mortgage	406	59.3%	264	59.7%	189	60.3%	166	61.1%	160	62.2%
Consumer & other	2,147	21.6%	1,627	21.2%	829	18.4%	900	20.0%	865	22.5%
	$7,389	100.0%	$6,617	100.0%	$6,407	100.0%	$4,798	100.0%	$4,612	100.0%

</TABLE>

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

This information is incorporated herein by reference from the Management's Discussion and Analysis of Financial Condition and Results of Operations on pages 12 through 13 of the Annual Report to Shareholders for the year ended December 31, 2000.

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, 2000.

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

Previously reported on October 4, 1999, when the Company filed a Current Report on Form 8-K dated September 27, 1999, to report a change in its certifying accountant from KPMG LLP to Yount, Hyde & Barbour, P.C.

On October 20, 1999, the Company engaged Cherry, Bekaert & Holland, LLP as independent accountants to audit MCI's year ended December 31, 2000.

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 17, 2001 ("Proxy Statement") from the section titled "Election of Directors." Executive officers of the Company are listed below:

<TABLE>
<CAPTION>

Name (Age)	Title and Principal Occupation During Past Five Years
G. William Beale (51)	President and Chief Executive Officer of the Company since its inception; President of Union Bank since 1991.
D. Anthony Peay (41)	Senior Vice President since 2000 and Vice President and Chief Financial Officer of the Company since December 1994.

</TABLE>

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 and 6 through 10 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 pages 5-6 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 2000 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 Auditor's Report

Note: The independent auditor's 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

<TABLE>
<CAPTION>

Exhibit No.	Description
<S>	<C>
3.1	Articles of Incorporation (incorporate 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 (incorporated by reference to the registrant's Annual Report on Form 10-K for the year ended December 31, 1999).
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 2000 Annual Report to Shareholders)
13.0	2000 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
99.0	Report of KPMG LLP, as the Registrant's independent public accountant for the year ended December 31, 1998.

</TABLE>

(b) Reports on Form 8-K
None

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, 2001
G. William Beale President and Chief Executive Officer

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 indicated on March 30, 2001.

Signature	Title
/s/ G. William Beale G. William Beale	President, Chief Executive Officer and Director (principal executive officer)
/s/ Frank B. Bradley, III Frank B. Bradley, III	Director
/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/ Walton Mahon - ------------------------- Walton Mahon	Director
/s/ W. Tayloe Murphy, Jr. - ------------------------- W. Tayloe Murphy, Jr.	Director
/s/ D. Anthony Peay - ------------------------- D. Anthony Peay	Senior Vice President and Chief Financial Officer (principal financial officer)
/s/ M. Raymond Piland, III - -------------------------- M. Raymond Piland, III	Director
/s/ A.D. Whittaker - -------------------------- A.D. Whittaker	Director
/s/ William M. Wright - -------------------------- William M. Wright	Director

- American Cancer Society
- American Heart Association
- American Red Cross
- Big Brother Big Sisters
- Chambers of Commerce
- Coggin Cancer Tournament
- Community Arts Organizations
- 4-H and Other Youth Clubs
- Fredericksburg Area Public Schools
- Friends of the Library
- Garden Clubs
- Germarna Community College Educational Foundations
- Habitat for Humanity
- Hanover County S.P.C.A
- Hanover Education Association
- H.E.L.P Bowling Green
- Heritage Shriners Club
- Historical Sociaties and Foundations
- James Farmer Awards
- Junior League Organizations
- King Williams Schools
- Kiwanis Clubs
- Lancaster County Schools
- Lions Clubs
- Little League
- March of Dimes
- Mary Washington College
- Mary Washington Hospital Foundation
- Muscular Dystrophy Association
- Area Museums
- National Child Safety Council
- Northern Neck Soil & Water Conservation
- Northumberland County Schools
- County Parks and Recreation Offices
- Partnership for Academic Excellence
- Rappahannock County Schools
- Rappahannock General Hospital
- County Rescue Squads
- Rotary Clubs
- Ruritan Clubs
- Scouting Organizations
- United Way
- Virginia Special Olympics
- Volunteer Fire Departments
- YMCA

[LOGO]
UNION BANKSHARES
CORPORATION
A UNION OF COMMUNITY BANKS

THE IMPORTANCE
OF COMMUNITY

2000 ANNUAL REPORT

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) 633-4489

FALL HILL
(540) 371-1000

MORTGAGE CAPITAL INVESTORS

Camp Springs, MD
Frederick, MD
Fredericksburg, VA
Greenbelt, MD
Myrtle Beach, SC
Virginia Beach, VA
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

The listing of organizations featured on the cover of the 2000 UBSH annual report represent a sample of those groups to which our member organizations and their associates contributed time, talent, energy or financial resources over the past year. Also featured in this annual report are a few of our many employees in their roles as community volunteers. These are but a small demonstration of the commitment the UBSH family feels for the communities we serve.

BUSINESS PROFILE

Union Bankshares Corporation is a multi-bank holding company committed to the delivery of financial services through affiliated independent community banks and companies providing such services. The Company serves the Central and Northern Neck regions of Virginia through its banking subsidiaries, Union Bank & Trust Company, Northern Neck State Bank, Rappahannock National Bank, and Bank of Williamsburg and its non-bank affiliates, 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 and 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 in this region. Rappahannock National serves the community surrounding Washington, Virginia. The Bank of Williamsburg, in its 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 community bank markets and other attractive residential markets through its origination offices. In addition, it offers insurance products through a joint venture, Union Insurance Group, L.L.C.

At December 31, 2000, Union Bankshares Corporation and subsidiaries had 403 employees, 2,318 shareholders of record, and assets totaling $882 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."

SELECTED FINANCIAL DATA

UNION BANKSHARES CORPORATION AND SUBSIDIARIES

<TABLE>
<CAPTION>

(dollars in thousands, except per share amounts)

	2000	1999	1998	1997	1996
<S>	<C>	<C>	<C>	<C>	<C>
RESULTS OF OPERATIONS					
Interest income	$ 64,867	$ 55,636	$ 51,062	$ 44,821	$ 42,068
Interest expense	33,530	27,067	24,463	21,057	19,650
Net interest income	31,337	28,569	26,599	23,764	22,418
Provision for loan losses	2,101	2,216	3,044	1,182	895
Net interest income after provision for loan losses	29,236	26,353	23,555	22,582	21,523
Noninterest income	12,011	13,246	5,567	4,495	3,572
Noninterest expenses	32,424	32,689	20,622	16,628	14,982
Income before income taxes	8,823	6,910	8,500	10,449	10,113
Income tax expense	1,223	636	1,678	2,283	2,374
Net income	$ 7,600	$ 6,274	$ 6,822	$ 8,166	$ 7,739
KEY PERFORMANCE RATIOS					
Return on average assets (ROA)	0.88%	0.79%	1.00%	1.41%	1.38%
Return on average equity (ROE)	10.69%	8.74%	9.58%	12.80%	12.62%
Efficiency ratio	71.18%	74.50%	61.24%	56.20%	54.06%

PER SHARE DATA					
Net income per share - basic	$ 1.01	$ 0.84	$ 0.91	$ 1.10	$ 1.04
Net income per share - diluted	1.01	0.83	0.91	1.09	1.04
Cash dividends declared	0.40	0.40	0.38	0.37	0.32
Book value at period-end	10.42	9.19	9.77	9.16	8.23
FINANCIAL CONDITION					
Total assets	$ 881,961	$ 821,827	$ 733,947	$ 615,716	$ 559,782
Total deposits	692,472	646,866	607,629	489,256	455,718
Total loans, net of unearned income	580,790	543,367	479,822	399,351	356,038
Stockholders' equity	78,352	68,794	73,359	68,427	61,344
ASSET QUALITY					
Allowance for loan losses	$ 7,389	$ 6,617	$ 6,407	$ 4,798	$ 4,612
Allowance as % of total loans	1.27%	1.22%	1.33%	1.20%	1.29%
OTHER DATA					
Market value per share at period-end	$ 10.25	$ 14.75	$ 17.50	$ 21.94	$ 12.50
Price to earnings ratio	10.1	17.6	19.2	19.9	12.0
Price to book value ratio	98%	161%	179%	240%	152%
Dividend payout ratio	39.60%	42.62%	41.76%	32.73%	30.76%
Weighted average shares outstanding, basic	7,508,238	7,473,869	7,489,873	7,455,369	7,447,637
Weighted average shares outstanding, diluted	7,513,000	7,498,000	7,516,000	7,482,000	7,472,000

</TABLE>

THE IMPORTANCE OF COMMUNITY

PRESIDENT'S LETTER

[PICTURE APPEARS HERE]

Dear Fellow Shareholders:

The fellow 2000 was a good year for the Union Bankshares Corporation, with asset growth of 7.32%, and a net income increase of 21%. Management made the decision in mid 2000 to begin tightening the underwriting and pricing of loan products. We foresaw the slowing of the economy and felt that many of our competitors had adopted an irrational approach to loan pricing. This decision held loans flat over the last half of the year, but also allowed internal deposit growth to catch up and to exceed loan growth for the first time since 1993.

The community-banking sector of your organization was the star of the year 2000. Earnings in the banks increased by almost 28% over the 1999 levels. Their performance is the direct result of the decisions made in 1998 to upgrade technology and our commitment to the consolidation of all back office services. While creating a short-term drag on earnings, we have now begun to fully see the benefit of that investment. Continued attention in this area should create additional cost savings and increased profits for the Corporation.

On the fee income side, Union Investment Services had an excellent year despite the volatility in the stock market. Union Investments has been successful in expanding its customer base and assets under management. This company continues to provide a valuable service to the customers and potential customers of our community banks.

Our mortgage company, Mortgage Capital Investors, was the one disappointment of our Corporation in 2000. Mortgage Capital Investors was acquired in 1999 to provide an additional source of fee income to offset the

[PICTURE APPEARS HERE]

Melvin Watkins. Among Melvin's volunteer activities, he serves as a volunteer Fire Fighter and Treasurer for the Ashland Volunteer Fire Company, where he has served since 1997. In his professional life, Melvin is a member of the Hanover Commercial Group for Union Bank & Trust, working out of their Atlee office.

anticipated decline in the net interest margin. Additionally, we wanted a source of secondary mortgage lending for our many customers, and potential customers, under terms and rates that were not otherwise available at our banks. We also saw Mortgage Capital Investor's customers as potential users of banking services, such as credit cards, home equity loans, and insurance. We believe those reasons for owning a mortgage company remain valid and sound.

The Board of Directors and management worked diligently and aggressively last year to restructure the mortgage company to meet the current needs of the mortgage business. And while the operations of MCI showed continued improvement, it did not achieve our most important goal, which is for MCI to build considerable fee income and add substantially to the bottom line of the Corporation. I am pleased to report a significant increase in the number of mortgage applications and loan closings so far this year. As a result of this trend, and the further lowering of interest rates and the rise in demand for refinancing, our outlook is for Mortgage Capital Investors to have a positive impact on the Corporation's bottom line in 2001.

In the coming year we expect there to be four primary issues that will impact the banking sector of the Corporation. The issues are growth, margin management, more efficiency, and credit quality. In light of the slowing economy, we are projecting less than average asset growth for the year 2001. However, this

[GRAPH]

	1996	1997	1998	1999	2000
			(in thousands)		
ASSETS	559,782	615,716	733,947	821,827	881,961
DEPOSITS	455,718	489,256	607,629	646,866	692,472
LOANS	356,038	399,351	479,822	543,367	580,790

[PICTURE APPEARS HERE]

Wayne Penick, a Vice President at Northern Neck State Bank, has been a member of the Smith Point Sea Rescue for two years. The mission of the Smith Point Sea Rescue (which is believed to be the last volunteer, non-profit sea rescue organization on the East Coast) is to provide on-the-water assistance to boaters in distress, which could involve providing assistance in an emergency or non-emergency situation.

could be impacted by the suddenly active merger and acquisition market in the state of Virginia. Since year-end, three banks operating in Virginia, including two in our primary market areas, have been acquired by larger competitors. The last time this occurred our banks, particularly Union Bank & Trust Company, saw a significant influx of new business.

Margin management, the difference between what we earn on loans and investments and what we pay on deposits and borrowed funds, will again be a key part of the banking sector's profitability. The corporation's margin has been narrowing over the last few years and rapid increases and decreases in interest rates severely impact our ability to manage our margin, as does the aggressive competition for loans and deposits. However, we are again projecting improved profitability for our banking sector companies. This is a result of efficiencies, margin control and close management of expenses. Credit quality will be another important factor in the coming year. During the year 2000, we actively managed our non-accrual loans to reduce them by over 50%. We closely watched our credit quality and began tightening our underwriting criteria and more aggressively worked any past due loans. We are very comfortable with the credit quality of the organization and believe that we are well reserved for any future losses.

In reviewing this Annual Report, you will notice that we have chosen to feature a few of our many employees who are not only building relationships with our customers during business hours, but also are engaged in strengthening our communities through their volunteer service after hours. We should all take pride in the fact that last year our

[GRAPH]

	1996	1997	1998	1999	2000
COST OF INTEREST BEARING LIABILITIES	4.61%	4.66%	4.62%	4.37%	4.80%
YIELD ON EARNING ASSETS	8.68%	8.64%	8.49%	8.09%	8.50%

[PICTURE APPEARS HERE]

Mike Leake, Executive Vice President of Rappahannock National Bank is shown coaching the boys basketball team at Rappahannock County Middle School. The season began with a 41 point loss to a strong middle school from Fauquier County and ended with a 21 point victory over a middle school in Strasburg, a true reflection on how the team progressed. With Mike's help they were able to not only enhance their basketball skills but learned the true meaning of what it takes to become a winner and the important role teamwork plays.

employees donated more than 10,000 hours of volunteer service to help maintain and strengthen the quality of life within the communities we serve. Union Bankshares also assists by offering financial support for many worthwhile community activities and endeavors in which our employees are involved.

The volunteer service shows our commitment to our communities and helps carry our message of "community banking with a personal touch" to all members of our community. This translates to additional business for our companies and to the success of our organization. To our companies and our employees, the customer is not a number, a transaction, or a commodity. Our customers will always be individuals, or businesses, with whom we want to build a relationship that allows them to receive superior banking, investment, mortgage, and other services through one friendly and professional source. Strong customer relationships are what make us successful today and why we will be successful in the future.

I would also like to welcome Frank B. Bradley and William M. Wright to the Union Bankshares Board of Directors. Each brings with them a deep and successful history in the business world. Their experience and wisdom will add much to the organization.

In closing, I would like to thank the Board of Directors, but most of all, the associates of each of our subsidiaries who have worked hard, persevered, made a positive contribution to their community, and made Union Bankshares Corporation a better place to work and invest. I would also like to thank our many customer shareholders (or shareholder customers). You have continued to tell us that you like our style of banking. We appreciate your banking business and your support as shareholders.

[PICTURE APPEARS HERE]

Dawn Wilson, a Customer Service Representative in the Union Bank & Trust Fall Hill office is a Radiology Technician and Emergency Medical Technician with the Virginia Air National Guard working with the 192nd Medical Squadron out of Sandston, Virginia. Dawn is responsible for the Radiology Department at Sandston which includes the mammogram program as well as administering immunizations for deployments.

Sincerely,

/s/ William Beale

G. William Beale

DIRECTORS OF UNION BANKSHARES CORPORATION

[PICTURE APPEARS HERE]

Ronald L. Hicks
Chairman

Charles H. Ryland
Vice Chairman

G. William Beale

Frank B. Bradley, III

Walton Mahon

W. Tayloe Murphy, Jr.

M. Raymond Piland, III

A.D. Whittaker

William M. Wright

Seated on the left: M. Raymond Piland, III, and Walton Mahon. Standing from left to right: W. Tayloe Murphy, Jr., G. William Beale, William M. Wright, and Ronald L. Hicks. Seated at the table left to right are: A.D. Whittaker, Charles H. Ryland, and Frank B. Bradley, III

QUARTERLY EARNINGS SUMMARY

<TABLE>
<CAPTION>

(in thousands, except per share amounts)

<S> <C> <C> <C> <C> <C> <C> <C> <C> <C> <C>

	2000					1999				
	FOURTH	THIRD	SECOND	FIRST	TOTAL	FOURTH	THIRD	SECOND	FIRST	TOTAL
Interest income	$ 16,680	$ 16,593	$ 16,228	$ 15,366	$ 64,867	$ 14,760	$ 14,327	$ 13,409	$ 13,140	$ 55,636
Interest expense	8,765	8,703	8,382	7,680	33,530	7,048	7,153	6,583	6,283	27,067
Net interest income	7,915	7,890	7,846	7,686	31,337	7,712	7,174	6,826	6,857	28,569
Provision for loan losses	434	522	581	564	2,101	190	513	751	762	2,216
Net interest income after provision for loan losses	7,481	7,368	7,265	7,122	29,236	7,522	6,661	6,075	6,095	26,353
Noninterest income	3,168	3,163	3,219	2,461	12,011	2,488	3,298	3,922	3,538	13,246
Noninterest expenses	7,888	8,342	8,163	8,031	32,424	8,399	8,458	8,470	7,362	32,689
Income before income taxes	2,761	2,189	2,321	1,552	8,823	1,611	1,501	1,527	2,271	6,910
Income tax expense	373	292	427	131	1,223	(189)	119	195	511	636
Net income	$ 2,388	$ 1,897	$ 1,894	$ 1,421	$ 7,600	$ 1,800	$ 1,382	$ 1,332	$ 1,760	$ 6,274
Net income per share										
Basic	$ 0.32	$ 0.25	$ 0.25	$ 0.19	$ 1.01	$ 0.24	$ 0.18	$ 0.18	$ 0.24	$ 0.84
Diluted	$ 0.32	$ 0.25	$ 0.25	$ 0.19	$ 1.01	$ 0.23	$ 0.18	$ 0.18	$ 0.24	$ 0.83

</TABLE>

UNION BANCSHARES CORPORATION

RETAIL LOCATIONS

[MAP APPEARS HERE]

THE IMPORTANCE OF COMMUNITY

DIRECTORY OF UNION BANKSHARES CORPORATION

UNION BANKSHARES CORPORATION

Officers

G. William Beale, President & Chief Executive Officer
D. Anthony Peay, Senior Vice President, Chief Financial Officer & Corporate Secretary
David S. Wilson, Senior Vice President

Elizabeth M. Bentley, Vice President
Joseph E. Brown, Jr., Vice President
Jeannette B. Burke, Vice President
Dawna D. Eacho, Vice President
Myles W. H. Gaythwaite, Vice President
John A. Lane, Vice President
Richard Love, Controller
Scott Q. Nininger, Vice President
George Washington, Jr., Vice President

Directors

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

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
Patricia Schurtz, Vice President

Directors

G. William Beale, Chairman
John S. Cheadle
Daniel I. Hansen
Ronald L. Hicks
Kevin P. Keegan
John C. Neal
D. Anthony Peay

NORTHERN NECK STATE BANK
- ------------------------

Officers

N. Byrd Newton, President & Chief Executive Officer
Russell G. Brown, Vice President
William E. Harrison, Vice President & Cashier
Geneva B. Lowery, Vice President & Assistant Secretary
C. Wayne Penick, Vice President
Marion B. Rowe, Vice President
Charles M. Sanford, Jr., Vice President
Gloria B. Smith, Vice President & Secretary

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

Robert E. Crowther, III
William B. Graham
Lloyd B. Hubbard
David Jones
Burton D. Reed, Jr.
H. Chilton Treakle, Sr.
Herbert E. Vaughan
Nancy T. Young

RAPPAHANNOCK NATIONAL BANK

Officers

Michael T. Leake, Executive Vice President & 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 BANK & TRUST COMPANY

Officers

G. William Beale, President & Chief Executive Officer
John C. Neal, Executive Vice President & Chief Operating Officer
William H. Hutton, Senior Vice President
John M. Randolph, Senior Vice President
Michael L. Torosian, Senior Vice President
R. Tyler Ware, Senior Vice President
David K. Bohmke, Vice President
Sylvia Buffkin, Vice President
Charles T. Bullock, Vice President
David F. Clare, Vice President
Maria S. Franklin, Vice President
Charles H. Gravatt, Vice President
Sherry C. Gravatt, Vice President
C. Thomas Parcell, III, Vice President
Douglas M. Ransone, Vice President
Raymond C. Ratcliffe, Jr., Vice President
Gary Salinsky, 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

UNION INVESTMENT SERVICES

Officers

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

Directors

G. William Beale, Chairman
Russell G. Brown
Myles W. H. Gaythwaite
Bernard W. Mahon, Jr.
Michael N. Manns
J. E. Small, III

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 2000 totaled $7.6 million or $1.01 per share on a basic and diluted basis, up 21.1% from $6.3 million or $0.84 per share on a basic and diluted basis for 1999. Profitability as measured by return on average assets (ROA) for 2000 was 0.88% as compared to .79% a year earlier, while return on average equity (ROE) for 2000 was 10.69% as compared to 8.74% in 1999. Core profitability continued to improve as net interest income increased by 9.7% and service fees on deposit accounts by 17.7%.

Union Bankshares Corporation's financial performance in 2000 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 led to lower mortgage loan production and adversely affected profitability of the mortgage origination business. Initiatives implemented in the community bank sector, including the significant consolidation efforts and investments in technology in 1998 and 1999, contributed to the improvement in the Company's 2000 performance. The Company's performance was also impacted by the Company's expansion over the last three years, including five acquired branches, three de novo branches and the opening of the Bank of Williamsburg. These expansion efforts were enhanced by the backoffice consolidation, making it possible to expand without adding additional layers of overhead. As an example, the Bank of Williamsburg is staffed with the same number of employees as a branch would be since all of its non-retail tasks are performed by the holding company.

The Company's performance was also impacted in 2000 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 2000 and will likely continue to have a negative impact in 2001. Our net interest margin, on a taxable equivalent basis, declined from 4.33% in 1999 to 4.29% during 2000.

The financial services industry has increasingly focused on noninterest income as interest margins have compressed. The Company's focus on providing competitive products and customer service has provided additional sources of, and increases in, fee income in its community bank segment. In addition, the Company's mortgage segment provides mortgage products to customers within our community bank markets and beyond and represents an additional source of noninterest income.

Assets grew to $882.0 million at December 31, 2000, up 7.3% from $821.8 million a year ago. Loans grew to $580.8 million, up 6.9% over year end 1999 totals. Deposits increased from $646.9 million at December 31, 1999 to $692.5 million at

December 31, 2000, a 7.0% increase. The Company's capital position grew by 13.9%, from $68.8 million at December 31, 1999 to $78.4 million a year later and remains strong at 8.9% of total assets.

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 interest-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 2000, net interest income, on a taxable equivalent basis, totaled $34.2 million, an increase of 10.0% from $31.1 million in 1999. The Company's net interest margin declined to 4.29% in 2000, as compared to 4.33% in 1999 and 4.59% in 1998. The yield on earning assets increased to 8.50% from 8.09% in 1999 while the cost of interest-bearing liabilities increased from 4.37% in 1999 to 4.80% in 2000. Average interest-bearing liabilities increased by $79.3 million, or 12.8% while average earning assets grew by $77.5 million, or 10.8%. The Company's ability to grow loans and deposits in new and existing markets has offset much of the impact of the declining interest margin on net income. As a result of these increased volumes, the Company was able to realize an increase of $3.0 million in net interest income on a taxable equivalent basis compared to 1999 (see Volume and Rate Analysis table). Despite the Company's ability to offset rates with volumes in recent years, the declines in the net interest margin also negatively impacted the Company's return on average assets (ROA).

During the third quarter of 2000 the Company sold approximately $27.0 million of its lower-yielding securities available for sale at a loss of $1.1 million reinvesting the net proceeds of $25.9 million in higher-yielding instruments. Management anticipates this transaction will contribute to improving the net interest margin and net income in future periods.

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,					
	2000			1999		
	AVERAGE BALANCE	INTEREST INCOME/ EXPENSE	YIELD/ RATE	AVERAGE BALANCE	INTEREST INCOME/ EXPENSE	YIELD/ RATE
	(Dollars in thousands)					
<S>	<C>	<C>	<C>	<C>	<C>	<C>
ASSETS:						
Securities:						
Taxable...	$ 121,826	$ 8,979	7.37%	$ 117,938	$ 7,567	6.42%
Tax-exempt (1)....................................	97,080	7,424	7.65%	89,211	6,945	7.78%
Total securities................................	218,906	16,403	7.49%	207,149	14,512	7.01%
Loans, net..	573,989	51,127	8.91%	507,658	43,424	8.55%
Federal funds sold..................................	2,607	118	4.53%	3,004	209	6.96%
Interest-bearing deposits in other banks..................................	936	59	6.30%	1,165	56	4.81%
Total earning assets............................	796,438	67,707	8.50%	718,976	58,201	8.09%
Allowance for loan losses...........................	(7,488)			(7,270)		

Total non-earning assets...........................	72,313			79,829		
Total assets.......................................	$ 861,263			$ 791,535		
LIABILITIES & STOCKHOLDERS' EQUITY:						
Interest-bearing deposits:						
Checking...	$ 99,377	2,116	2.13%	$ 88,806	1,845	2.08%
Regular savings....................................	56,992	1,367	2.40%	59,897	1,576	2.63%
Money market saving................................	62,197	2,022	3.25%	63,452	2,070	3.26%
Certificates of deposit:						
$100,000 and over..................................	108,740	6,251	5.75%	92,123	4,669	5.07%
Under $100,000.....................................	258,162	14,756	5.72%	237,734	12,609	5.30%
Total interest-bearing deposits................	585,468	26,512	4.53%	542,012	22,769	4.20%
Other borrowings...................................	113,339	7,018	6.19%	77,497	4,298	5.55%
Total interest-bearing liabilities.............	698,807	33,530	4.80%	619,509	27,067	4.37%
Noninterest bearing liabilities:						
Demand deposits....................................	86,416			85,017		
Other liabilities..................................	4,951			15,242		
Total liabilities..............................	790,174			719,768		
Stockholders' equity................................	71,089			71,767		
Total liabilities and stockholders' equity...........	$ 861,263			$ 791,535		
Net interest income................................		$ 34,177			$ 31,134	
Interest rate spread...............................			3.70%			3.72%
Interest expense as a percent of average earning assets..................................			4.21%			3.76%
Net interest margin................................			4.29%			4.33%

<CAPTION>

	1998		
	AVERAGE BALANCE	INTEREST INCOME/ EXPENSE	YIELD/ RATE
<S>	<C>	<C>	<C>
ASSETS:			
Securities:			
Taxable..	$ 94,814	$ 6,107	6.44%
Tax-exempt (1).....................................	74,068	5,921	7.99%
Total securities...............................	168,882	12,028	7.12%
Loans, net...	444,463	40,538	9.12%
Federal funds sold.................................	12,549	581	4.63%
Interest-bearing deposits in other banks..................................	1,058	71	6.71%
Total earning assets...........................	626,952	53,218	8.49%
Allowance for loan losses..........................	(5,339)		
Total non-earning assets...........................	59,942		
Total assets.......................................	$ 681,555		
LIABILITIES & STOCKHOLDERS EQUITY:			
Interest-bearing deposits:			
Checking...	$ 73,263	1,745	2.38%
Regular savings....................................	58,490	1,749	2.99%
Money market saving................................	60,674	2,065	3.40%
Certificates of deposit:			
$100,000 and over..................................	68,703	3,789	5.52%
Under $100,000.....................................	223,362	12,559	5.62%
Total interest-bearing deposits................	484,492	21,907	4.52%
Other borrowings...................................	45,236	2,556	5.65%
Total interest-bearing liabilities.............	529,728	24,463	4.62%

Noninterest bearing liabilities:			
Demand deposits	75,278		
Other liabilities	4,937		
Total liabilities	609,943		
Stockholders equity	71,612		
Total liabilities and stockholders equity	$ 681,555		
Net interest income		$ 28,755	
Interest rate spread			3.87%
Interest expense as a percent of average earning assets			3.90%
Net interest margin			4.59%

</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,					
	2000 VS. 1999 INCREASE (DECREASE) DUE TO CHANGES IN:			1999 VS. 1998 INCREASE (DECREASE) DUE TO CHANGES IN:		
EARNING ASSETS:	VOLUME	RATE	TOTAL	VOLUME	RATE	TOTAL
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Securities:						
Taxable	$ 257	$ 1,155	$ 1,412	$ 1,483	$ (23)	$ 1,460
Tax-exempt	603	(124)	479	1,182	(158)	1,024
Loans, net	5,852	1,851	7,703	5,514	(2,628)	2,886
Federal funds sold	(25)	(66)	(91)	(575)	203	(372)
Interest-bearing deposits in other banks	(12)	15	3	6	(21)	(15)
Total earning assets	6,675	2,831	9,506	7,610	(2,627)	4,983
INTEREST-BEARING LIABILITIES:						
Interest checking	225	46	271	340	(240)	100
Regular savings	(75)	(134)	(209)	41	(214)	(173)
Money market savings	(41)	(7)	(48)	92	(87)	5
CDs $100,000 and over	908	674	1,582	1,207	(327)	880
CDs (less than) $100,000	1,128	1,019	2,147	783	(733)	50
Total interest-bearing deposits	2,145	1,598	3,743	2,463	(1,601)	862
Other borrowings	2,173	547	2,720	1,790	(48)	1,742
Total interest-bearing liabilities	4,318	2,145	6,463	4,253	(1,649)	2,604

Change in net interest income....................................	$ 2,357	$ 686	$ 3,043	$ 3,357	$ (978)	$ 2,379

</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, 2000, the Company had $246.0 million more liabilities than assets subject to repricing within one year and was, therefore, in a liability-sensitive position. A liability-sensitive companys 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.

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	.57%

Flat	0
-200 basis points	-.49%

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	$ -25,314
+100 basis points	-10,224
Flat	-4,101
-100 basis points	10,264
-200 basis points	25,549

NONINTEREST INCOME

Noninterest income decreased by 9.3% from $13.2 million in 1999 to $12.0 in 2000. This decrease is primarily due to a $2.1 million decrease in gains on sales of loans, which declined from $7.6 million in 1999 to $5.5 million in 2000 as mortgage originations declined. A $545,000 increase in service charges on deposits and a $447,000 increase in other service charges (including a $227,000 increase in brokerage fees from Union Investment Services) offset much of this decline.

In the third quarter of 2000, the Company restructured its available for sale investment portfolio, selling lower-yielding securities to invest in higher-yielding instruments and resulting in a loss of $1.1 million (see Net Interest Income). In the same quarter, the Company completed the previously announced termination of its defined benefit plan resulting in a $1.1 million gain. In connection with the termination of the defined benefit plan, the Company redirected a portion of the expense of the prior plan to enhance the existing compensation of employees to be more competitive with the market. The net impact of these two nonrecurring transactions on the noninterest income was minimal, but each should result in improved future earnings for the Company.

In 1999, noninterest income increased by 137.9% from $5.6 million in 1998 to $13.2 million in 1999. This increase was largely attributable to the addition of $7.6 million in gains on sale of loans created by the addition of Mortgage Capital Investor to the company. Excluding these gains, noninterest income was up slightly to $5.7 million. The gain was the result of service charges on deposits increasing $184,000 over 1998 and other service charges rising $412,000. Included in the latter gain was $124,000 increase in brokerage fees from Union Investment Services.

NONINTEREST EXPENSES

Noninterest expenses totaled $32.4 million in 2000, down $265,000 or .8% versus $32.7 million in 1999. Salaries and benefits were $18.7 million in 2000, down $100,000 compared to $18.8 million in 1999. The decline in mortgage loan production and gains on loan sales within the mortgage segment resulted in a reduction of $1.5 million in commission compensation. Occupancy expenses were $2.3 million, up $151,000 over $2.1 million in 1999. Equipment expense was $3.0 million, up $545,000 over $2.4 million in 1999. Other operating expense was $8.4 million down $846,000 compared to $9.3 million in 1999. Much of this decline was related to declines in 2000 mortgage production, and nonrecurring conversion and expansion costs in 1999. Most of the increase in 2000 expenses was the result of a full year of expenses from MCI and the impact of a full year of depreciation and amortization for new equipment and systems.

Noninterest expenses totaled $32.7 million in 1999, up 58.5% over $20.6 million in 1998. Most of this increase was a result of the addition of Mortgage Capital Investors, which was accounted for under the purchase method; the opening of the Bank of Williamsburg; and technology enhancements in 1999. Because mortgage banking activities principally affect noninterest income and noninterest expense, these two categories have been significantly impacted in 1999 and 2000 by the Company's acquisition of Mortgage Capital Investors.

LOAN PORTFOLIO

Loans, net of unearned income, totaled $580.8 million at December 31, 2000, an increase of 6.9% over $543.4 million at December 31, 1999. Union Bankshares has achieved a rate of growth consistent with the economies of the markets within which it operates. Loans secured by real estate comprised 65.0% of the total loan portfolio at December 31, 2000. Of this total, single-family residential loans, not including home equity lines, comprised 30.5% of the total loan portfolio at December 31, 2000, down slightly from 32.9% in 1999. Loans secured by commercial real estate comprised 24.0% of the total loan portfolio at December 31, 2000, as compared to 22.1% in 1999, 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 5.8% of total loans outstanding at December 31, 2000. The Company's charge-off rate for all loans secured by real estate has historically been low.

LOAN PORTFOLIO

	DECEMBER 31,				
	2000	1999	1998	1997	1996
	(in thousands)				
Commercial	$ 74,261	$ 67,649	$ 61,678	$ 45,541	$ 37,375
Loans to finance agriculture production and other loans to farmers	2,793	3,015	2,595	1,590	3,080
Real estate:					
Real estate construction	33,560	33,218	38,128	28,206	13,961
Real estate mortgage:					
Residential (1-4 family)	177,282	179,246	155,843	125,205	114,945
Home equity lines	20,049	20,987	18,737	21,061	21,964
Multi-family	4,666	4,592	3,979	1,905	1,501
Commercial (1)	139,737	120,490	108,063	93,568	80,830
Agriculture	2,859	2,373	2,536	2,292	2,262
Total real estate	378,153	360,906	327,286	272,237	235,463
Loans to individuals:					
Consumer	107,876	102,713	79,492	77,505	76,826
Credit card	4,958	4,346	3,232	2,682	2,567
Total loans to individuals	112,834	107,059	82,724	80,187	79,393
All other loans	13,507	5,855	6,559	879	2,125
Total loans	581,548	544,484	480,842	400,434	357,436
Less unearned income	758	1,117	1,020	1,083	1,398
Total net loans	$580,790	$543,367	$479,822	$399,351	$356,038

(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 18.5% of total loans at December 31, 2000, down slightly from 18.9% in 1999. Commercial loans, secured by non-real estate business assets comprised 12.8% of total loans at the end of 2000, a slight increase from 12.4% at the end of 1999. 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

	1 YEAR OR LESS	1 - 5 YEARS	AFTER 5 YEARS	TOTAL
		(in thousands)		
December 31, 2000	$ 142,210	$ 272,101	$ 167,237	$ 581,548
December 31, 1999	148,951	241,795	153,738	544,484
December 31, 1998	155,160	179,068	146,614	480,842

Loans, net of unearned income, totaled $543.4 million at December 31, 1999, an increase of 13.2% over $479.8 million at December 31, 1998, 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 or selling loans to the affiliated banks which meet 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, 2000, the allowance for loan losses was $7.4 million, or 1.27% of total loans as compared to $6.6 million, or 1.22% in 1999. The provision for loan losses decreased slightly from $2.2 million in 1999 to $2.1 million in 2000.

The allowance for loan losses as of December 31, 1999 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 in 1999 totaled $2.2 million as compared to $3.0 million in 1998.

ALLOWANCE FOR LOAN LOSSES

<TABLE>
<CAPTION>

	DECEMBER 31,				
	2000	1999	1998	1997	1996
	(dollars in thousands)				
<S>	<C>	<C>	<C>	<C>	<C>
Balance, beginning of year..................................	$6,617	$6,407	$4,798	$4,612	$4,274

Loans charged-off:					
Commercial	777	1,544	597	247	114
Real estate	48	62	34	4	59
Consumer	825	746	1,078	958	795
Total loans charged-off	1,650	2,352	1,709	1,209	968
Recoveries:					
Commercial	16	12	126	8	275
Real estate	10	8	18	49	10
Consumer	295	326	130	156	126
Total recoveries	321	346	274	213	411
Net loans charged-off	1,329	2,006	1,435	996	557
Provision for loan losses	2,101	2,216	3,044	1,182	895
Balance, end of year	$7,389	$6,617	$6,407	$4,798	$4,612
Ratio of allowance for loan losses to total loans outstanding at end of year	1.27%	1.22%	1.33%	1.20%	1.29%
Ratio of net charge-offs to average loans outstanding during year	0.23%	0.40%	0.32%	0.27%	0.16%

</TABLE>

NONPERFORMING ASSETS

Nonperforming assets were $2.5 million at December 31, 2000, down from $3.5 million at December 31, 1999. Non-accrual loans decreased from $1.5 million in 1999 to $830,000 in 2000. Contributing to the decline in these figures was the charge-off of the remaining 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 charged off the remainder of this credit, $696,000 in 2000, but will continue to aggressively pursue collection on this loan.

NONPERFORMING ASSETS

<TABLE>
<CAPTION>

	DECEMBER 31, 2000	1999	1998	1997	1996
	(dollars in thousands)				
Nonaccrual loans	$ 830	$1,487	$2,813	$2,244	$ 523
Foreclosed properties	844	1,113	1,101	1,746	4,056
Real estate investment	867	903	730	1,050	2,970
Total nonperforming assets	$ 2,541	$3,503	$4,644	$5,040	$7,549
Loans past due 90 days and accruing interest	$ 1,531	$ 980	$2,979	$2,675	$3,165
Nonperforming assets to year-end loans, foreclosed properties and real estate investment	0.44%	0.64%	0.97%	1.26%	2.10%
Allowance for loan losses to nonaccrual loans	890.24%	444.99%	227.73%	213.81%	881.84%

</TABLE>

As of December 31, 2000, nonperforming assets include approximately $867,000 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 and management expects no loss on this investment.

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, 1999, nonperforming assets totaled $3.5 million, down from $4.6 million at December 31, 1998. Nonaccrual loans decreased by $1.3 million in 1999 while other real estate owned remained constant.

SECURITIES

At December 31, 2000, $210.3 million, or over 97%, of the Company's securities were classified as available for sale, as compared to $201.7 million at December 31, 1999. Investment securities totaled $5.4 million at December 31, 2000 and consist of securities which management intends to hold to maturity.

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 consist 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. During the year the Company restructured a portion of its portfolio (see Net Interest Income). The investment portfolio has a high percentage of municipals and mortgage backed securities which is the main reason for the high taxable equivalent yield the portfolio attains compared to its peers.

MATURITIES OF INVESTMENT SECURITIES AND SECURITIES AVAILABLE FOR SALE

	DECEMBER 31, 2000				
	1 YEAR OR LESS	1-5 YEARS	5-10 YEARS	OVER 10 YEARS & EQUITY SECURITIES	TOTAL
	(dollars in thousands)				
U.S. government and agency securities:					
Amortized cost	$ 1,150	$ 1,747	$ --	$ 17,998	$ 20,895
Fair value	1,148	1,744	--	17,527	20,419
Weighted average yield(1)	5.64%	6.03%	--	6.97%	6.79%
Mortgage backed securities:					
Amortized cost	$ 7	$ 4,132	$ 6,964	$ 50,841	$ 61,944
Fair value	7	4,169	7,017	50,715	61,908
Weighted average yield(1)	6.51%	6.75%	7.03%	6.75%	6.47%
Municipal bonds:					
Amortized cost	$ 2,155	$ 20,741	$ 27,182	$ 48,588	$ 98,666
Fair value	2,171	21,111	28,053	48,729	100,064
Weighted average yield(1)	7.79%	7.36%	7.52%	6.99%	7.48%
Other securities:					
Amortized cost	$ 999	$ 2,634	$ --	$ 31,071	$ 34,704
Fair value	995	2,637	--	29,817	33,449
Weighted average yield(1)	5.52%	6.99%	--	8.26%	8.08%
Total securities:					
Amortized cost	$ 4,311	$ 29,254	$ 34,146	$148,498	$216,209
Fair value	4,321	29,661	35,070	146,788	215,840
Weighted average yield(1)	6.69%	7.16%	7.42%	7.17%	7.20%

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

DEPOSITS

Total deposits grew $46 million or 7.1% in 2000 with deposits in existing branches accounting for most of that growth. Deposits at The Bank of Williamsburg grew $ 6.2 million in 2000, with $6.0 million of the growth occurring after it relocated to its permanent location at the end of the first quarter of 2000. The Company also acquired about $3.0 million in deposits from another institution through a divestiture transaction in the fourth quarter of 2000. Increased competition for customer deposits continues to be a challenge for the Company and the Company continues to focus on customer relationships and delivery of products and services to those customers. Based on the most recent market data (June 30, 2000) the Company's growth (%) in the majority of the markets it serves exceeded the over all deposit growth of those markets, increasing our market share.

Total deposits increased from $646.9 million at December 31, 1999 to $692.5 million at December 31, 2000. Over this same period, average interest-bearing deposits were $585.5 million, or 8.0% over the 1999 average of $542.0 million. A $37 million increase in certificates of deposit and a $10.6 million increase in interest checking represent the majority of the increase in average deposits. In 2000, the Company's lowest cost source of funds, noninterest-bearing demand deposits increased by a total of $13 million. The Company has no brokered deposits.

AVERAGE DEPOSITS AND RATES PAID

<TABLE>
<CAPTION>

	YEARS ENDED DECEMBER 31,					
	2000		1999		1998	
	AMOUNT	RATE	AMOUNT	RATE	AMOUNT	RATE
	(dollars in thousands)					
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Noninterest-bearing demand deposits..................	$ 86,416	-	$ 85,017	-	$ 75,278	-
Interest-bearing deposits:						
Savings accounts................................	56,992	2.40%	59,897	2.63%	58,490	2.99%
NOW accounts....................................	99,377	2.13%	88,806	2.08%	73,263	2.38%
Money market accounts...........................	62,197	3.25%	63,452	3.26%	60,674	3.40%
Time deposits of $100,000 and over...............	108,740	5.75%	92,123	5.07%	68,703	5.52%
Other time deposits.............................	258,162	5.72%	237,734	5.30%	223,362	5.62%
Total interest-bearing...............................	585,468	4.53%	542,012	4.20%	484,492	4.51%
Total average deposits...........................	$671,884		$ 627,029		$ 559,770	

</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, 2000	$ 20,409	$ 21,673	$ 58,380	$ 21,086	$ 121,548	17.55%

</TABLE>

Total deposits grew 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 $542.0 million, or 11.9% over the 1998 average of $484.5 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. 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 reviews the adequacy of the Company's capital. 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 total capital to risk-weighted assets of 11.82% and 12.21% on December 31, 2000 and 1999, respectively. The Company's ratio of Tier 1 capital to risk-weighted assets was 10.72% and 11.11% at December 31, 2000 and 1999, respectively. Both of these ratios exceeded the fully phased-in capital requirements in 2000 and 1999.

The Company's strategic plan includes targeted capital levels (equity to assets) between 8% and 9%.

ANALYSIS OF CAPITAL

<TABLE>
<CAPTION>

	DECEMBER 31,		
	2000	1999	1998
	(dollars in thousands)		
<S>	<C>	<C>	<C>
Tier 1 capital:			
Common stock	$ 15,033	$ 14,976	$ 15,015
Surplus	403	163	311
Retained earnings	63,201	58,603	55,690
Total equity	78,637	73,742	71,016
Less: core deposit intangibles/goodwill	(6,295)	(6,569)	(5,846)
Total Tier 1 capital	72,342	67,173	65,170
Tier 2 capital:			
Allowance for loan losses	7,389	6,617	6,407
Total Tier 2 capital	7,389	6,617	6,407
Total risk-based capital	$ 79,731	$ 73,790	$ 71,577
Risk-weighted assets	$674,687	$604,525	$522,533

==

Capital ratios:			
Tier 1 risk-based capital ratio	10.72%	11.11%	12.47%
Total risk-based capital ratio	11.82%	12.21%	13.70%
Tier 1 capital to average adjusted total assets	8.46%	8.35%	9.06%
Equity to total assets	8.88%	8.37%	10.00%

</TABLE>

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 customer's credit needs.

At December 31, 2000, cash and cash equivalents and securities classified as available for sale were 26.4% of total assets, compared to 27.0% at December 31, 1999. 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 $60.5 million at December 31, 2000. At year end 2000, the Banks had outstanding $25.1 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 $137 million at December 31, 2000.

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 requires 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 adoption of this Statement had no significant effect on the Company's 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. Actual future results and trends may differ materially from historical results or those anticipated depending on a variety of factors, including, but not limited to, the effects of and changes in: general economic conditions, the interest rate environment, legislative and regulatory requirements, competitive pressures and new products and delivery systems.

INDEPENDENT AUDITOR'S REPORT

[LOGO OF YHB]

Yount, Hyde & Barbour, P.C.
Certified Public Accountants
and Consultants

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated balance sheets of Union Bankshares Corporation and Subsidiaries as of December 31, 2000 and 1999, and the related consolidated statements of income, stockholders' equity and cash flows for the years then ended. 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 audits. We did not audit the financial statements of Mortgage Capital Investors, a consolidated subsidiary, which statements reflect total assets and revenue constituting 2% and 8%, respectively, in 2000 and 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 year ended December 31, 1998 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 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 and the report of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of the other auditors, 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, 2000 and 1999, and the results of their operations and their cash flows for the years then ended in conformity with generally accepted accounting principles.

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

Winchester, Virginia

January 29, 2001

UNION BANKSHARES CORPORATION

CONSOLIDATED BALANCE SHEETS

UNION BANKSHARES CORPORATION AND SUBSIDIARIES

DECEMBER 31, 2000 AND 1999
(dollars in thousands)

<TABLE>
<CAPTION>

ASSETS	2000	1999
<S>	<C>	<C>
Cash and cash equivalents:		
Cash and due from banks	$ 22,174	$ 18,804
Interest-bearing deposits in other banks	315	867
Federal funds sold	380	248
Total cash and cash equivalents	22,869	19,919
Securities available for sale, at fair value	210,312	201,721
Investment securities, at amortized cost		
Fair value of $5,528 and $9,518, respectively	5,465	9,578
Total securities	215,777	211,299
Loans held for sale	16,472	6,680
Loans, net of unearned income	580,790	543,367

Less allowance for loan losses	7,389	6,617
Net loans	573,401	536,750
Bank premises and equipment, net	20,077	21,458
Other real estate owned	1,701	2,016
Other assets	31,664	23,705
Total assets	$ 881,961	$ 821,827
LIABILITIES AND STOCKHOLDERS' EQUITY		
Noninterest-bearing demand deposits	$ 92,067	$ 79,048
Interest-bearing deposits:		
Savings accounts	56,540	58,209
NOW accounts	96,751	95,882
Money market accounts	62,438	63,249
Time deposits of $100,000 and over	121,548	107,654
Other time deposits	263,128	242,824
Total interest-bearing deposits	600,405	567,818
Total deposits	692,472	646,866
Securities sold under agreements to repurchase	25,114	17,539
Other short-term borrowings	6,000	21,620
Long-term borrowings	74,023	54,420
Other liabilities	6,000	12,588
Total liabilities	803,609	753,033
Commitments and contingencies		
Stockholders equity:		
Common stock, $ 2 par value. Authorized 24,000,000 shares; issued and outstanding, 7,516,534 shares in 2000 and 7,487,829 shares in 1999	15,033	14,976
Surplus	403	163
Retained earnings	63,201	58,603
Accumulated other comprehensive (loss)	(285)	(4,948)
Total stockholders equity	78,352	68,794
Total liabilities and stockholders equity	$ 881,961	$ 821,827

</TABLE>

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

UNION BANKSHARES CORPORATION AND SUBSIDIARIES
YEARS ENDED DECEMBER 31, 2000, 1999 AND 1998
(dollars in thousands, except per share amounts)

<TABLE>
<CAPTION>

	2000	1999	1998
<S>	<C>	<C>	<C>
Interest and dividend income:			
Interest and fees on loans	$ 50,811	$ 43,220	$ 40,395
Interest and dividends on securities:			
Taxable	8,979	7,567	6,107
Nontaxable	4,900	4,584	3,908
Interest on Federal funds sold	118	209	581
Interest on interest-bearing deposits in other banks	59	56	71
Total interest and dividend income	64,867	55,636	51,062
Interest expense:			
Interest on deposits	26,512	22,769	21,907
Interest on short-term borrowings	2,451	1,010	744
Interest on long-term borrowings	4,567	3,288	1,812
Total interest expense	33,530	27,067	24,463
Net interest income	31,337	28,569	26,599
Provision for loan losses	2,101	2,216	3,044
Net interest income after provision for loan losses	29,236	26,353	23,555

Noninterest income:			
Service charges on deposit accounts	3,623	3,078	2,894
Other service charges and fees	2,163	1,716	1,304
Gains (losses) on securities transaction	(957)	16	71
Gains on sales of loans	5,516	7,581	--
Gains on sales of other real estate owned and bank premises, net	81	312	297
Gain on termination of pension plan	1,087	--	--
Other operating income	498	543	1,001
Total noninterest income	12,011	13,246	5,567
Noninterest expenses:			
Salaries and benefits	18,729	18,844	10,902
Occupancy expenses	2,300	2,149	1,280
Furniture and equipment expenses	2,956	2,411	1,617
Other operating expenses	8,439	9,285	6,823
Total noninterest expenses	32,424	32,689	20,622
Income before income taxes	8,823	6,910	8,500
Income tax expense	1,223	636	1,678
Net income	$ 7,600	$ 6,274	$ 6,822
Earnings per share, basic and diluted	$ 1.01	$ 0.84	$ 0.91

</TABLE>

See accompanying notes to consolidated financial statements.

UNION BANKSHARES CORPORATION

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS EQUITY

UNION BANKSHARES CORPORATION AND SUBSIDIARIES
YEARS ENDED DECEMBER 31, 2000, 1999 AND 1998
(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, 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 $52)					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, $3,761)					(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
Comprehensive income:						
Net income - 2000			7,600		$ 7,600	7,600
Unrealized holding gains arising during the period (net of tax, $2,077)					4,031	
Reclassification adjustment for losses included in net income (net of tax, $325)					632	
Other comprehensive income (net of tax, $2,402)					4,663	4,663
Total comprehensive income				4,663	$ 12,263	
Cash dividends - 2000 ($.40 per share)			(3,002)			(3,002)
Issuance of common stock under Dividend Reinvestment Plan (35,092 shares)	70	276				346
Stock repurchased under Stock Repurchase Plan (30,300 shares)	(61)	(269)				(330)
Issuance of common stock under Incentive Stock Option Plan (5,040 shares)	10	23				33
Issuance of common stock for services rendered (1,200 shares)	2	10				12
Issuance of common stock in exchange for net assets in acquisition (17,673 shares)	36	200				236

Balance - December 31, 2000	$ 15,033	$ 403	$ 63,201	$ (285)	$ 78,352

</TABLE>

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

UNION BANKSHARES CORPORATION AND SUBSIDIARIES
YEARS ENDING DECEMBER 31, 2000, 1999 AND 1998
(dollars in thousands)

<TABLE>
<CAPTION>

	2000	1999	1998
Operating activities:			
Net income	$ 7,600	$ 6,274	$ 6,822
Adjustments to reconcile net income to net cash and cash equivalents provided by (used in) operating activities:			
Depreciation of bank premises and equipment	1,898	1,683	1,472
Amortization	1,117	1,082	10
Provision for loan losses	2,101	2,216	3,044
(Gains) losses on securities transactions, net	957	(16)	(71)
Origination of loans held for sale	(155,523)	(65,076)	-
Proceeds from sale of loans held for sale	145,731	58,396	-
(Gains) on sales of other real estate owned and fixed assets, net	(81)	(312)	(297)
Deferred income tax (benefit)	(226)	(397)	(567)
Other, net	(17,044)	8,236	(8,788)
Net cash and cash equivalents provided by (used in) operating activities	(13,470)	12,086	1,625
Investing activities:			
Purchases of investment securities	-	(199)	(1,646)
Proceeds from maturities of investment securities	4,109	3,697	3,269
Purchases of securities available for sale	(39,657)	(77,484)	(82,381)
Proceeds from sales of securities available for sale	26,147	14,259	56,472
Proceeds from maturities of securities available for sale	11,000	13,387	8,838
Net increase in loans	(38,822)	(65,862)	(82,056)
Purchases of bank premises and equipment	(1,443)	(1,732)	(5,642)
Proceeds from sales of bank premises and equipment	491	-	80
Proceeds from sales of other real estate owned	384	300	1,092
Net cash and cash equivalents used in investing activities	(37,791)	(113,634)	(101,974)
Financing activities:			
Net increase (decrease) in noninterest-bearing deposits	13,019	(2,281)	15,623

Net increase in interest-bearing deposits	32,587	41,518	102,750
Net increase (decrease) in short-term borrowings	(8,045)	19,683	(7,769)
Proceeds from long-term borrowings	26,000	26,500	4,745
Repayment of long-term borrowings	(6,397)	(405)	(135)
Cash dividends paid	(3,002)	(2,994)	(2,860)
Issuance of common stock	379	341	334
Purchase of common stock	(330)	(1,915)	-
Net cash and cash equivalents provided by financing activities	54,211	80,447	112,688
Increase (decrease) in cash and cash equivalents	2,950	(21,101)	12,339
Cash and cash equivalents at beginning of year	19,919	41,020	28,681
Cash and cash equivalents at end of year	$ 22,869	$ 19,919	$ 41,020
Supplemental Disclosure of Cash Flow Information			
Cash payments for:			
Interest	$ 33,184	$ 27,566	$ 24,267
Income taxes	$ 1,376	$ 1,840	$ 2,747
Supplemental schedule of noncash investing and financing activities:			
Loan balances transferred to foreclosed properties	$ 70	$ 311	$ 50
Unrealized gain (loss) on securities available for sale $	7,065	$ (11,047)	$ 964
Issuance of common stock in exchange for net assets in acquisition	$ 236	$ 1,000	$ -
Issuance of common stock for services rendered	$ 12	$ 20	$ -

</TABLE>

See accompanying notes to consolidated financial statements.

UNION BANKSHARES CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

UNION BANKSHARES CORPORATION AND SUBSIDIARIES
YEARS ENDED DECEMBER 31, 2000,1999 AND 1998

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 Union Investment Services. Mortgage Capital Investors ("MCI") is a wholly owned subsidiary of Union Bank and Trust Company. 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 2000 presentation.

(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.

Securities classified as available for sale are those debt and equity securities 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.

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

The Company grants mortgage, commercial and consumer loans to customers. A substantial portion of the loan portfolio is represented by mortgage loans throughout its market area. The ability of the Company's debtors to honor their contracts is dependent upon the real estate and general economic conditions in this area.

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off generally are reported at their outstanding unpaid principal balances adjusted for charge-offs, the allowance for loan losses, and any deferred fees or costs on originated loans. Interest income is accrued on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, are deferred and recognized as an adjustment of the related loan yield using the interest method.

The accrual of interest on mortgage and commercial loans is discontinued at the time the loan is 90 days delinquent unless the credit is well-secured and in process of collection. Credit card loans and other personal loans are typically charged off no later than 180 days past due. In all cases, loans are placed on nonaccrual or charged-off at an earlier date if collection of principal and interest is considered doubtful.

All interest accrued but not collected for loans that are placed on nonaccrual or charged off is reversed against interest income. The interest on these loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

(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 borrowers 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 loans effective interest rate, the loans obtainable market price, or the fair value of the collateral if the loan is collateral dependent.

Large groups of smaller balance homogeneous loans are collectively evaluated for impairment. Accordingly, the company does not separately identify individual consumer and residential loans for impairment disclosures.

(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 $5,306,000 and $5,465,000 at December 31, 2000 and 1999, 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 $989,000 and $1,111,000 at December 31, 2000 and 1999,respectively.

(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

Assets acquired through or in lieu of loan foreclosure are held for sale and are initially recorded at fair value at the date of foreclosure, establishing a new cost basis. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less cost to sell. Revenue and expenses from operations and changes in the valuation allowance are included in net expenses from foreclosed assets.

(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 computed the net periodic pension costs of its pension plan in accordance with Statement of Financial Accounting Standards No. 87, "Employers' Accounting for Pensions". Costs of the plan were determined by independent actuaries. This plan was terminated in 2000 and plan assets were dispersed to participants.

(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 earnings per share reflects additional common shares that would have been outstanding if dilutive potential common shares had been issued, as well as any adjustment to income that would result from the assumed issuance. Potential common shares that may be issued by the Company relate solely to outstanding stock options, and are determined using the treasury stock method.

(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.

(O) EMERGING ACCOUNTING STANDARDS

In June 1998, the Financial Accounting Standards Board issued Statement 133, "Accounting for Derivative Instruments and Hedging Activities", which, as amended, requires adoption in years beginning after June 15, 2000. The Statement requires the Corporation to recognize all derivatives on the balance sheet at fair value. This statement was adopted as of January 1, 2001 and had no effect on the Corporation's earnings or financial position.

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, 2000 and 1999 are summarized as follows (in thousands):

<TABLE>
<CAPTION>

2000	AMORTIZED COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED (LOSSES)	ESTIMATED FAIR VALUE
<S>	<C>	<C>	<C>	<C>
U.S. government and agency securities	$ 900	$ --	$ --	$ 900
Obligations of states and political subdivisions	4,342	64	(1)	4,405
Corporate and other bonds	223	--	--	223
	$ 5,465	$ 64	$ (1)	$ 5,528

<CAPTION>

1999	AMORTIZED COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED (LOSSES)	ESTIMATED FAIR VALUE
<S>	<C>	<C>	<C>	<C>
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

</TABLE>

The amortized cost, gross unrealized gains and losses and estimated fair value of securities available for sale at December 31, 2000 and 1999 are summarized as follows (in thousands):

<TABLE>
<CAPTION>

	2000			
	AMORTIZED COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED (LOSSES)	ESTIMATED FAIR VALUE
U.S. government and agency securities	$ 19,995	$ --	$ (476)	$ 19,519
Obligations of states and political subdivisions	94,324	1,955	(620)	95,659
Corporate and other bonds	29,643	62	(1,318)	28,387
Mortgage-backed securities	61,944	315	(351)	61,908
Federal Reserve Bank stock	706	--	--	706
Federal Home Loan Bank stock	3,783	--	--	3,783
Other securities	349	14	(13)	350
	$ 210,744	$ 2,346	$ (2,778)	$ 210,312

	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

The amortized cost and estimated fair value (in thousands) of investment securities and securities available for sale at December 31, 2000, 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.

	INVESTMENT SECURITIES		SECURITIES AVAILABLE FOR SALE	
	AMORTIZED COST	ESTIMATED FAIR VALUE	AMORTIZED COST	ESTIMATED FAIR VALUE
Due in one year or less	$ 1,285	$ 1,291	$ 3,026	$ 3,030
Due after one year through five years	2,513	2,529	26,741	27,132
Due after five years through ten years	379	388	33,767	34,682
Due after ten years	1,288	1,320	142,372	140,629
	5,465	5,528	205,906	205,473
Federal Reserve Bank stock	--	--	706	706
Federal Home Loan Bank stock	--	--	3,783	3,783
Other securities	--	--	349	350
	$ 5,465	$ 5,528	$ 210,744	$ 210,312

Securities with an amortized cost of approximately $74,706,000 and $67,691,000 at December 31, 2000 and 1999 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, 2000, 1999 and 1998 (in thousands):

	2000	1999	1998
Proceeds	$ 26,147	$ 14,259	$ 56,472

	2000	1999	1998
Gross realized gains	$ 147	$ 20	$ 195
Gross realized (losses)	(1,104)	(4)	(124)
Net realized gains (losses)	$ (957)	$ 16	$ 71
Tax provision (benefit) applicable to the net realized gains and losses	$ (325)	$ 5	$ 24

</TABLE>

3 LOANS

Loans are stated at their face amount, net of unearned income, and consist of the following at December 31, 2000 and 1999 (in thousands):

<TABLE>
<CAPTION>

<S>	2000 <C>	1999 <C>
Mortgage loans on real estate:		
Residential 1-4 family	$ 162,184	$ 167,801
Commercial	139,737	120,490
Construction	33,560	33,218
Second mortgages	15,098	11,445
Equity lines of credit	20,049	20,987
Multifamily	4,666	4,592
Agriculture	2,859	2,373
Total real estate loans	378,153	360,906
Commercial loans	74,261	67,649
Consumer installment loans		
Personal	107,876	102,713
Credit cards	4,958	4,346
Total consumer installment loans	112,834	107,059
All other loans and agriculture loans	16,300	8,870
Gross loans	581,548	544,484
Less unearned income on loans	758	1,117
Loans, net of unearned income	$ 580,790	$ 543,367

</TABLE>

At December 31, 2000 and 1999, 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 $482,000 and $974,000, respectively. The valuation allowance related to impaired loans on December 31, 2000 and 1999 is $252,000 and $513,000, respectively. At December 31, 2000, 1999 and 1998, the average investment on impaired loans was $755,000, $1,579,000 and $3,054,000, respectively. The amount of interest income recorded by the Company during 2000, 1999 and 1998 on impaired loans was approximately $6,000, $9,000 and $61,000, respectively.

Nonaccrual loans excluded from impaired loan disclosure amounted to $348,000 and $588,000 at December 31, 2000 and 1999, respectively. If interest on these loans had been accrued, such income would have approximated $27,000 and $45,000 for 2000 and 1999, respectively.

4 ALLOWANCE FOR LOAN LOSSES

Changes in the allowance for loan losses for the years ended December 31, 2000, 1999 and 1998 are summarized below (in thousands):

<TABLE>
<CAPTION>

<S>	2000 <C>	1999 <C>	1998 <C>
Balance, beginning of year	$ 6,617	$ 6,407	$ 4,798
Provision charged to operations	2,101	2,216	3,044
Recoveries credited to allowance	321	346	274
Total	9,039	8,969	8,116
Loans charged off	1,650	2,352	1,709
Balance, end of year	$ 7,389	$ 6,617	$ 6,407

==========   ==========   ==========

</TABLE>

5 BANK PREMISES AND EQUIPMENT

Bank premises and equipment as of December 31, 2000 and 1999 are as follows (in thousands):

	2000	1999
Land	$ 4,860	$ 5,187
Land improvements and buildings	14,694	13,896
Leasehold improvements	517	503
Furniture and equipment	13,071	12,607
Construction in progress	114	613
	33,256	32,806
Less accumulated depreciation and amortization	13,179	11,348
Bank premises and equipment, net	$ 20,077	$ 21,458

Depreciation expense for 2000, 1999 and 1998 was $1,898,000, $1,683,000, and $1,472,000 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, 2000 are approximately $754,000 for 2001, $517,000 for 2002, $476,000 for 2003, $467,000 for 2004, $296,000 for 2005, and $2,326,000 thereafter. Rental expense for years ended December 31, 2000, 1999 and 1998 totaled $1,158,000, $980,000, and $218,000 respectively.

6 DEPOSITS

The aggregate amount of time deposits in denominations of $100,000 or more at December 31, 2000 and 1999 was $121,548,000 and $107,654,000, respectively. At December 31, 2000, the scheduled maturities of time deposits are as follows (in thousands):

2001	$ 292,137
2002	41,183
2003	37,127
2004	5,928
2005	8,017
Thereafter	284
	$ 384,676

7 OTHER BORROWINGS

Short-term borrowings consist of the following at December 31, 2000 and 1999 (dollars in thousands):

	2000	1999
Federal funds purchased	$ --	$ 750
Securities sold under agreements to repurchase	25,114	16,789
Other short-term borrowings	6,000	21,620
Total	$ 31,114	$ 39,159
Weighted interest rate	5.61%	5.37%
Average for the year ended December 31:		
Outstanding	$ 27,519	$ 36,545
Interest rate	5.76%	5.18%
Maximum month-end outstanding	$ 47,033	$ 53,363

The subsidiary banks maintain Federal funds lines with several regional banks totaling approximately $60.5 million at December 31, 2000. The Company also had a line of credit with the Federal Home Loan Bank of Atlanta for $137 million at December 31, 2000.

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, 2000, the Company's fixed-rate long-term debt totals $63,025,000 and matures through February 8, 2010. The interest rate on the fixed-rate note payable ranges from 5.13% to 6.61%. At December 31, 1999, the Company had fixed-rate long-term debt totaling $49,175,000, maturing through 2009. The interest rate on the notes payable ranged from 5.12% to 6.61% at December 31, 1999.

At December 31, 2000, the Company's floating-rate long-term debt totals $10,998,000 and matures through September 30, 2005. The floating rates are based on the 90 day LIBOR plus 100 basis points and the 30 day LIBOR plus 95 basis points. The interest rate on floating-rate long-term debt ranged from 6.95% to 7.80% during 2000. At December 31, 1999, the Company had floating-rate long-term debt totaling $5,245,000.

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

	2000		
	FIXED RATE	FLOATING RATE	TOTAL
Due in 2001	$ 10,150	$ 882	$ 11,032
Due in 2002	150	6,882	7,032
Due in 2003	150	882	1,032
Due in 2004	17,575	1,782	19,357
Due in 2005	-	570	570
Thereafter	35,000	-	35,000
Total long term debt	$ 63,025	$ 10,998	$ 74,023

8 INCOME TAXES

Net deferred tax assets consist of the following components as of December 31, 2000 and 1999 (in thousands):

<TABLE>
<CAPTION>

<S>	2000 <C>	1999 <C>
Deferred tax assets:		
Allowance for loan losses	$2,512	$2,071
Benefit plans	354	730
Other	617	221
Securities available for sale	147	2,567
Total deferred tax assets	3,630	5,589
Deferred tax liabilities:		
Depreciation	659	503
Other	205	127
Total deferred tax liabilities	864	630
Net deferred tax asset (included in other assets)	$2,766	$4,959

</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, 2000, 1999 and 1998 consists of the following (in thousands):

<TABLE>
<CAPTION>

	2000	1999	1998

<S>	<C>	<C>	<C>
Current tax expense	$1,449	$1,033	$2,245
Deferred tax (benefit)	(226)	(397)	(567)
Income tax expense	$1,223	$ 636	$1,678

</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, 2000, 1999 and 1998, due to the following (in thousands):

<TABLE>
<CAPTION>

	2000	1999	1998
<S>	<C>	<C>	<C>
Computed "expected" tax expense	$ 3,000	$ 2,350	$ 2,890
Decrease) in taxes resulting from:			
Tax-exempt interest income	(1,395)	(1,485)	(1,203)
Other, net	(382)	(229)	(9)
Income tax expense	$ 1,223	$ 636	$ 1,678

</TABLE>

Low income housing credits totaled $72,425, $72,425 and $72,425 for the years ended December 31, 2000, 1999 and 1998, respectively.

9 EMPLOYEE BENEFITS

The Company had a noncontributory, defined benefit pension plan covering all full-time employees. Termination of this plan was completed in 2000. Significant assumptions used in determining net periodic pension cost and projected benefit obligation were:

<TABLE>
<CAPTION>

	2000	1999	1998
<S>	<C>	<C>	<C>
Expected long-term rate of return on assets	9.0%	9.0%	9.0%
Discount rate	5.0%	5.0%	7.5%
Salary increase rate	--	5.0%	5.0%
Average remaining service	--	20 years	21 years

</TABLE>

The following table sets forth the plan's funded status as calculated at September 30, 2000, 1999 and 1998 and amounts recognized in the Company's consolidated balance sheets at December 31, 2000, 1999 and 1998 (in thousands):

<TABLE>
<CAPTION>

	2000	1999	1998
<S>	<C>	<C>	<C>
Change in benefit obligation			
Benefit obligation at beginning of year	$ 3,953	$ 4,120	$ 3,756
Service cost	--	544	384
Interest cost	198	325	281
Actuarial (gain) loss	195	(568)	(275)
Benefits paid	--	(468)	(26)
Terminate plan	(4,346)	--	--
Benefit obligation at end of year	--	3,953	4,120
Change in plan assets			
Fair value of plan assets at beginning of year	3,953	3,109	3,271
Actual return on plan assets	393	524	(136)
Employer contribution	--	788	--
Benefits paid	--	(468)	(26)
Terminate plan - distribution	(4,346)	--	--
Fair value of plan assets at end of year	--	3,953	3,109

Funded status	--	--	(1,011)
Unrecognized net obligation at transition	--	6	6
Unrecognized actuarial (gain)	--	(1,447)	(692)
Unrecognized prior service cost		257	279
Accrued pension liability (included in other liabilities)	$ --	$ (1,184)	$ (1,418)

</TABLE>

Net periodic pension cost for 2000, 1999 and 1998 included the following components (in thousands):

	2000	1999	1998
Service cost	$ --	$ 544	$ 384
Interest cost	198	326	281
Expected return on assets	(356)	(329)	(293)
Net amortization and deferral	(929)	13	(3)
Net periodic pension cost	$ (1,087)	$ 554	$ 369

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 2000, 1999 and 1998 were approximately $619,000, $553,000 and $567,000, respectively.

The Company has an obligation to certain members of the subsidiary banks' Boards of Directors under deferred compensation plans in the amount of $974,000 and $1,005,000 at December 31, 2000 and 1999, 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 2000, 1999 and 1998 follows:

<TABLE>
<CAPTION>

Year end December 31,	2000 SHARES	2000 WEIGHTED AVERAGE EXERCISE PRICE	1999 SHARES	1999 WEIGHTED AVERAGE EXERCISE PRICE	1998 SHARES	1998 WEIGHTED AVERAGE EXERCISE PRICE
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Options outstanding, January 1	153,232	$ 17.20	146,132	$ 17.25	73,240	$ 8.66
Granted	26,040	13.07	7,500	16	98,940	20.13
Forfeited	(25,852)	18.41	--	0	--	0
Exercised	(5,040)	6.53	(400)	12.5	(26,048)	8.03
Options outstanding, December 31	148,380	$ 16.63	153,232	$ 17.2	146,132	$ 17.25
Weighted average fair value per option of options granted during year		$ 4.98		$ 5.71		$ 4.25

</TABLE>

A summary of options outstanding at December 31, 2000 follows:

<TABLE>
<CAPTION>

RANGE OF EXERCISE PRICE	OPTIONS OUTSTANDING: NUMBER OUTSTANDING	OPTIONS OUTSTANDING: WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE	OPTIONS OUTSTANDING: WEIGHTED AVERAGE EXERCISE PRICE	OPTIONS EXCERCISABLE: NUMBER OUTSTANDING	OPTIONS EXCERCISABLE: WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE	OPTIONS EXCERCISABLE: WEIGHTED AVERAGE EXERCISE PRICE
<S>	<C>	<C>	<C>	<C>	<C>	<C>
$ 11.00	20,000	4.1 yrs.	$ 11.00	20,000	4.1 yrs.	$ 11.00
12.50	16,200	5.5	12.50	11,520	5.5	12.50
12.88-13.38	26,040	9.1	13.07	--	9.1	--
16.00	7,000	8.1	16.00	1,400	8.1	16.00
20.13	79,140	7.1	20.13	31,656	7.1	20.13
11.00-20.13	148,380	6.9	$ 16.63	64,576	5.9	$ 16.16

</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 2000, 1999 and 1998, respectively: dividend yields of 2.25%,2.24% and 2.40%; expected volatility of 26.44%, 25.45% and 23.00%; a risk free interest rate of 6.73%, 6.50%and 4.99%; and an expected option life of 10 years. For 2000 and 1999, proforma net income was $7,500,000 and $6,183,000, respectively; proforma basic and diluted earnings per share were $1.00 and $1.00; and $0.83 and $0.82, respectively. For 1998 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, 2000 and 1999, the Company had outstanding loan commitments approximating $91,325,000 and $114,915,000, 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 $8,851,000 and $8,495,000 at December 31, 2000 and 1999, respectively.

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 $9,168,000 and $9,591,000 as of December 31, 2000 and 1999, respectively. During 2000 new advances to such related parties amounted to $18,780,000 and repayments amounted to $19,203,000.

12 EARNINGS PER SHARE

The following is a reconciliation of the denominators of the basic and diluted EPS computations for December 31, 2000, 1999 and 1998:

<TABLE>
<CAPTION>

	INCOME (NUMERATOR)	WEIGHTED AVERAGE SHARES (DENOMINATOR)	PER SHARE AMOUNT
	(dollars and shares information in thousands)		
<S>	<C>	<C>	<C>
For the Year Ended December 31, 2000			
Basic EPS	$ 7,600	7,508	$ 1.01
Effect of dilutive stock options	--	5	--
Diluted EPS	$ 7,600	7,513	$ 1.01
For the Year Ended December 31, 1999			
Basic EPS	$ 6,274	7,474	$ 0.84
Effect of dilutive stock options	--	24	--
Diluted EPS	$ 6,274	7,498	$ 0.84
For the Year Ended December 31, 1998			
Basic EPS	$ 6,822	7,490	$ 0.91
Effect of dilutive stock options	--	26	--
Diluted EPS	$ 6,822	7,516	$ 0.91

</TABLE>

In 2000 and 1999, stock options representing 204,764 and 98,940 average shares, respectively were not included in the calculation of earnings per share as their effect would have been antidilutive.

13 LEGAL CONTINGENCIES

Various legal claims arise from time to time in the normal course of business which, in the opinion of management, will have no material effect on the Company'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 a direct material effect on the Company's and Bank's 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, 2000, 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, 2000, 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>

<S>	ACTUAL <C>		MINIMUM CAPITAL REQUIREMENT <C>		MINIMUM TO BE WELL CAPITALIZED UNDER PROMPT CORRECTIVE ACTION PROVISIONS <C>	
	AMOUNT	RATIO	AMOUNT	RATIO	AMOUNT	RATIO
			(dollars in thousands)			
As of December 31, 2000						
Total capital to risk weighted assets						
Consolidated	$79,730	11.82%	$53,975	8.00%	NA	NA
Union Bank & Trust	54,382	11.39%	38,184	8.00%	$47,730	10.00%
Northern Neck State Bank	19,588	11.66%	13,440	8.00%	16,800	10.00%
Tier 1 capital to risk weighted assets						
Consolidated	72,341	10.72%	26,987	4.00%	NA	NA
Union Bank & Trust	48,728	10.21%	19,092	4.00%	28,638	6.00%
Northern Neck State Bank	18,070	10.76%	6,720	4.00%	10,080	6.00%
Tier 1 capital to average adjusted assets						
Consolidated	72,341	8.46%	34,200	4.00%	NA	NA
Union Bank & Trust	48,728	8.24%	23,654	4.00%	29,568	5.00%
Northern Neck State Bank	18,070	7.89%	9,161	4.00%	11,451	5.00%
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%
</TABLE>

15 FAIR VALUE OF FINANCIAL INSTRUMENTS AND INTEREST RATE RISK

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 is a reasonable estimate 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, 2000 and 1999, the carrying amount approximated fair value of loan commitments and standby letters of credit.

The Company assumes interest rate risk (the risk that general interest rate levels will change) as a result of its normal operations. As a result, the fair values of the Company's financial instruments will change when interest rate levels change and that change may be either favorable or unfavorable to the Company. Management attempts to match maturities of assets and liabilities to the extent believed necessary to minimize interest rate risk. However, borrowers with fixed rate obligations are less likely to prepay in a rising rate environment and more likely to prepay in a falling rate environment. Conversely, depositors who are receiving fixed rates are more likely to withdraw funds before maturity in a rising rate environment and less likely to do so in a falling rate environment. Management monitors rates and maturities of assets and liabilities and attempts to minimize interest rate risk by adjusting terms of new loans and deposits and by investing in securities with terms that mitigate the Company's overall interest rate risk.

The carrying amounts and estimated fair values of the Company's financial instruments as of December 31, 2000 and 1999 are as follows (in thousands):

	2000		1999	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Financial assets:				
Cash and cash equivalents	$ 22,869	$ 22,869	$ 19,919	$ 19,919
Investment securities	5,465	5,528	9,578	9,518
Securities available for sale	210,312	210,312	201,721	201,721
Loans held for sale	16,472	16,472	6,680	6,680
Net loans	573,401	572,265	536,750	529,377
Accrued interest receivable	6,314	6,314	5,527	5,527
Financial liabilities:				
Deposits	692,472	695,009	646,866	648,928
Borrowings	105,137	105,515	93,579	93,840
Accrued interest payable	2,237	2,237	1,891	1,891

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, 2000, the aggregate amount of unrestricted funds which could be transferred from the Company's subsidiaries to the Parent Company, without prior regulatory approval, totaled $8,473,000 or 10.8% of the consolidated net assets.

Financial information for the Parent Company follows:

UNION BANKSHARES CORPORATION ("PARENT COMPANY ONLY")
BALANCE SHEETS
DECEMBER 31, 2000 AND 1999
(dollars in thousands)

<TABLE>
<CAPTION>

<S>	2000 <C>	1999 <C>
Assets:		
Cash	$ 1,050	$ 221
Securities available for sale	235	306
Premises and equipment, net	3,342	3,652
Other assets	1,729	3,162
Investment in subsidiaries	77,287	66,818
Total assets	$ 83,643	$ 74,159
Liabilities and Stockholders' equity:		
Long-term debt	$ 4,998	$ 5,365
Other liabilities	293	--
Total liabilities	5,291	5,365
Common stock	15,033	14,976

Surplus	403	163
Retained earnings	63,201	58,603
Accumulated other comprehensive income (loss)	(285)	(4,948)
Total stockholders' equity	78,352	68,794
Total liabilities and stockholders' equity	$ 83,643	$ 74,159

</TABLE>

<TABLE>
<CAPTION>

CONDENSED STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2000, 1999 and 1998

<S>	2000 <C>	1999 <C>	1998 <C>
Income:			
Interest income	$ 7	$ 9	$ 11
Dividends received from subsidiaries	2,827	5,488	7,250
Management fee received from subsidiaries	6,067	--	--
Equity in undistributed net income of subsidiaries	5,560	2,402	511
Other income	31	626	--
Total income	14,492	8,525	7,772
Expense:			
Interest expense	412	305	115
Operating expenses	6,480	1,946	835
Total expense	6,892	2,251	950
Net income	$ 7,600	$ 6,274	$ 6,822

<CAPTION>
CONDENSED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2000, 1999 and 1998

<S>	2000 <C>	1999 <C>	1998 <C>
Operating activities:			
Net income	$ 7,600	$ 6,274	$ 6,822
Adjustments to reconcile net income to net cash provided by operating activities:			
Equity in undistributed net income of subsidiaries	(5,560)	(2,402)	(511)
Decrease (increase) in other assets	1,433	913	(1,312)
Other, net	765	(1,038)	299
Net cash provided by operating activities	4,238	3,747	5,298
Investing activities:			
Purchase of securities	(61)	(89)	--
Proceeds from maturity of securities	138	38	--
Purchase of equipment	(166)	(691)	(894)
Increase in investment in subsidiary	--	(4,000)	--
Decrease in investment in subsidiary	--	83	--
Net cash used by investing activities	(89)	(4,659)	(894)
Financing activities:			
Net increase in borrowings	3,498	4,000	--
Repayment of long-term borrowings	(3,865)	(255)	(120)
Cash dividends paid	(3,002)	(2,994)	(2,860)
Issuance of common stock under plans	379	341	334
Repurchase of common stock under plans	(330)	(1,915)	--
Net cash used in financing activities	(3,320)	(823)	(2,646)
Increase (decrease) in cash and cash equivalents	829	(1,735)	1,758
Cash and cash equivalents at beginning of year	221	1,956	198
Cash and cash equivalents at end of year	$ 1,050	$ 221	$ 1,956

</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 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. The mortgage business is largely a fee based business while the banks are driven principally by net interest income.

<TABLE>
<CAPTION>
2000

<S>	COMMUNITY BANKS <C>	MORTGAGE <C>	ELIMINATION <C>	CONSOLIDATED TOTALS <C>
Net interest income	$ 31,196	$ 141	$ --	$ 31,337
Provision for loan losses	2,101	--	--	2,101
Net interest income after provision for loan losses	29,095	141	--	29,236
Noninterest income	6,656	5,516	(161)	12,011
Noninterest expenses	24,460	8,125	(161)	32,424
Income before income taxes	11,291	(2,468)	--	8,823
Income tax expense (benefit)	2,072	(849)	--	1,223
Net income (loss)	$ 9,219	$ (1,619)	$ --	$ 7,600
Assets	$ 885,009	$ 17,584	$ (20,632)	$ 881,961

<CAPTION>
1999

<S>	COMMUNITY BANKS <C>	MORTGAGE <C>	ELIMINATION <C>	CONSOLIDATED TOTALS <C>
Net interest income	$ 28,749	$ (180)	$ --	$ 28,569
Provision for loan losses	2,216	--	--	2,216
Net interest income after provision for loan losses	26,533	(180)		

				26,353
Noninterest income	5,535	7,761	(50)	13,246
Noninterest expenses	23,779	8,910	--	32,689
Income before income taxes	8,289	(1,329)	(50)	6,910
Income tax expense (benefit)	1,086	(450)	--	636
Net income (loss)	$ 7,203	$ (879)	$ (50)	$ 6,274
Assets	$ 817,099	$ 8,598	$ (3,870)	$ 821,827

</TABLE>

STOCKHOLDER INFORMATION

CORPORATE HEADQUARTERS

Union Bankshares Corporation
P.O. Box 446
212 North Main Street
Bowling Green, Virginia 22427-0446
Phone: (804) 633-5031
Fax: (804) 633-1800
Website: www.ubsh.com

ANNUAL MEETING

The Annual Meeting of Stockholders will be held at 6:00 p.m. on Tuesday, April 17, 2001, at the Caroline County High School, Bowling Green, 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 7,516,534, shares of stock outstanding on December 31, 2000, held by 2,318 shareholders of record. The most recent trades at February 28, 2001 were $12.3125 per share which compares to a year earlier trading price of $13.25.

The following schedule summarizes the high and low sales prices and dividends declared for the two years ended December 31, 2000.

	MARKET VALUES				DIVIDENDS DECLARED	
	2000		1999			
	HIGH	LOW	HIGH	LOW	2000	1999
First Quarter	$14.75	$ 8.75	$19.00	14.37	$ -	$ -
Second Quarter	12.37	10.25	20.00	15.75	0.20	0.20
Third Quarter	11.62	8.62	19.00	14.63	-	-
Fourth Quarter	10.75	9.00	16.00	13.25	0.20	0.20

$0.40	$0.40
=====	=====

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
Senior 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

UNION BANKSHARES CORPORATION
P.O. Box 446 212 North Main Street
Bowling Green, Virginia 22427-0446 (804) 633-5031

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. 333-81199 on Form S-3 and No. 33-99900 on Form S-8 of Union Bankshares Corporation of our report dated January 29, 2001, relating to the consolidated balance sheets of Union Bankshares Corporation and subsidiaries (the Company) as of December 31, 2000 and 1999, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for each of the two years ended December 31, 2000, which report appears in the Company's 2000 Form 10-K.

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

Winchester, Virginia
March 30, 2001

Exhibit 23.2

Consent of Independent Auditors

The Board of Directors
Union Bankshares Corporation

We consent to incorporation by reference in Registration Statements Nos. 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 statements of income, changes in stockholders' equity and cash flows of Union Bankshares Corporation and subsidiaries (the Company) for the year ended December 31, 1998, which report appears in the December 31, 2000 annual report on Form 10-K of the Company.

/s/ KPMG LLP

Richmond, Virginia
March 30, 2001

Exhibit 99.0

Independent Auditors' Report

The Board of Directors
Union Bankshares Corporation

We have audited the accompanying consolidated statements of income, changes in stockholders' equity and cash flows of Union Bankshares Corporation and subsidiaries for the year ended December 31, 1998. These consolidated statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 provides a reasonable basis for our opinion.

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

/s/ KPMG LLP

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